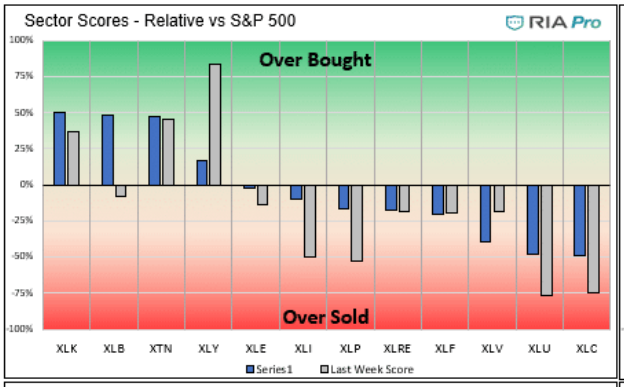
Relative Value Graphs

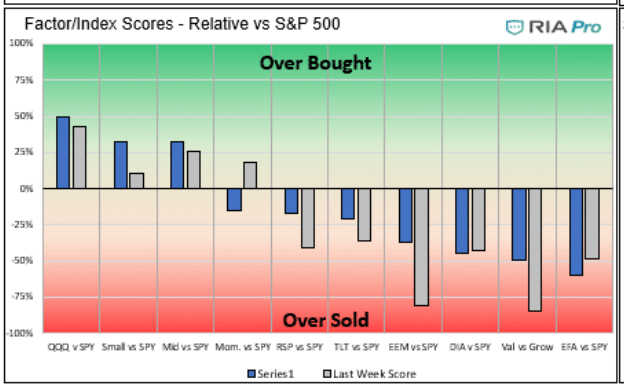
- The consumer discretionary sector lost 2.9% versus the S&P 500 after beating it by a similar amount in the prior week. As a result, its relative score fell quickly from grossly overbought to near fair value.
- Communications and utilities remain the most relatively oversold sectors, but their respective scores improved this week. After underperforming other inflationary stocks for a month or even longer, materials had a good week, beating the S&P 500 by nearly 3%.
- In a trend reversal from the prior few weeks, the S&P underperformed almost all sectors.
- Emerging markets and value (versus growth) had a good week, following very oversold readings. Interestingly emerging markets beat the S&P by 2.86%, yet developed foreign markets lost 0.07% to the S&P 500.
- The three sets of "spaghetti" graphs below show each sector's path over the last eight weeks. The charts compare each sector's absolute momentum to their relative score versus the S&P 500. We look for sectors moving into the top-right quadrant. Materials (XLB), for instance, just moved into the quadrant, potentially offering more upside. Discretionary (XLY) remains in the top-right quadrant but well off its extreme levels of last week.

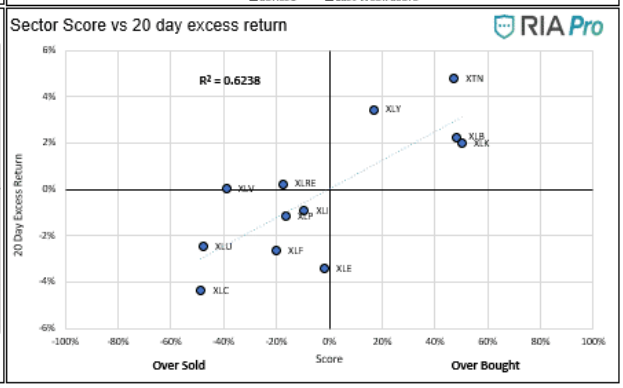
Absolute Value Graphs

- Technology is the most overbought factor/index, followed by small and mid-cap.
- As we thought might happen, the glaring overbought and oversold signals from last week moderated as the market corrected.
- Transports, Discretionary, and Technology, which were all considerably overbought, corrected this past week. They remain overbought but not to the same extreme. Communications is the only oversold sector. Discretionary and transports are 2.5 standard deviations above their 200dma.
- The factor/index graphs moderated strong overbought conditions as well. Small-cap, mid-cap, and the NASDAQ saw their respective scores fall to 50% or below. All factor/index scores are now above fair value.
- The S&P 500 corrected as well, bringing its absolute score to only moderately overbought from the highest we have seen this year. Our proprietary cash flow model and other technical indicators turned bearish early in the week, and the market followed. While the market is not as overbought as it was, our technical indicators warn the decline may not be over quite yet. Next week's options expiration and coming mutual fund distributions may pressure stocks. That said, seasonality argues for a good end of the year.


