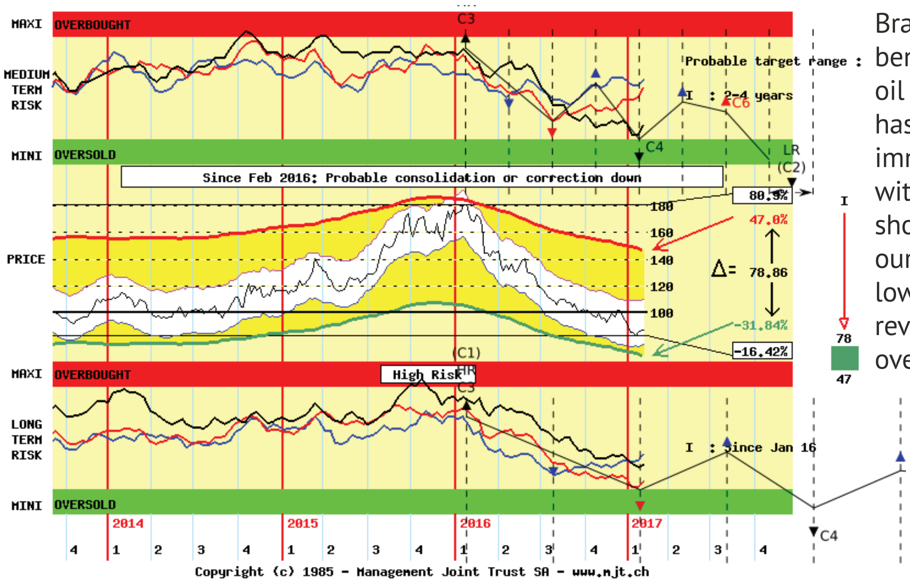
Our section of US sector rotation concluded that in the upcoming consolidation, the Energy sector should suffer the most. As a further confirmation, we review several related country pair trades, which over the coming months may affect country allocation and performance in the various regions.

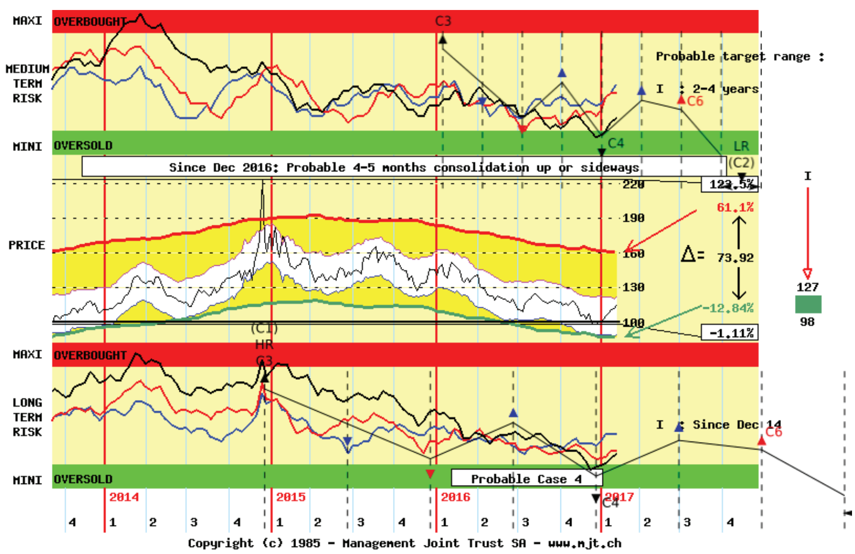
EWW - iShares MSCI Mexico Capped Investable Market Index Fund vs EWZ - iShares MSCI Brazil Capped Index Fund (Weekly graph or the perspective over the next 2 to 4 quarters)



