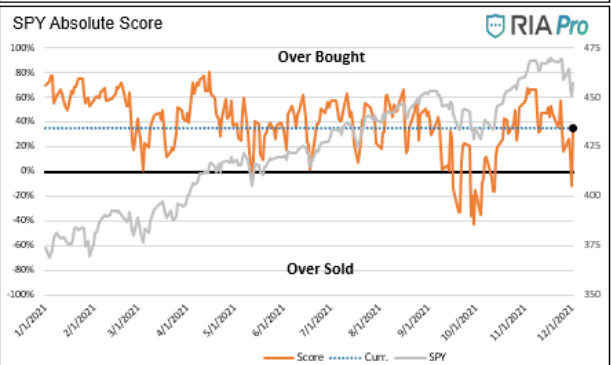
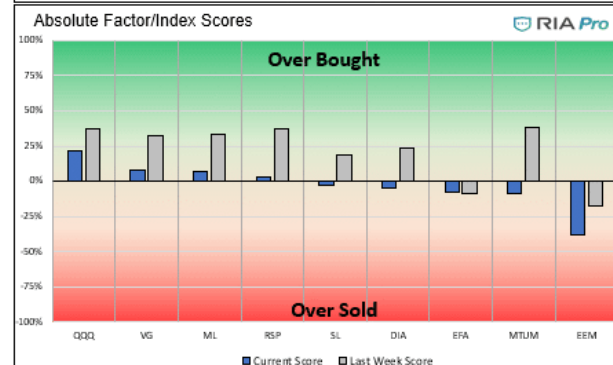
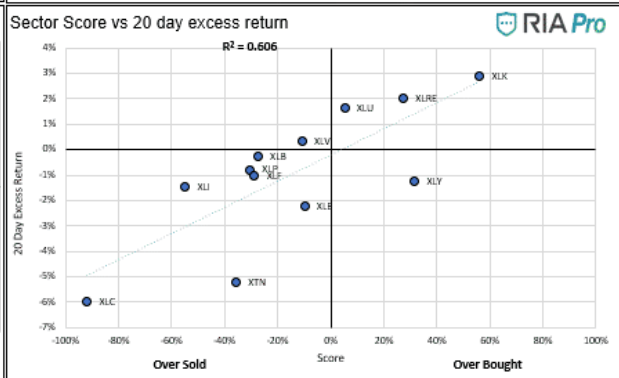
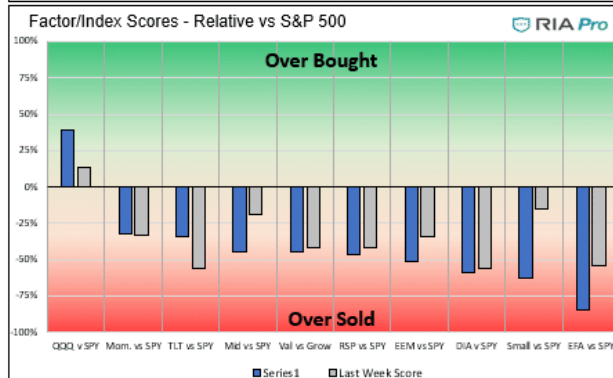
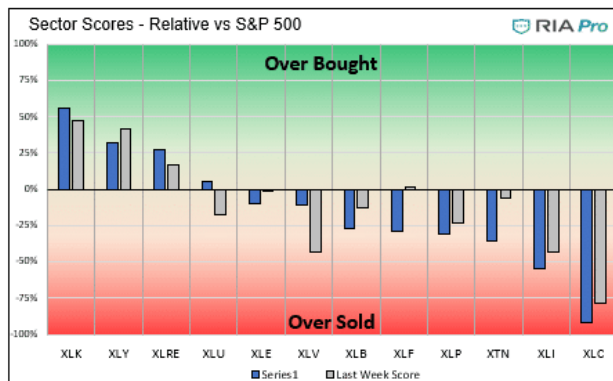


Relative Value Graphs

- Despite what seemed like a bad week for the market, the S&P 500 is only down .35% since last week's report. The winners are from the traditional safe-haven sectors such as utilities and real estate. Energy and technology also outperformed. The price of crude oil was down 4% this past week and over 20% since mid-November. Despite the weakness in crude prices, energy stocks are holding up well. The sector beat the S&P 500 by .34% this week and by 4% over the last two weeks. Likewise, technology beat the S&P by 1.50% this week, as it continues to be the sector investors flock to when markets are volatile.
- The standout on the relative charts is the incredibly oversold condition of the communications sector. Its score is -12.41 out of a possible -13.5. It is the lowest sector relative score we have seen since we started this report. Facebook accounts for almost a quarter of the ETFs (XLC) holdings. Over the last week, it is down 7.5%, single handily contributing 1.5% of underperformance versus the S&P 500. Also hurting the sector is NFLX which is down almost 9.0% on the week. It contributes about 5% to the ETF. Google, like FB, accounts for about a quarter of the ETF and was down 1% for the week.
- In general, the market is leaning back toward a deflationary stance with transports, industrials, financials, and materials all oversold. The flattening yield curve affirms a deflationary market stance. To that point, TLT is very overbought, with a score nearing 75%. Conversely, TIP is approaching a score of -75%.
- The NASDAQ remains the only overbought index/factor and developed markets the most oversold. With a score of -85%, developed markets are grossly oversold versus the S&P 500 and may also be due for a bounce.

