



# The Cut

**Introducing the latest views from a selection of Independent Research Providers working with IRF**

Edition 4 - 24th February 2017

**IRF works with 85 Research Providers covering all geographies, asset classes, industry sectors and methodologies**

**For further information on IRF, any of the Providers mentioned in The Cut, or if you have any specific research requirements, please contact Edward Blad at:**

[Edward@independentresearchforum.com](mailto:Edward@independentresearchforum.com)

**+44 (0)203 405 7120**

**or Via Bloomberg IB**

## Events associated with IRF

- **Sponsors of Global Independent Research Conference, 9 March, 1 Wimpole Street.** Complementary tickets available - LAST CHANCE! Please contact us if you are interested in attending - [www.researchforinvestors.com](http://www.researchforinvestors.com)
- **CAGE (Consumer Analysis Group Europe) Conference, 20-22 March, Hilton London Metropole** - [www.cag.eu.com/cage-conference](http://www.cag.eu.com/cage-conference)

## Researchers visiting London in the near future

- **Hedgeye** - Head of Demographics, Neil Howe, **8-10 March**
- **Hedgeye** - Macro, Daryl Jones, Senior Analyst, **8-10 March**
- **Forest For The Trees** - Macro, Luke Gromen, Founder, **20-22 March**
- **Huber Research Partners** - US Media, Internet, Information Services and Credit Rating Agencies, Craig Huber, Founder & Senior Analyst, **30-31 March & 3-5 April**

## Macro Research

1. **Asianomics** - For the first time in over a decade, they are overweight Chinese equities as momentum builds in the economy
2. **CrossBorder Capital** - Unravelling the world's biggest consensus trade
3. **Forest For The Trees** - Investors are totally missing the boat on China's FX reserves, with huge implications for risk assets and the global monetary system
4. **OM Research** - Why is Trump targeting the EU?
5. **Simon Hunt Strategic Services** - Three evolving markets in China will totally transform the use of copper in China, with large consequences for global balances and prices
6. **Topdown Charts** - Having seen zero interest rate policy (ZIRP), are we about to see zero tax rate policy (ZTRP)?!
7. **Macro Research Snippets:**
  - **Hedgeye** - Short Mexico on continuing USD strength and structural BoP risks
  - **Longview Economics** - Model suggests large oil supply deficits, with inventory drawdown of ~230m barrels this year and next, returning to the bottom end of the range
  - **WaveTrack International** - ECB at risk of falling behind, while the DE10yr yield begins a new long term uptrend

## Company Research

1. **Drewry Maritime Financial Research** - Shipping outlook, returns set for a comeback for **dry bulk companies** and **container shipping**; **bullish** on **A.P. Moller Maersk A/S** (MAERSKB DC) and **Pacific Basin Shipping Ltd.** (2343 HK)
2. **Gimme Credit** - **Downgrades Laboratory Corporation of America's** (LH US) credit score following reports of a potential large acquisition coupled with a waning commitment to debt and leverage reduction
3. **Gradient Analytics** - Initiates coverage of **Genuine Parts Co.** (GPC US), a distributor of automotive/industrial replacement parts, with a **negative** grade based on fundamental weakness and a variety of earnings quality issues
4. **Huber Research Partners** - Raises **S&P Global** (SPGI US) price target to \$144 and is **overweight** on 'undervalued' **News Corp** (NWSA US)
5. **JL Warren Capital** - Examines the companies most likely to benefit from **Apple's** upcoming iPhone 8 release; including **Genius Electronic Optical** (3406 TT) and **Luxshare Precision Industry Co.** (002475 CH)
6. **Spin-Off Research** - The **Spin-Off Index** nearly doubled the market return last year
7. **Company & Sector Research Snippets:**
  - **J Capital Research** - **SELL Gentex** (GNTX US), a manufacturer of automatic-dimming rear-view mirrors and camera-based driver assistance systems, as they pour additional cash into new technology but fail to deliver
  - **Stockcube Research** - **Short Thales** (HO FP) as it develops price and relative tops; they continue to be **bullish** on **Holmen** (HOLMB SS), the forest industry group that manufactures paperboard etc. as it extends new price and relative highs

