

Our sector attractiveness rankings were relatively stable this week. Two exceptions were the auto and consumer discretionary sectors. The auto sector moved up significantly from the bottom 5 group driven by favorable catalytic properties including positive earnings revisions. Improvement in the technical outlook was also a factor. The consumer discretionary sector slipped back into the bottom 5 group due to deteriorating valuation and technical scores.

Table 1 – Current Sector Rankings and Changed from Last Report (as of January 26, 2018)

	PREVIOUS INTEGRATED RANK	CURRENT INTEGRATED RANK	CHANGE IN RANK
CONGLOMERATES	1	1	0
TRANSPORTATION	2	2	0
CONSTRUCTION	4	3	1
UTILITIES	3	4	-1
FINANCE	6	5	1
AUTO-TIRES-TRUCKS	15	6	9
INDUSTRIAL PRODUCTS	5	7	-2
AEROSPACE	7	8	-1
BASIC MATERIALS	10	9	1
CONSUMER STAPLES	11	10	1
RETAIL-WHOLESALE	9	11	-2
CONSUMER DISCRETIONARY	8	12	-4
BUSINESS SERVICES	12	13	-1
OILS-ENERGY	13	14	-1
COMPUTER AND TECHNOLOGY	14	15	-1
MEDICAL	16	16	0

Table 2 – Current Sector Rankings with Rankings for Absolute-Scale & Relative-Scale Metrics

SECTOR	CURRENT INTEGRATED RANK	ABSOLUTE-SCALE METRICS		RELATIVE-SCALE METRICS			
		Technical Outlook RANK	Fundamental Outlook RANK	CURRENT RELATIVE SCALE RANK	VALUATION RANK	TECHNICAL RANK	CATALYTIC RANK
CONGLOMERATES	1	2	1	13	14	4	13
TRANSPORTATION	2	4	3	3	5	11	1
CONSTRUCTION	3	7	2	5	8	13	5
UTILITIES	4	1	15	6	1	1	15
FINANCE	5	3	11	4	7	2	6
AUTO-TIRES-TRUCKS	6	16	7	7	2	14	11
INDUSTRIAL PRODUCTS	7	13	10	11	12	7	7
AEROSPACE	8	12	8	12	16	15	4
BASIC MATERIALS	9	11	4	8	6	12	8
CONSUMER STAPLES	10	8	5	10	9	3	9
RETAIL-WHOLESALE	11	10	6	2	3	9	3
CONSUMER DISCRETIONARY	12	15	9	9	10	10	10
BUSINESS SERVICES	13	6	14	16	11	16	14
OILS-ENERGY	14	5	12	1	4	8	2
COMPUTER AND TECHNOLOGY	15	9	13	15	13	6	16
MEDICAL	16	14	16	14	15	5	12

Table 3 – Historical Sector Rankings (last 12 months)

SECTOR	Current Sector Rank 01/26/2018	DEC 2017	NOV 2017	OCT 2017	SEP 2017	AUG 2017	JUL 2017	JUN 2017	MAY 2017	APR 2017	MAR 2017	FEB 2017	JAN 2017	AVG HST RANK
CONGLOMERATES	1	7	1	7	15	10	14	1	1	16	13	16	16	9.8
TRANSPORTATION	2	12	14	14	13	12	4	12	12	10	15	13	13	12.0
CONSTRUCTION	3	5	7	6	6	7	2	3	6	5	3	4	14	5.7
UTILITIES	4	13	8	8	9	8	10	15	16	9	8	14	10	10.7
FINANCE	5	1	12	10	4	1	3	2	7	3	2	3	3	4.3
AUTO-TIRES-TRUCKS	6	4	6	1	10	6	6	10	2	6	12	10	9	6.8
INDUSTRIAL PRODUCTS	7	3	2	5	3	4	5	4	4	2	5	2	6	3.8
AEROSPACE	8	8	11	15	5	2	1	9	13	14	7	5	8	8.2
BASIC MATERIALS	9	2	4	4	12	16	15	16	11	4	4	6	5	8.3
CONSUMER STAPLES	10	16	15	16	11	15	11	14	9	11	6	11	15	12.5
RETAIL-WHOLESALE	11	15	16	11	14	13	13	13	14	13	9	7	4	11.8
CONSUMER DISCRETIONARY	12	10	10	2	1	3	9	8	5	15	14	9	12	8.2
BUSINESS SERVICES	13	11	9	13	7	9	7	5	8	7	11	8	2	8.1
OILS-ENERGY	14	9	5	12	16	11	16	7	3	1	1	1	1	6.9
COMPUTER AND TECHNOLOGY	15	6	3	3	2	5	8	6	10	8	10	12	7	6.7
MEDICAL	16	14	13	9	8	14	12	11	15	12	16	15	11	12.5

Table 4 – Highlighted Names from Most and Least Attractive Sectors (January 26, 2018)

Most Attractive Names from the Most Attractive Sectors			Least Attractive Names from the Least Attractive Sectors		
Polaris All-Cap Core Universe			Polaris All-Cap Core Universe		
	Company	Ticker		Company	Ticker
	<u>CONGLOMERATES</u>			<u>MEDICAL</u>	
1	Utd Techs Corp	UTX	1	Radius Health	RDUS
2	Itt Inc	ITT	2	Bayer A G -Adr	BAYRY
3	Honeywell Intl	HON	3	Alder Biopharma	ALDR
	<u>TRANSPORTATION</u>			<u>COMPUTER AND TECHNOLOGY</u>	
1	United Cont Hld	UAL	1	Diebold Inc	DBD
2	Spirit Airlines	SAVE	2	Itron Inc	ITRI
3	Jetblue Airways	JBLU	3	Microstrategy	MSTR
	<u>CONSTRUCTION</u>			<u>OILS-ENERGY</u>	
1	Rpm Intl Inc	RPM	1	Superior Energy	SPN
2	Lennar Corp -A	LEN	2	Weatherford Int	WFT
3	Mdc Hldgs	MDC	3	Semgroup Corp-A	SEMG
	<u>UTILITIES</u>			<u>BUSINESS SERVICES</u>	
1	Pg&E Corp	PCG	1	Ritchie Bros	RBA
2	Dominion Energy	D	2	Thomson Reuters	TRI
3	Natl Grid -Adr	NGG	3	Stericycle Inc	SRCL
	<u>FINANCE</u>			<u>CONSUMER DISCRETIONARY</u>	
1	Assurant Inc	AIZ	1	Electr Arts Inc	EA
2	Genworth Finl	GNW	2	Grupo Televisa	TV
3	Aspen Ins Hldgs	AHL	3	Msg Networks	MSGN

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