

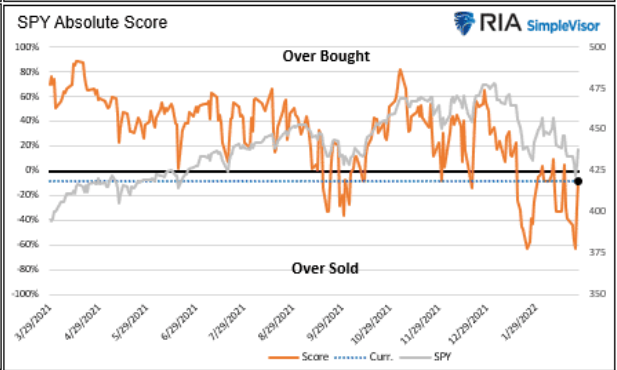
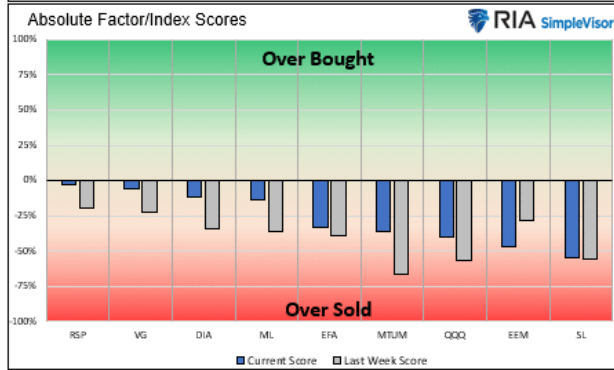
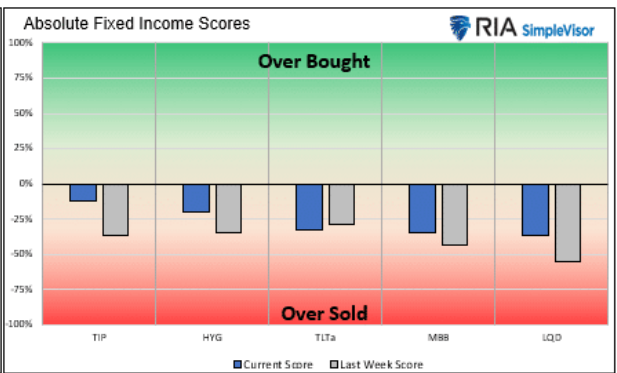
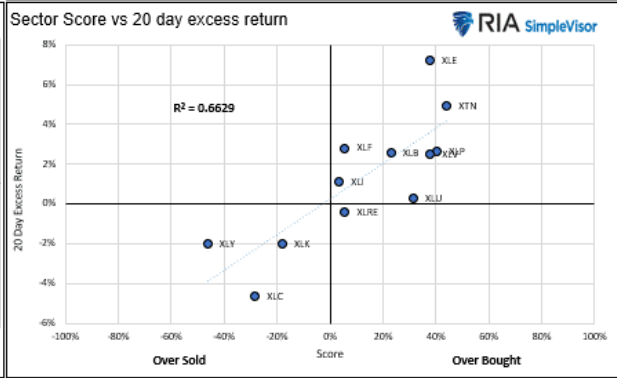
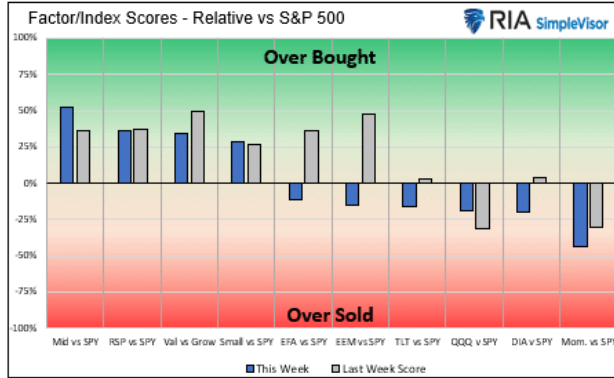
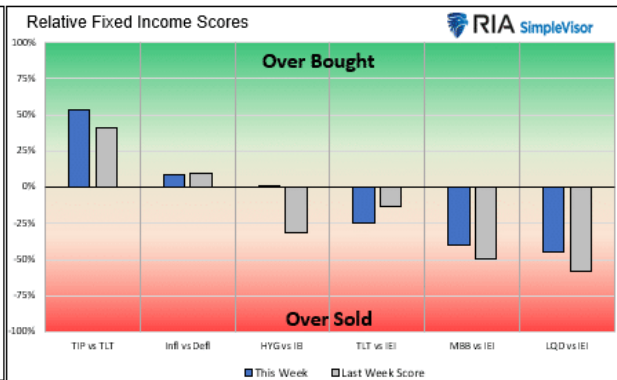
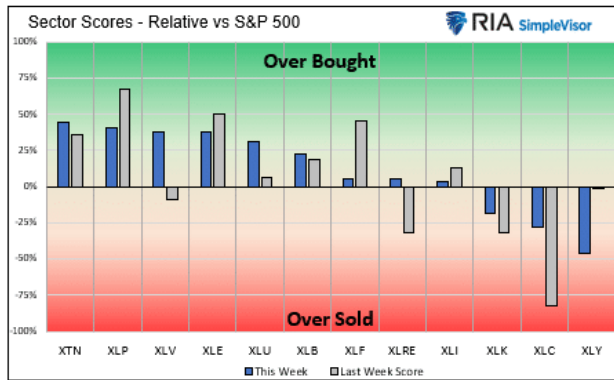
The scorecard report uses a series of technical studies to quantify how various sectors, factors, and indexes score on a technical basis versus the S&P 500 (relative value) or versus a more appropriate benchmark, as well as on an absolute stand alone basis (absolute value).