- **The Retail Tracker** - As part of their 'Cool and Interesting' theme, they discuss connected apparel

---

## Macro Research

---

**1. Asianomics** - For the first time in over a decade, they are overweight Chinese equities as momentum builds in the economy

**IRF Note** - *Asianomics continue to believe that China's efforts to stimulate its domestic economy are working, supported by the fact that eight out of ten of their macro indicators have turned up decisively in recent months. They say US equities may be at all-time highs but 'there is no doubt that the dope is being smoked there!' and China is the place investors should be focussing on. Some of the key points are outlined below:*

- Two key indicators that Asianomics monitor are Korean and Taiwanese exports. Both have shown improvements since early 2016, with the biggest gains arriving in the last quarter. They were mirrored in exports to China.
- Both these countries tend to supply equipment to China rather than form part of the export processing supply chain. This is indicative of a Chinese economy where domestic consumption and investment has been accelerating.
- Asianomics argue this proves Beijing's stimulus is working. The pick-up in demand in China since early 2016 is displayed in the form of an increased appetite for imports (*see attachment for chart*).
- 2017 is an election year in China and so in the meantime they will be especially keen to ensure the economy is not derailed.
- Conclusion? Buy Chinese equities!
- Additionally, unlike many, Asianomics are not sellers of the renminbi, arguing that the authorities don't want it to go down for now and there is little pressure to suggest that things are out of control, highlighting the number of Chinese tourists travelling abroad.

[Click here](#) for a short overview of this researcher

---

**2. CrossBorder Capital** - Unravelling the world's biggest consensus trade

**IRF Note** - *CrossBorder Capital (CBC) argue that, not only are these 'long dollar/ short China' views now at extremes, but the near-term outlook for the US economy looks a lot less rosy because of fast-weakening cash flows. They are also far less pessimistic about China, which is likely to remain the World's economic engine. Yet global investors are substantially underweight Chinese assets. Some of the key points are outlined below (see attachment for charts):*

- Examining data from flow of funds accounts, CBC show net US exposure to risk assets is at a high relative extreme.
- China is now twice as important to the world as the US for GDP growth and in liquidity terms the PBOC has grown to be one-fifth larger than the Fed.
- What imminent debt crisis?! CBC argue China's economic problems are long term, that they are not structured like a typical Western economy and that the credit system is centred around the People's Bank with tighter control; growth will continue!
- The PBOC is currently easing policy. CBC show more liquidity will support risk asset prices and it also boosts domestic productivity growth and profitability. Their 'private sector liquidity index', which acts as an early indicator of these data points, shows China's soaring higher and US slumping.
- This slump in US liquidity is largely explained as the result of weaker bank and shadow bank lending, tougher funding conditions across banks and a drop in corporate cash flows. CBC's liquidity data suggests a weaker dollar as a result.
- Their investment message is to be wary of the USD and to watch for further signs of Chinese economic strength. If these prove correct, then Chinese and EM equities could flourish; 'value' stocks rally; commodities rise and the commodity currencies appreciate.

[Click here](#) for a short overview of this researcher

---

**3. Forest For The Trees** - Investors are totally missing the boat on China's FX reserves, with huge implications for risk assets and the global monetary system

**IRF Note** – *Luke Gromen, founder of FFTT, writes that western investors have all but ignored reforms China appears to be forcing on the global monetary system despite China explicitly telling the world in late 2013 what they planned to do. He argues that as China gains the ability to print CNY for critical imports, China's FX reserve needs will look less like an EM and more like the US (which holds virtually no FX reserves because the US can "print USD for critical imports"). As such, few understand that China's FX reserve declines are structural and are likely a much bigger negative for US government funding (LIBOR, UST yields) than for China. Some of the key points are outlined below:*

