

AlphaScreens: the might of momentum

14 October 2021

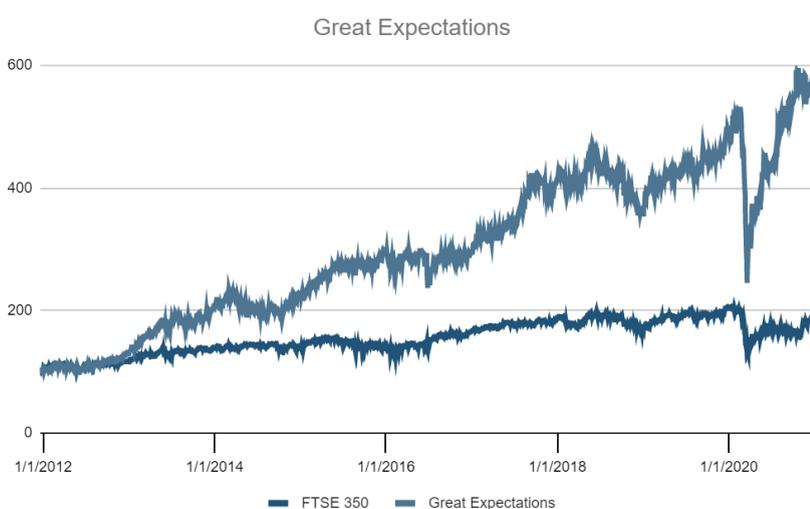
Sentiment towards Shell surges on energy crunch

Momentum strategies show persistent outperformance. We run our Alpha momentum screen across three indices: FTSE All-Share, All Small and Aim

- It's not often that one of the largest companies on the London stock exchange tops our screens, but then there has been quite a turnaround in sentiment towards energy companies, as the gas supply crunch reminds people how dependent we still are on fossil fuels. The two classes of Royal Dutch Shell shares (RDSA and RDSB) top our share price and earnings upgrade momentum screen for the FTSE All Share index.
- The UK's other oil mega cap, BP (BP.) also ranks highly but still fails our earnings per share growth forecasts for the end of this year and next. Median analyst forecasts will be worth keeping tabs on here in case this changes.
- Questions do need to be asked about how much damage the pandemic has done to production and distribution capacity to enable the oil giants to take advantage of crude prices being above \$80 a barrel. The issue of climate change hasn't gone away either and massive capital expenditure will be needed for ambitious net zero carbon targets. Still, in the short term, energy stocks have quite a tailwind.
- Other companies scoring full marks on the screen include equipment hire business Ashtead (AHT) and retailer Marks & Spencer (MKS) which Robin Hardy took a deep dive into in his recent Alpha report.
- On Aim, the energy theme is repeated with Serica Energy (SQZ) getting top marks and, consistent with the arguments that the renewables theme is still a very important part of the energy mix, Good Energy (GOOD) also has an 8/8 score.

Great expectations

The Alpha momentum screens apply the idea of momentum not only to share price performance, but also to expected profit growth. The screen looks for strong forecast earnings per share (EPS) growth, but more importantly it looks for an improving trend in broker expectations. Indeed, EPS forecast upgrades can be considered the screen's primary focus.



Source: Refinitiv, Investors Chronicle

The Alpha momentum screen is conducted separately on constituents of the FTSE All-Share, FTSE All Small and FTSE Aim All-Share indices, with the results from each screen reported in separate tables. The screen looks for stocks displaying three characteristics, each of which are tested using a few different criteria.

- **Earnings upgrade momentum:** EPS upgrades over the past 12 months of at least 10 per cent for both the current financial year and next financial year.
- **Earnings momentum:** Forecast EPS growth of at least 10 per cent in the current financial year and next financial year.
- **Price momentum:** Studies have found that the longer price momentum has persisted the more likely it is to be 'stale' and set to reverse. The Alpha momentum screen tests for strong share price performance over four different periods, which helps check price momentum remains fresh.

