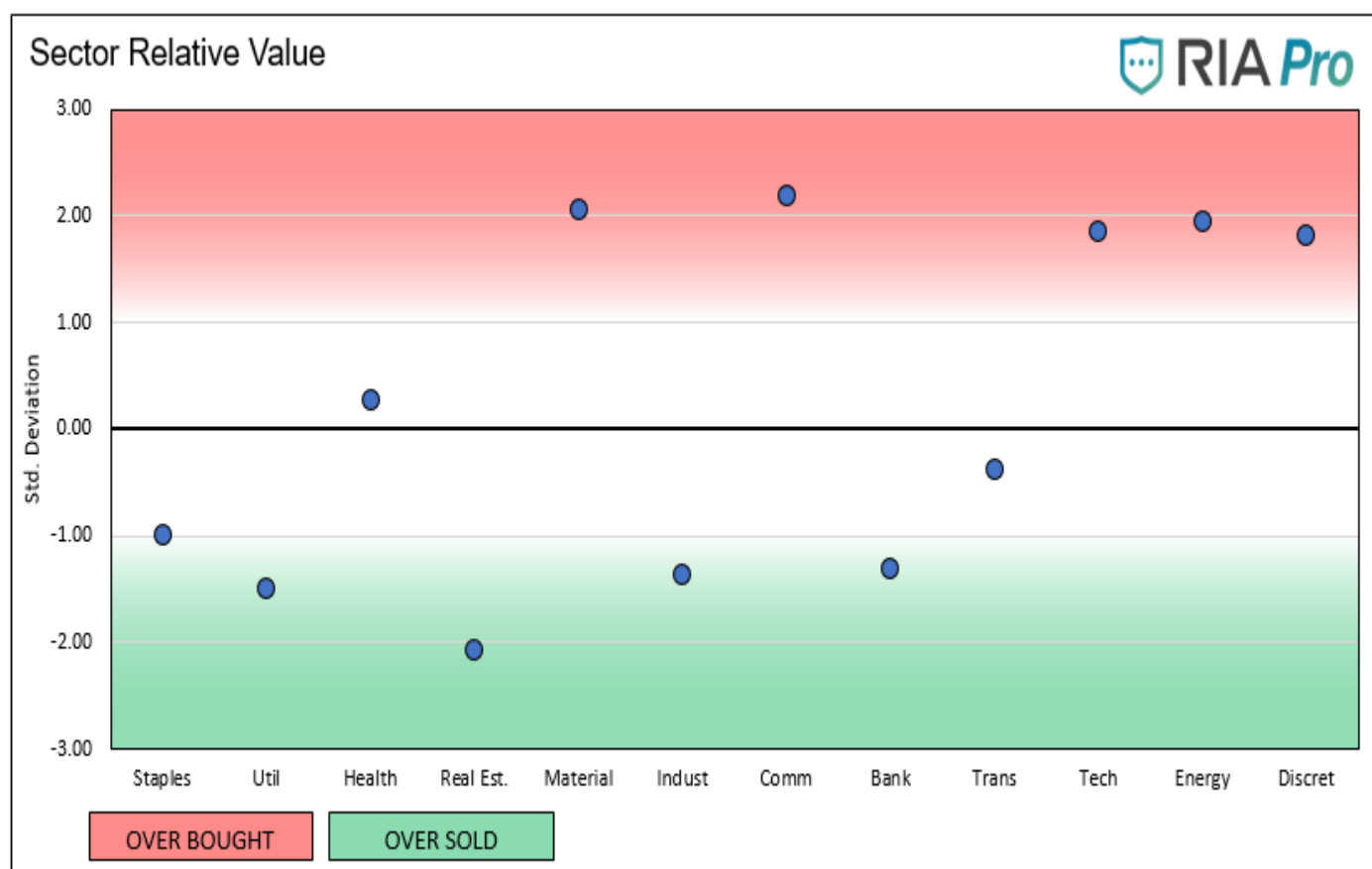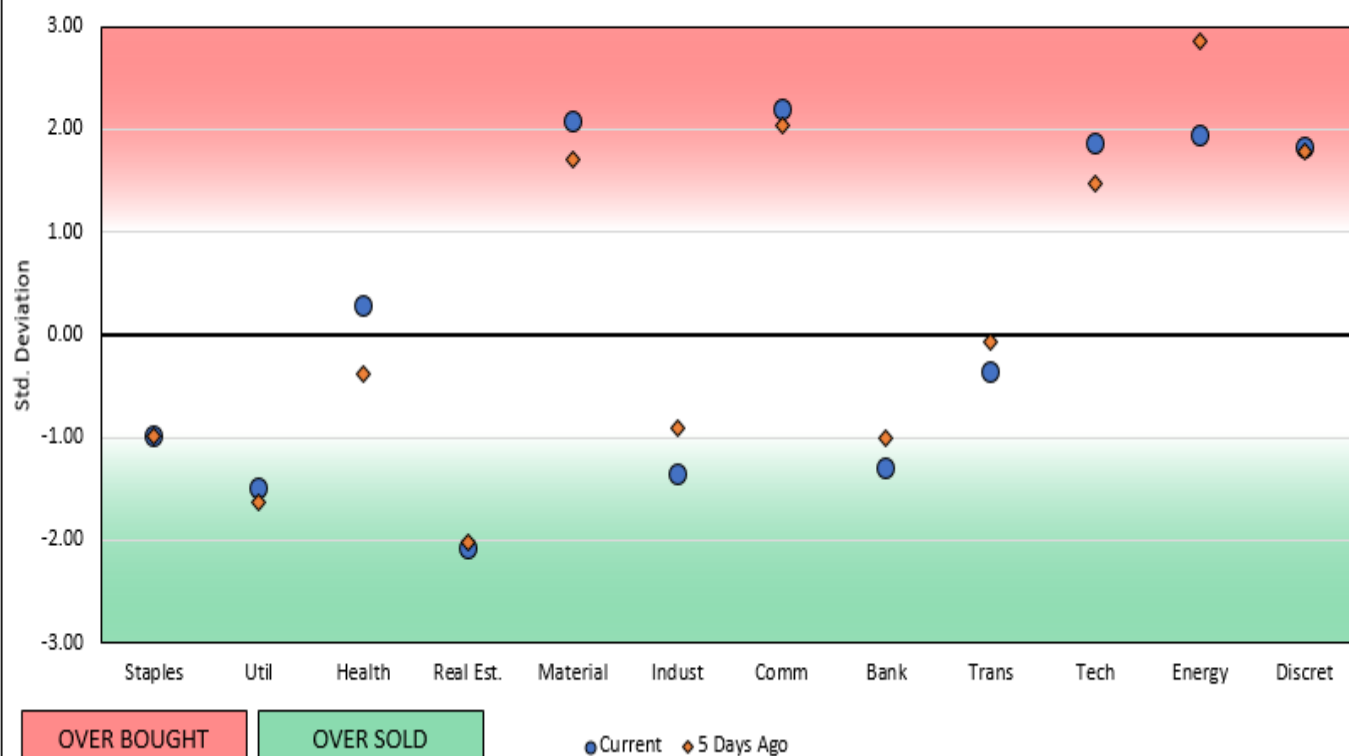# Relative Value Sector Report 5/15/2020

