Technical Value Scorecard Report For The Week 09-11-20

The Technical Value Scorecard Report for the week of 09-11-20, 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 logical benchmark, and on a stand-alone basis.

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 is based on the ratio of the asset to its benchmark. The second set of graphs is computed purely on the price of the asset.

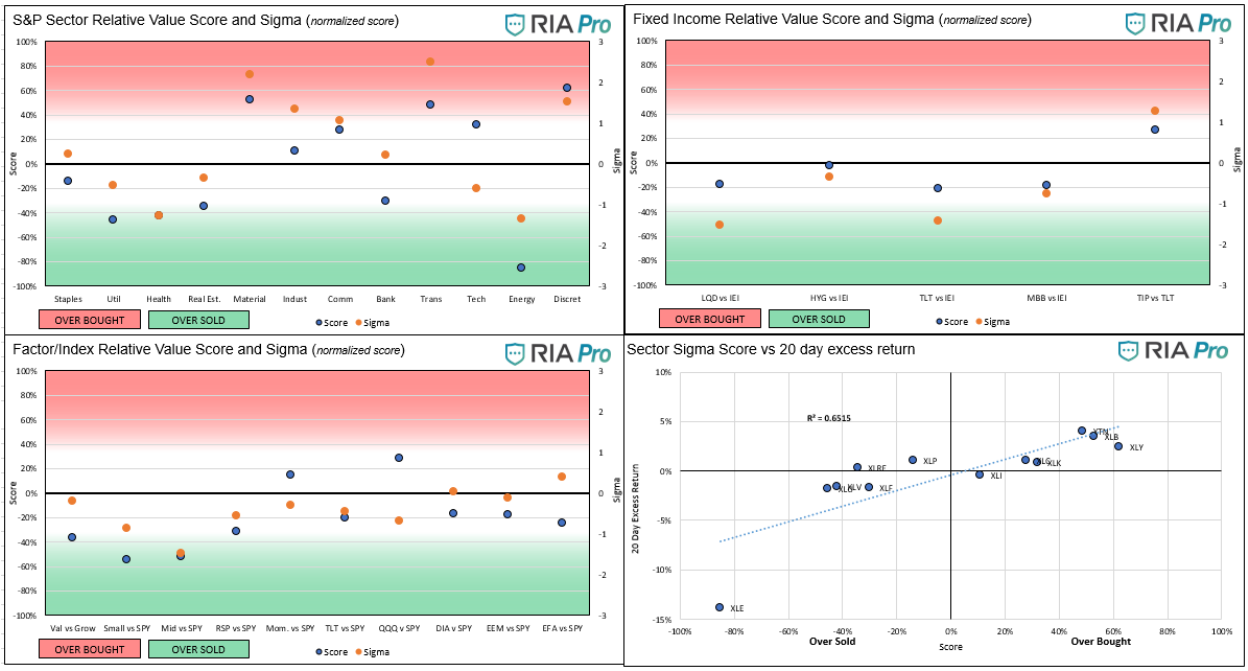
This technical value scorecard report is just one of many tools that we use to assess our holdings and decide on potential trades. Just because this report may send a strong buy or sell signal, we may not take any action if it is not affirmed in the other research and models we use.

