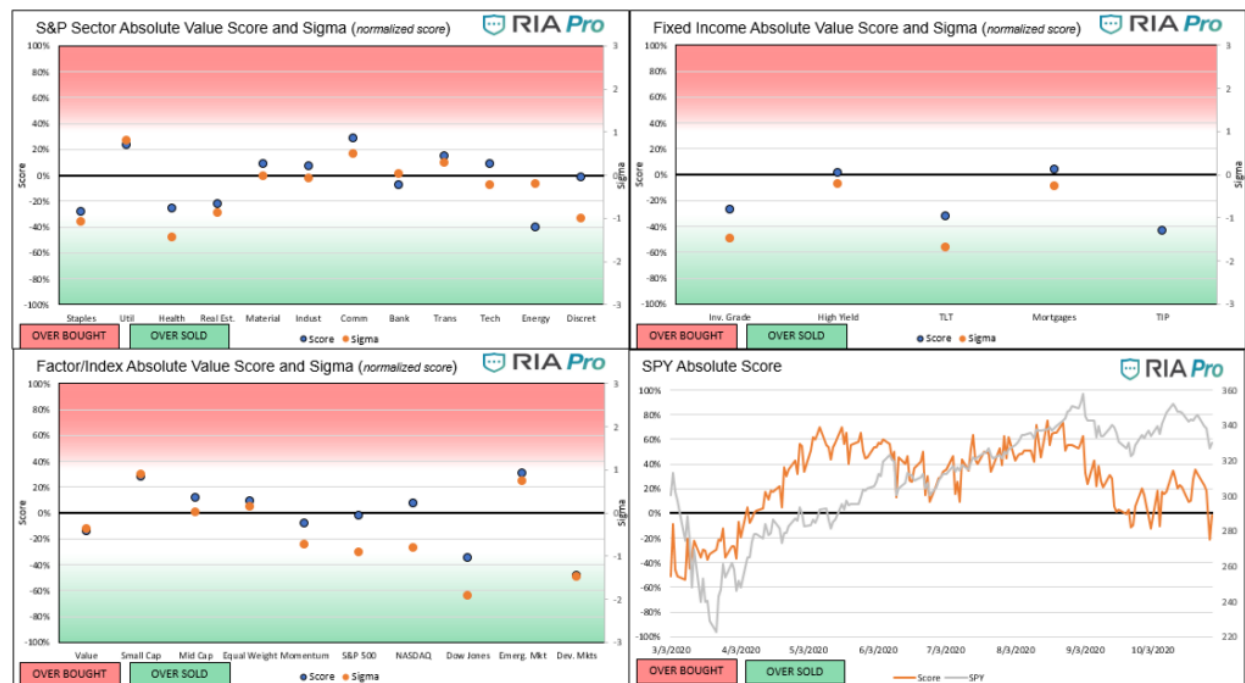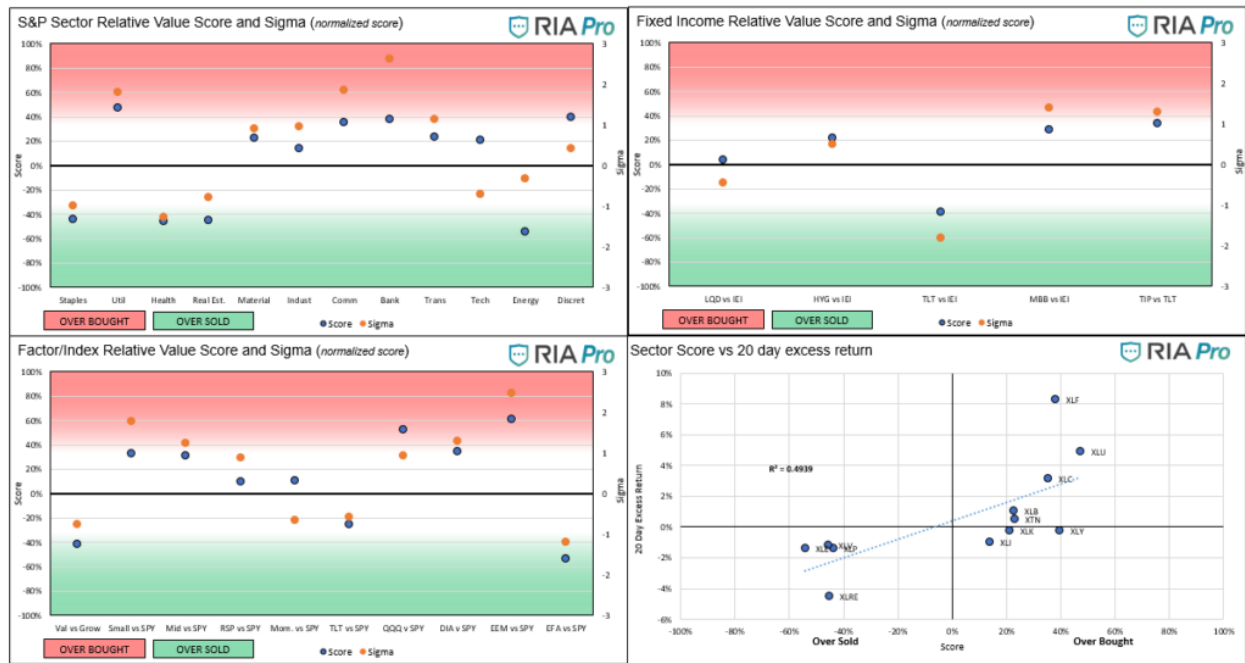**The Technical Value Scorecard Report** uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the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

