

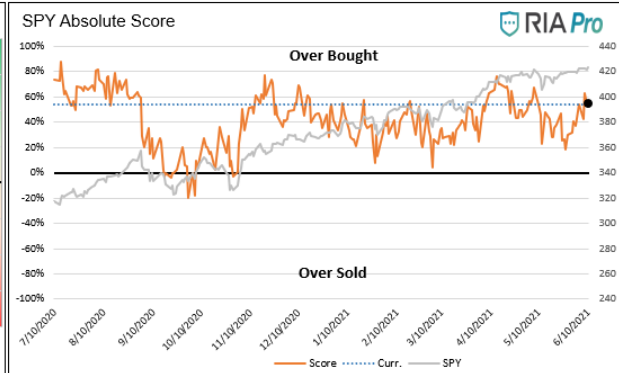
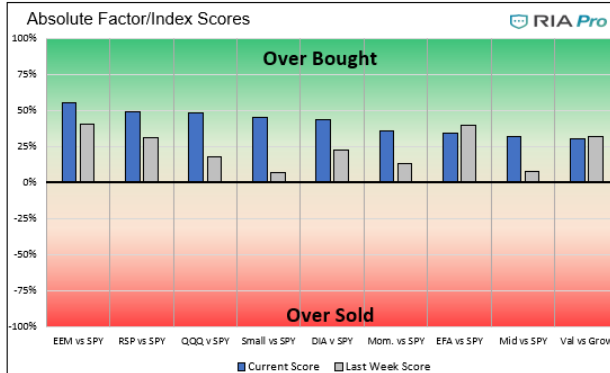
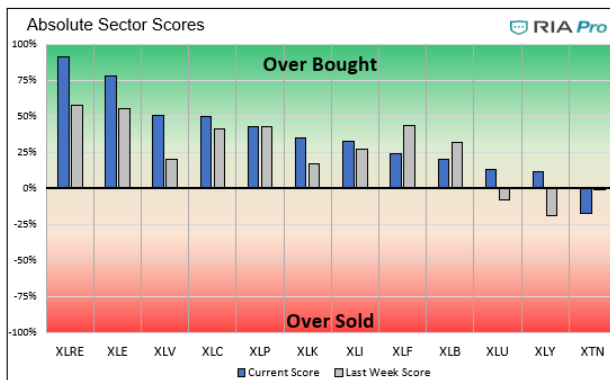
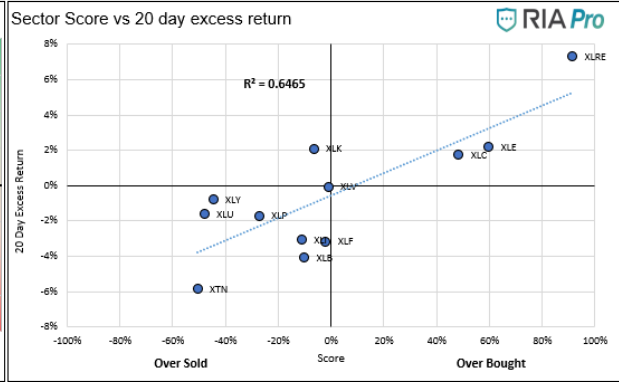
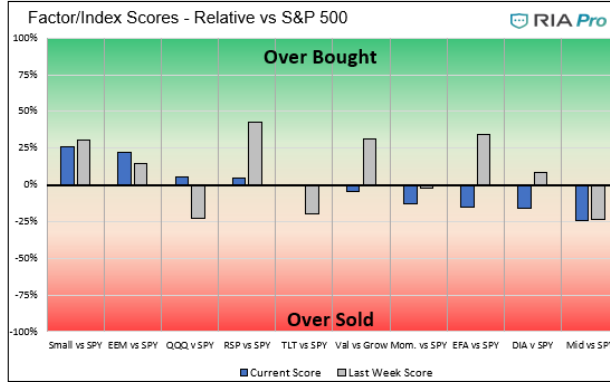
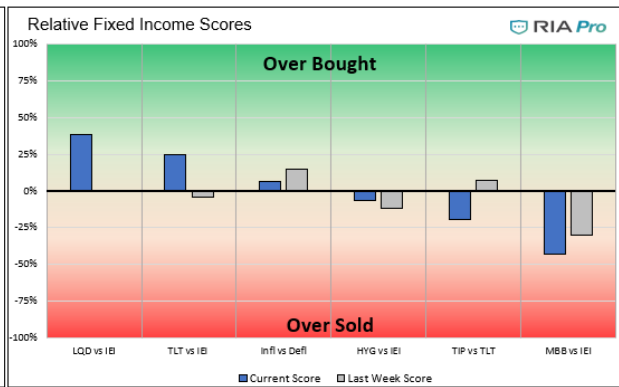
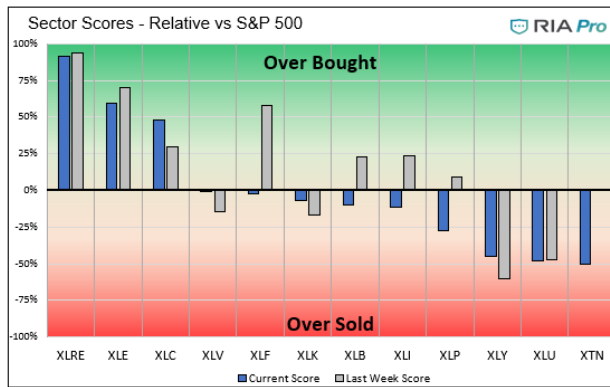