- Luke highlights comments by members of the PBOC who felt it was no longer in China's favour to boost record FX reserves (stockpile UST's) and that the world needs a new currency reserve.
- He then shows that CNY denominated trade is growing rapidly.
- Luke then answers the critical question of why nations would take CNY in trade, since 'everyone knows' CNY is going lower? Because as The PBOC stated previously, they intended to use gold as protection. Flows into gold have been rising significantly as a result.
- So, if China has their way, the ongoing 'USD shortage' may not be fixed by the US/Fed emitting USD's, but by the USD price of gold rising significantly. Until this happens, deflationary impulses will likely continue globally (USD up, LIBOR up, UST yields up, until something breaks).
- If this trend plays out as it appears China wishes it will, Luke suggests it is likely to be very negative for the USD and very positive for risk assets, and particularly anti-USD risk assets.

[Click here](#) for a short overview of this researcher

---

#### 4. OM Research - Why is Trump targeting the EU?

**IRF Note** – *Jamie Davis, co-founder of OM Research, believes that the Trump administration is refocusing the US towards realism\* and away from the Liberal Institutionalist\*\* order created at the end of the Second World War. Some of the key points are outlined below:*

- The Trump team maintains that multilateral organisations in which the US has exported their accountability do not work because they were based on foreign policy, not economics.
- The Trump administration appears to be using a two-criteria process to evaluate allies/enemies and those in between – security and economics, not especially politics.
- Peter Navarro, head of the US National Trade Council, criticised Germany for its trade surplus amidst a weak euro. So, Germany, a staunch US political ally appears to have failed the economics and security tests as it spends less than 2% of GDP on defence.
- Jamie argues that Trump could force trade partners with a surplus vs the US to choose between central bank independence and a currency/trade war.
- Pushing Germany to finally choose a long-term viable structure for the euro will be no bad thing as long as it is pursued responsibly.
- What does the future hold? Germany, through the EU, is trying to 'hold the line' with multilateral and Liberal Institutionalist bodies, but Jamie sees a hostile US under Trump making things very difficult for them over the next four years - resulting in a substantial increase in risk to euro stability.

\*Where foreign relations are conducted at the nation-state level, targeting tangible benefits and the national interest, with gains and losses determined by the relative power of the sides negotiating.

\*\*Where the power of governments in foreign policy is constrained by institutional frameworks, for the greater good. This is a rules-based and legalistic order which produces the concept of international law.

[Click here](#) for a short overview of this researcher

---

#### 5. Simon Hunt Strategic Services - Three evolving markets in China will totally transform the use of copper in China, with large consequences for global balances and prices

**IRF Note** – *Simon Hunt, founder of SHSS, discusses how smart toys, online gaming and electric cars will have a major impact on China's consumption of foil, electronic wiring and sheet/strip. He also believes that this bodes well for the Chinese economy as a whole, as it shows consumers are spending, it's just their habits are changing. Some of the key points are outlined below:*

- Simon sees a shift away from traditional toys that don't require printed circuit boards (PCB's) to 'intelligence' toys requiring electronics and thus PCB's meaning increased requirements for sheet/strip.
- He believes there is massive growth potential given that retail sales of toys and games has risen by an average of 21.8% p.a. over the last 5 years.
- The same applies to online gaming markets, where ~5bn of revenue is currently generated by 423m online gamers, likely rising to 600m by 2019. Resulting in a

massive increase in copper consumption, where copper and copper ally sheet/strip should grow by at least 54% by 2020.

- The growth of electric cars is being encouraged by government policies with production likely rising from 312k in 2015 to ~1.5m in 2020. In a typical Tesla model S60, the battery contains about 23kg of copper foil.
- Simon thinks copper foil used here should grow from 7200 tonnes in 2015 to 39,000 tonnes in 2020. In addition, copper wiring etc. used in an electric vehicle, should increase from 32,800 tonnes in 2015 to 225,000 tonnes in 2020.
- In conclusion, Simon believes the use of copper in these markets alone will increase from 540kt in 2015 to 1.464m in 2020, meaning huge implications for global balances and prices.

