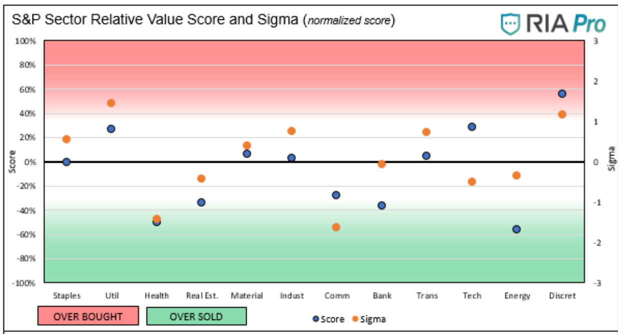
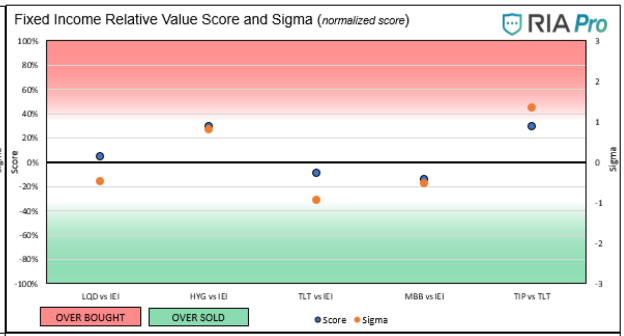
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model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

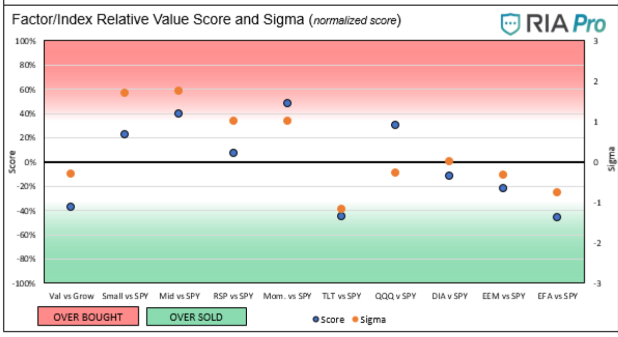
Commentary 10-16-20

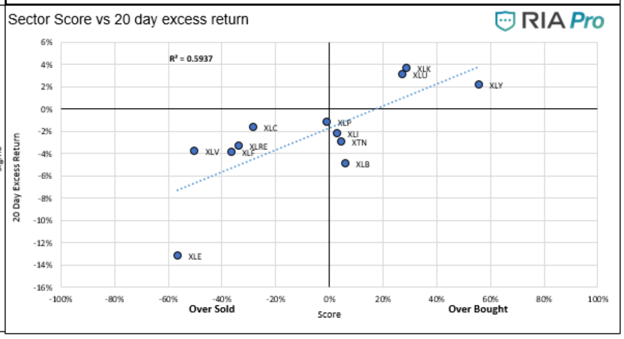
- On a relative and absolute basis, the utility and consumer discretionary sectors are the most overbought.
- On a relative basis versus the S&P, healthcare, communications, banks, and energy are cheap. Healthcare, energy, and communications both have a lot of skin in the game in regards to the Presidential election, so they will be tougher to handicap over the coming weeks. Energy and banking remain the two most oversold sectors.
- Banks (XLF) are an interesting play here as the ETF sits on top of its 50 and 200-day moving averages. Further, the 50-day is about to cross above the 200-day forming a so-called Golden Cross. For those wishing to buy XLF, manage risk with a stop loss a few percent below both moving averages.
- On an absolute and relative basis, Small and Mid-cap stocks remain overbought. Foreign stocks (EFA and EEM) are back to oversold on a relative basis, yet emerging markets are still rich on an absolute basis.
- On an absolute basis, TIPs are now oversold. They were flat on the week despite a decent performance from the other bond sectors. Inflation expectations fell slightly calling into question the reflationary recovery. This was likely the result of CPI and PPI which did not show signs of an inflationary burst.
- Like last week, the S&P is overbought, but over the last few days, the signal has moderated.
- When a sector is trading 3 standard deviations above its 200 or 50-day moving average or 2 standard deviations above both, a sell-off or consolidation is likely. There are no sectors that meet either criterion.
- XLY looks to be the strongest sector on the spaghetti graphs as it runs toward the upper right-hand corner. That said, it is overbought with limited room to run. The sector is likely nearing a period of weaker relative performance.