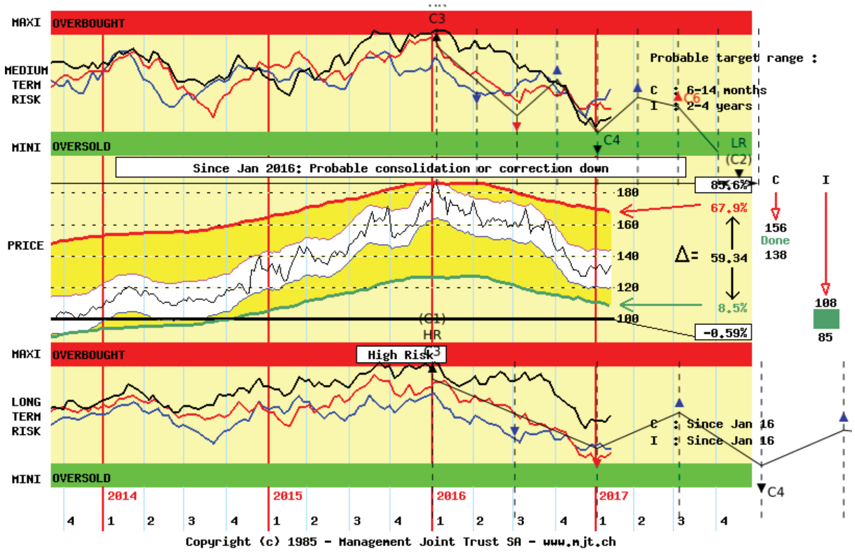
Brazil was one of the strongest beneficiaries of the rebound in oil prices in 2016, while Mexico has been entangled in its immigration and trade dispute with President Donald Trump. As shown by our models on both our oscillator series (upper and lower rectangles), we expect a revaluation of Mexico vs Brazil over the coming 3 to 6 months.

Poland Wig Index vs RTS Moscow Index (Weekly graph or the perspective over the next 2 to 4 quarters)

In Eastern Europe, Oil dependent Poland has underperformed oil producing Russia since 2014. The move which started as the Russian crisis subsided, actually accelerated in 2016 as oil prices rebounded. Poland's stock index is now in a Case 4 position (intermediate bottom) versus Russia's on our long term oscillators (lower rectangle). It could now outperform its oil & gas producing neighbor for the next 3 to 6 months.



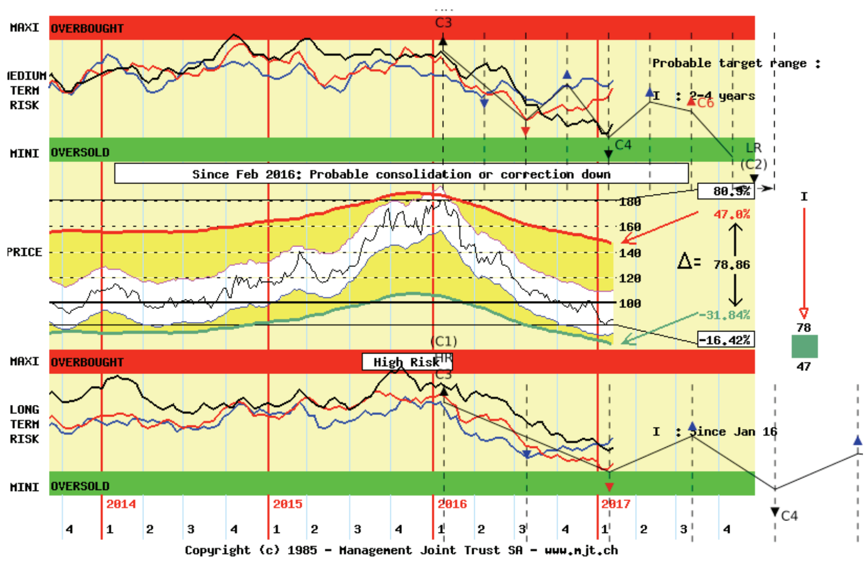
Copenhagen SE All-Share Price Index vs Norway Oslo Obx Index (Weekly graph or the perspective over the next 2 to 4 quarters)



Arbitraging Northern Europe, the Copenhagen Index which is mainly focused on Biotechs, Financials and Consumer Goods has reached an intermediate bottom vs the the Oslo Boers Obx Index mainly focused on Oil & Commodity Industries (upper and lower rectangles). It is meant to correct up over the next 3 to 6 months.

INDY - iShares S&P India Nifty 50 Index Fund / FXI - iShares FTSE China 25 Index Fund (Weekly graph or the perspective over the next 2 to 4 quarters)

“In the energy world, India is becoming the new China … It will be the fastest-growing crude consumer in the world through 2040, according to the IEA, adding 6 million barrels a day of demand, compared to 4.8 million for China” (Bloomberg, April 2016). Indeed while oil is expected to correct, we believe India’s stock market should outperform China’s, possibly into late Q2 2017 as shown from the model projection on our long term oscillators (lower rectangle).



land Wig Index vs RTS Moscow Index