

Introduction

After starting the year on a promising note, Oil & Gas stocks have declined along with the price of crude, since late March. Currently with a YTD performance of -12.1%, Oil & Gas stocks are the worst performing sector in the MSCI World index which has returned 9.6%.

Since late March, Trendrating users have been aware of degenerating momentum in Oil & Gas stocks via the Trendrating weekly momentum newsletter as well as directly on the Trendrating platform.

This report utilizes Trendrating's Smart Momentum Analytics to assess the health of Global Oil & gas stocks.

Report Summary

- Trendrating spotted Momentum degradation in Global Oil & Gas sector since March 2017
- Alternative Energy still moving to positive momentum
- Trendrating model did a good job of separating winners from losers
- Current investment ideas mainly in Alternative Energy Industry

Momentum Evolution

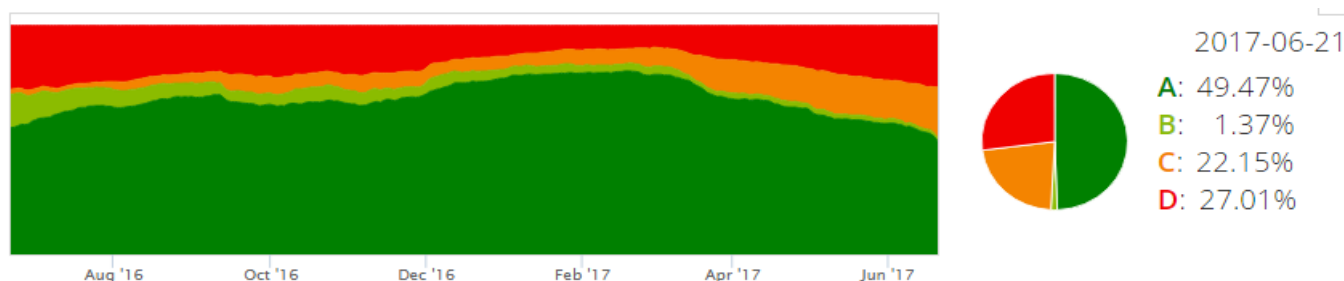


Figure 1: Momentum Evolution - Global Oil & Gas stocks

As we can see from Figure 1 above, since March, momentum in Oil & Gas stocks has deteriorated sharply. Currently, only about 49% of stocks retain an **A** rating. When we look at the evolution of momentum at the Industry level, we find:

Industry	Rating	Current % A	UP%	DN%	Ratio
Alternative Energy	B	67%	13%	9%	1.5
Oil & Gas Producers	B-	52%	4%	12%	0.37
Oil Equipment, Services & Distribution	C+	43%	1%	22%	0.04

Figure 2: Industry Momentum Evolution (last month)

From Figure 2 above, see that that with a Ratio of 1.5, Alternative Energy stocks are showing an improving momentum picture. Over the last month 13% of the universe has been upgraded and only 9% downgraded. Oil & Gas Producers and Oil Equipment, Services & Distribution companies have clearly moved very strongly

to negative momentum. 22% of Oil Equipment, Services & Distribution companies have been downgraded over the last month! If you had to be invested in Oil & Gas stocks, our momentum model favours Alternative Energy.

Rating Performance

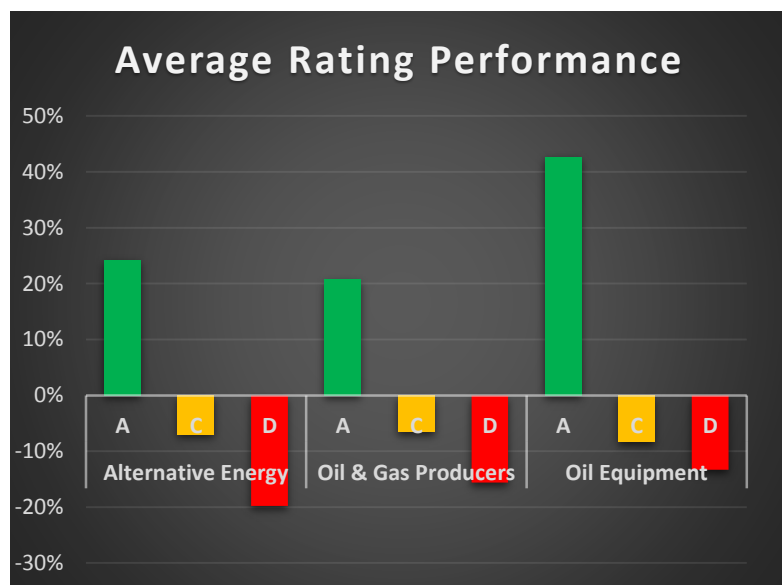


Figure 3: Rating Performance A vs negative ratings

Figure 3 compares the performance of stocks in established positive momentum (A rated) to stocks in negative momentum (C and D rated) in Oil & Gas Industries. We find that on average, A rated stocks are out-performing their D rated counterparts by about 45%. This out-performance is greatest in Oil Equipment, Services & Distribution stocks, the most stressed industry.

From Figure 3 above, we see that there is value in systematically applying Trendrating's rating as there is a clear separation of winners from losers even within down trending sectors.