Large-cap momentum selection (passing at least 6 of 8 tests)

Name	TIDM	Mkt cap	Price	Fwd NTMPE	Av 12-mth EPS upgrade	DY	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-mth momentum	Net cash/debt (-) in GBP	Tests passed (out of 8)	Test failed
Royal Dutch Shell Class B	RDSB	£133,974m	1,739p	8	71%	3.1%	317.0%	12.5%	22.7%	-30,814m	8	na
Royal Dutch Shell Class A	RDSA	£133,974m	1,721p	8	72%	3.1%	319.0%	12.4%	18.9%	-30,814m	8	na
STree	STEM	£777m	582p	18	38%	1.4%	139.8%	10.4%	24.4%	-130m	8	na
Renewi	RWI	£601m	751p	13	33%	0.0%	46.0%	11.3%	30.2%	-492m	8	na
Watches of Switzerland	WOSG	£2,557m	1,068p	28	39%	0.0%	45.3%	24.9%	12.8%	-113m	8	na
Robert Walters	RWA	£616m	804p	17	43%	2.0%	417.1%	24.7%	8.6%	-38m	8	na
Marks & Spencer	MKS	£3,576m	183p	11	13%	0.0%	985.7%	12.1%	23.7%	-1,603m	8	na
DWF	DWF	£353m	109p	10	14%	4.1%	33.8%	15.9%	2.4%	-126m	8	na
Ashtead	AHT	£25,530m	5,714p	24	29%	0.7%	30.5%	17.5%	0.1%	-738m	8	na
Glencore	GLEN	£49,391m	372p	7	264%	1.2%	277.6%	3.5%	18.6%	-27,711m	7	/>10% EPSgrth FY+2/
EnQuest	ENQ	£454m	24p	3	432%	0.0%	-	60.8%	12.6%	-527m	7	/>10% EPSgrth FY+1/
Barclays	BARC	£32,496m	193p	7	96%	1.6%	235.9%	-19.6%	13.5%	-	7	/>10% EPSgrth FY+2/
TBC Bank	TBCG	£812m	1,472p	5	32%	2.4%	122.8%	6.5%	24.5%	-	7	/>10% EPSgrth FY+2/
Man Group	EMG	£3,078m	218p	10	70%	3.7%	112.7%	-19.5%	12.2%	-	7	/>10% EPSgrth FY+2/
PageGroup	PAGE	£2,185m	665p	18	69%	4.7%	-	19.1%	9.5%	-63m	7	/>10% EPSgrth FY+1/
Future	FUTR	£4,287m	3,554p	25	60%	0.0%	180.4%	12.2%	9.9%	-111m	7	/1mthMom/
Airtel Africa	AAF	£3,550m	94p	10	29%	3.1%	52.2%	13.9%	13.7%	-1,427m	7	/1yrMom/
OSB Group	OSB	£2,265m	505p	7	36%	2.9%	32.0%	-0.3%	8.6%	-	7	/>10% EPSgrth FY+2/
Genuit	GEN	£1,714m	692p	21	32%	1.3%	117.0%	15.1%	9.1%	-75m	7	/1mthMom/
Biffa	BIFF	£1,093m	358p	16	33%	0.0%	150.4%	26.4%	8.7%	-317m	7	/1mthMom/
Kin and Carta	KCT	£498m	289p	31	14%	0.0%	16.8%	32.6%	14.2%	-18m	7	/1mthMom/
Bank of Georgia	BGEO	£742m	1,542p	5	27%	2.3%	124.9%	9.8%	7.5%	-	7	/>10% EPSgrth FY+2/
Liontrust Asset Mgmt	LIO	£1,271m	2,075p	18	25%	2.3%	34.7%	17.3%	6.4%	-	7	/1mthMom/
Lloyds Banking	LLOY	£33,908m	48p	8	64%	2.6%	457.9%	-21.3%	2.2%	-	7	/>10% EPSgrth FY+2/
Vitec	VTC	£654m	1,415p	19	32%	1.1%	634.0%	13.9%	2.9%	-97m	7	/1mthMom/
Electrocomponents	ECM	£5,114m	1,086p	23	21%	1.5%	39.4%	13.3%	1.6%	-433m	7	/1yrMom/
Medica Group	MGP	£201m	164p	19	24%	1.6%	118.8%	19.7%	0.9%	0m	7	/1yrMom/
Kenmare Resources	KMR	£477m	435p	5	38%	2.5%	661.4%	-4.8%	-1.6%	23m	7	/>10% EPSgrth FY+2/
Headlam	HEAD	£422m	495p	14	26%	1.6%	121.4%	17.9%	-2.9%	-132m	7	/3mthMom/
