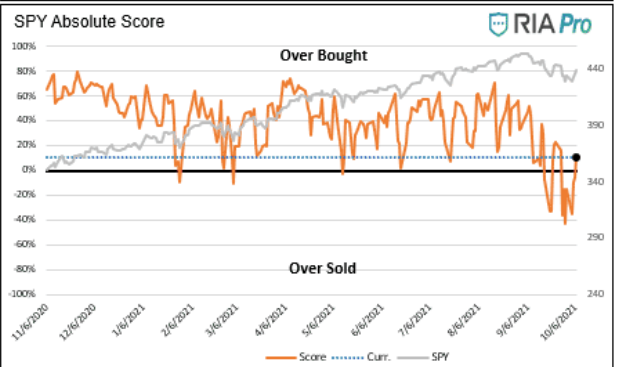
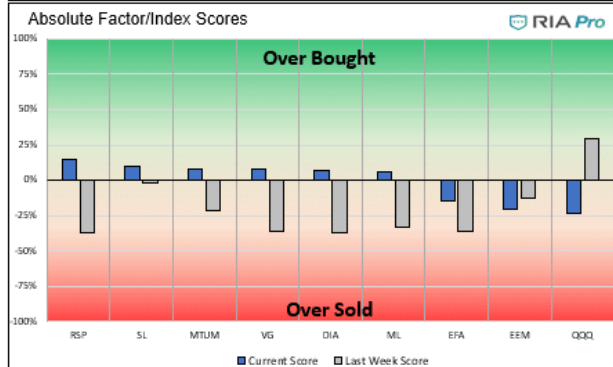
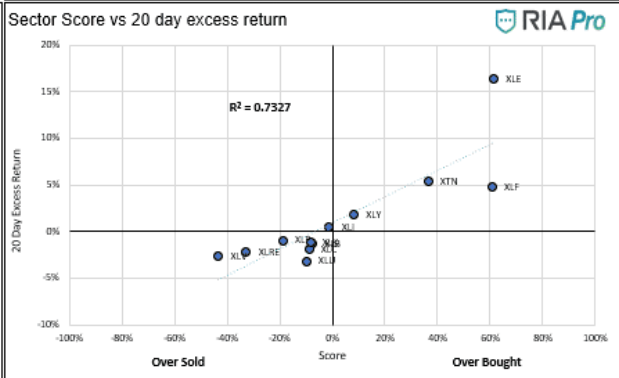
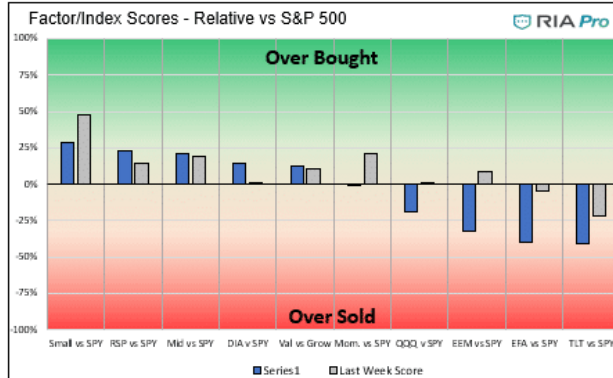
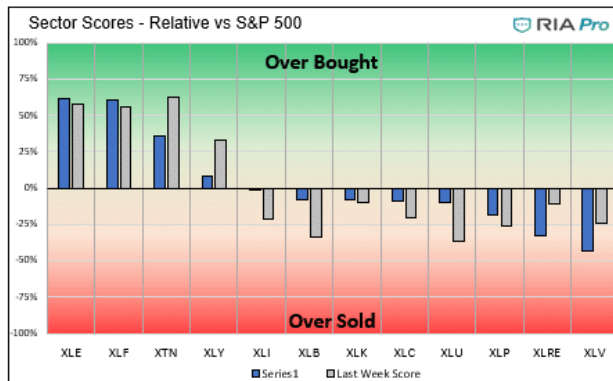


