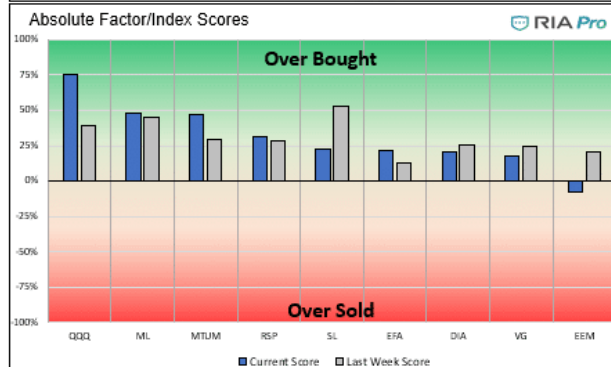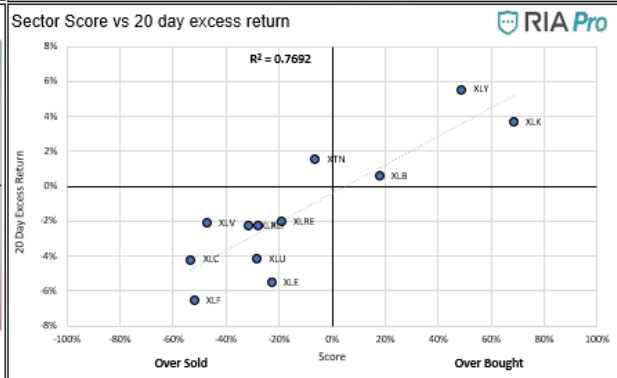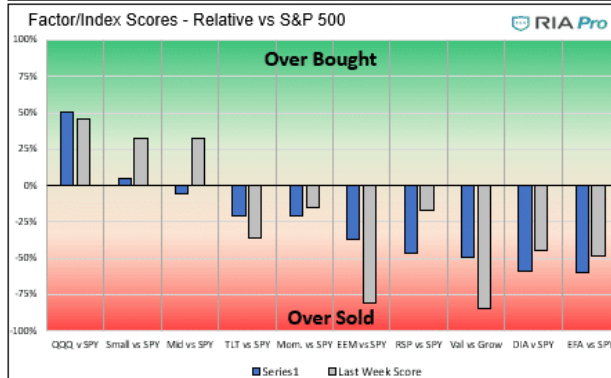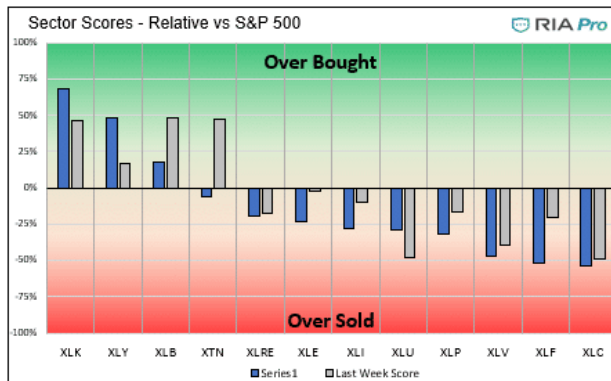# Relative Value Graphs

- On Thursday, the S&P 500 was up .40%, yet every sector was lower except technology. Such was not just a one-day anomaly. The breadth of the market has been poor for a couple of weeks. The third graph below shows that over the last ten days, technology is the only sector to outperform the S&P 500.
- The top graph shows most sectors have negative/oversold scores. Financials, communications, and healthcare are the most oversold sectors. Technology with a score nearing 75% is moving into strongly overbought territory. As discussed below, its absolute score of 80% argues it is due for consolidation at best and more likely a period of underperformance.
- The inflationary sectors tended to give up ground. As a result, our inflation-deflation index is again favoring growth and deflationary beneficiaries. The deflationary sectors, defined in the footnotes below, have given up over 5% to the growth sectors. Surprisingly, this is occurring as inflation readings, and expectations hit new highs.
- All but two factors and indexes are oversold. Technology (QQQ) has a strong score (51%), although it certainly has room to become more overbought versus the S&P. After a nice run, small caps have given back 2.7% versus the S&P pushing its score back to fair value.