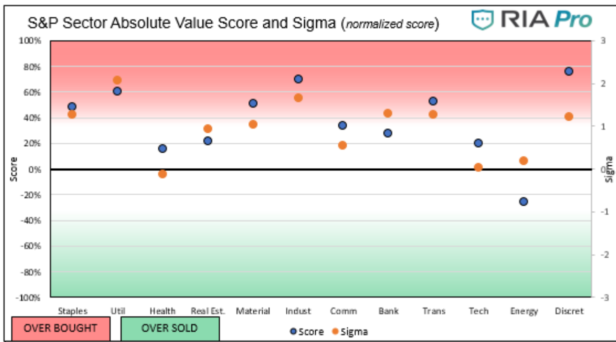
Graphs (Click on the graphs to expand)

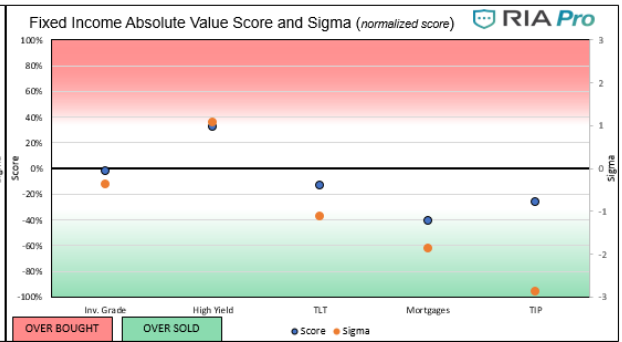

S&P Sector Relative Value Score and Sigma (normalized score)
RIA Pro
Staples
Util
Health
Real Est.
Material
Indust
Comm
Bank
Trans
Tech
Energy
Discret
Score
Sigma
OVER BOUGHT
OVER SOLD

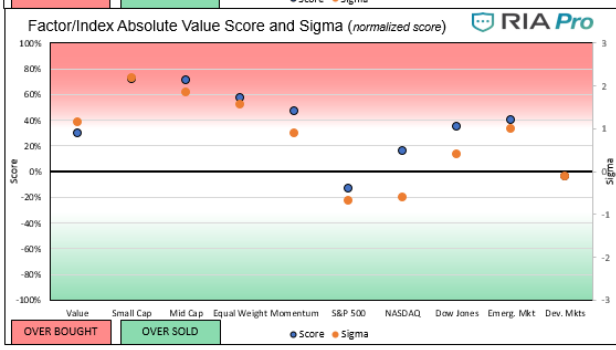

Fixed Income Relative Value Score and Sigma (normalized score)
RIA Pro
LQD vs IEI
HYG vs IEI
TLT vs IEI
MBB vs IEI
TIP vs TLT
Score
Sigma
OVER BOUGHT
OVER SOLD