[Click here](#) for a short overview of this researcher

---

**6. Topdown Charts** - Having seen zero interest rate policy (ZIRP), are we about to see zero tax rate policy (ZTRP)?!

**IRF Note** – *Callum Thomas, founder of Topdown Charts examines the possibility of ZTRP and the benefits it could bring. He acknowledges the fact that although unlikely, given the right conditions there could at least be a movement in that direction. Not to mention the fact that many years ago, ZIRP (and NIRP) were concepts that probably seemed implausible or crazy to many people! Some of the key points are outlined below (see attachment for charts):*

- One prompt is the seeming shift away from or rejection of trade blocs, unions, and rise of protectionism, partly as a result of populist policies.
- Callum says, the UK could in theory slash tax rates to compete against the EU, Trump has been talking up the idea of big tax cuts, and in general cutting tax rates have been a tool for competition and attracting multi-national corporations for some time e.g. Ireland/Singapore/Hong Kong.
- Governments do not tend to implement counter cyclical policies, so the key thesis, according to Callum, for a movement towards ZTRP would likely be less of a cyclical motive like ZIRP, and more of a structural and political shift (something that already appears to be in force).
- He shows how the rise in general government receipts as a % of GDP in aggregate for the OECD countries looks to be topping out.
- Furthermore, there has already been a general trend towards lower business taxes as well as a decline in the total tax rate as a % of commercial profits, yet there remains considerable variation across countries.
- So Callum says, you have trends supporting the idea, and preconditions (political shifts and existing variation) that could fuel further movement towards ZTRP.

[Click here](#) for a short overview of this researcher

---

## 7. Macro Research Snippets:

**Hedgeye** - Recently added the iShares MSCI Mexico Capped ETF (EWW US) to their

'Investing Ideas' product as a short. This is on the basis that they see the USD continuing in a secular bull market and remain predisposed to be short of Emerging Markets that have structural Balance of Payments (BoP) risks. They say that Mexico, with its massive current account deficit, over-reliance upon foreign investment to finance growth and poor positioning within its domestic #CreditCycle, screens almost as poorly as any EM economy on their proprietary 20-factor EM Crisis Risk Index. [Click here](#) for a short overview of this researcher

**Longview Economics** - After three consecutive years of surplus oil production, Longview's supply/demand model points to two reasonably large supply deficits this year (0.8 mbpd) and next (0.9 mbpd) and, implicitly within that, a downtrend in global inventories. In the past 25 years, there have been five large falls in global inventory levels ranging between 70 -215m barrels and lasting 18-24 months, with each one accompanied by an uptrend in oil prices. Their model suggests an inventory drawdown of ~230m barrels this year and next is likely (returning to the bottom end of the range - see attachment for chart). [Click here](#) for a short overview of this researcher

**WaveTrack International** - believe the ECB are at risk of falling rapidly behind the shifting sands of inflationary pressures which so far, have gone unnoticed. Meanwhile, the DE10yr yield made an important move towards the end of January when the yield pushed above 0.465%, changing a three wave pattern in its advance from last year's low of -0.206% into a developing five wave pattern. That confirms its long-term decline from historical highs traded in year-1981 ended last year at -0.206% with the beginning of a new 30-year uptrend now in progress (see attachment for chart). [Click here](#) for a short overview of this researcher

---

## Company Research

---

### 1. Drewry Maritime Financial Research - **Shipping** outlook, returns set for a comeback

**IRF Note** – Utilising the 'Capital Cycle' approach, which looks at how the competitive position of a company is affected by changes in the industry's supply side, Drewry concludes it is time to increase shipping exposure as it is witnessing dwindling supply growth. They say, **dry bulk companies** trade at fractions of their restructured books and the leaders in **container shipping** will increase their market share, which will make for a potent mix for returns over the next 18-24 months. Some of the key points are outlined below:

- According to Drewry, Government interference, which pushed back supply-demand alignment, has run its course. One example given, is the Japanese big three merger of container operations. This shows focus is on survival as bitter rivals come together.
- Drewry forecasts that global freight rates are set to increase by 12% in 2017 after four years of decline. Sector leaders will dominate.
- For dry bulk, after massive supply growth in recent years, Drewry are increasingly comfortable with the current levels seen in the orderbook-fleet ratio. With low risk appetite of financial institutions to fund new ships, while private capital nurses its wounds, Drewry think that new orders will only trickle in.

- Drewry are **bullish** on **A.P. Moller Maersk A/S** (MAERSKB DC) thanks to a positive outlook on contract rates, and **Pacific Basin Shipping Ltd.** (2343 HK), which has been one of their top picks in the dry bulk sector due to their ability to deploy their fleet at higher than market rates.
- **Tanker shipping** is their conviction **sell**, as a surge in fleet capacity is set to push the sector into a medium term downturn. They remain neutral on gas shipping.

[Click here](#) for a short overview of this researcher

---

**2. Gimme Credit - Downgrades Laboratory Corporation of America's** (LH US) credit score following reports of a potential large acquisition coupled with a waning commitment to debt and leverage reduction

**IRF Note** – *Gimme Credit believe the party is (nearly) over with regard to post-acquisition balance sheet restoration at Labcorp, the medical testing business. This is due to recent reports that have been circulating regarding LabCorp being in talks about another major acquisition, privately held, Pharmaceutical Product Development (PPD) for an estimated \$8bn. Some of key points are outlined below:*

- Gimme Credit felt management were cryptically vague when answering questions about their M&A philosophy recently and how far it was willing to stretch its balance sheet to do another big acquisition.
- Labcorp's leverage target is 2.5x, but management said this is "a target, not a commandment." Even the desire to remain investment grade was called into question when management opined that while this was prudent it was not a constraint.
- Gimme Credit say this kind of talk should send bond investors running for the hills!
- They see a similar situation occurring to when Labcorp purchased Covance in 2015, when its debt load more than doubled and its leverage soared. Subsequently, FCF was used for debt reduction and share repurchases were halted for some time.
- Pro forma leverage for that acquisition increased debt/EBITDA to 4.1x. Gimme Credit estimate an \$8bn purchase price using half debt and half equity would have a similar result, raising leverage from 3.1x at the end of 2016 to nearly 4x.
- Despite leverage still being elevated and above target, Labcorp recently re-introduced buybacks, suggesting material debt reduction is over. With a large acquisition possibly on the way Gimme Credit lower their credit score to "stable" and reiterate "underperform" (2025 notes at T+143).

[Click here](#) for a short overview of this researcher

---

**3. Gradient Analytics** - Initiates coverage of **Genuine Parts Co.** (GPC US) with a **negative grade** based on fundamental weakness and a variety of earnings quality issues

**IRF Note** – *Gradient Analytics believe the valuation premium on Genuine Parts Co., a distributor of automotive/industrial replacement parts, is unwarranted, given disappointing organic sales, particularly in their automotive segment, as well as certain earnings quality issues. They point out to the fact that Genuine Parts trades on ~75% premium to the peer*

median based on PEG, and a ~27% premium based on forward P/E. Some of the key points are outlined below:

- Amazon's aggressive move into auto parts sales last summer may hamper GPC's revenue growth, particularly given a shift in consumer preferences towards online auto parts e-tailers, and Amazon's strong bargaining power.
- Gradient Analytics believe this increased competition could see the benefit GPC has previously enjoyed regarding extended supplier payment windows reach critical levels.
- GPC's organic growth has turned negative, which heightens revenue sustainability concerns.
- Their analysis indicates that inventory levels have been increasing relative to sales for the last six quarters. They are concerned that this may eventually result in gross margin compression.
- They also highlight that receivables growth has outpaced sales for the last 10 quarters, indicating that the company is using customer credit to incentivise sales. Once again questioning the sustainability of growth rates as a result.
- Gradient Analytics believe GPC may have been boosting EPS by capitalising operating expenses that would otherwise have been recognised on the income statement, citing the fact that prepaid expenses have increased relative to adjusted operating expenses.