The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You will find more detail on the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

Commentary 6-11-21

- One of the key themes this past week is the increasing investor buy-in to the Fed's expectation that inflation will be transitory. Despite a 5% annual inflation print Thursday, bond yields fell and the deflationary sectors outperformed inflationary sectors. This can be seen in the sector charts below, as technology and health care, for example, shifted to the left over the last week. Note also that financials and materials are now both slightly oversold after being decently overbought last week and for many months prior. Both sectors underperformed the S&P by about 2.5%. The energy sector bucked the trend, rising 5.6% versus the S&P, on the back of oil prices eclipsing \$70/barrel.
- The deflationary trend can also be seen in the top right relative fixed income graphs. Our inflation/deflation index fell back toward fair value. Further, the Treasury yield curve flattened, as can be seen by TLT (20yr bonds) improving markedly versus IEI (5-7yr notes). We have discussed the Fed paring back on MBS purchases and the market seems to be concerned as well. MBB continues to weaken versus IEI.
- The relative factor/index graphs also show gravitation toward deflationary indexes. Equal weighted S&P (RSP) and value versus growth, both underperformed, while the NASDAQ (QQQ) is now slightly above fair value.
- On an absolute basis (second set of graphs) we see similar rotations. Real estate and energy remain overbought, but materials, financials, industrials, and transportation shifted right.
- Most of the factors/indexes are overbought and rose further above fair value over the past week. The S&P 500 is also overbought and approaching prior high water marks that usually result in consolidation or a sell-off. This coincides with our daily and weekly proprietary cash flow models which are in the process of turning to sell signals.
- We reduced our exposure to XLRE (real estate) on Thursday as it is grossly overbought. XLRE is nearly 3 standard deviations above its 200 dma and 2.5 above its 50 day. We should also keep our eye on many other sectors, as shown in the third table, which are approaching 2 standard deviations.