Absolute Value Graphs

- On Thursday, following Wednesday's sharp reversal from 2% gains to 1% losses, the S&P 500 was slightly oversold for only the second time this year. It quickly rebounded on Thursday back to overbought territory.
- The communications sector is weak on an absolute basis, but its -46% score is not nearly as bad as its relative score. If the absolute score were a little lower, we would be more enthused about trying to buy the sector.
- The absolute scores for all sectors and factor/indexes fell on the week despite a slight decline in the market.
- Long bonds (TLT) are also overbought on an absolute basis, with a score nearing 75%. This week, the credit sectors, LQD, MBB, and HYG, have higher scores but are clearly underperforming TLT. This situation highlights credit spreads are widening.
- Developed markets (EFA) which are grossly oversold versus the S&P 500, are only slightly oversold on an absolute basis.
- The third table shows communications are trading at nearly three standard deviations below its 50dma, arguing for a rebound in its price. All sectors and factors/indexes are trading below their 20dmas. Communications, small Cap stocks, developed markets, and emerging markets are all trading below their respective 20, 50, and 200 dmas.



		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank	% From 2/19/20
Staples	XLP	70.69	-2.23%	-0.79%	0.61%	(1.73)	(0.44)	0.21	(1.96)	17	10%
Util	XLU	66.73	-0.45%	0.77%	1.61%	(0.49)	0.41	0.49	0.41	5	-5%
Health	XLV	130.1	-1.81%	-0.47%	2.77%	(1.84)	(0.21)	0.52	(1.53)	13	25%
Real Est.	XLRE	48.05	-0.33%	2.02%	7.95%	(0.31)	0.65	1.11	1.44	3	16%
Material	XLB	85.5	-2.79%	0.46%	2.57%	(1.44)	0.12	0.62	(0.70)	8	41%
Indust	XLI	102.3	-2.83%	-1.07%	0.29%	(1.33)	(0.40)	0.09	(1.64)	15	22%
Comm	XLC	74.87	-5.32%	-6.47%	-5.77%	(1.81)	(2.91)	(1.37)	(6.09)	22	30%
Bank	XLF	38.66	-2.20%	-1.85%	3.94%	(1.09)	(0.80)	0.77	(1.12)	9	24%
Trans	XTN	90.63	-4.83%	-1.59%	3.03%	(1.55)	(0.39)	0.70	(1.24)	11	37%
Tech	XLK	167.9	-0.14%	4.44%	13.08%	(0.13)	0.98	1.70	2.56	1	63%
Energy	XLE	55.58	-2.34%	-1.59%	6.58%	(0.90)	(0.46)	0.98	(0.38)	7	1%
Discret	XLY	203.6	-1.52%	3.45%	12.57%	(0.95)	0.62	1.86	1.53	2	54%
Value	VG	149.1	-2.22%	-1.37%	0.81%	(1.29)	(0.75)	0.28	(1.75)	16	14%
Small	SL	219.2	-5.62%	-3.99%	-2.38%	(1.51)	(1.22)	(0.88)	(3.61)	19	30%
Mid	ML	500	-3.80%	-1.59%	1.30%	(1.47)	(0.50)	0.42	(1.55)	14	31%
Equal	RSP	155.4	-2.59%	-1.04%	2.84%	(1.40)	(0.44)	0.71	(1.13)	10	31%
Moment	MTUM	182.2	-3.03%	-1.74%	4.34%	(1.71)	(0.60)	0.80	(1.50)	12	33%
SPY	SPY	457.4	-1.68%	0.83%	6.26%	(1.44)	0.28	1.20	0.04	6	35%
QQQ	QQQ	389.9	-1.52%	2.32%	9.94%	(1.35)	0.56	1.39	0.59	4	65%
DIA	DIA	346.6	-2.82%	-1.86%	0.56%	(1.50)	(0.89)	0.18	(2.20)	18	18%
EEM	EEM	49.62	-1.98%	-2.53%	-5.94%	(0.92)	(1.35)	(1.85)	(4.12)	21	12%
EFA	EFA	77.35	-3.09%	-2.85%	-2.37%	(1.36)	(1.46)	(1.01)	(3.84)	20	12%

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)