[Click here](#) for a short overview of this researcher

---

**4. Huber Research Partners** - Raises **S&P Global** (SPGI US) price target to \$144 and is **overweight** on 'undervalued' **News Corp** (NWSA US)

**IRF Note** – Huber is **positive** on the **Credit Rating Agency** sector and S&P Global, having just increased their estimates for EPS, revenue and operating profit for 2017. While Huber holds a **negative** rating on the **Media** sector, they see an opportunity for shareholder gains at News Corp, with risk/reward tilted in investors favour. Some of the key points are outlined below:

- S&P Ratings have had a good start in 2017 with very strong debt issuance so far, and the debt refinancing calendar through 2020 is also strong. S&P Indices continues to benefit from long-term secular move to ETF's and passive investing.
- Huber thinks S&P Global should trade at a 40-50% P/E premium to the S&P 500 (currently 24%/14% premium to 2017/18 estimates).
- They also believe investors are too concerned about interest expense deductibility and see it having little impact on investment grade companies.
- News Corp, the shares trade at a significant discount to Huber's sum-of-the-parts analysis, which uses conservative calendar 2018(E) EBITDA multiples: 4.4x for News and Information, 9x for Cable Networks, 13x for Digital Real Estate (including Move) vs. 14.5x that REA currently trades at in Australia, 5.5x for Book Publishing, and 6x for Foxtel 50% equity stake.
- Huber holds a fair value 12 month price target of \$15.50.
- They believe management have numerous options to enhance shareholder value (they actually list 8 possibilities!), ranging from, buybacks, utilising their \$1.5bn cash, to spinning off or selling various parts of the business.

- Huber also argues News Corp. needs to be much more aggressive taking out costs at its newspaper operations, and if nothing is done, activist funds may start circling, or even a private equity bid could occur.

[Click here](#) for a short overview of his researcher

---

**5. JL Warren Capital** - Examines the companies most likely to benefit from Apple's (AAPL US) upcoming iPhone 8 release

**IRF Note** – JL Warren believe we can expect 3 models for the next generation iPhone, the premium 5.1" OLED model, 5.5" LCD model and 4.7" LCD model. With significant upgrades in both appearance and functionality expected, including a glass case, infrared camera and wireless charging, inevitably some companies will be in line to benefit while others will suffer. Some of the key points are outlined below:

- As the lead supplier, JL Warren thinks **Largan** (3008 TT) faces capacity constraint due to the rising adoption of dual cams in high-end smart phones.
- They say, **Genius Electronic Optical** (3406 TT) could take advantage of this, especially when it offers Apple lower ASP. Genius is also said to make lens for the front facing infrared camera which has lower resolution requirement.
- Sizable order growth for **Alps Electric** (6770 JP) and **Minebea Mitsumi** (6479 JP) comes from nearly doubled OIS demand. JL Warren say they aim to get 30% of allocation on hepatic engine in iPhone 8.
- **Flexium Interconnect** (6269 TT) is the added supplier of Flex Print Circuit (FPC) for the dual cam module.
- JL Warren highlight **Luxshare Precision Industry Co.** (002475 CH) as a big beneficiary. Apart from being the likely lead supplier for the wireless charging system, Luxshare, together with **Merry Electronics** (2439 TT), is poised to take share from **AAC Tech** (2018 HK) as they will also become the supplier of speakers and receivers.
- As the sole supplier of 3D thin film sensor, **Nissha** (7915 JP) will see a material acceleration of revenue growth, taking large orders away from existing FPC-based force touch sensor supplier **Zhen Ding Technology** (4958 TT).