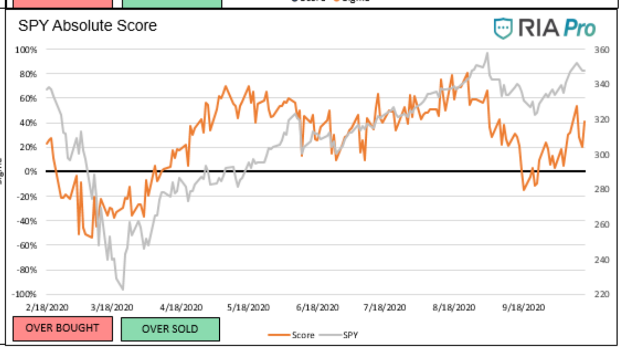

Factor/Index Relative Value Score and Sigma (normalized score)
RIA Pro
Val vs Grow
Small vs SPY
Mid vs SPY
RSP vs SPY
Mom. vs SPY
TLT vs SPY
QQQ v SPY
DIA v SPY
EEM vs SPY
EFA vs SPY
Score
Sigma
OVER BOUGHT
OVER SOLD

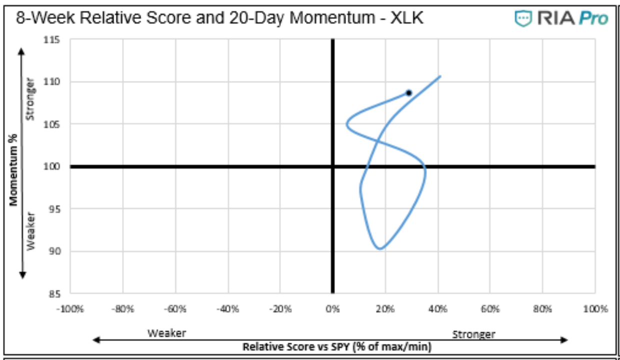

Sector Score vs 20 day excess return
RIA Pro
R^2 = 0.5937
XLK
XLU
XLY
XLC
XLP
XLI
XTN
XLB
XLV
XLF
XLRE
XLE
20 Day Excess Return
Over Sold
Score
Over Bought

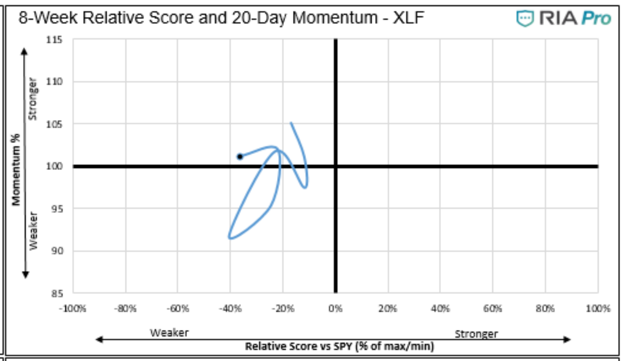

S&P Sector Absolute Value Score and Sigma (normalized score)
RIA Pro
Staples
Util
Health
Real Est.
Material
Indust
Comm
Bank
Trans
Tech
Energy
Discret
Score
Sigma
OVER BOUGHT
OVER SOLD

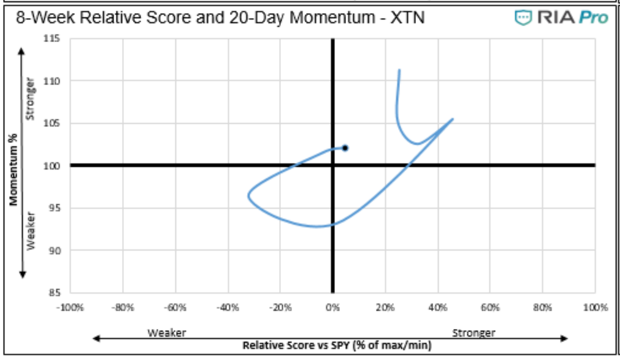

Fixed Income Absolute Value Score and Sigma (normalized score)
RIA Pro
Inv. Grade
High Yield
TLT
Mortgages
TIP
Score
Sigma
OVER BOUGHT
OVER SOLD

