



Relative Value Report 7/24/2020

The Relative Value Report provides guidance on which sectors, factors, indexes, and bond classes are likely to outperform or underperform its appropriate benchmark.

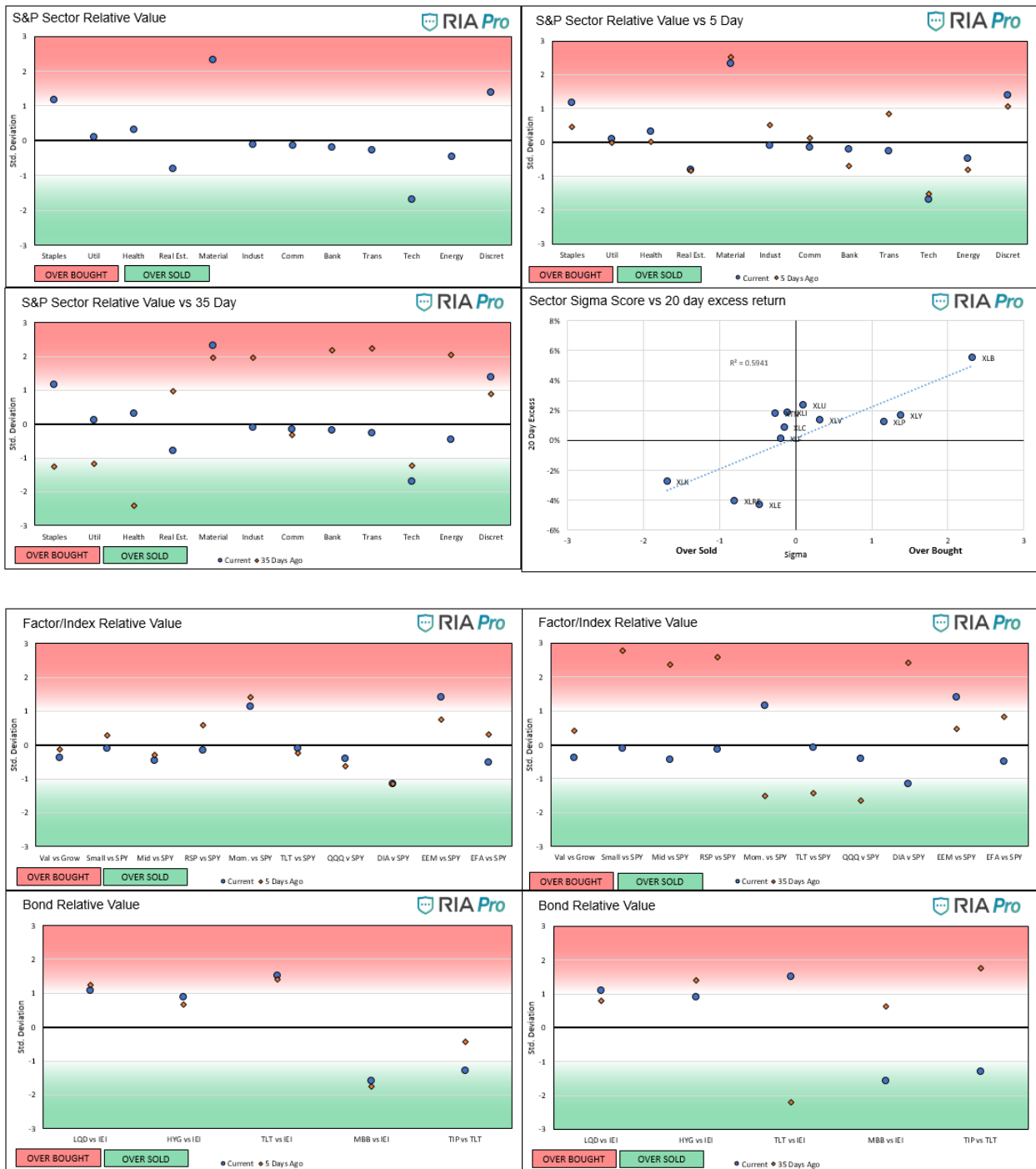
Click on the [Users Guide](#) for details on the model's relative value calculations as well as guidance on how to read the graphs.

This report is just one of many tools that we use to assess our holdings and decide on potential trades. Just because this report may send a strong buy or sell signal, we may not take any action if it is not affirmed in the other research and models we use.

Commentary

- Looking at the current relative value scores versus those from 5 days ago you will notice little has changed.
- Materials and Discretionary remain the most relative overbought sectors. Staples are now overbought as well. Over the last 20 trading days, Staples have outperformed the S&P by 1.26%. However, over last 50 days its excess return versus the S&P is -4.41%.
- Tech is now the most oversold sector relative to the S&P 500 which is not surprising given its recent underperformance.
- Momentum and Emerging Markets are overbought, while the remaining factors and indexes are very close to fair value. The DJIA is the most oversold market but its score is not extreme.
- Bonds also barely budged this past week. Given the low volatility of the bond market, the readings in this report should be taken with a grain of salt. A sharp move in yields is bound to produce large changes in their scores.

Graphs (Click on the graphs to expand)



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