Absolute Value Graphs

- Technology and discretionary are extremely overbought from an absolute perspective. We are not surprised as the FAANG stocks have led the market higher with significant contributions to the S&P 500. Communications is the only oversold sector yet not far from fair value.
- The S&P 500 has a score of around 50%, putting it in overbought territory but not yet offering a strong sell signal.
- The momentum factor (MTUM) has been improving as of late. The ETF has a curious mix of holdings. Tesla contributes over 8% to the ETF. The stock, which is recently lower, was on a tear. Next up are three financials (JPM, BAC, and BRK/B). As we noted earlier, financials, along with communications, are the most relatively oversold sectors. Financials are at fair value on an absolute basis with the second-lowest absolute score. We suspect holdings in the FAANG stocks will increase as a percentage of the ETF in the days ahead. In such a market where sector and style preferences rotate so quickly, can MTUM truly capture momentum? Our concern is that the holdings do not change fast enough and tend to reflect yesterday?s high momentum stocks.

Sector Scores - Relative vs S&P 500
RIA Pro

Over Bought / Over Sold

XLK, XLY, XLB, XTN, XLRE, XLE, XLI, XLU, XLP, XLV, XLF, XLC

Series1 | Last Week Score

Relative Fixed Income Scores
RIA Pro

Over Bought / Over Sold

TIP vs TLT, TLT vs IEI, MBB vs IEI, LQD vs IEI, HYG vs IB, Infl vs Defl

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, TLT vs SPY, Mom. vs SPY, EEM vs SPY, RSP vs SPY, Val vs Grow, DIA v SPY, EFA vs SPY

Series1 | Last Week Score

Sector Score vs 20 day excess return
RIA Pro

R² = 0.7692

20 Day Excess Return

XLY, XLK, XTN, XLB, XLV, XLRE, XLC, XLU, XLE, XLF

Over Sold / Score / Over Bought

Absolute Sector Scores
RIA Pro

Over Bought / Over Sold

XLK, XLY, XLRE, XLB, XTN, XLV, XLI, XLE, XLP, XLU, XLF, XLC

Current Score | Last Week Score

Absolute Fixed Income Scores
RIA Pro

Over Bought / Over Sold

TIP, TLTa, LQD, MBB, HYG

Current Score | Series2

Absolute Factor/Index Scores
RIA Pro

Over Bought / Over Sold

QQQ, ML, MTUM, RSP, SL, EFA, DIA, VG, EEM

Current Score | Last Week Score

SPY Absolute Score
RIA Pro

Over Bought / Over Sold

12/18/2020, 1/18/2021, 2/18/2021, 3/18/2021, 4/18/2021, 5/18/2021, 6/18/2021, 7/18/2021, 8/18/2021, 9/18/2021, 10/18/2021, 11/18/2021

Score | Curr. | SPY

	Excess Return vs SPY				Rank Excess Return (1-22)			
	5 Day	10 Day	20 Day	35 Day	5 Day	10 Day	20 Day	35 Day
XLP	0.29%	-1.93%	-2.58%	0.29%	14	15	12	14
XLU	1.42%	-1.43%	-4.51%	0.29%	6	13	19	15
XLV	0.99%	-0.29%	-2.41%	0.59%	7	6	11	13
XLRE	1.60%	-0.47%	-2.38%	3.41%	5	8	10	5
XLB	-0.79%	-0.24%	0.28%	5.60%	21	5	6	4
XLI	0.42%	-1.11%	-2.62%	2.66%	12	10	13	8
XLC	-0.55%	-3.11%	-4.54%	-6.32%	19	19	20	22
XLF	-0.73%	-2.41%	-6.89%	-1.07%	20	17	22	18
XTN	-0.90%	-3.78%	1.18%	3.18%	22	22	4	6
XLK	2.67%	0.81%	3.35%	7.73%	4	2	3	2
XLE	-0.13%	-3.34%	-5.84%	1.19%	18	21	21	12
XLY	4.31%	-1.34%	5.20%	11.96%	1	11	1	1
VG	0.61%	0.27%	-2.03%	-0.84%	8	3	9	17
SL	-0.01%	-2.71%	0.39%	1.77%	16	18	5	10
ML	0.41%	-1.67%	-0.80%	3.15%	13	14	7	7
RSP	0.42%	-1.36%	-2.64%	1.35%	11	12	14	11
MTUM	0.44%	-3.12%	-3.02%	1.88%	10	20	16	9
TLT	0.13%	-0.79%	-1.98%	-3.75%	15	9	8	21
QQQ	2.80%	-0.19%	3.38%	7.07%	3	4	2	3
DIA	0.48%	-2.07%	-3.28%	0.24%	9	16	17	16
EEM	2.86%	0.86%	-4.17%	-2.35%	2	1	18	19
EFA	-0.07%	-0.43%	-2.81%	-3.68%	17	7	15	20

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)