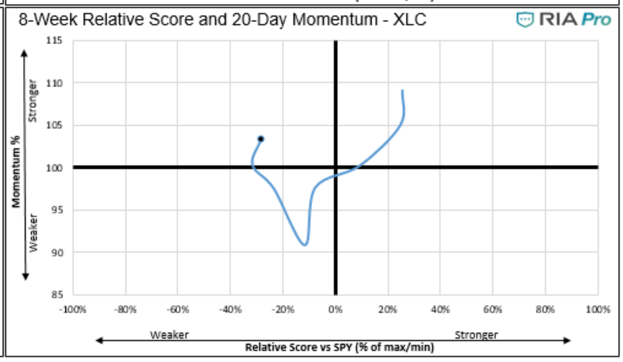

Factor/Index Absolute Value Score and Sigma (normalized score)
RIA Pro
Value
Small Cap
Mid Cap
Equal Weight
Momentum
S&P 500
NASDAQ
Dow Jones
Emerg. Mkt
Dev. Mkts
Score
Sigma
OVER BOUGHT
OVER SOLD

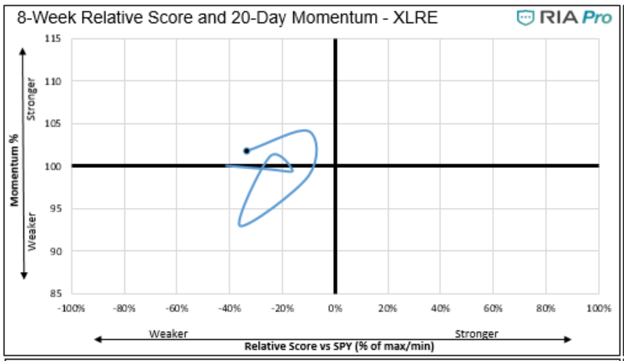

SPY Absolute Score
RIA Pro
2/18/2020
3/18/2020
4/18/2020
5/18/2020
6/18/2020
7/18/2020
8/18/2020
9/18/2020
Score
SPY
OVER BOUGHT
OVER SOLD

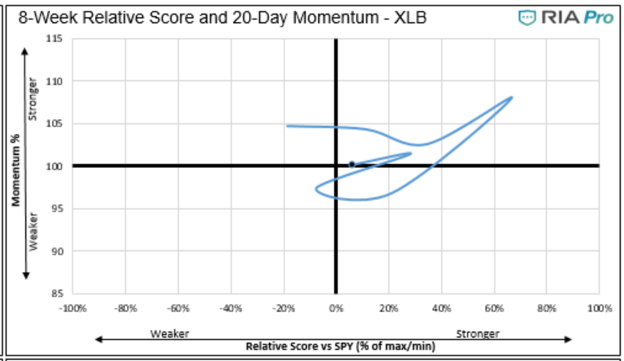

8-Week Relative Score and 20-Day Momentum - XLK
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)

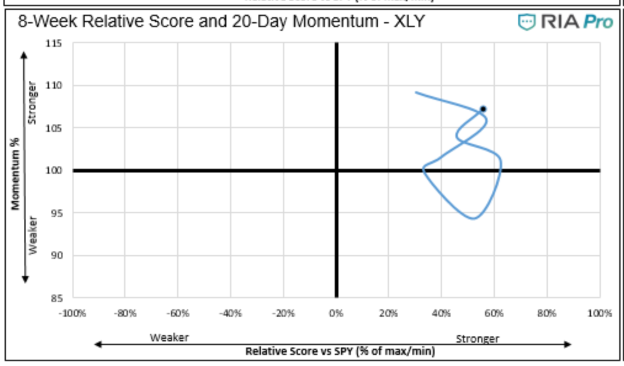

8-Week Relative Score and 20-Day Momentum - XLF
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)

