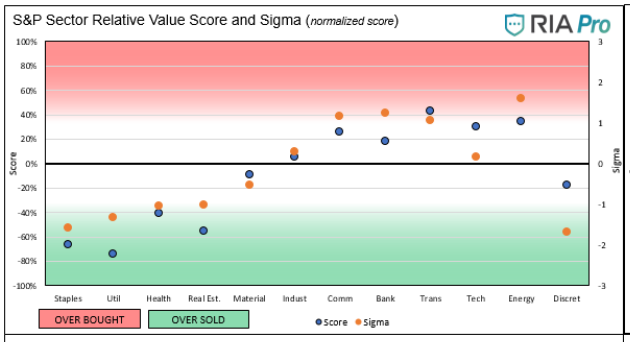
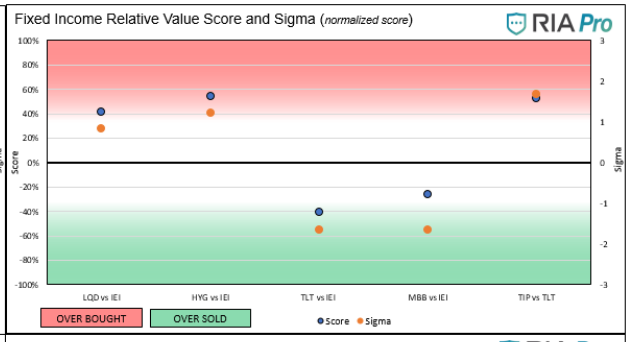
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model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

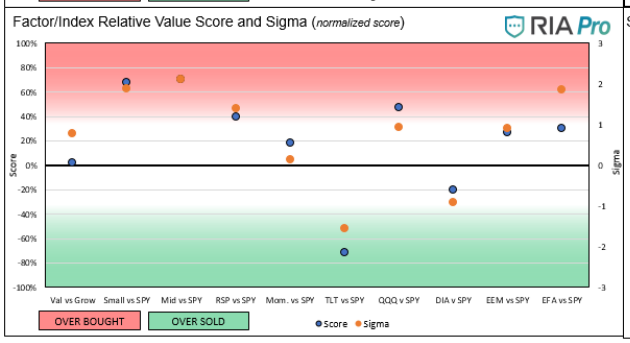
Commentary 12-18-20

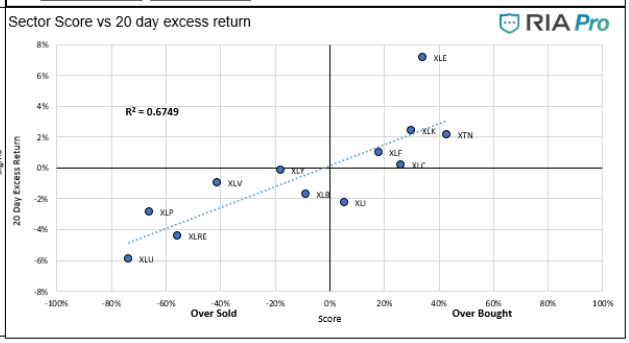
- On a relative and absolute basis, many of the recent top performers, mainly those in the "reflationary" trade camp, are coming back to earth and toward fair value.
- For the week, Technology and Momentum (MTUM) outperformed the S&P, while Transports, Energy, Industrials, and Value underperformed. Small Caps, continue to stay strong, beating the S&P by 1.27% this past week and nearly 14% over the last 35 trading days.
- Staples and Utilities are again the weakest sectors on a relative basis.
- On an absolute basis, most sectors and indexes remain decently overbought. Utilities buck the trend, trading slightly below fair value. **The S&P 500 remains at overbought levels similar to the peaks of late August, mid-April, and just prior to the COVID-related sell-off in March**. All three peaks resolved themselves with declines, two of which were greater than 10%.
- The third table compares the sectors and indexes versus their respective moving averages. As shown, Small Caps and Mid Caps are still 2+ Sigmas (Bollinger Bands) above their 200 dma. Interestingly, MTUM is now 2 standard deviations above its 20 and 50 dmas.
- A month ago we shared the "spaghetti" plot comparing each sector's relative score with its momentum. Today, we share it again with the original circle in place showing where XTN, XLF, XLI, and XLE were trading when we last showed the plot. As shown, those sectors are clearly losing momentum and moving back to fair value. If you recall, we adjusted the y-axis because the momentum levels of those four sectors were simply "off the charts."

