

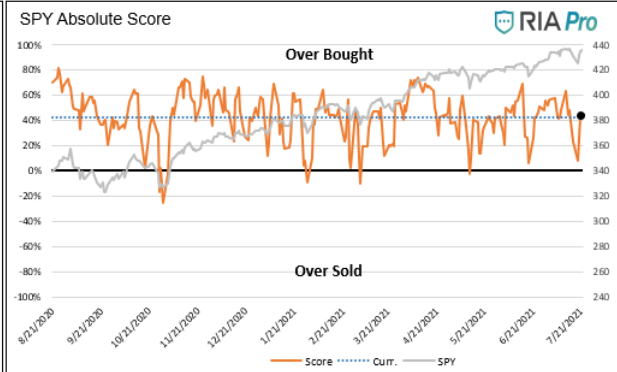
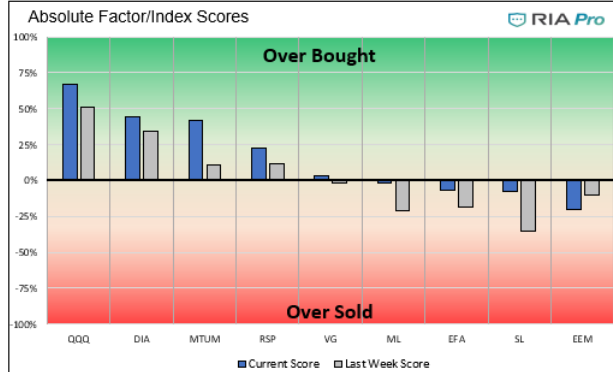
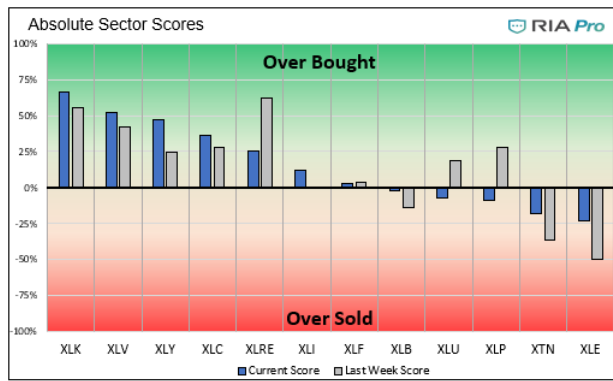
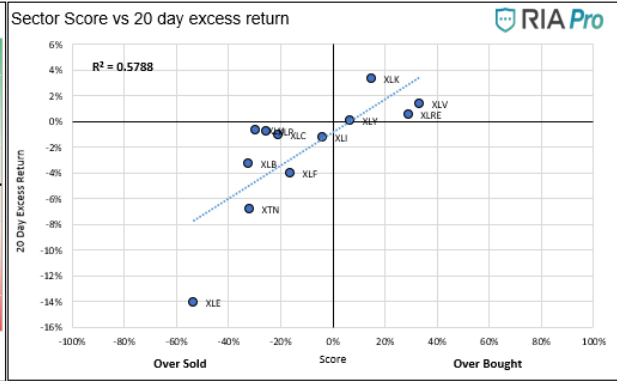
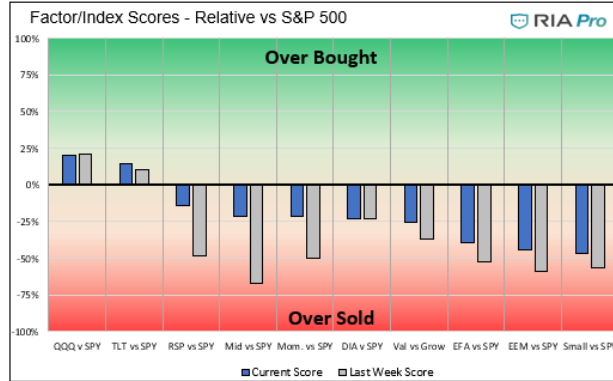
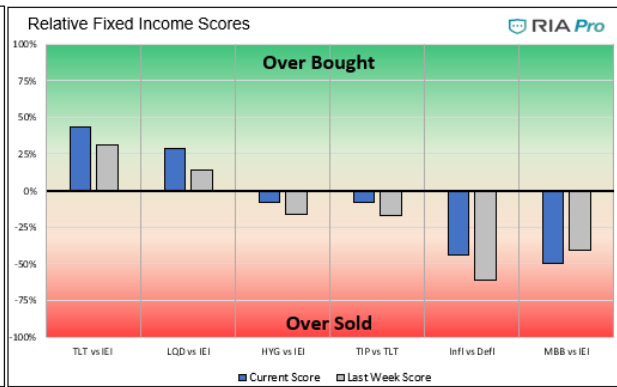
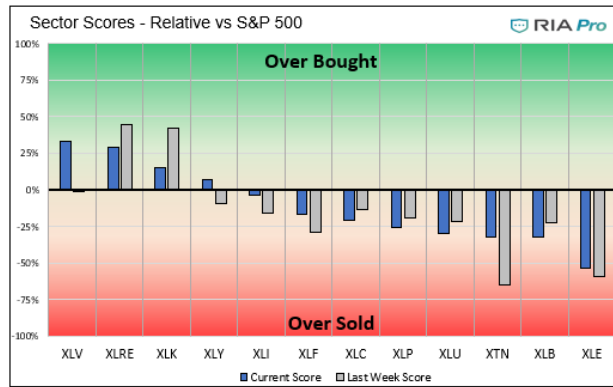


