

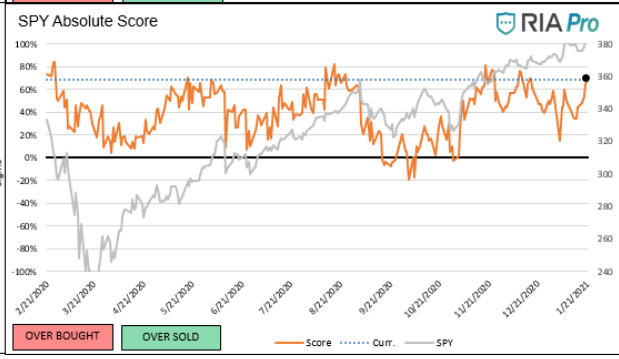
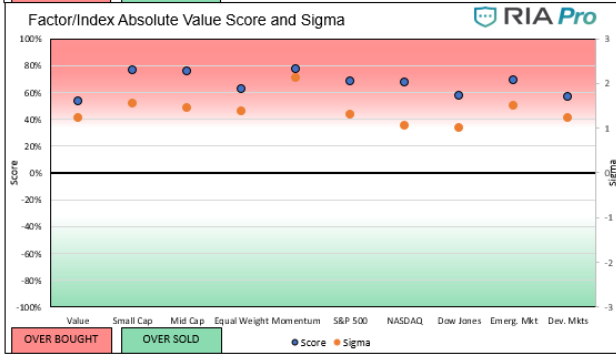
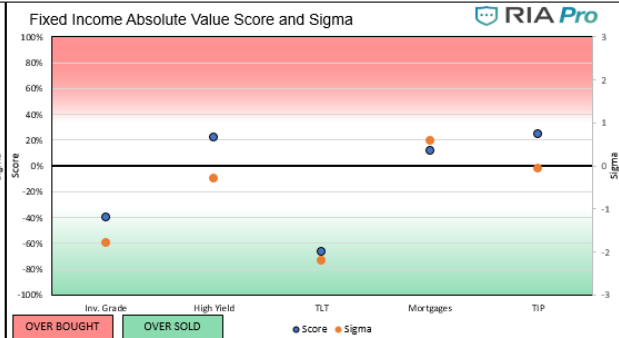
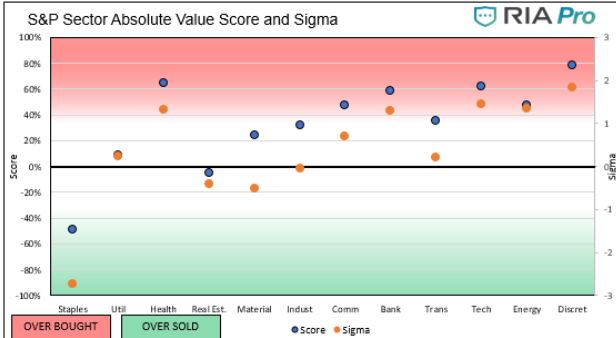
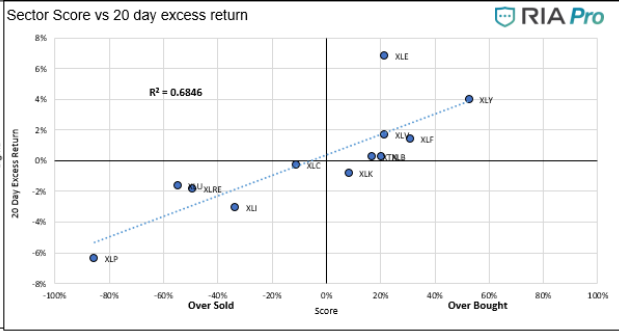
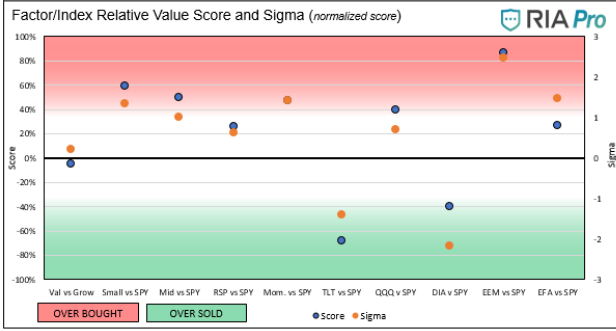
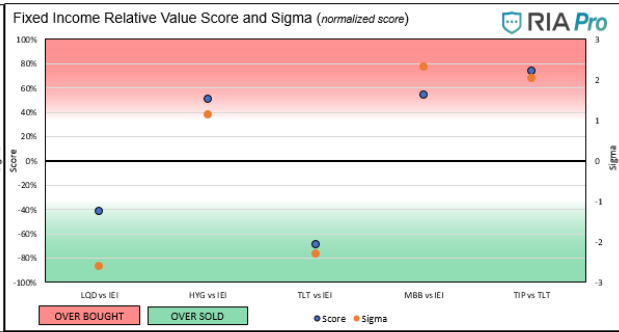
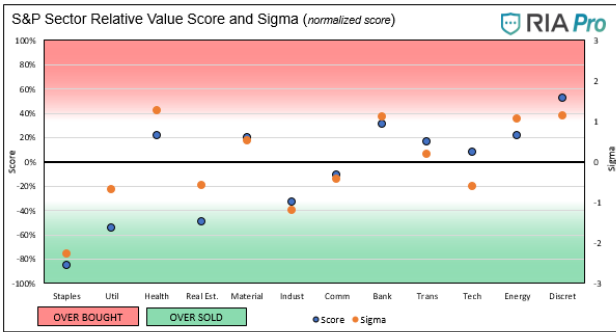


