

"Anticipating the Anticipations of Others"

"Successful investing is anticipating the anticipations of others"

The actual private object of most skilled investment today is to 'beat the gun.' As Americans so well express it, to outwit the crowd and to pass the bad, or depreciating halfcrown, to the other. For it is, so to speak, a game of Snap, of Old Maid, of Musical Chairs – a pastime in which he is the victor who plays 'snap' neither too soon nor too late, who passes the old maid to his neighbor before the game is over, who secures a chair for himself when the music stops. Or to change the metaphor slightly, professional investment may be likened to those newspaper competitors in which the competitors have to pick out the six prettiest faces from a hundred photographs, the prize being awarded to the competitor whose choice most nearly corresponds to the average preferences of the competitors, as a whole; so that each competitor has to pick not those faces which he himself finds prettiest, but those which he thinks likeliest to catch the fancy of the other competitors, all of whom are looking at the problem from the same point of view. We have reached the third degree where we devote our intelligences to anticipating what the average opinion expects the average opinion to be. And there are some, I believe, who practice the fourth, fifth and higher degrees."

John Maynard Keynes, *The General Theory of Employment, Interest and Money* – 1935

We have used the aforementioned quote many times over our nearly 50 years in this business, but surprisingly, it is just as relevant now as it was when first written. Bet it surprised you that the quote is dated 1935! Read it a few times away from the maddening crowd and reflect on it, because certain phrases will grab you with their wisdom. Bet you also thought that it brings back vivid memories of the 1987 Crash, as well as more recent Dow Dives and nostalgic personal wishes like, "If only I had 'beaten the gun,' or 'Passed the old maid,' in time to avoid the final 'snap'!" However, for nearly one year, investors have not had to "pass the old maid", because there has not been so much as a 5% correction. To be sure, the last 5% correction was going into the presidential election when the S&P 500 (SPX/2581.07) fell from its August 15, 2016 high of 2193.81 to its November 4, 2016 low of 2083.79 (chart 1 on page 2). Going a year without a 5% correction is quite a rare feat and has only happened six times since 1950. The current upside skein has produced 50 record closing highs for the SPX year to date and is on a pace that could produce 61, which would be the third most ever (chart 2 on page 3).

Obviously an improving economy, and better earnings, are the drivers of the SPX's surge, which is exactly what is supposed to happen in the second leg of a secular bull market. So far in this earnings season, 63.4% of reporting companies have beaten estimates and 61.0% have bettered revenue estimates (charts 3 & 4 on page 3). The earnings beat rate by sector shows that Consumer Staples, Financials, Industrials, Technology, and Utilities have shown the highest number of "beats" (chart 5 on page 4). As usual, we screen those reporting companies for names that have beaten earnings and revenue guidance, raised forward earnings' guidance, have favorable ratings from our fundamental analysts, and look good on our proprietary algorithm models. So far those names from the Raymond James research universe having those metrics include: TD Ameritrade (AMTD/\$50.51/Outperform), GrubHub (GRUB/\$60.02/Outperform), Johnson & Johnson (JNJ/\$141.78/Outperform), LKQ (LKQ/\$36.74/Outperform), ServiceNow (NOW/\$125.73/Strong Buy), PRA Health Sciences (PRAH/\$82.04/Outperform), and S&P Global (SPGI/\$162.16/Outperform).

Moving on to the economy, our economist had this to say about last Friday's GDP report:

The headline figure was stronger than anticipated, but well within the usual range of uncertainty, with inventory providing a somewhat larger-than-expected contribution. Hurricanes had an impact, but the BEA can't say precisely how much. Consumer spending slowed (but was helped by clearance promotions in motor vehicles). Business fixed investment slowed, partly reflecting a softening in energy exploration (hurricane related). Homebuilding weakened further (still up y/y). Inventories rose at a faster pace, adding 0.7 percentage point to the headline GDP figure, while a smaller trade deficit added 0.4 percentage point. Private domestic final purchases, the best measure of underlying domestic demand, slowed to a 2.2% pace, but that reflects some restraint from the hurricanes. In short, nothing too

Please read domestic and foreign disclosure/risk information beginning on page 5 and Analyst Certification on page 6.

surprising in the details, and bear in mind that this is the advance estimate (figures will be revised, but the story shouldn't change much). Markets still waiting on Trump's decision on the next Fed chair, with expectations building for Powell (a comfortable choice for the markets). Busy economic calendar next week (chart 6 on page 4).