**The Technical Value Scorecard Report** uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You will find more detail on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

## Commentary 7-23-21

- The same themes from the last few weeks continue. Growth sectors remain overbought versus the S&P 500, while cyclical sectors are generally underperforming. Healthcare and Technology continue to be the two hottest sectors. Real estate (XLRE) gave up 3% to the S&P 500, which pushed its relative score back toward fair value. It was the most overbought sector in the prior week.
- The third graph below shows each sector's excess returns versus the S&P 500. Of note, the most current 10 day period shows that staples and utilities are finally green. Conversely, energy has had a few abysmal weeks versus the market. Looking at the longest time frame, 240 trading days (approximately 1 year), staples and utilities are still down significantly versus the market. Financials and transportation stocks have the largest gains over that period. If we look back to February 19th, the pre-pandemic peak, only utilities and energy are still lower over that period.
- The factor/index relative value graphs also show that growth, in particular the NASDAQ (QQQ), are the only equity factor/index trading with a positive relative score. All of the factors/indexes with negative scores became a little less oversold over the last week.
- On the absolute series of charts, the cyclical inflationary sectors all improved on the week and are back to, or near fair value. Technology continues to move deeper into overbought territory. This coming week will feature earnings reports for many of the technology companies. Even if they report strong earnings, they may have lackluster gains given their run up over the past month. Technology is now over 2 standard deviations above its 200 dma and about 1.5 above its 20 and 50 dmas.
- The absolute factor/index graph shows that everything has a higher score this week versus last week except for emerging markets (EEM). EEM is sitting on its 200 dma and about 1 standard deviation below its 50 and 20 dmas.
- The S&P continues to hover in modestly overbought territory as do all of the bond sectors.

## Graphs (Click on the graphs to expand)



		Excess Returns vs S&P 500 - Number of Days											
		10	20	30	40	50	60	70	80	90	120	180	240
XLP		0.6%	-0.8%	-3.2%	-4.0%	-5.0%	-3.0%	-3.3%	-4.9%	-5.5%	-5.0%	-17.1%	-18.6%
XLU		0.4%	-0.7%	-4.5%	-4.1%	-6.1%	-7.1%	-7.8%	-7.3%	-7.5%	-10.3%	-23.4%	-19.1%
XLV		1.0%	1.3%	1.7%	1.5%	0.8%	2.8%	2.6%	3.0%	1.2%	0.1%	-5.7%	-6.6%
XLRE		-0.1%	0.5%	-1.7%	2.3%	4.8%	2.9%	6.4%	5.6%	6.9%	8.6%	0.7%	-0.5%
XLB		-2.2%	-3.3%	-8.4%	-10.7%	-12.2%	-6.6%	-6.2%	-6.6%	-7.8%	-1.9%	-4.0%	2.9%
XLI		-0.3%	-1.3%	-3.0%	-5.5%	-6.0%	-3.1%	-2.4%	-4.3%	-4.9%	3.6%	-1.3%	6.7%
XLC		-0.2%	-1.0%	-0.5%	-0.3%	1.2%	0.0%	1.7%	0.6%	-3.8%	1.8%	5.5%	5.9%
XLF		-1.4%	-4.1%	-6.2%	-8.4%	-9.0%	-4.5%	-2.1%	-3.7%	-6.0%	4.9%	12.3%	20.6%
XTN		-2.8%	-6.8%	-9.8%	-13.1%	-14.4%	-11.7%	-12.3%	-15.5%	-18.2%	-2.5%	2.5%	12.0%
XLK		1.2%	3.3%	5.1%	6.9%	8.0%	5.2%	2.4%	4.2%	6.3%	0.7%	4.6%	1.5%
XLE		-7.8%	-14.1%	-14.7%	-10.4%	-13.5%	-5.7%	-3.7%	-11.9%	-13.5%	2.1%	22.1%	6.9%
XLY		-0.4%	0.0%	2.2%	1.4%	1.9%	-2.8%	-3.4%	-1.5%	-2.7%	-6.8%	-3.2%	-4.0%

# 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)