Relative Value Graphs

- The Communications sector finally outperformed the market. Having been the worst-performing sector for the better part of this year, Communications (XLC) was last week's fourth-best relative performer. It followed more conservative sectors ? Utilities, Healthcare, and Real estate.
- As we wrote last week, the generals (top 20 largest stocks) are leading the way lower while most stocks are holding in slightly better. Discretionary and Technology are two of the three largest contributors to the S&P 500 and are the most oversold. Further supporting this, RSP, the equal-weighted S&P 500, has the second-best relative score.
- The excessive volatility is causing significant changes in weekly relative scores for some sectors such as Financials, Real estate, and Healthcare.
- Note that the trend line on the scatter plot comparing excess returns to respective scores is steep. The steeper the trend, the more divergence of each sector versus the S&P 500.
- The Russian invasion of Ukraine took the wind out of the sails of the developed and emerging foreign stock market indexes (EFA and EEM). EEM gave up 3.62% and EFA 1.7% versus the S&P 500 last week.
- TIPS is becoming more overbought on the bond front as the Russian invasion has inflationary implications. Interestingly, LQD- Investment-grade corporate bonds are the most oversold bond sector, but Junk bonds (HYG) are at fair value. HYG gained in price last week along with stocks as they tend to have a high correlation with each other.

Absolute Value Graphs

- On the absolute set of graphs, note the sharp volatility in the SPY absolute score. On Wednesday, the score reached its most oversold level since March 2020, but it rallied back Thursday and Friday to fair value. Our proprietary model is likely to generate a buy signal in the coming days, so the rally on Thursday and Friday may have more legs. At a minimum, barring an escalation of Russian tensions, it will consolidate or grind higher for a week or two.
- Despite the recent declines and market volatility, Energy, Financials, Transportation, and Staples remain overbought. No sector or factor/index is overbought or oversold to an alarming degree. Note that communications (XLC) are now only moderately oversold. It has been significantly oversold for the majority of 2022.
- Small caps and Emerging Markets are the most oversold factors/indexes. RSP is essentially at fair value.
- All bond sectors are oversold, albeit not to an alarming degree.



		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank	% From 2/19/20
Staples	XLP	75.91	0.27%	-0.11%	4.68%	0.28	(0.09)	1.42	1.60	2	18%
Util	XLU	67.58	0.42%	-1.52%	0.76%	0.21	(0.62)	0.26	(0.16)	4	-4%
Health	XLV	131	0.42%	-1.77%	-0.17%	0.23	(0.54)	(0.05)	(0.36)	5	26%
Real Est.	XLRE	45.86	0.04%	-3.93%	-2.13%	0.02	(0.85)	(0.53)	(1.37)	11	11%
Material	XLB	84.34	0.34%	-2.25%	-0.78%	0.22	(0.68)	(0.23)	(0.70)	8	39%
Indust	XLI	99.13	-0.70%	-3.13%	-3.79%	(0.37)	(1.06)	(1.67)	(3.10)	15	18%
Comm	XLC	68.53	-2.04%	-6.83%	-13.29%	(0.53)	(1.28)	(2.46)	(4.26)	20	19%
Bank	XLF	39.1	-1.39%	-1.20%	1.59%	(0.69)	(0.47)	0.44	(0.72)	9	26%
Trans	XTN	87.67	0.98%	-1.43%	-0.86%	0.52	(0.35)	(0.18)	(0.01)	3	32%
Tech	XLK	154.4	-1.71%	-4.98%	-1.77%	(0.58)	(1.00)	(0.29)	(1.87)	12	50%
Energy	XLE	68.88	0.87%	8.51%	23.60%	0.62	1.05	2.17	3.83	1	26%
Discret	XLY	176.2	-3.00%	-7.37%	-6.03%	(1.04)	(1.27)	(0.97)	(3.28)	16	33%
Value	VG	152.7	-0.44%	-1.26%	1.03%	(0.30)	(0.68)	0.48	(0.50)	6	16%
Small	SL	199.5	-0.57%	-5.04%	-9.86%	(0.30)	(1.09)	(2.24)	(3.64)	19	18%
Mid	ML	485.7	0.75%	-1.49%	-2.29%	0.50	(0.43)	(0.79)	(0.73)	10	27%
Equal	RSP	155.2	-0.04%	-1.56%	-0.01%	(0.02)	(0.62)	(0.00)	(0.65)	7	31%
Moment	MTUM	160.8	-1.70%	-5.06%	-8.95%	(0.58)	(0.97)	(1.86)	(3.41)	17	17%
SPY	SPY	437.8	-1.14%	-3.57%	-1.90%	(0.51)	(1.02)	(0.53)	(2.06)	13	29%
QQQ	QQQ	345.8	-1.73%	-6.16%	-6.32%	(0.57)	(1.07)	(1.20)	(2.84)	14	46%
DIA	DIA	340.5	-1.83%	-3.45%	-2.93%	(0.83)	(1.30)	(1.40)	(3.53)	18	16%
EEM	EEM	47.35	-2.71%	-2.93%	-7.64%	(1.59)	(1.67)	(1.74)	(5.00)	22	7%
EFA	EFA	74.64	-1.47%	-3.11%	-5.70%	(0.94)	(1.36)	(2.34)	(4.63)	21	8%

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)