



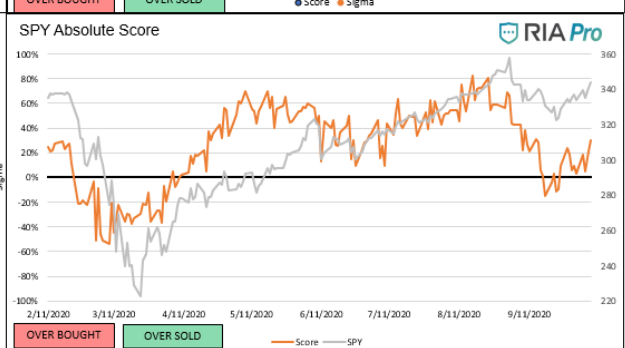
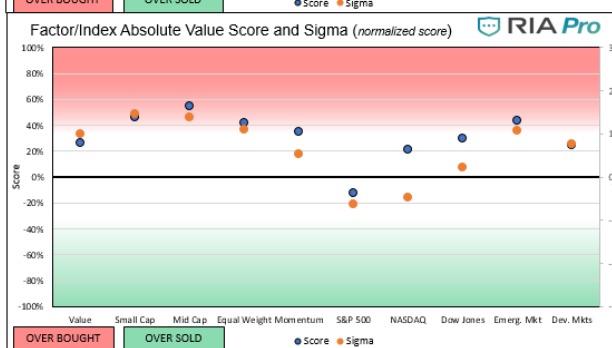
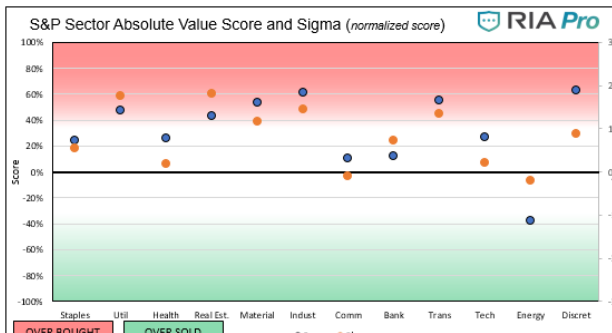
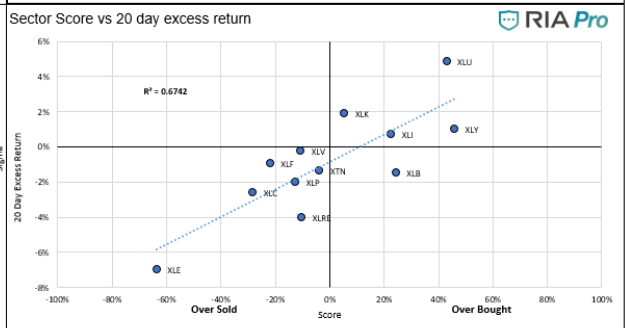
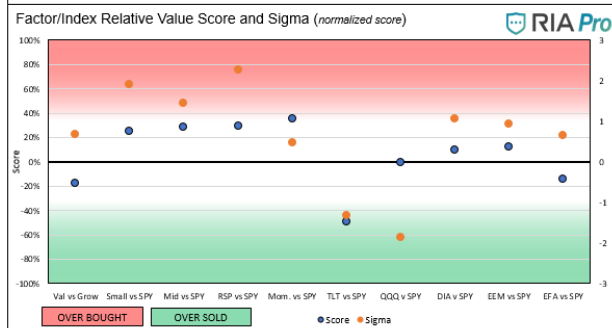
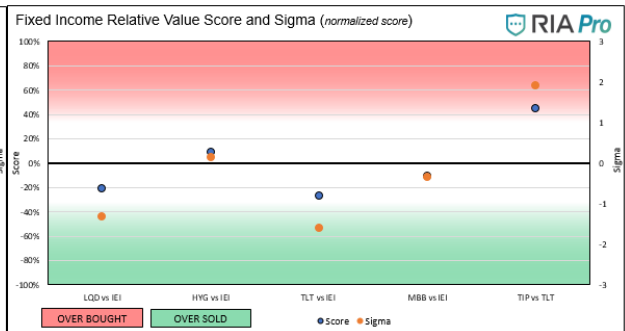
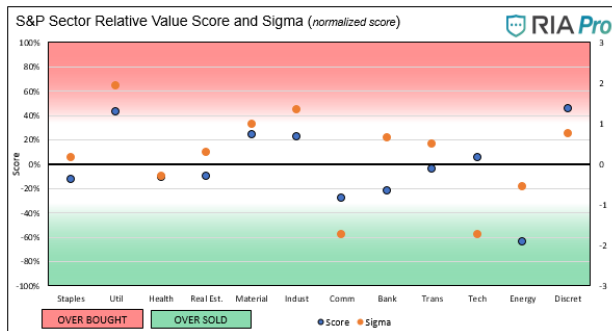
Technical Value Scorecard Report For The Week 10-09-20

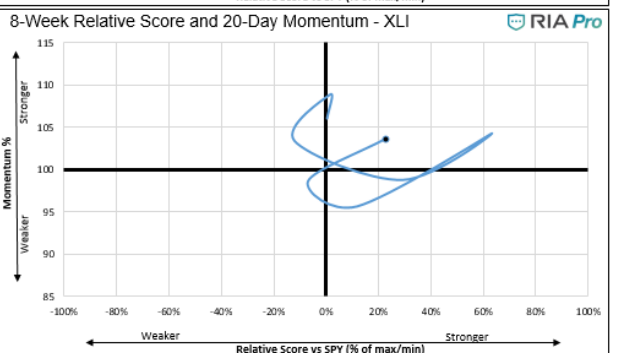