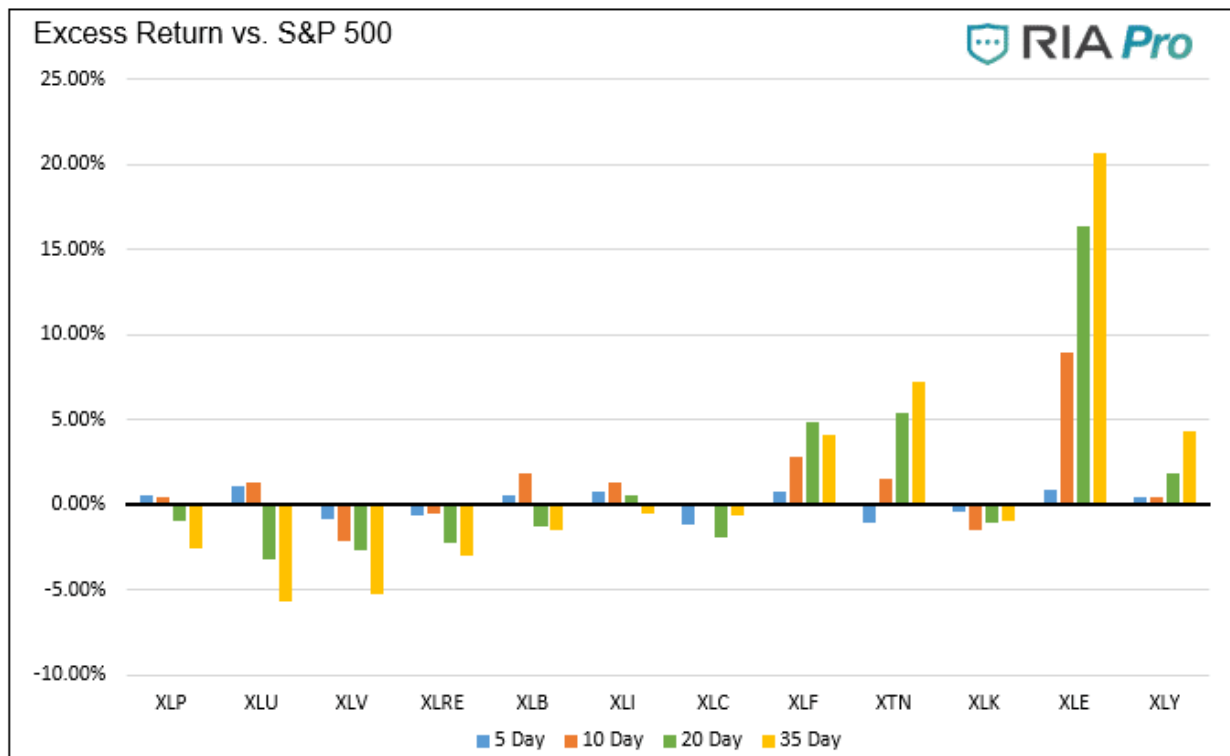
## Relative Value Graphs

- The S&P 500 is about 1% higher versus last Friday, as the selloffs from earlier in the week were bought vigorously over the previous two days. Energy continues to lead the way, beating the S&P by nearly 1%. Other cyclical sectors outperformed as well, including Industrials, materials, and financials. Transportations stocks were the odd sector out as higher energy prices and poor earnings from FedEx held the sector back.
- The third graph shows the strong excess returns in energy (XLE) and broad relative weakness in most other sectors over the last 35 trading days.
- Energy and financials are overbought but still have some room to run, as we noted last week. Crude oil is close to breaking above \$80 a barrel. On a technical basis, there is little above \$80 to stop it from rising to \$100. However, OPEC may increase production and/or Biden release strategic reserves if higher prices occur.
- Small and mid-caps are among the most overbought sectors but still at scores low enough to provide more upside. International markets, developed and emerging, maintain oversold scores. Given recent dollar strength, the trends may continue.
- In the upper right corner in the first graph, note the inflation vs. deflation index and TIPs vs. TLT are both overbought. This corresponds with the leading sectors benefiting from another inflationary impulse.

## Absolute Value Graphs

- On an absolute basis, the energy sector is nearing overbought extremes. As we noted earlier, there is still more upside, but a healthy consolidation may be in store over the coming weeks. Staples have the worst absolute score. This sector is feeling the pressure of rising prices, and at this point, it is not clear if they can pass them on to consumers.
- Discretionary, financials, industrials, and materials all had big jumps in their absolute scores. In the case of industrials and materials, they are now at fair value.
- All bonds are oversold but not quite to the degree that would warn a rally is in store. Similar theme as we discussed earlier, bond yields are rising, prices falling due to a renewed inflationary scare.
- Most factors are near fair value. RSP, the equal-weighted S&P 500, is the most overbought, and the NASDAQ is the most oversold. Quite the reversal from a few weeks ago!
- The S&P 500 is back to slightly overbought but still well below its average score from the prior year.
- As shown in the fourth graph, all sectors are above their 200dma, except for staples, which is slightly below it. However, staples are nearly three standard deviations below its 50dma, arguing for a bounce in the coming days. Conversely, energy is over two standard deviations above its 50dma, but only 1.3 above its 200dma. As we noted earlier, a consolidation is likely, but more upside would not be surprising. The NASDAQ is two standard deviations below its 50dma, arguing for a bounce, similar to staples.





