



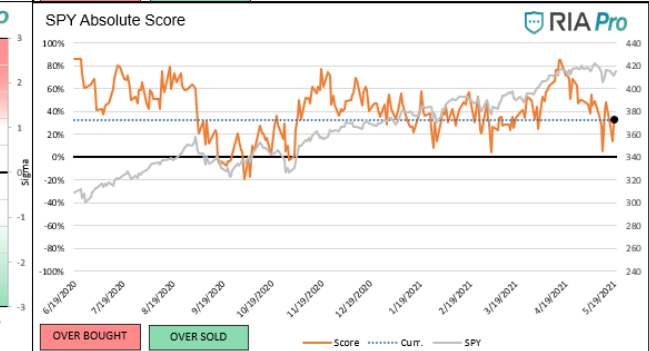
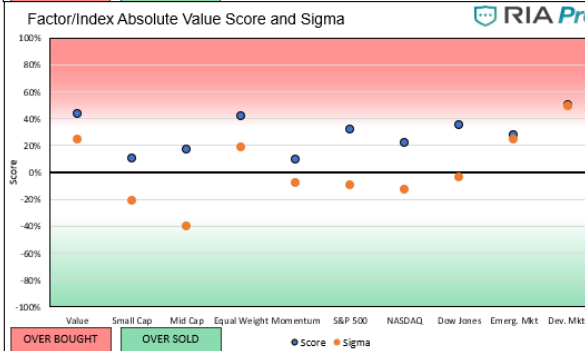
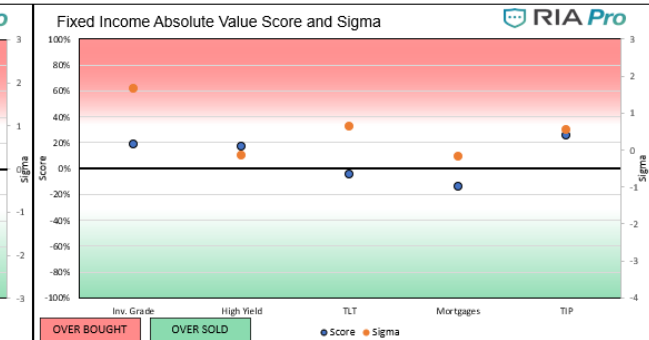
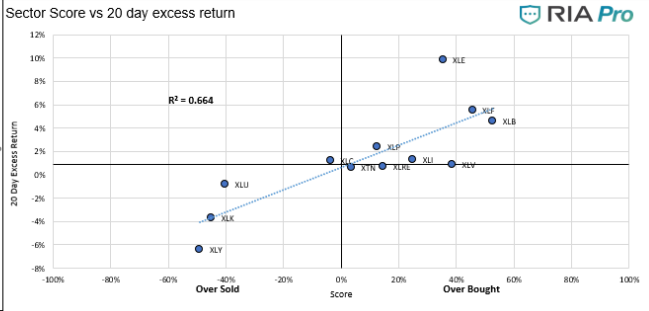
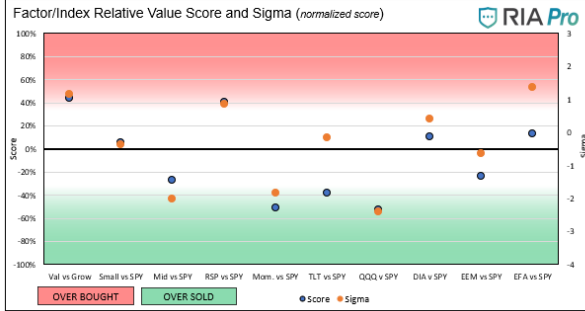
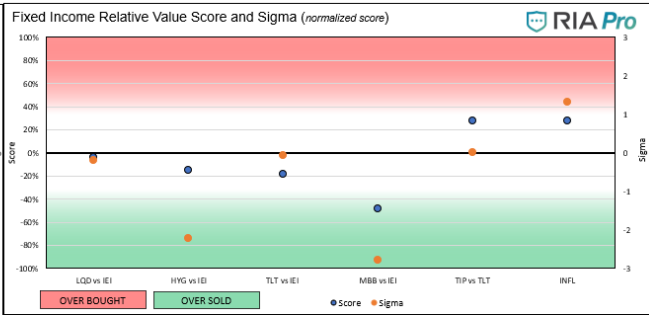
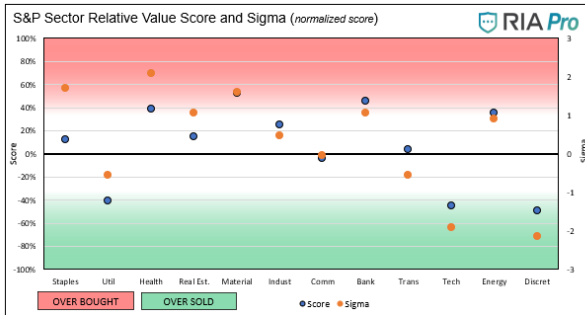
Technical Value Scorecard Report For The Week of 5-21-21

The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You will find more detail on the model and the specific tickers below the charts.