Sector Scores - Relative vs S&P 500
RIA Pro
Over Bought
Over Sold
XLK XLB XTN XLY XLE XLI XLP XLRE XLF XLV XLU XLC
Series1 Last Week Score

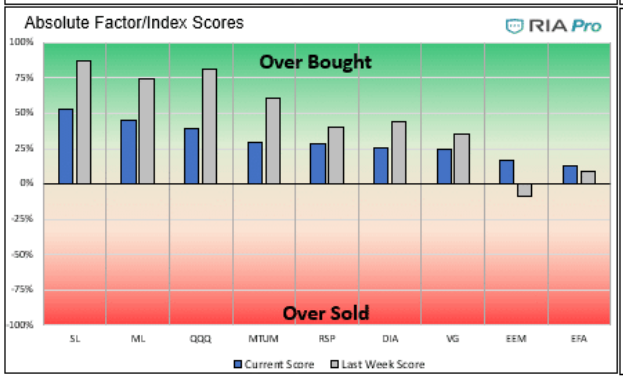

Relative Fixed Income Scores
RIA Pro
Over Bought
Over Sold
TLT vs IEI HYG vs IEI LQD vs IEI MBB vs IEI Infl vs Defl TIP vs TLT
Series1 Last Week Score

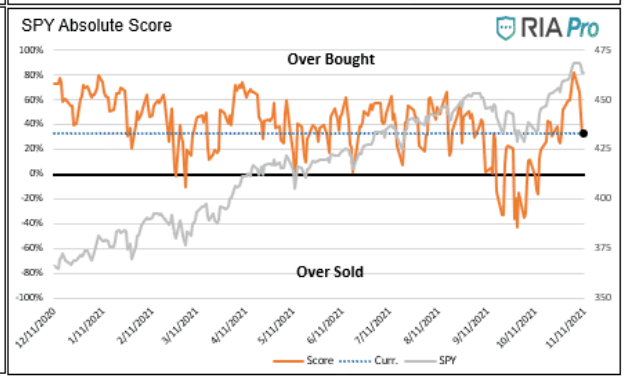

Factor/Index Scores - Relative vs S&P 500
RIA Pro
Over Bought
Over Sold
QQQ v SPY Small vs SPY Mid vs SPY Mom. vs SPY RSP vs SPY TLT vs SPY EEM vs SPY DIA v SPY Val vs Grow EFA vs SPY
Series1 Last Week Score

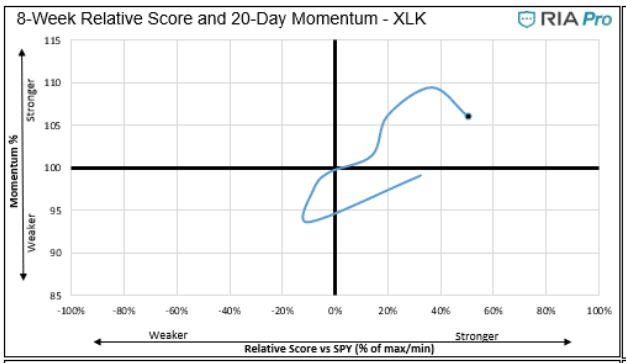

Sector Score vs 20 day excess return
RIA Pro
R² = 0.6238
20 Day Excess Return
Score
Over Sold
Over Bought
XTN XLY XLB XLK XLRE XLV XLP XLI XLU XLF XLE XLC

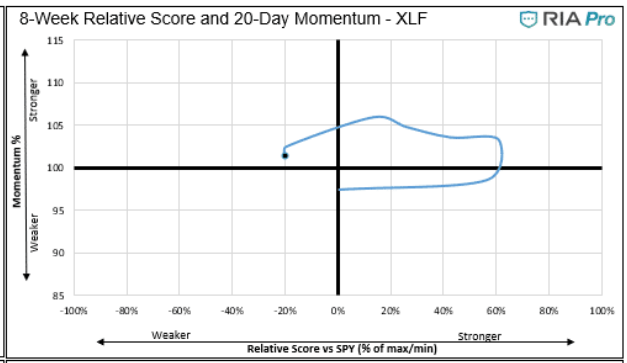

Absolute Sector Scores
RIA Pro
Over Bought
Over Sold
XTN XLB XLY XLK XLF XLE XLI XLV XLRE XLP XLU XLC
Current Score Last Week Score