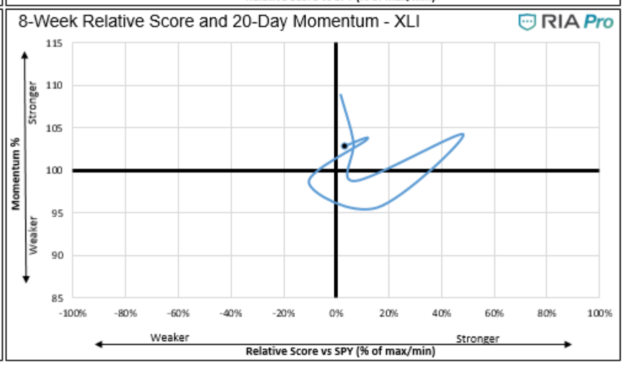

8-Week Relative Score and 20-Day Momentum - XTN
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)

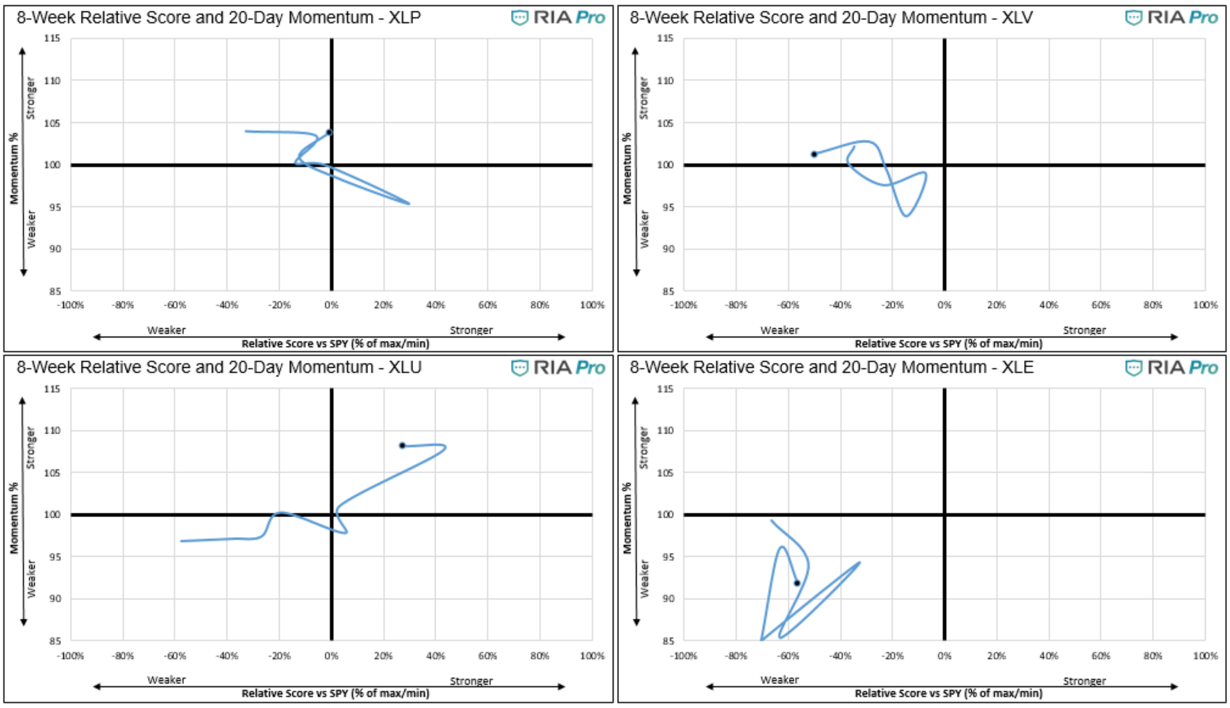

8-Week Relative Score and 20-Day Momentum - XLC
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLRE
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLB
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLY
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLI
RIA Pro
Momentum %
Stronger
Weaker
115
110
105
100
95
90
85
-100% -80% -60% -40% -20% 0% 20% 40% 60% 80% 100%
Weaker
Stronger
Relative Score vs SPY (% of max/min)



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