Hereto, this pickup in economic strength is what is supposed to happen in the second leg of a secular bull market. And for all of those who keep asking us how long the second leg will last, it is unknowable. The first leg of the 1982-2000 secular bull market ended with the Crash of 1987. The second leg began shortly after the Crash and ended in 1994. The third leg started in early 1995 and ended mid-January 2000. We will say this: whenever the second leg ends, there will be another upside consolidation just like there was between May 2015 and February 2016. And just like in that period, the negative nabobs will come out of the woodwork telling everyone that there is going to be a crash, the economy is going into a recession, earnings are going to tank, etc.

Speaking to last Friday's action, it was a rather unusual session with the NASDAQ 100 gaining 2.9% and the SPX gaining 0.81% but the D-J Industrial Average only rallying 0.14%. Moreover, as Jason Goepfert of SentmenTrader fame writes:

A singular market. We're seeing market readings that have been seen only a few times in history, if ever. Among the examples, the S&P 500 surged to a new high on Friday, but was powered by the 3rd-fewest number of its stocks in 27 years. Tech stocks are an even more stark example. The Nasdaq 100 was even more extreme in terms of its price gains being driven by relatively few stocks. It hasn't had such a big price gain, with so few advancing stocks in the index, since 2000. Not only that, its price move – the largest gain in a year to a 52-week high – is comparable only to other blow-offs.

Now Investopedia defines a "blow off top" as, "A chart pattern that indicates a steep and rapid increase in a security's price and trading volume followed by a steep and rapid drop in price and volume. The rapid changes indicated by a blow-off top, also called a blow-off move or exhaustion move, can be the result of actual news or pure speculation."

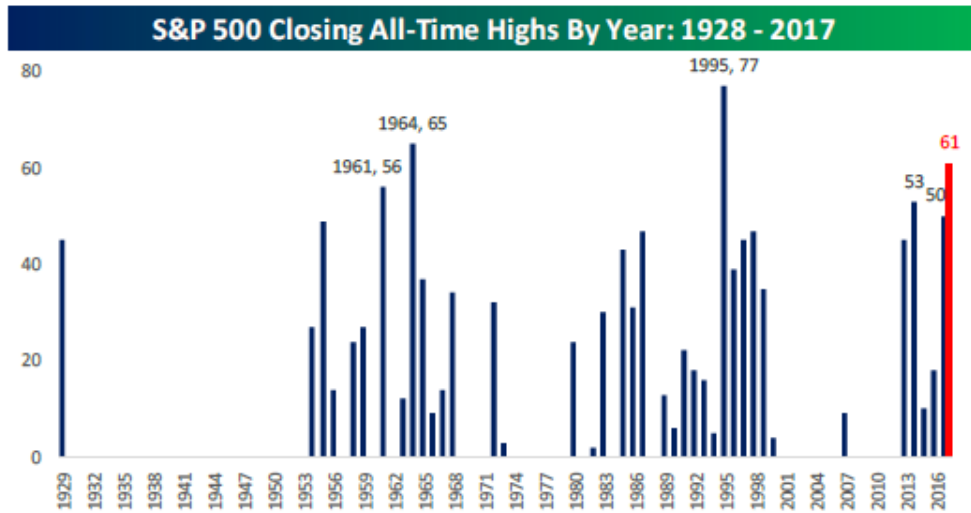
The call for this week: If we are going to finally get a trading top, it should come this week.