Commentary 5-21-21

- The markets appear to be making a subtle shift away from the reflation trade. Inflation expectations dipped by nearly .15% this past week and bonds continue to show strength. Ten-year UST yields are flirting with the 50 DMA, which if it can close decisively below it, would mark a first in over a year. As a result, the "deflationary" sectors tended to outperform this past week. The deflation index beat the inflation index by 2.04%.
- The relative sector graph looks similar to last week, but the technology and discretionary sectors showed some improvement, while financials and materials fell back a little. Similarly, on the factor/index side, QQQ and Momentum rose slightly, while the Dow and Value fell.
- Over the last few weeks, we made several comments that a rotation from inflationary to deflationary sectors is possible. We are not sold this it, but recent price action is encouraging. However, we must continue to pay careful attention to bonds and inflation expectations for direction. Equally important, we can not forget the reflationary regime is still in control. As such, recent trading activity may only be a rest before another leg higher in inflation expectations.
- It is worth noting that healthcare and staples are overbought, so if in fact, the deflationary trend continues, we can probably expect better performance from oversold deflationary sectors like Technology, Discretionary, and Utilities. Staples and Realestate are both over two standard deviations above their respective 200 DMA's.
- The second set of absolute graphs tell a similar story with inflationary sectors inching down and deflationary sectors upward. Most sectors remain overbought, with Financials as the only sector that is well overbought. The S&P 500 is moderately overbought despite the recent sell-off.
- The third table shows the recent outperformance of staples, utilities, healthcare, and real estate and underperformance of discretionary, energy, transportation, and industrials. Interestingly, over the last ten days materials, communications, financials, and technology have nearly identical returns as the S&P 500.

Graphs (Click on the graphs to expand)



	Excess Returns vs S&P 500 - Number of Days											
	10	20	30	40	50	60	70	80	90	120	180	240
XLP	2.1%	2.4%	2.1%	-1.3%	2.0%	3.0%	2.3%	-1.4%	-2.3%	-7.3%	-14.5%	-15.4%
XLU	1.3%	-0.8%	0.6%	-1.2%	0.1%	3.6%	-0.7%	-6.3%	-6.0%	-6.8%	-12.6%	-20.1%
XLV	1.8%	0.9%	4.5%	1.4%	3.1%	1.2%	0.3%	-4.1%	-4.2%	-1.8%	-5.4%	-11.1%
XLRE	1.7%	0.8%	4.2%	1.4%	3.3%	4.4%	4.8%	3.2%	6.2%	1.3%	-5.0%	-14.6%
XLB	0.0%	4.6%	7.0%	3.6%	4.4%	8.3%	10.5%	10.1%	4.2%	8.1%	8.5%	19.3%
XLI	-1.0%	1.3%	1.1%	-0.6%	0.6%	4.0%	7.8%	8.7%	4.9%	2.7%	7.8%	13.6%
XLC	0.1%	1.2%	-0.7%	1.8%	-2.1%	-1.4%	-0.1%	3.1%	7.6%	2.9%	4.7%	4.3%
XLF	0.1%	5.5%	4.9%	3.4%	1.6%	6.0%	12.3%	16.3%	9.7%	16.1%	26.3%	20.6%
XTN	-1.1%	0.6%	-1.1%	-2.8%	-4.5%	0.4%	8.8%	15.3%	10.1%	9.9%	22.7%	32.5%
XLK	0.1%	-3.7%	-4.3%	-1.7%	-1.2%	-4.4%	-7.0%	-6.0%	-3.1%	-3.6%	-3.1%	-0.6%
XLE	-1.3%	9.8%	7.1%	-1.7%	-8.2%	-1.1%	10.8%	20.2%	11.2%	15.8%	35.3%	-3.0%
XLY	-4.6%	-6.3%	-1.9%	-4.0%	1.6%	-10.2%	-8.3%	-13.6%	-11.1%	-6.2%	-10.3%	-0.7%

Users Guide

The score is a percentage of the maximum/minimum score, as well as on a normalized basis (*sigma*) for the last 200 trading days. Assets with scores over or under +/-60% and sigmas over or

under +/-2 are likely to either consolidate or change trend. When both the score and sigma are above or below those key levels simultaneously, the signal is stronger.

The first set of four graphs below are relative value-based, meaning the technical analysis score and sigma represent a 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 the most bearish.

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 any action if other research and models do not affirm it.

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)