Graphs (Click on the graphs to expand)



| | | Price | % From 20 | % From 50 | % From 200 | Sigma From 20 | Sigma From 50 | Sigma From 200 | Sum | Rank | % From 2/19/20 |
|-----------|------|-------|-----------|-----------|------------|---------------|---------------|----------------|--------|------|----------------|
| Staples | XLP | 70.9 | -0.02% | 1.14% | 6.11% | (0.05) | 0.89 | 1.77 | 2.61 | 15 | 10% |
| Util | XLU | 65.96 | 0.84% | 0.39% | 4.55% | 1.38 | 0.32 | 1.26 | 2.96 | 11 | -6% |
| Health | XLV | 125.4 | 1.81% | 2.91% | 10.08% | 2.09 | 1.50 | 1.86 | 5.45 | 2 | 21% |
| Real Est. | XLRE | 45.73 | 5.16% | 8.04% | 19.84% | 1.78 | 2.43 | 2.75 | 6.96 | 1 | 11% |
| Material | XLB | 85.8 | -1.61% | 1.29% | 15.28% | (1.85) | 0.37 | 1.53 | 0.05 | 21 | 42% |
| Indust | XLI | 103.3 | -0.85% | 0.64% | 13.99% | (0.87) | 0.33 | 1.43 | 0.90 | 19 | 23% |
| Comm | XLC | 79.72 | 1.97% | 3.17% | 15.36% | 1.24 | 1.90 | 1.62 | 4.77 | 3 | 38% |
| Bank | XLF | 37.32 | -1.34% | 1.92% | 21.38% | (1.28) | 0.54 | 1.44 | 0.70 | 20 | 20% |
| Trans | XTN | 87.51 | -2.76% | -2.19% | 15.60% | (2.28) | (1.75) | 1.05 | (2.98) | 22 | 32% |
| Tech | XLK | 141.1 | 2.34% | 1.62% | 9.61% | 1.61 | 0.78 | 1.40 | 3.80 | 7 | 37% |
| Energy | XLE | 55.57 | 3.46% | 8.31% | 31.49% | 1.16 | 1.58 | 1.60 | 4.34 | 5 | 1% |
| Discret | XLY | 172.3 | 0.74% | -0.94% | 6.14% | 0.82 | (0.45) | 0.99 | 1.35 | 18 | 30% |
| Value | VG | 149.5 | -0.09% | 1.50% | 13.88% | (0.14) | 0.83 | 1.47 | 2.17 | 16 | 14% |
| Small | SL | 229.3 | 2.04% | 2.53% | 15.23% | 1.01 | 1.37 | 1.08 | 3.46 | 9 | 36% |
| Mid | ML | 498.5 | 0.63% | 0.91% | 15.61% | 0.78 | 0.71 | 1.23 | 2.72 | 12 | 30% |
| Equal | RSP | 151.8 | 0.74% | 2.17% | 16.20% | 0.92 | 1.26 | 1.50 | 3.68 | 8 | 28% |
| Moment | MTUM | 170 | 0.99% | 0.48% | 6.01% | 0.49 | 0.20 | 0.97 | 1.66 | 17 | 24% |
| SPY | SPY | 423.6 | 1.20% | 1.92% | 12.02% | 1.44 | 1.57 | 1.59 | 4.60 | 4 | 25% |
| QQQ | QQQ | 340.4 | 2.60% | 2.16% | 9.72% | 1.72 | 1.18 | 1.40 | 4.30 | 6 | 44% |
| DIA | DIA | 345 | 0.18% | 1.04% | 11.17% | 0.29 | 0.89 | 1.48 | 2.66 | 14 | 17% |
| EEM | EEM | 55.48 | 1.63% | 2.40% | 7.94% | 0.82 | 1.41 | 0.98 | 3.22 | 10 | 25% |
| EFA | EFA | 80.81 | 0.21% | 1.86% | 10.68% | 0.20 | 1.08 | 1.39 | 2.67 | 13 | 17% |

Users Guide

The score is a percentage of the maximum score based on a series of weighted technical indicators for the last 200 trading days. Assets with scores over or under +/-70% are likely to either consolidate or change trend. When the scatter plot in the sector graphs has an R-squared greater than .60 the signals are more reliable.

The first set of four graphs below are relative value-based, meaning the technical analysis 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. At times 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 one of many tools we use to manage our portfolios. 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
- Inflation Index- XLB, XLE, XLF, and Value (IVE)
- Deflation Index- XLP, XLU, XLK, and Growth (IWE)