BP	BP	£70,941m	355p	8	78%	4.3%	-	7.9%	16.0%	-20,743m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Kainos	KNOS	£2,335m	1,891p	49	64%	1.1%	1.5%	6.5%	20.4%	8m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Greggs	GRG	£3,122m	3,065p	26	81%	0.5%	-	8.1%	14.2%	-107m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Oxford BioMedica	OXB	£1,291m	1,500p	67	226%	0.0%	-	-24.2%	11.1%	-5m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
3i Group	III	£12,530m	1,288p	6	71%	3.0%	39.5%	-23.5%	7.6%	-	6	/>10% EPSgrth FY+2/1yrMom/
JD Sports Fashion	JD	£10,667m	1,034p	20	33%	0.1%	52.9%	6.1%	11.3%	-591m	6	/>10% EPSgrth FY+2/1yrMom/
LSL Property Services	LSL	£436m	415p	11	67%	1.0%	139.1%	6.2%	6.1%	-	6	/>10% EPSgrth FY+2/1mthMom/
Safestore Hldgs	SAFE	£2,380m	1,129p	27	28%	1.8%	29.6%	7.8%	9.0%	-	6	/>10% EPSgrth FY+2/1yrMom/
Grafton	GFTU	£3,071m	1,283p	17	44%	2.8%	37.2%	-4.0%	4.1%	-178m	6	/>10% EPSgrth FY+2/1mthMom/
Virgin Money UK	VMUK	£2,793m	194p	7	140%	0.0%	2085.8%	-10.7%	2.9%	-	6	/>10% EPSgrth FY+2/6mthMom/
Keller	KLR	£652m	902p	10	23%	4.0%	-18.9%	20.2%	7.3%	-446m	6	/>10% EPSgrth FY+1/1mthMom/
Frasers	FRAS	£3,162m	623p	16	56%	0.0%	-	12.5%	3.0%	-487m	6	/>10% EPSgrth FY+1/1mthMom/
888 Holdings	888	£1,485m	399p	17	23%	3.0%	6.4%	20.0%	6.4%	-77m	6	/>10% EPSgrth FY+1/6mthMom/
Morgan Sindall	MGNS	£1,085m	2,340p	12	31%	3.0%	98.1%	-6.1%	3.8%	-578m	6	/>10% EPSgrth FY+2/1mthMom/
Softcat	SCT	£3,953m	1,986p	41	17%	1.2%	24.3%	1.3%	7.1%	-200m	6	/>10% EPSgrth FY+2/1mthMom/
Spectris	SXS	£4,104m	3,704p	23	12%	1.9%	32.2%	11.8%	8.9%	-171m	6	/1yrMom/1mthMom/
J Sainsbury	SBRY	£6,876m	295p	13	13%	3.6%	93.0%	4.2%	4.2%	-10,150m	6	/>10% EPSgrth FY+2/1yrMom/
Pets At Home	PETS	£2,407m	481p	22	28%	1.7%	49.5%	12.0%	1.5%	-195m	6	/1yrMom/1mthMom/
Pendragon	PDG	£258m	19p	6	180%	0.0%	575.7%	-23.5%	-1.6%	-914m	6	/>10% EPSgrth FY+2/6mthMom/
London Stock Exchange	LSEG	£40,140m	7,930p	27	19%	1.0%	33.9%	9.9%	1.7%	-	6	/>10% EPSgrth FY+2/1yrMom/
Paragon Banking	PAG	£1,345m	537p	9	29%	4.0%	42.8%	9.9%	-0.1%	-	6	/>10% EPSgrth FY+2/1mthMom/
Brewin Dolphin	BRW	£1,111m	366p	14	16%	4.0%	19.0%	4.4%	0.8%	-	6	/>10% EPSgrth FY+2/1mthMom/
Bloomsbury Publishing	BMY	£275m	337p	17	23%	5.5%	-2.8%	10.2%	-0.9%	-23m	6	/>10% EPSgrth FY+1/1mthMom/
Big Yellow	BYG	£2,625m	1,427p	29	13%	2.4%	13.0%	7.7%	0.9%	-27m	6	/>10% EPSgrth FY+2/1yrMom/
IntegraFin	IHP	£1,741m	526p	27	21%	1.6%	22.1%	17.8%	-1.1%	-	6	/1yrMom/6mthMom/
St. James's Place	STJ	£8,001m	1,482p	20	35%	3.4%	26.8%	21.5%	-4.0%	-	6	/3mthMom/1mthMom/
Vistry	VTY	£2,619m	1,178p	8	15%	3.4%	138.3%	14.8%	-1.6%	-625m	6	/6mthMom/3mthMom/

