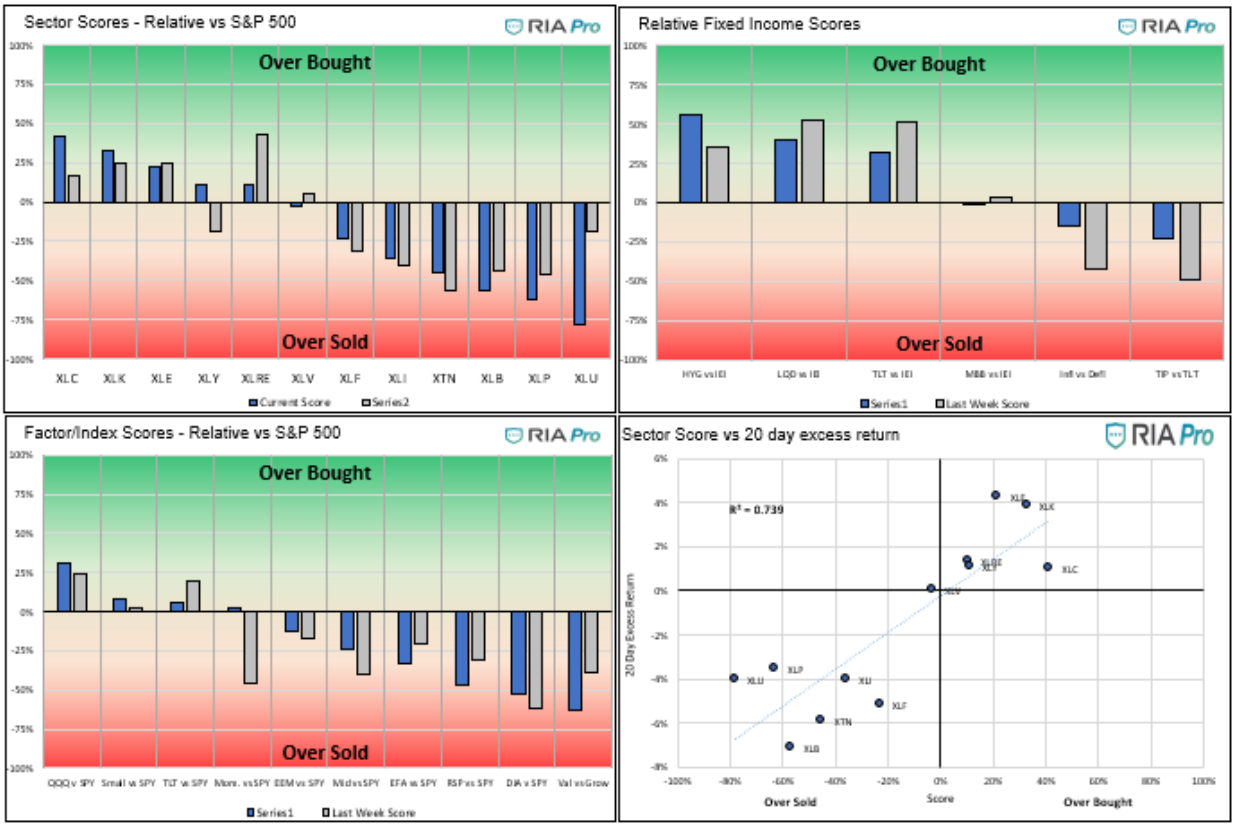
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You will find more detail on the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

Commentary 6-25-21

- The same theme as last week continues as technology is outperforming all sectors, factors, and indexes. Interestingly, despite the deflationary trending mindset, utilities and staples are now the most oversold sectors. Like we saw at the beginning of the rally nearly a year ago, technology is largely responsible for market gains while most other sectors lag the market.
- Utilities lost 3.7% to the S&P and real estate gave up 2.36% this past week.
- The relative factor/index relative graph shows that all factors and indexes are at or below fair value except for the NASDAQ. The Dow Jones and value versus growth are the most oversold indexes/factors. As we look forward, we want to see if the new technology regime will support the market or if the inflationary theme returns. The scatter plot clearly shows the divergence between the outperforming sectors and those underperforming.
- On an absolute basis, technology is the most overbought sector, followed by energy and communications. Utilities are the most oversold sector on an absolute basis but not as grossly oversold as it is on a relative value basis. We will keep a close eye on utilities for signs they start to outperform. If interest rates continue to fall we should expect some strength from the sector.
- On the absolute factor/index graph all factors and indexes are overbought with technology leading the way. As we wrote earlier, technology is driving the market, so we must look to this sector for broad market guidance.

Graphs (Click on the graphs to expand)





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)