The Sector Relative Value Report provides guidance on which industries or sectors are likely to outperform or underperform the S&P 500. Click on the **Users Guide** for details on the model?s relative value calculations as well as guidance on how to read the model?s 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**

- Despite the modest sell-off, the relative value of most sectors was little changed on the week.
- On the Relative Value vs. 35 days ago graph, you will notice that the orange diamonds move from overbought to oversold, left to right. When we designed the graph, we sorted the sector ordering on the graph from more conservative to more aggressive. Currently, you can see the more conservative sectors tend to be oversold, and the more aggressive ones overbought.
- Technology (XLK) and Communications (XLC) remained relatively strong and became slightly more overbought last week.
- On the week, Energy (XLE) fell by almost 1 standard deviation but remains overbought.
- Banks (XLF) remain a concern and continue to underperform. As we discussed and graphed on today?s market commentary, the four largest banks (BAC, C, JPM, and WFC) are all trading near their March lows.
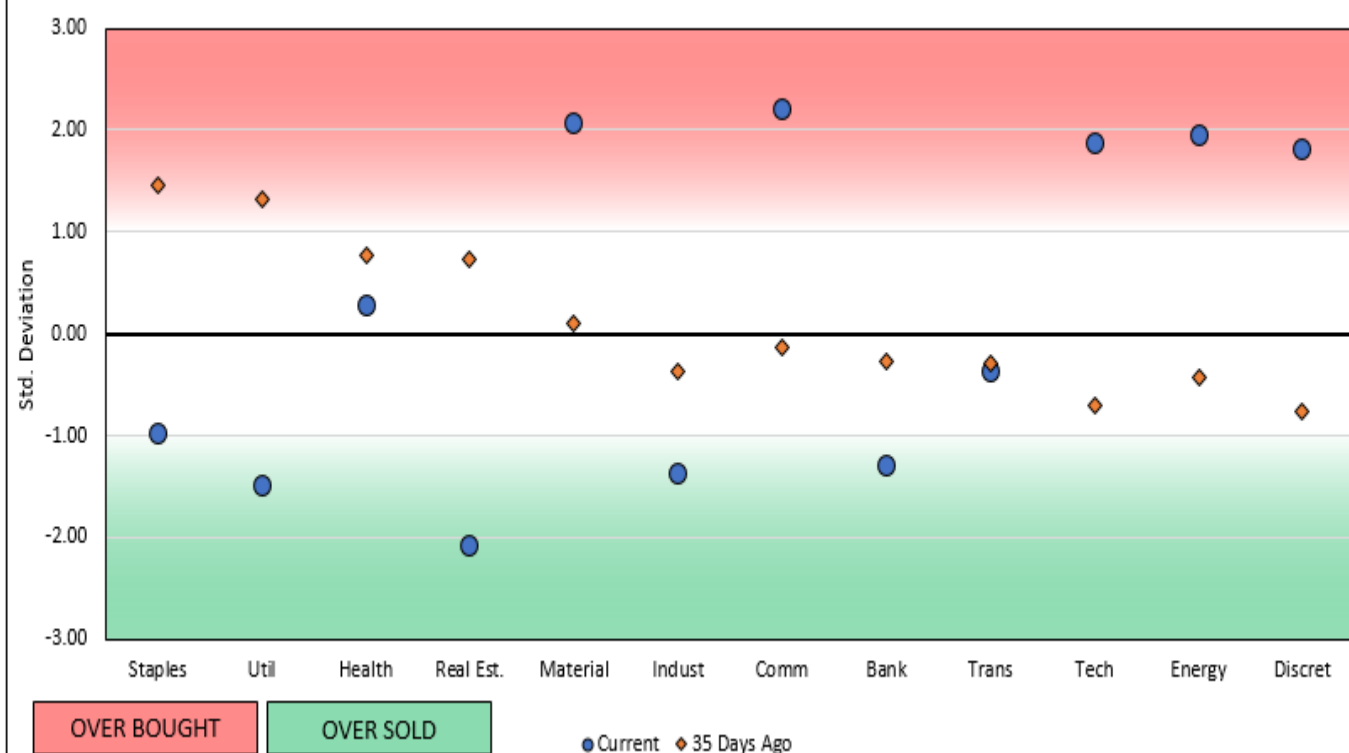- The R-squared on the sigma/20 day excess return scatter plot improved to .8811.

Graphs

Sector Relative Value vs 5 Day

Std. Deviation

| | Staples | Util | Health | Real Est. | Material | Indust | Comm | Bank | Trans | Tech | Energy | Discret |

OVER BOUGHT   OVER SOLD   ● Current   ◆ 5 Days Ago

Sector Relative Value vs 35 Day

Std. Deviation

| | Staples | Util | Health | Real Est. | Material | Indust | Comm | Bank | Trans | Tech | Energy | Discret |

OVER BOUGHT   OVER SOLD   ● Current   ◆ 35 Days Ago

Sector Sigma Score vs 20 day excess return

8%

6%

4%

2%

0%

$R^2 = 0.8811$

XLE

XLK   XLC

XLY

XLB

ess

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