Source: FactSet, 14 October 2021

Small-cap momentum selection (passing at least 6 of 8 tests)

Name	TIDM	Mkt cap	Price	Fwd NTMPE	Av 12-mth EPS upgrade	Fwd EPS DY	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-mth momentum	Net cash/debt (-) in GBP	Tests passed (out of 8)	Test failed
Renewi	RWI	£601m	751p	13	33%	0.0%	46.0%	11.3%	30.2%	-492m	8	na
SThree	STEM	£777m	582p	18	38%	1.4%	139.8%	10.4%	24.4%	-130m	8	na
Robert Walters	RWA	£616m	804p	17	43%	2.0%	417.1%	24.7%	8.6%	-38m	8	na
EnQuest	ENQ	£454m	24p	3	432%	0.0%	-	60.8%	12.6%	-527m	7	/>10% EPSgrth FY+1/
Kin and Carta	KCT	£498m	289p	31	14%	0.0%	16.8%	32.6%	14.2%	-18m	7	/1mthMom/
Bank of Georgia	BGEO	£742m	1,542p	5	27%	2.3%	124.9%	9.8%	7.5%	-	7	/>10% EPSgrth FY+2/
Vitec Group	VTC	£654m	1,415p	19	32%	1.1%	634.0%	13.9%	2.9%	-97m	7	/1mthMom/
DWF Group	DWF	£353m	109p	10	14%	4.1%	33.8%	15.9%	2.4%	-126m	7	/1mthMom/
TBC Bank	TBCG	£812m	1,472p	5	32%	2.4%	122.8%	6.5%	24.5%	-	6	/>10% EPSgrth FY+2/1yrMom/
LSL Property Services	LSL	£436m	415p	11	67%	1.0%	139.1%	6.2%	6.1%	-	6	/>10% EPSgrth FY+2/1mthMom/
Medica Group	MGP	£201m	164p	19	24%	1.6%	118.8%	19.7%	0.9%	0m	6	/1yrMom/1mthMom/
Kenmare Resources	KMR	£477m	435p	5	38%	2.5%	661.4%	-4.8%	-1.6%	23m	6	/>10% EPSgrth FY+2/3mthMom/
Headlam	HEAD	£422m	495p	14	26%	1.6%	121.4%	17.9%	-2.9%	-132m	6	/3mthMom/1mthMom/

Source: FactSet, 14 October 2021

Aim momentum selection (passing at least 6 of 8 tests)