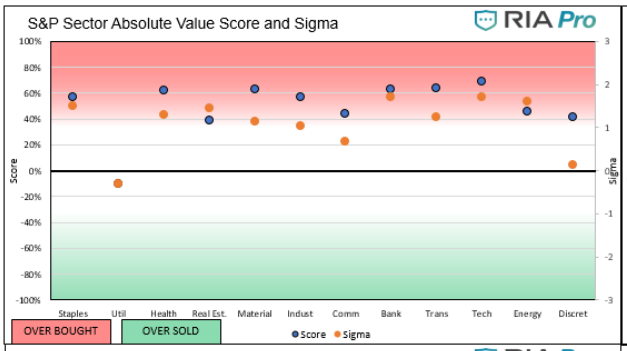
Graphs (Click on the graphs to expand)

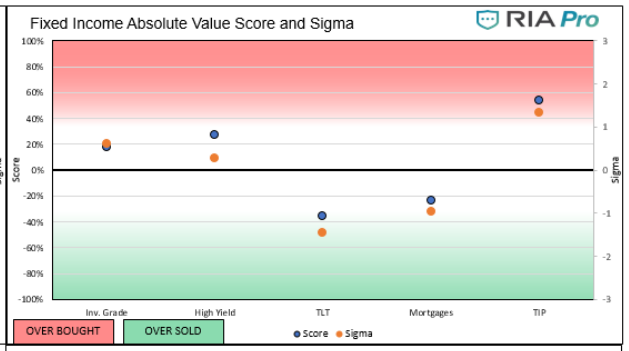

S&P Sector Relative Value Score and Sigma (normalized score)
RIA Pro
Staples Util Health Real Est. Material Indust Comm Bank Trans Tech Energy Discret
OVER BOUGHT
OVER SOLD
Score Sigma

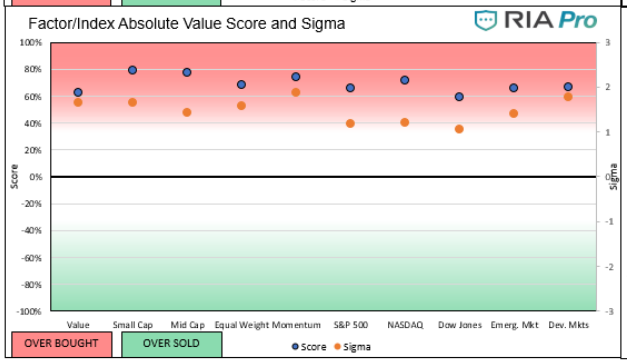

Fixed Income Relative Value Score and Sigma (normalized score)
RIA Pro
LQD vs IEI HYG vs IEI TLT vs IEI MBB vs IEI TIP vs TLT
OVER BOUGHT
OVER SOLD
Score Sigma

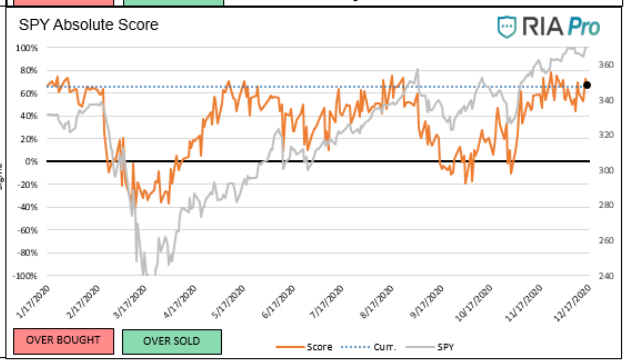

Factor/Index Relative Value Score and Sigma (normalized score)
RIA Pro
Val vs Grow Small vs SPY Mid vs SPY RSP vs SPY Mom. vs SPY TLT vs SPY QQQ v SPY DIA v SPY EEM vs SPY EFA vs SPY
OVER BOUGHT
OVER SOLD
Score Sigma


Sector Score vs 20 day excess return
RIA Pro
R² = 0.6749
XLE XLK XTN XLF XLC XLY XLV XLB XLI XLP XLRE XLU
20 Day Excess Return
Over Sold
Score
Over Bought