Chart 1



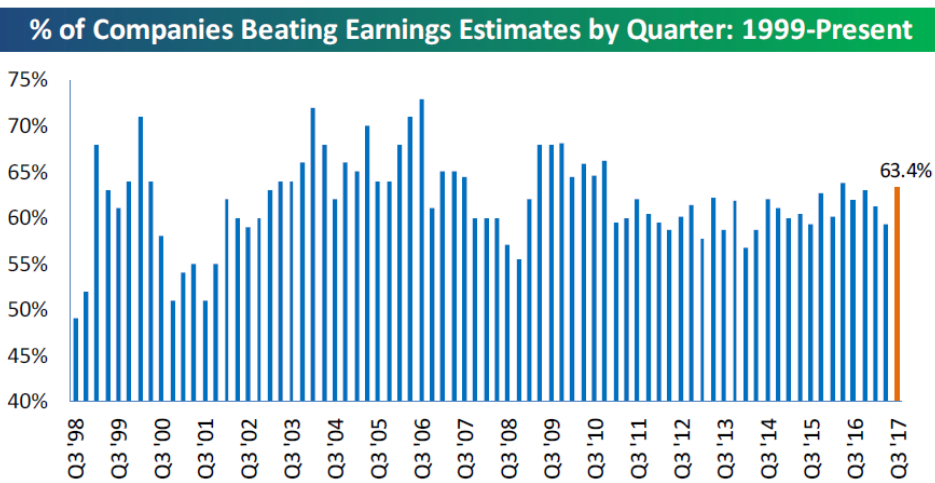
Source: Bespoke Investment Group

Chart 2



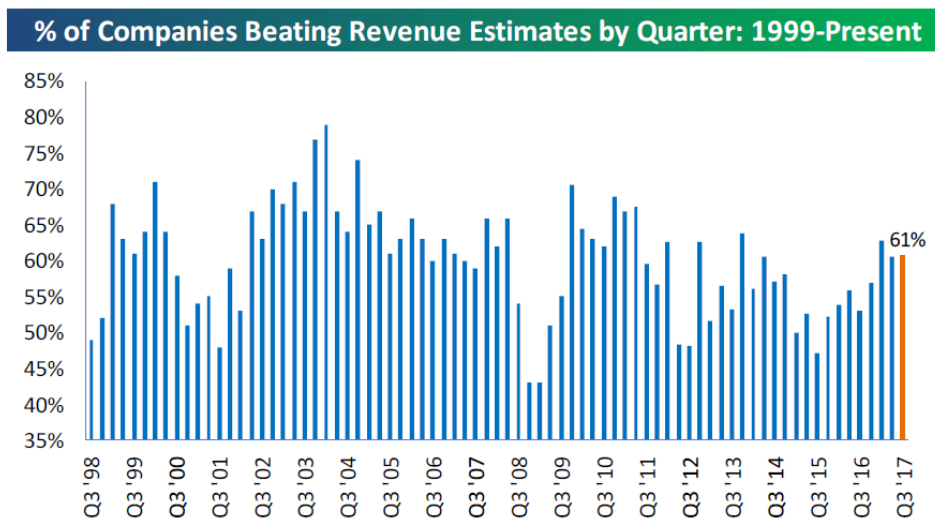
Source: Bespoke Investment Group

Chart 3



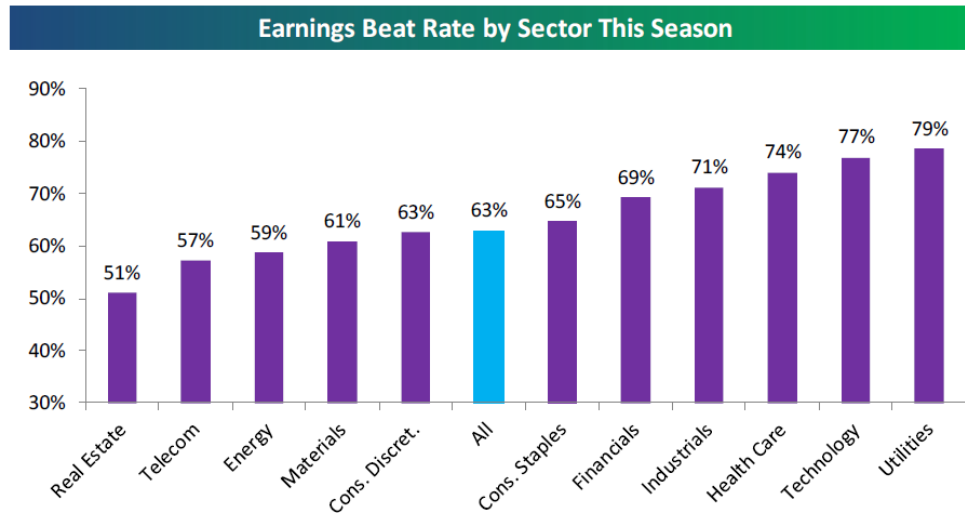
Source: Bespoke Investment Group

Chart 4



Source: Bespoke Investment Group

Chart 5



Source: Bespoke Investment Group

Chart 6

Economic Calendar: Week of 11/3

Date	Time	Release	Estimate	Last Reading
10/30	8:30	Personal Income	0.4	0.2
10/30	8:30	Personal Spending	0.8	0.1
10/30	8:30	PCE Core (m/m)	0.1	0.1
10/30	10:30	Dallas Fed	21.0	21.3
10/31	8:30	Employment Cost Index	0.7	0.5
10/31	9:45	Chicago PMI	60.0	65.2
10/31	10:00	Consumer Confidence	121.0	119.8
11/1	8:15	ADP Employment ('000s)	190	135
11/1	9:45	Markit US Manufacturing	55	55
11/1	10:00	ISM Manufacturing	59.3	60.8
11/1	10:00	ISM Prices Paid	67.5	71.5
11/1	10:00	Construction Spending	-0.3	0.5
11/1	14:00	FOMC Rate Decision	1.1	1.1
11/1	All Day	Total Vehicle Sales (mln)	17.30	18.47
11/2	8:30	Initial Claims	235	233
11/2	8:30	Continuing Claims	1895	1893
11/2	8:30	Non Farm Productivity	2.1	1.5
11/2	8:30	Unit Labor Costs	0.5	0.2
11/3	8:30	Non Farm Payrolls ('000s)	310	-33
11/3	8:30	Private Payrolls ('000s)	295	-40
11/3	8:30	Manufacturing Payrolls ('000s)	18	-1
11/3	8:30	Unemployment Rate	4.2	4.2
11/3	8:30	Average Hourly Earnings	0.2	0.5
11/3	8:30	Average Weekly Hours	34.4	34.4
11/3	8:30	Trade Balance (\$, bln)	-43.5	-42.4
11/3	10:00	ISM Non Manufacturing	58.3	59.8

Source: Bespoke Investment Group

Important Investor Disclosures