Investing Ideas

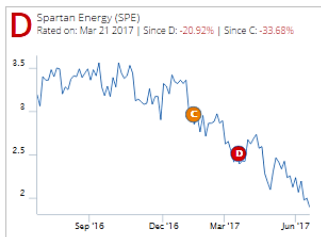
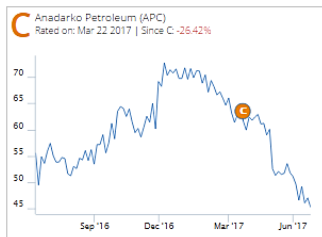
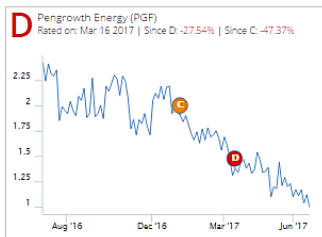
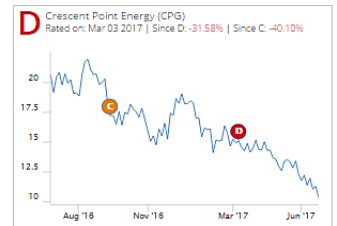
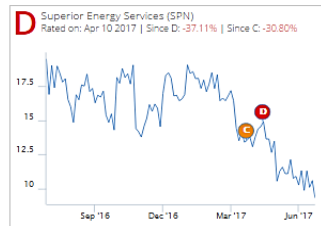
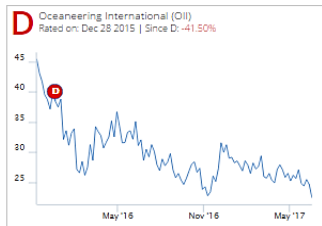
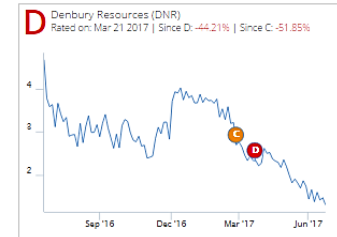
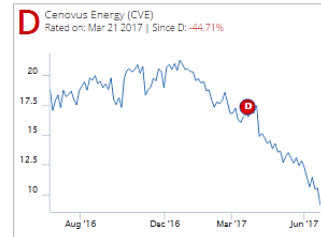
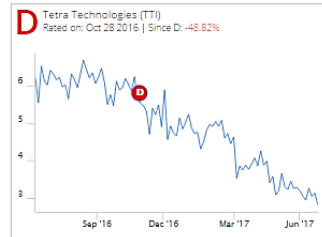
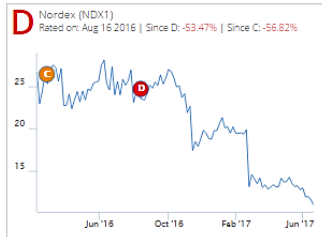
If you had to be invested in Energy stocks, below are a few ideas for potential investment candidates. At the time of writing, these stocks hold an A rating and continue to trend up sharply.

Ticker	Name	Market	Rating	Industry	Rated on	Performance Since Rated
MOH	Motor Oil (hellas) Corinth Refineries	Greece	A	Oil & Gas Producers	18/08/2016	81.6%
PEGI	Pattern Energy	Canada	A	Alternative Energy	17/04/2017	13.0%
SEDG	Solaredge Technologies	United States	A	Alternative Energy	01/05/2017	24.8%
SSO	Scatec Solar	Norway	A	Alternative Energy	16/01/2017	18.8%
KR112610	Cs Wind	South Korea	A	Alternative Energy	31/05/2017	10.0%
CEV	Centrotec Sustainable	Germany	A	Alternative Energy	21/04/2016	36.1%

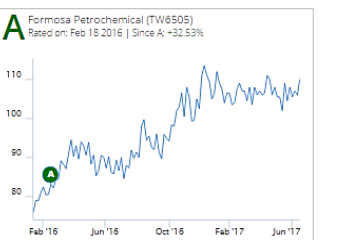
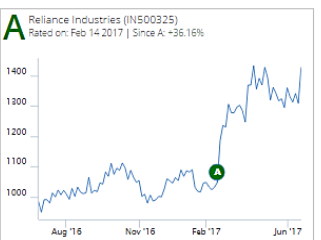
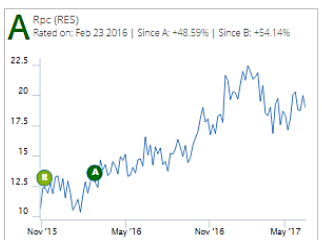
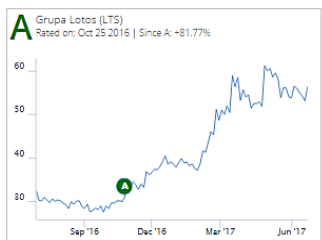
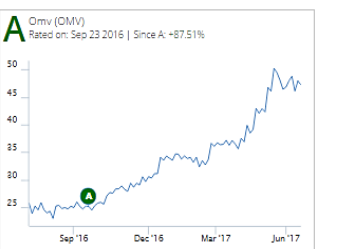
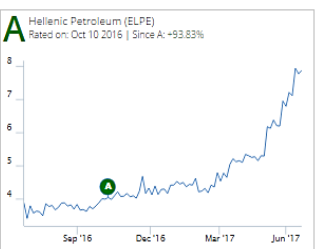
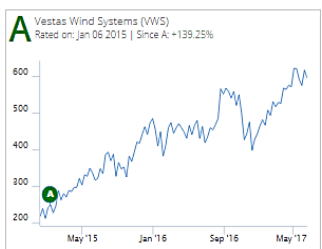
Figure 4: Potential Investment Ideas

Below are some charts of positively and negatively rated Oil & Gas stocks showing the timing of the most recent rating

Negative Momentum:



Positive Momentum:



For more information, contact:

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