[Click here](#) for a short overview of this researcher

---

**6. Spin-Off Research** - The **Spin-Off Index** nearly doubled the market return last year

**IRF Note** – Joe Cornell, founder of Spin-Off Research, firmly believes that this technique more often than not creates significant value for shareholders. The following is taken from an article written by Joe for 'Modern Trader' earlier this year, discussing both the process and the historical performance. Some of the key points are outlined below ([click here](#) for a link to the whole article, which includes the top 15 spin-offs from 2016):

- A spin-off occurs when a parent firm distributes shares of a subsidiary to the parent's shareholders (often tax-free).
- During the past 14 years, Joe highlights the fact that the Bloomberg US Spin-Off Index returned 714%, while the S&P 500 Index returned 155%. Or put another way,

the spin-off investment strategy has beaten the S&P 500 by an average of 10% per year during the last decade.

- Joe says motivation for spin-offs varies from companies looking to remove a weak or low margin division, to companies wishing to highlight the attributes of a particular area of the business that they believe is not reflected in the current share price.
- Joe believes spin-offs do well partly because when a business and its management are freed from a large corporate entity, pent-up entrepreneurial forces are unleashed.
- He says managers have greater freedom to pursue new ventures and streamline production. While Stock options can more directly compensate management of the new company, Joe says this incentive often leads to improved operating performance over time.
- When one reconstitutes the parent and spin-off after a 1-2 year period, often outstanding overall returns are observed.

[Click here](#) a short overview of this researcher

---

## 7. Company & Sector Research Snippets -

**J Capital Research - SELL Gentex** (GNTX US) as they pour additional cash into new technology but fail to deliver. J Capital simply do not believe the hype surrounding their new camera monitoring system. They also think HomeLink's market will be eroded sooner or later by lightweight cell phone applications and expansion into China is a non-starter! Gentex reports gross margins of ~40%, but J Capital argue they are actually closer to 20% and accordingly have lowered their target price to \$8.70 (58% downside). [Click here](#) for a short overview of this researcher

**Stockcube Research** - Combining major technical indicators, price, volume, momentum and relative with other proprietary tools, their analysis produces alpha-generating ideas. They have recently opened a **short** in **Thales** (HO FP), as it develops price and relative tops with bearish VAD (Volume Accumulation Distribution) divergence. They have an Abs. Target of 80. Stockcube continue to be **bullish** on **Holmen** (HOLMB SS), as it extends new price and relative highs, with a trend score (proprietary indicator) of 93 (out of 100), emphasizing the strength of the trend (see attachment for charts). [Click here](#) for a short overview of this researcher

**The Retail Tracker** - Among several 'cool and interesting' themes highlighted in their 'Insights & Intelligence' report, they discuss connected apparel. The Bright BMBR is a jacket designed by Rochambeau, which has a hidden zipper pocket. Inside the pocket is a limited edition label and customized chip that unlocks products and experiences. This could include VIP passes to restaurants, galleries or nightclubs, or gift packages that may include a limited edition artwork or a unique selection of products from a select mix of stores. Imagine a collaboration with Lululemon in which the jacket unlocked healthy restaurants, juice bars, fitness classes! [Click here](#) for a short overview of this researcher

---

**Thank you for reading The Cut**

**For further information about IRF, The Cut, any of the articles or any of the Researchers mentioned, please contact us by clicking on the button below; we would be delighted to hear from you**

---

## Contact IRF

---

*Copyright © 2017 Independent Research Forum Ltd., All rights reserved.*

Want to change how you receive these emails?  
You can [update your preferences](#) or [unsubscribe from this list](#)

The MailChimp logo is displayed in a white, cursive font within a grey rectangular button.