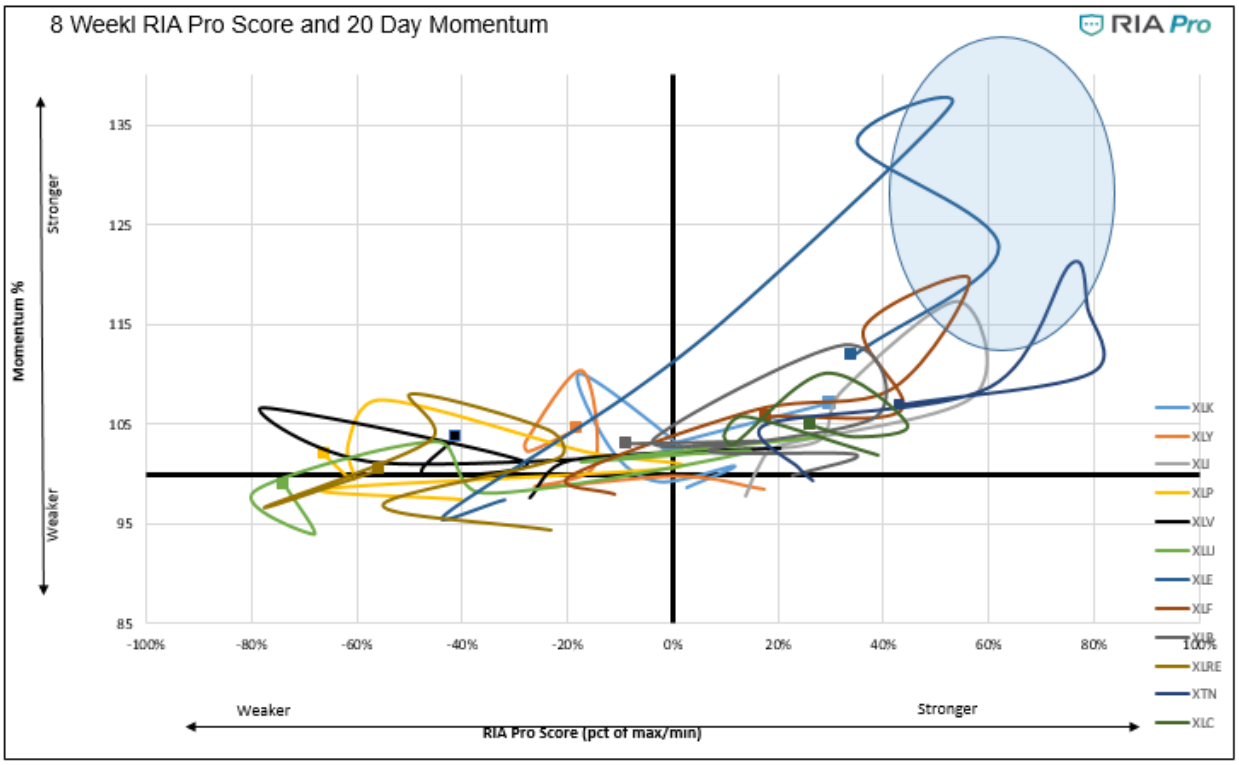

S&P Sector Absolute Value Score and Sigma
RIA Pro
Staples Util Health Real Est. Material Indust Comm Bank Trans Tech Energy Discret
OVER BOUGHT
OVER SOLD
Score Sigma


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


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


SPY Absolute Score
RIA Pro
1/17/2020 2/17/2020 3/17/2020 4/17/2020 5/17/2020 6/17/2020 7/17/2020 8/17/2020 9/17/2020 10/17/2020 11/17/2020 12/17/2020
OVER BOUGHT
OVER SOLD
Score Curr. SPY

		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank	% From 2/19/20
Staples	XLP	67.78	0.91%	2.50%	9.79%	1.71	1.13	1.48	4.32	11	5%
Util	XLU	62.83	-0.40%	-1.55%	5.44%	(0.33)	(0.86)	0.93	(0.26)	22	-11%
Health	XLV	112.9	1.89%	3.55%	9.98%	1.32	1.35	1.45	4.12	13	9%
Real Est.	XLRE	37.08	0.97%	2.10%	6.34%	1.14	0.86	1.02	3.03	20	-10%
Material	XLB	71.89	1.00%	4.99%	20.94%	1.10	1.19	1.54	3.83	15	19%
Indust	XLI	88.83	0.34%	5.31%	21.91%	0.42	1.02	1.68	3.12	19	6%
Comm	XLC	67.05	1.20%	5.44%	18.32%	0.71	1.30	1.55	3.56	17	16%
Bank	XLF	28.74	0.99%	7.81%	19.11%	0.65	1.17	2.06	3.88	14	-8%
Trans	XTN	72.16	1.25%	9.17%	29.03%	0.61	1.21	1.91	3.74	16	9%
Tech	XLK	128.7	3.49%	6.32%	20.72%	1.82	1.84	1.53	5.18	5	25%
Energy	XLE	40.07	1.88%	16.35%	14.14%	0.49	1.23	1.18	2.90	21	-27%
Discret	XLY	160.8	2.05%	4.44%	19.91%	2.20	1.69	1.40	5.29	4	22%
Value	VG	127.1	0.63%	5.16%	13.93%	0.56	1.12	1.79	3.47	18	-3%
Small	SL	196.3	5.03%	13.19%	33.19%	1.83	1.78	2.30	5.91	1	172%
Mid	ML	419.7	3.40%	9.49%	25.73%	1.90	1.66	2.03	5.59	3	10%
Equal	RSP	127.3	1.78%	7.25%	21.03%	1.28	1.36	1.85	4.49	10	7%
Moment	MTUM	161.6	3.53%	6.07%	19.12%	2.03	2.05	1.59	5.68	2	18%
SPY	SPY	372.2	1.81%	5.11%	16.63%	1.54	1.46	1.59	4.60	8	10%
QQQ	QQQ	311	3.05%	6.41%	21.73%	1.56	1.81	1.55	4.92	6	31%
DIA	DIA	303.5	1.24%	4.51%	14.68%	1.42	1.21	1.54	4.17	12	3%
EEM	EEM	51.05	1.82%	6.25%	21.21%	1.30	1.46	1.76	4.51	9	15%
EFA	EFA	73.05	1.83%	7.18%	17.57%	1.66	1.34	1.89	4.89	7	6%



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