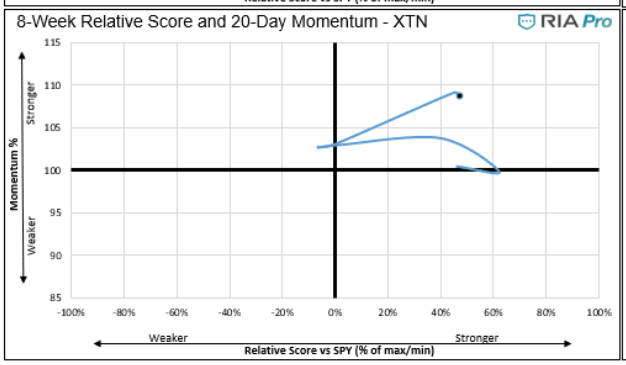

Absolute Fixed Income Scores
RIA Pro
Over Bought
Over Sold
TIP TLTa LQD HYG MBB
Current Score Series2

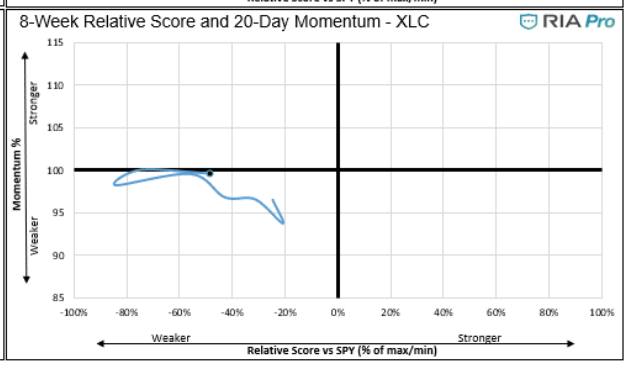

Absolute Factor/Index Scores
RIA Pro
Over Bought
Over Sold
SL ML QQQ MTUM RSP DIA VG EEM EFA
Current Score Last Week Score

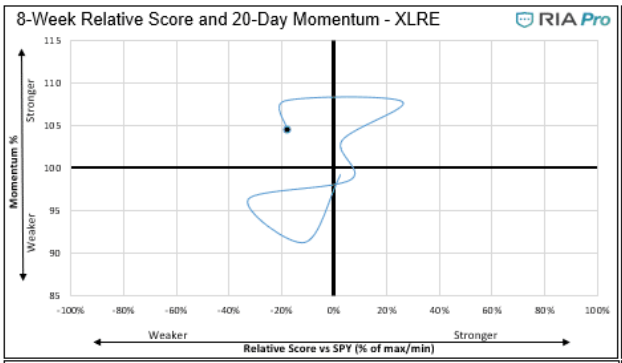

SPY Absolute Score
RIA Pro
Over Bought
Over Sold
Score Curr. SPY

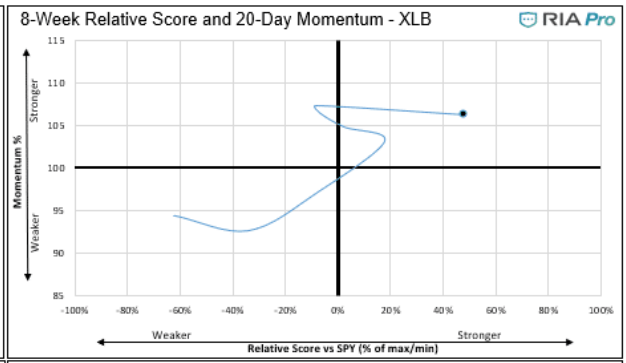

8-Week Relative Score and 20-Day Momentum - XLK
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)

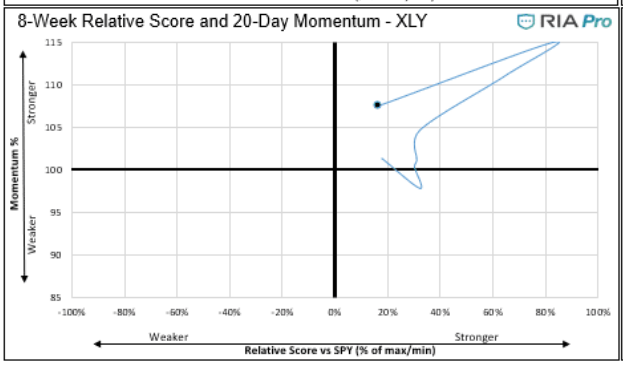

8-Week Relative Score and 20-Day Momentum - XLF
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)

