This week?s report uses data through Wednesday?s closes instead of Thursday.

The Relative Value Report provides guidance on which sectors, indexes, and bond classes are likely to outperform or underperform their appropriate benchmark.

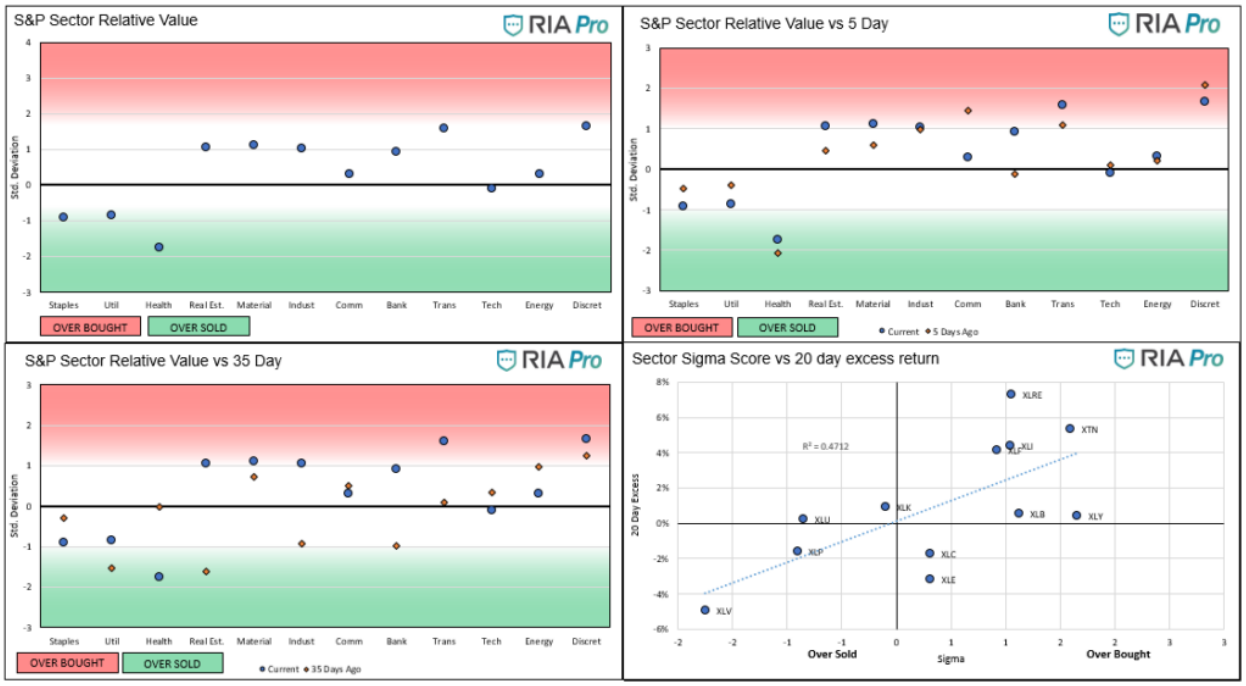
Click on the **Users Guide** for details on the model?s relative value calculations as well as guidance on how to read the model?s graphs.

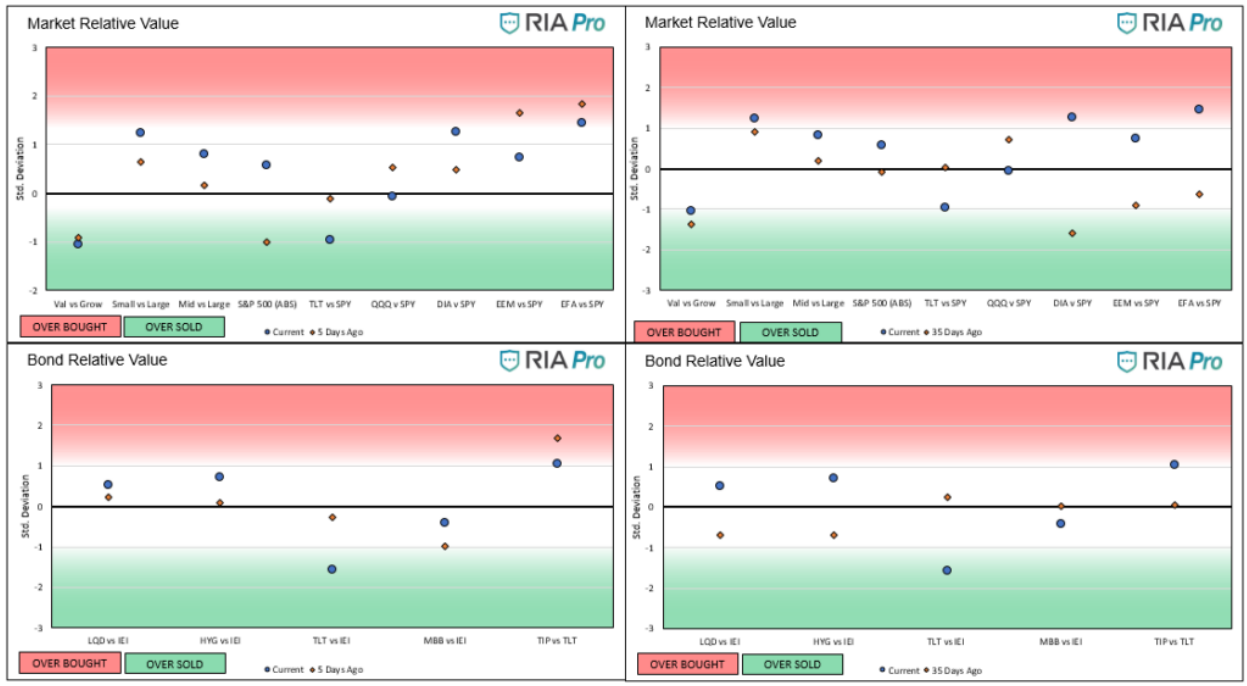
This report is just one of many tools that we use to assess our holdings and decide on potential trades. Just because this report may send a strong buy or sell signal, we may not take any action if it is not affirmed in the other research and models we use.

Commentary

- In general, based on the sector changes over the last week, most sectors didn?t move as much as we have been witnessing. It is worth pointing out that the data from 5 days ago was the sharp 5% equity decline on June 11th.
- Healthcare improved slightly but remained the only oversold sector. There are no deeply overbought sectors.
- Despite reduced movement on the sector front, the indexes showed a little more change. Value remains the most oversold index, and the Dow Jones Industrial Average and Small Caps remain the most overbought.
- Developed and Emerging foreign equity markets (EFA and EEM) continue to move away from deeply overbought conditions, toward fair value versus the S&P 500.
- Long Treasury bonds (TLT) moved back to oversold versus the S&P and versus shorter-term Treasury bonds (IEI).
- The R-squared on the sigma/20 day excess return (Sectors) scatter plot is .4712. Again, the weaker correlation versus prior weeks is not surprising given the recent daily volatility.

Graphs (Click on the graphs to expand)





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
- 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