Commentary 10-30-20

- On a relative value basis, the financial sector is now the most overbought. For a large majority of the last year, it was a bottom dweller. The steeper yield curve and depressed share prices of the banks are attractive to some. We remain concerned about credit risks so have thus far limited our exposure to the sector. If the yield curve can steepen further we would consider adding financials.
- Utilities are overbought on a relative and absolute basis but not nearly to the degree they were last week. We reduced our exposure to the sector and will keep an eye on the sector to add it back.
- Staples, which were the most overbought sector a few weeks ago are now amongst the most oversold. Further, XLP is over 3% below its 20 dma and 50 dma. After having reduced our exposure to the sector we will potentially add back after the election.
- Most interesting in the relative and absolute graphs is the divergence between developed international markets (EFA) and emerging markets (EEM). EEM is the most overbought index and EFA the most oversold. Typically the two tend to trade in similar directions. EFA is struggling due to new COVID-related lockdowns throughout Europe. We suggest caution with EEM due to the dollar. A strong dollar is bad for Emerging Markets as they borrow heavily in dollars. The dollar is showing some signs of life. If it continues, EEM will likely feel the effects.
- Every equity sector and index we follow is below its respective 20 dma, and all but two are below their 50 dmas. Other than Realestate, Financials, Energy, and Value, they all remain above their 200 dmas. We are closely watching the 200 dma for the S&P and the sectors as it has typically provided good support. A clear break below it could spell trouble.
- We included a table showing how many sigmas each sector is in relation to its 20 dma and 50 dma.

Graphs (Click on the graphs to expand)

S&P Sector Relative Value Score and Sigma (*normalized score*)

OVER BOUGHT OVER SOLD ● Score ● Sigma

Fixed Income Relative Value Score and Sigma (*normalized score*)

OVER BOUGHT OVER SOLD ● Score ● Sigma

Factor/Index Relative Value Score and Sigma (*normalized score*)

OVER BOUGHT OVER SOLD ● Score ● Sigma

Sector Score vs 20 day excess return

$R^2 = 0.4939$

Over Sold   Score   Over Bought

S&P Sector Absolute Value Score and Sigma (*normalized score*)

OVER BOUGHT OVER SOLD ● Score ● Sigma

Fixed Income Absolute Value Score and Sigma (*normalized score*)

OVER BOUGHT OVER SOLD ● Score ● Sigma

Factor/Index Absolute Value Score and Sigma (*normalized score*)

OVER BOUGHT OVER SOLD ● Score ● Sigma

SPY Absolute Score

OVER BOUGHT OVER SOLD ── Score ── SPY

		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank
Staples	XLP	62.5	-3.90%	-3.44%	2.38%	(2.24)	(2.01)	0.40	(3.84)	16
Util	XLU	63	-0.59%	3.57%	4.53%	(0.35)	0.95	0.59	1.20	1
Health	XLV	102	-4.43%	-3.94%	0.83%	(2.49)	(2.15)	0.13	(4.51)	21
Real Est.	XLRE	34.4	-4.27%	-4.09%	-2.87%	(1.79)	(1.77)	(0.35)	(3.91)	17
Material	XLB	63.2	-2.83%	-1.85%	10.48%	(1.44)	(0.81)	0.90	(1.35)	7
Indust	XLI	76	-4.52%	-3.09%	6.09%	(1.91)	(1.37)	0.52	(2.75)	14
Comm	XLC	60.2	-0.42%	-0.73%	10.06%	(0.24)	(0.26)	0.97	0.46	3
Bank	XLF	23.8	-3.85%	-3.48%	-2.41%	(1.97)	(1.46)	(0.21)	(3.64)	15
Trans	XTN	59	-3.04%	-2.18%	8.03%	(1.39)	(0.94)	0.60	(1.72)	9
Tech	XLK	113	-4.19%	-3.59%	11.23%	(1.60)	(1.09)	0.87	(1.82)	10
Energy	XLE	28.6	-4.57%	-10.80%	-23.74%	(1.55)	(1.36)	(1.19)	(4.09)	18
Discret	XLY	146	-3.34%	-1.76%	13.68%	(1.79)	(0.76)	1.04	(1.51)	8
Value	VG	110	-3.99%	-3.62%	-1.10%	(2.15)	(1.87)	(0.13)	(4.15)	19
Small	SL	63.2	-2.63%	-0.30%	5.65%	(1.35)	(0.09)	0.47	(0.97)	5
Mid	ML	349	-2.89%	-0.31%	6.49%	(1.59)	(0.10)	0.58	(1.10)	6
Equal	RSP	108	-3.54%	-2.41%	4.29%	(1.85)	(1.10)	0.43	(2.52)	13
Moment	MTUM	144	-3.89%	-2.70%	9.36%	(1.78)	(0.97)	0.86	(1.89)	11
SPY	SPY	330	-3.49%	-2.93%	5.78%	(1.79)	(1.25)	0.62	(2.42)	12
QQQ	QQQ	276	-2.49%	-1.70%	14.07%	(1.10)	(0.53)	1.04	(0.59)	4
DIA	DIA	267	-5.10%	-4.73%	1.92%	(2.30)	(2.27)	0.21	(4.36)	20
EEM	EEM	45.2	-0.63%	0.94%	10.51%	(0.46)	0.47	1.06	1.06	2
EFA	EFA	61.7	-4.17%	-4.32%	0.46%	(2.32)	(2.80)	0.05	(5.07)	22
% of Sectors Below			100%	91%	18%					
# of Sectors Below			12	11	3					

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