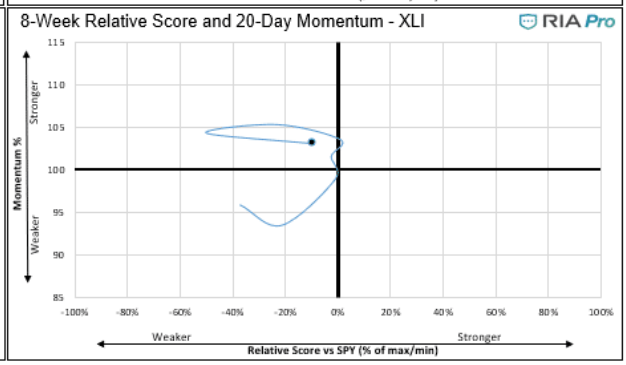

8-Week Relative Score and 20-Day Momentum - XTN
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)

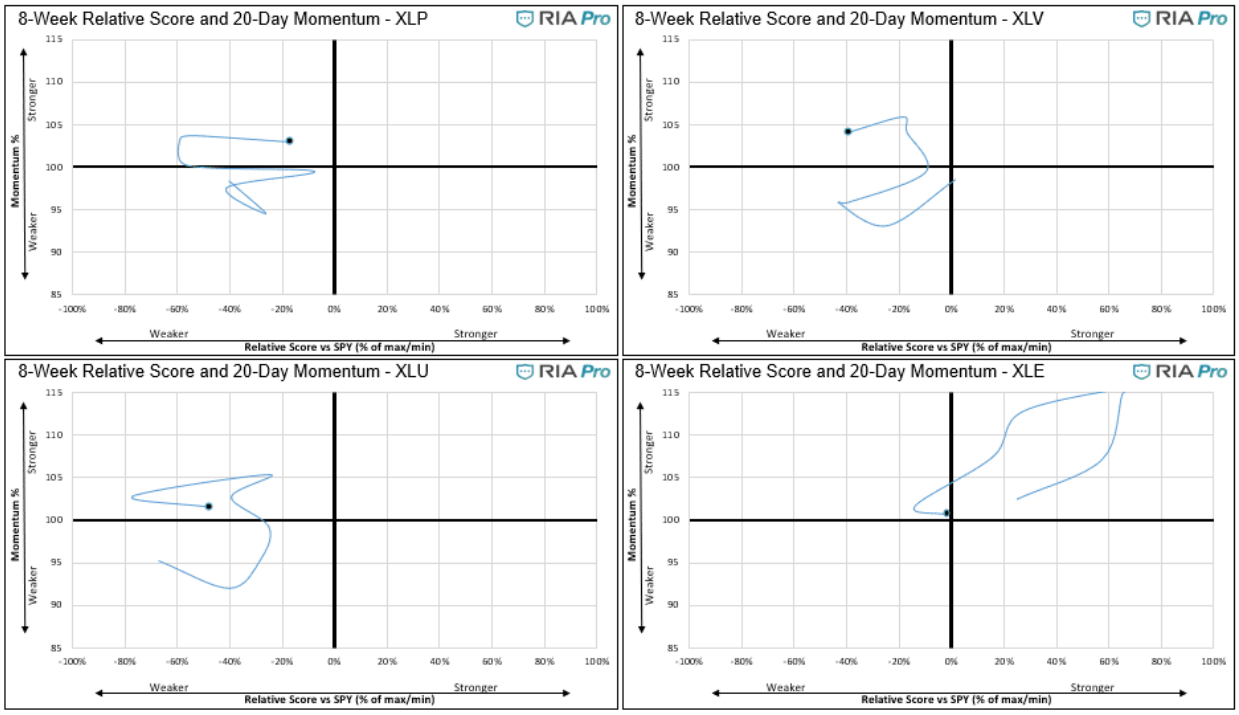

8-Week Relative Score and 20-Day Momentum - XLC
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLRE
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLB
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLY
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)


8-Week Relative Score and 20-Day Momentum - XLI
RIA Pro
Momentum %
Stronger
Weaker
Relative Score vs SPY (% of max/min)



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 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)