Raymond James & Associates (RJA) is a FINRA member firm and is responsible for the preparation and distribution of research created in the United States. Raymond James & Associates is located at The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, FL 33716, (727) 567-1000. Non-U.S. affiliates, which are not FINRA member firms, include the following entities that are responsible for the creation and distribution of research in their respective areas: in Canada, Raymond James Ltd. (RJL), Suite 2100, 925 West Georgia Street, Vancouver, BC V6C 3L2, (604) 659-8200; in Europe, Raymond James Euro Equities SAS (also trading as Raymond James International), 40, rue La Boetie, 75008, Paris, France, +33 1 45 64 0500, and Raymond James Financial International Ltd., Broadwalk House, 5 Appold Street, London, England EC2A 2AG, +44 203 798 5600.

This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The securities discussed in this document may not be eligible for sale in some jurisdictions. This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. **Investors should consider this report as only a single factor in making their investment decision.**

For clients in the United States: Any foreign securities discussed in this report are generally not eligible for sale in the U.S. unless they are listed on a U.S. exchange. This report is being provided to you for informational purposes only and does not represent a solicitation for the purchase or sale of a security in any state where such a solicitation would be illegal. Investing in securities of issuers organized outside of the U.S., including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. There may be limited information available on such securities. Investors who have received this report may be prohibited in certain states or other jurisdictions from purchasing the securities mentioned in this report. Please ask your Financial Advisor for additional details and to determine if a particular security is eligible for purchase in your state.