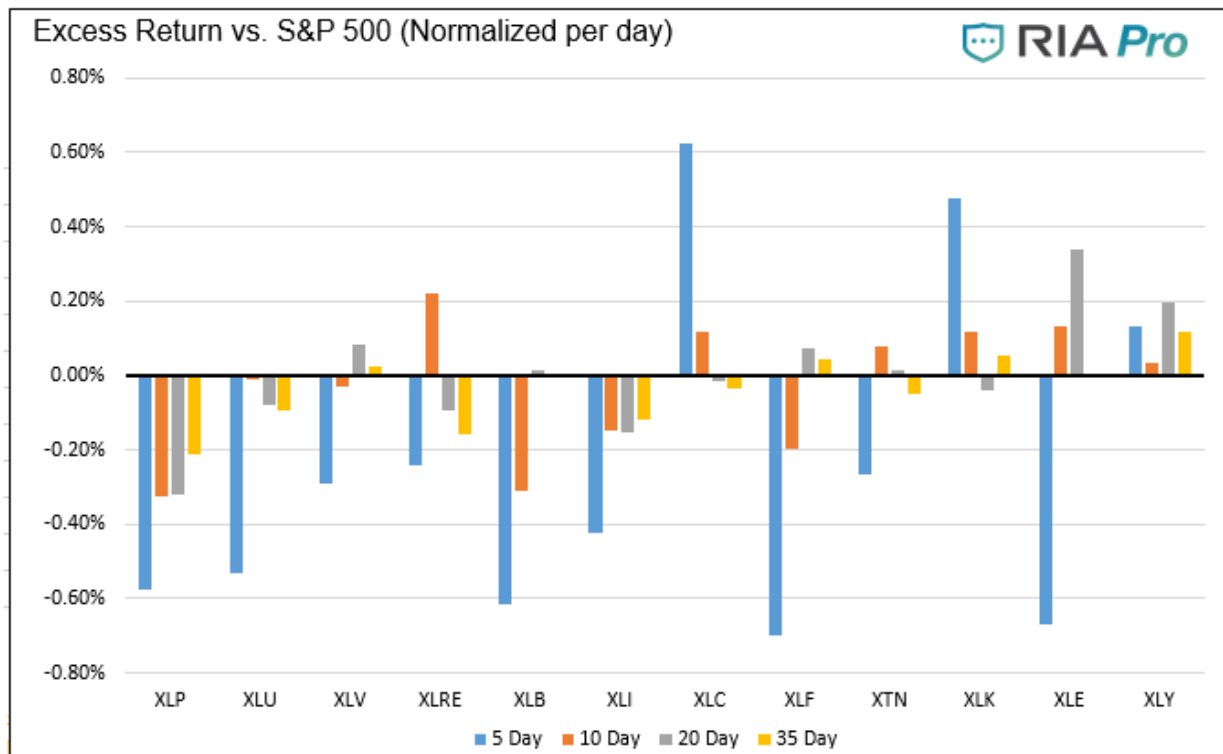
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model and the specific tickers below the charts.