|           |      | Price | % From 20 | % From 50 | % From 200 | Sigma From 20 | Sigma From 50 | Sigma From 200 | Sum    | Rank | % From 2/19/20 |
|-----------|------|-------|-----------|-----------|------------|---------------|---------------|----------------|--------|------|----------------|
| Staples   | XLP  | 68.84 | -3.30%    | -3.85%    | -0.23%     | (2.03)        | (2.93)        | (0.06)         | (5.02) | 22   | 7%             |
| Util      | XLU  | 65.25 | -0.71%    | -3.14%    | 0.68%      | (0.30)        | (1.14)        | 0.18           | (1.25) | 16   | -7%            |
| Health    | XLV  | 127.6 | -1.94%    | -3.97%    | 3.28%      | (0.92)        | (1.72)        | 0.56           | (2.08) | 18   | 23%            |
| Real Est. | XLRE | 45.11 | -1.74%    | -3.21%    | 6.37%      | (0.82)        | (1.42)        | 0.70           | (1.53) | 17   | 9%             |
| Material  | XLB  | 81.63 | 0.43%     | -2.11%    | 0.82%      | 0.22          | (0.81)        | 0.15           | (0.44) | 14   | 35%            |
| Indust    | XLI  | 101   | 0.76%     | -1.43%    | 2.01%      | 0.60          | (0.69)        | 0.35           | 0.26   | 12   | 20%            |
| Comm      | XLC  | 81.38 | -0.70%    | -1.95%    | 5.18%      | (0.38)        | (0.98)        | 0.76           | (0.60) | 15   | 41%            |
| Bank      | XLF  | 38.83 | 2.57%     | 2.39%     | 9.54%      | 1.53          | 1.39          | 1.25           | 4.17   | 2    | 25%            |
| Trans     | XTN  | 86.52 | 0.09%     | 1.44%     | 3.05%      | 0.06          | 0.71          | 0.45           | 1.22   | 9    | 31%            |
| Tech      | XLK  | 152.5 | -0.72%    | -1.69%    | 7.09%      | (0.36)        | (0.89)        | 1.03           | (0.21) | 13   | 48%            |
| Energy    | XLE  | 54.88 | 7.29%     | 10.71%    | 11.26%     | 1.41          | 2.36          | 1.35           | 5.12   | 1    | 0%             |
| Discret   | XLY  | 183.5 | 0.61%     | 0.93%     | 5.27%      | 0.55          | 0.77          | 1.30           | 2.62   | 3    | 39%            |
| Value     | VG   | 149.2 | 0.83%     | -0.21%    | 3.75%      | 0.94          | (0.17)        | 0.75           | 1.51   | 5    | 14%            |
| Small     | SL   | 223.3 | 0.82%     | 0.63%     | 0.75%      | 0.82          | 0.40          | 0.25           | 1.47   | 6    | 33%            |
| Mid       | ML   | 492.9 | 0.94%     | -0.03%    | 2.61%      | 0.98          | (0.02)        | 0.61           | 1.57   | 4    | 29%            |
| Equal     | RSP  | 153.5 | 0.59%     | -0.29%    | 5.23%      | 0.56          | (0.24)        | 0.90           | 1.23   | 8    | 29%            |
| Moment    | MTUM | 179.3 | -0.03%    | -0.26%    | 4.83%      | (0.02)        | (0.17)        | 1.14           | 0.96   | 10   | 31%            |
| SPY       | SPY  | 438.7 | -0.02%    | -1.00%    | 5.61%      | (0.01)        | (0.69)        | 0.98           | 0.28   | 11   | 30%            |
| QQQ       | QQQ  | 358   | -4.02%    | -3.53%    | 5.00%      | (1.95)        | (2.02)        | 0.77           | (3.19) | 21   | 51%            |
| DIA       | DIA  | 347.6 | 0.86%     | -0.49%    | 3.55%      | 0.84          | (0.36)        | 0.77           | 1.25   | 7    | 18%            |
| EEM       | EEM  | 50.63 | -0.53%    | -1.59%    | -5.59%     | (0.29)        | (0.76)        | (1.65)         | (2.69) | 19   | 14%            |
| EFA       | EFA  | 77.99 | -2.05%    | -2.81%    | -0.33%     | (1.05)        | (1.80)        | (0.11)         | (2.96) | 20   | 13%            |

## Users Guide

*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 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 the 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 is the most bearish.

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)