The information provided is as of the date above and subject to change, and it should not be deemed a recommendation to buy or sell any security. Certain information has been obtained from third-party sources we consider reliable, but we do not guarantee that such information is accurate or complete. Persons within the Raymond James family of companies may have information that is not available to the contributors of the information contained in this publication. Raymond James, including affiliates and employees, may execute transactions in the securities listed in this publication that may not be consistent with the ratings appearing in this publication.

Raymond James ("RJ") research reports are disseminated and available to RJ's retail and institutional clients simultaneously via electronic publication to RJ's internal proprietary websites ([RJ Investor Access](#) & [RJ Capital Markets](#)). Not all research reports are directly distributed to clients or third-party aggregators. Certain research reports may only be disseminated on RJ's internal proprietary websites; however such research reports will not contain estimates or changes to earnings forecasts, target price, valuation, or investment or suitability rating. Individual Research Analysts may also opt to circulate published research to one or more clients electronically. This electronic communication distribution is discretionary and is done only after the research has been publically disseminated via RJ's internal proprietary websites. The level and types of communications provided by Research Analysts to clients may vary depending on various factors including, but not limited to, the client's individual preference as to the frequency and manner of receiving communications from Research Analysts. For research reports, models, or other data available on a particular security, please contact your RJ Sales Representative or visit [RJ Investor Access](#) or [RJ Capital Markets](#).

Links to third-party websites are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any third-party website or the collection or use of information regarding any website's users and/or members.

Additional information is available on request.

Analyst Information

Registration of Non-U.S. Analysts: The analysts listed on the front of this report who are not employees of Raymond James & Associates, Inc., are not registered/qualified as research analysts under FINRA rules, are not associated persons of Raymond James & Associates, Inc., and are not subject to FINRA Rule 2241 restrictions on communications with covered companies, public companies, and trading securities held by a research analyst account.

Analyst Holdings and Compensation: Equity analysts and their staffs at Raymond James are compensated based on a salary and bonus system. Several factors enter into the bonus determination including quality and performance of research product, the analyst's success in rating stocks versus an industry index, and support effectiveness to trading and the retail and institutional sales forces. Other factors may include but are not limited to: overall ratings from internal (other than investment banking) or external parties and the general productivity and revenue generated in covered stocks.

The views expressed in this report accurately reflect the personal views of the analyst(s) covering the subject securities. No part of said person's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. In addition, said analyst has not received compensation from any subject company in the last 12 months.

Ratings and Definitions

Raymond James & Associates (U.S.) definitions

Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.

Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months.

Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months.

Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.

Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.

Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.

Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.

Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Raymond James Europe (Raymond James Euro Equities SAS & Raymond James Financial International Limited) rating definitions

Strong Buy (1) Expected to appreciate, produce a total return of at least 15%, and outperform the Stoxx 600 over the next 6 to 12 months.

Outperform (2) Expected to appreciate and outperform the Stoxx 600 over the next 12 months.

Market Perform (3) Expected to perform generally in line with the Stoxx 600 over the next 12 months.

Underperform (4) Expected to underperform the Stoxx 600 or its sector over the next 6 to 12 months.

Suspended (S) The rating and target price have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and target price are no longer in effect for this security and should not be relied upon.

In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

Rating Distributions

	Coverage Universe Rating Distribution*			Investment Banking Distribution		
	RJA	RJL	RJEE/RJFI	RJA	RJL	RJEE/RJFI
Strong Buy and Outperform (Buy)	53%	69%	53%	24%	47%	0%
Market Perform (Hold)	42%	29%	35%	11%	23%	0%
Underperform (Sell)	5%	2%	12%	10%	25%	0%

* Columns may not add to 100% due to rounding.

Suitability Ratings (SR)

Medium Risk/Income (M/INC) Lower to average risk equities of companies with sound financials, consistent earnings, and dividend yields above that of the S&P 500. Many securities in this category are structured with a focus on providing a consistent dividend or return of capital.