Commentary 1-22-21

- In last weeks relative value graphs many of the sectors were widely dispersed, with more than half of the sectors either considerably overbought or oversold. Today, they are much more aligned around fair value versus the S&P 500. Staples, however, remain deeply oversold. We have seen a few hints that the reflation trade is slowing. A change back to a more deflationary environment would likely prove beneficial to many companies in the staples sector.
- After showing weakness over the last few weeks, technology has moved back to fair value, along with communications. These were the drivers of the market through the initial recovery rally in the summer and fall and may be taking the lead once again.
- Emerging Markets remain grossly overbought versus the S&P, while some of the other hot indexes, like small/mid-cap, and the equal-weighted S&P (RSP) have moved back toward fair value. Last week was clearly a rotation back to the large-cap growth momentum trade. Might this signal the reflation trade is coming to an end?
- The excess return chart at the bottom shows that XLE, XLB, XLI, and XLF, the hot reflation sectors performed poorly last week versus the S&P. For XLF, XLB, and XLI the weaker trend is going on two weeks.
- On the absolute graphs, Staples are the weakest sector, while discretionary and healthcare the strongest. Utilities and real estate, after having been oversold for a few weeks, are now back to fair value.
- The absolute factor/index graph shows all major markets are decently overbought. The score on the S&P 500, shown in the bottom right of the second graph, is also back to recent highs. Not surprisingly, it is now above its 50 day ma Bollinger band and very close to breaching the 20 day and 200 day Bollinger bands.
- In general, the overbought broad market absolute scores and recent retreat from the reflationary trade offer caution for the weeks ahead.

Graphs (Click on the graphs to expand)





Users Guide

The score is a percentage of the maximum/minimum score, as well as on a normalized basis ([sigma](#)) for the last 200 trading days. Assets with scores over or under +/-60% and sigmas over or under +/-2 are likely to either consolidate or change trend. When both the score and sigma are above or below those key levels simultaneously, the signal is stronger.

The first set of four graphs below are relative value-based, meaning the technical analysis score and sigma is based on the ratio of the asset to its benchmark. The second set of graphs is computed solely on the price of the asset. Lastly, we present "Sector spaghetti graphs" which compare momentum and our score over time to provide further current and historical indications of strength or weakness. The square at the end of each squiggle is the current reading. The top right corner is the most bullish, while the bottom left corner the most bearish.

The technical value scorecard report is just one of many tools that we use to assess our holdings and decide on potential trades. This report may send a strong buy or sell signal, but we may not take any action if other research and models do not affirm it.

The ETFs used in the model are as follows:

- Staples XLP
- Utilities XLU
- Health Care XLV
- Real Estate XLRE
- Materials XLB
- Industrials XLI
- Communications XLC
- Banking XLF
- Transportation XTN
- Energy XLE
- Discretionary XLY

- S&P 500 SPY
- Value IVE
- Growth IVW
- Small Cap SLY
- Mid Cap MDY
- Momentum MTUM
- Equal Weighted S&P 500 RSP
- NASDAQ QQQ
- Dow Jones DIA
- Emerg. Markets EEM
- Foreign Markets EFA
- IG Corp Bonds LQD
- High Yield Bonds HYG
- Long Tsy Bonds TLT
- Med Term Tsy IEI
- Mortgages MBB
- Inflation TIP