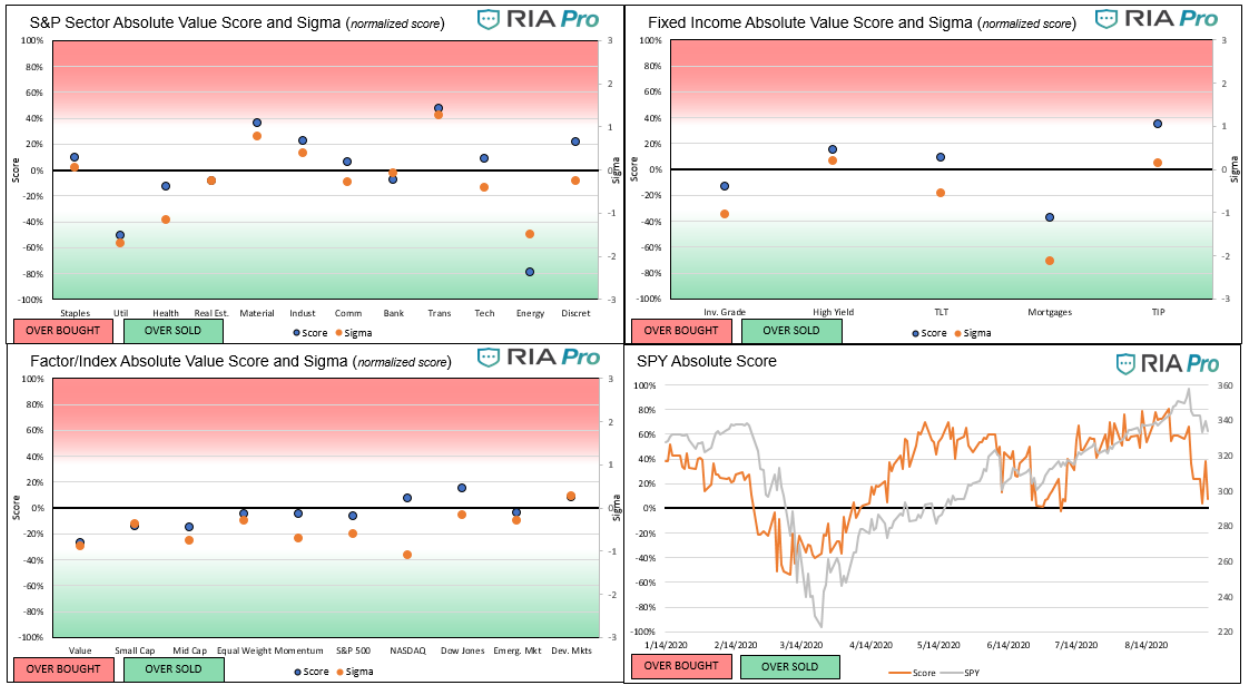
Commentary 09-11-20

- The graphs below are revised to directly compare the score and the normalized score (sigma).
- We found that normalizing data into standard deviations (sigmas), of the last 200 trading days, can minimize the degree of overbought or oversold when the asset has been trading in that state for a while. To compensate we show the sigma and the actual score. A score of +/-100% means that every indicator is maximum bullish or bearish. An extreme reading of +/-100% is almost impossible.
- The Technology sector led us to make these changes. If you notice its sigma is negative and its score is positive. It has been relatively strong versus the S&P, however, the recent short bout of weakness pushed its sigma to slightly oversold. The score remains firmly in overbought territory.
- We also updated the scatter plot to include the scores versus the prior 20-day excess returns versus each asset's respective benchmark. We found this increases the R-squared significantly.
- On a relative basis, Transportation, Discretionary, and Material are the most overbought sectors on a sigma and score basis. Energy is clearly the most relatively oversold sector with Healthcare following.
- The sigma on value versus growth is improving, but its relative score remains low, as does small-cap, mid-cap, and other more value-oriented sectors. Momentum and the NASDAQ (QQQ) are the only sectors with a relative score in overbought territory. In both cases, however, the sigma is oversold slightly.

- On an absolute basis, the results are similar except in the case of utilities which are also oversold to nearly the degree of the energy sector. Value appears to be the most oversold sector using sigma and score.
- The S&P 500 score is now approaching fair value, after having been extremely overbought two weeks ago at 80%.

Graphs (Click on the graphs to expand)





	Excess Return vs SPY				Rank Excess Return (1-22)			
	5 Day	10 Day	20 Day	35 Day	5 Day	10 Day	20 Day	35 Day
XLP	1.72%	5.33%	0.25%	-4.73%	1	6	6	10
XLU	-0.98%	7.10%	-2.59%	-10.68%	7	4	19	20
XLV	-1.44%	4.04%	-2.41%	-9.08%	8	13	17	19
XLRE	-1.60%	5.11%	-0.49%	-5.70%	9	7	10	11
XLB	-0.29%	8.01%	2.63%	-3.68%	4	3	2	7
XLI	-1.63%	4.76%	-1.19%	-1.62%	10	8	12	4
XLC	-2.93%	1.93%	0.28%	-2.72%	17	18	5	6
XLF	-2.97%	4.34%	-2.50%	-7.09%	18	11	18	15
XTN	0.90%	8.02%	3.22%	2.09%	2	2	1	1
XLK	-3.63%	0.00%	0.00%	0.00%	20	21	8	2
XLE	-6.54%	-2.99%	-14.62%	-21.32%	22	22	22	22
XLY	-0.89%	4.47%	1.62%	-0.60%	6	9	3	3
VG	-2.22%	4.42%	-2.36%	-7.46%	14	10	16	17
SL	-2.84%	2.72%	-5.44%	-6.22%	16	17	21	13
ML	-2.08%	2.98%	-4.63%	-7.72%	12	16	20	18
RSP	-2.37%	4.11%	-2.24%	-6.10%	15	12	15	12
MTUM	-3.02%	1.42%	-0.26%	-4.56%	19	19	9	9
TLT	0.85%	9.44%	0.63%	-11.51%	3	1	4	21
QQQ	-3.96%	0.67%	0.11%	-1.64%	21	20	7	5
DIA	-2.12%	3.77%	-1.39%	-4.01%	13	14	13	8
EEM	-1.87%	3.10%	-1.61%	-7.35%	11	15	14	16
EFA	-0.56%	5.56%	-0.94%	-6.78%	5	5	11	14

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