Medium Risk/Growth (M/GRW) Lower to average risk equities of companies with sound financials, consistent earnings growth, the potential for long-term price appreciation, a potential dividend yield, and/or share repurchase program.

High Risk/Income (H/INC) Medium to higher risk equities of companies that are structured with a focus on providing a meaningful dividend but may face less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and potential risk of principal. Securities of companies in this category may have a less predictable income stream from dividends or distributions of capital.

High Risk/Growth (H/GRW) Medium to higher risk equities of companies in fast growing and competitive industries, with less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial or legal issues, higher price volatility (beta), and potential risk of principal.

High Risk/Speculation (H/SPEC) High risk equities of companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, significant financial or legal issues, or a substantial risk/loss of principal.

Raymond James Relationship Disclosures

Raymond James expects to receive or intends to seek compensation for investment banking services from the subject companies in the next three months.

Stock Charts, Target Prices, and Valuation Methodologies

Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. Only stocks rated Strong Buy (SB1) or Outperform (MO2) have target prices and thus valuation methodologies.

Risk Factors

General Risk Factors: Following are some general risk factors that pertain to the businesses of the subject companies and the projected target prices and recommendations included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects. International investments involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability.

Additional Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at rjcapitalmarkets.com/Disclosures/index. Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see raymondjames.com for office locations) or by calling 727-567-1000, toll free 800-237-5643 or sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6th Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.

Simple Moving Average (SMA) - A simple, or arithmetic, moving average is calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods.

Exponential Moving Average (EMA) - A type of moving average that is similar to a simple moving average, except that more weight is given to the latest data.

Relative Strength Index (RSI) - The Relative Strength Index is a technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset.

International securities involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

Small-cap stocks generally involve greater risks. Dividends are not guaranteed and will fluctuate. Past performance may not be indicative of future results.

Investors should consider the investment objectives, risks, and charges and expenses of mutual funds and exchange-traded funds carefully before investing. The prospectus contains this and other information about mutual funds and exchange-traded funds. The prospectus is available from your financial advisor and should be read carefully before investing.

Not approved for rollover solicitations.

For clients in the United Kingdom:

For clients of Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (High net worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is therefore not intended for private individuals or those who would be classified as Retail Clients.

For clients of Raymond James Investment Services, Ltd.: This report is for the use of professional investment advisers and managers and is not intended for use by clients.

For purposes of the Financial Conduct Authority requirements, this research report is classified as independent with respect to conflict of interest management. RJFI, and Raymond James Investment Services, Ltd. are authorised and regulated by the Financial Conduct Authority in the United Kingdom.

For clients in France:

This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monétaire et Financier" and Règlement Général de l'Autorité des Marchés Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is therefore not intended for private individuals or those who would be classified as Retail Clients.

For clients of Raymond James Euro Equities: Raymond James Euro Equities is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution and the Autorité des Marchés Financiers.

For institutional clients in the European Economic Area (EEA) outside of the United Kingdom:

This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

For Canadian clients:

This report is not prepared subject to Canadian disclosure requirements, unless a Canadian analyst has contributed to the content of the report. In the case where there is Canadian analyst contribution, the report meets all applicable IROC disclosure requirements.

Proprietary Rights Notice: By accepting a copy of this report, you acknowledge and agree as follows:

This report is provided to clients of Raymond James only for your personal, noncommercial use. Except as expressly authorized by Raymond James, you may not copy, reproduce, transmit, sell, display, distribute, publish, broadcast, circulate, modify, disseminate or commercially exploit the information contained in this report, in printed, electronic or any other form, in any manner, without the prior express written consent of Raymond James. You also agree not to use the information provided in this report for any unlawful purpose.

This report and its contents are the property of Raymond James and are protected by applicable copyright, trade secret or other intellectual property laws (of the United States and other countries). United States law, 17 U.S.C. Sec.501 et seq, provides for civil and criminal penalties for copyright infringement. No copyright claimed in incorporated U.S. government works.