Name	TIDM	Mkt cap	Price	Fwd NTMPE	Av 12-mth EPS upgrade	Fwd EPS DY	Fwd EPS grth FY+1	Fwd EPS grth FY+2	3-mth mom.	Net cash/debt (-) in GBP	Tests passed (out of 8)	Test failed
Serica Energy	SQZ	£596m	222p	5	278%	1.6%	1358.2%	11.7%	44.2%	-6m	8	na
Kape Technologies	KAPE	£1,235m	410p	15	81%	0.0%	66.2%	63.4%	35.5%	-22m	8	na
Cake Box	CBOX	£148m	370p	26	14%	1.5%	39.1%	12.7%	25.4%	0m	8	na
Cerillion	CER	£241m	815p	35	84%	0.7%	63.6%	13.2%	8.7%	-2m	8	na
Midwich	MIDW	£570m	642p	25	22%	1.0%	94.8%	23.6%	11.7%	-125m	8	na
Good Energy	GOOD	£55m	328p	17	21%	0.2%	3773.8%	31.7%	2.2%	-23m	8	na
Premier Miton	PMI	£280m	177p	10	25%	4.0%	16.2%	26.7%	-3.0%	-	8	na
Enwell Energy	ENW	£123m	39p	7	182%	0.0%	831.0%	-16.3%	49.2%	39m	7	/>10% EPSgrth FY+2/
Vertu Motors	VTU	£215m	59p	6	159%	0.0%	167.9%	-54.5%	42.2%	-656m	7	/>10% EPSgrth FY+2/
Petro-Tal Corp.	PTAL	£205m	25p	3	101%	0.0%	-	21.4%	43.5%	-36m	7	/>10% EPSgrth FY+1/
Hotel Chocolat	HOTC	£705m	514p	38	86%	0.0%	180.1%	26.1%	33.5%	-42m	7	/1yrMom/
Frenkel Topping	FEN	£83m	73p	19	41%	1.9%	146.0%	29.0%	25.9%	-	7	/1yrMom/
Sanderson Design	SDG	£143m	202p	15	74%	0.0%	54.2%	11.7%	21.3%	-8m	7	/1mthMom/
Next Fifteen Comm.	NFC	£1,026m	1,105p	21	22%	1.0%	24.2%	8.8%	18.6%	-85m	7	/>10% EPSgrth FY+2/
Elixirr Int'l	ELIX	£300m	650p	27	34%	0.3%	48.2%	8.4%	15.0%	7m	7	/>10% EPSgrth FY+2/
Ergomed	ERGO	£653m	1,335p	38	20%	0.0%	29.4%	13.8%	17.1%	-15m	7	/1yrMom/
Atalaya Mining	ATYM	£453m	328p	4	89%	0.0%	283.0%	3.6%	10.6%	-77m	7	/>10% EPSgrth FY+2/
Mercia Asset Mgmt	MERC	£172m	39p	77	89%	1.0%	-94.7%	42.9%	9.1%	-	7	/>10% EPSgrth FY+1/
Science	SAG	£212m	464p	19	41%	1.3%	32.9%	-1.8%	10.5%	-1m	7	/>10% EPSgrth FY+2/
SigmaRoc	SRC	£632m	99p	15	23%	0.0%	37.3%	16.7%	10.6%	-23m	7	/1mthMom/
Marlowe	MRL	£697m	904p	23	33%	0.0%	41.7%	25.5%	4.9%	-37m	7	/1yrMom/
Mattioli Woods	MTW	£405m	800p	15	13%	2.6%	25.1%	18.5%	7.4%	-3m	7	/1yrMom/
Sureserve	SUR	£138m	86p	11	29%	1.2%	66.4%	18.4%	1.8%	-38m	7	/1yrMom/
Begbies Traynor	BEG	£207m	136p	15	12%	2.2%	32.1%	10.7%	4.1%	-31m	7	/1yrMom/
Impax Asset Mgmt	IPX	£1,469m	1,108p	26	91%	0.9%	113.1%	35.9%	-1.9%	-	7	/1mthMom/
Victoria	VCP	£1,192m	1,020p	25	27%	0.0%	31.9%	18.6%	-7.3%	87m	7	/3mthMom/
Allergy Therapeutics	AGY	£236m	37p	-	169%	0.0%	-	-	47.0%	22m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
M.P. Evans	MPE	£474m	866p	15	74%	3.1%	161.6%	-21.7%	23.7%	-32m	6	/>10% EPSgrth FY+2/1yrMom/
Marshall Motor	MMH	£189m	242p	9	141%	3.7%	143.0%	-55.1%	10.5%	-471m	6	/>10% EPSgrth FY+2/1mthMom/
Jersey Oil & Gas	JOG	£56m	177p	-	17%	0.0%	-	-	18.9%	4m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Keywords Studios	KWS	£2,330m	3,068p	42	18%	0.0%	31.0%	8.8%	18.5%	11m	6	/>10% EPSgrth FY+2/1yrMom/
Animalcare	ANCR	£219m	364p	29	17%	1.1%	10.8%	7.2%	18.6%	-14m	6	/>10% EPSgrth FY+2/1mthMom/
Volex	VLX	£690m	435p	21	16%	0.8%	-10.6%	11.5%	16.5%	-86m	6	/>10% EPSgrth FY+1/1mthMom/
EKF Diagnostics	EKF	£364m	80p	22	154%	0.0%	53.3%	-3.6%	7.2%	2m	6	/>10% EPSgrth FY+2/1yrMom/
Keystone Law	KEYS	£255m	815p	38	35%	1.9%	31.4%	5.8%	8.2%	-8m	6	/>10% EPSgrth FY+2/1yrMom/
Epwin	EPWN	£159m	110p	13	26%	2.5%	79.2%	25.5%	7.1%	-66m	6	/1yrMom/1mthMom/
CVS	CVSG	£1,720m	2,430p	30	37%	0.0%	6.1%	7.5%	3.2%	-65m	6	/>10% EPSgrth FY+1/>10% EPSgrth FY+2/
Learning Tech.	LTG	£1,584m	201p	35	17%	0.4%	15.0%	21.5%	1.5%	6m	6	/1yrMom/1mthMom/
Finsbury Food	FIF	£119m	91p	9	22%	2.6%	19.2%	0.5%	0.0%	-57m	6	/>10% EPSgrth FY+2/1yrMom/
DX (Group)	DX	£176m	31p	12	36%	0.0%	30.0%	41.9%	-7.5%	-61m	6	/1yrMom/3mthMom/
K3 Capital	K3C	£242m	330p	16	19%	2.1%	20.1%	23.3%	-7.0%	-	6	/3mthMom/1mthMom/

Source: FactSet, 14 October 2021

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ISSN 0261-3115.