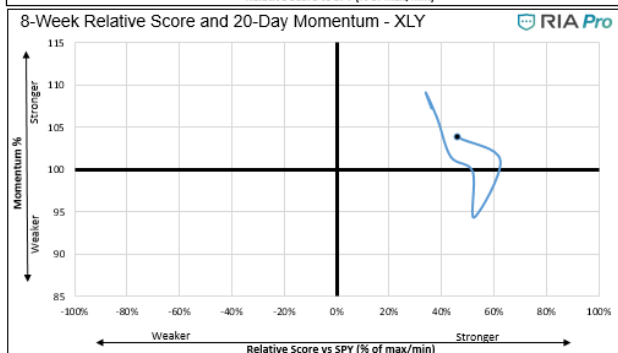
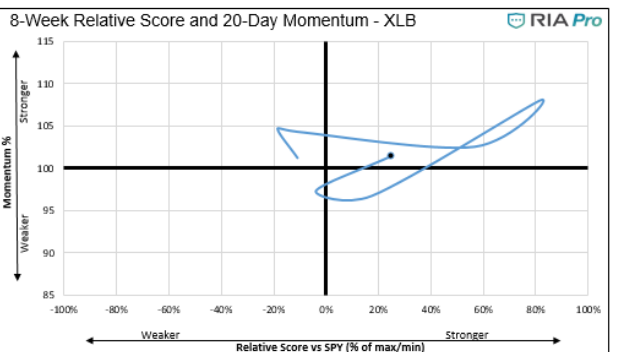
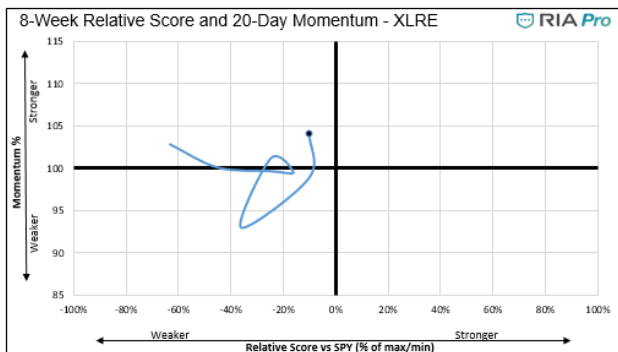
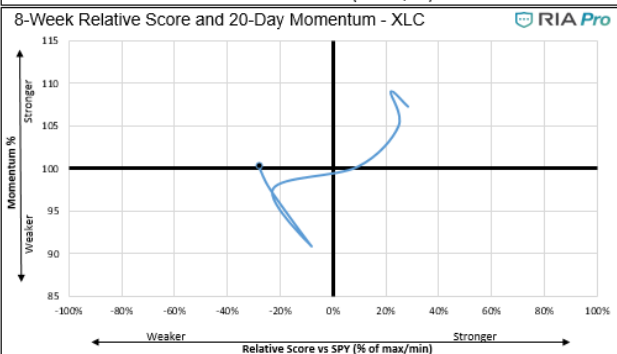
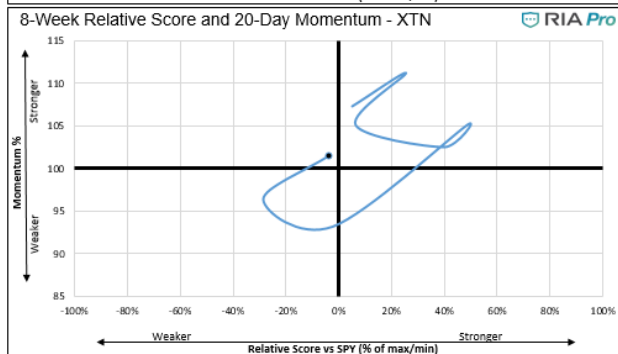
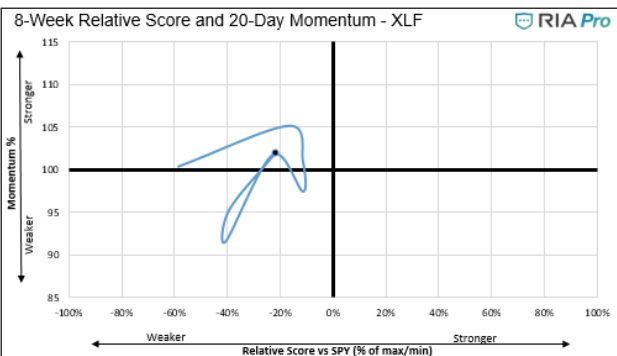
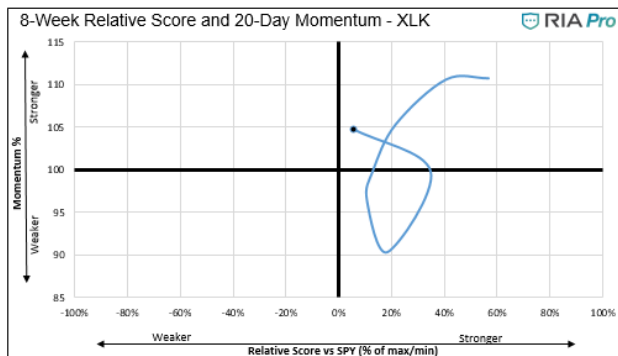
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model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

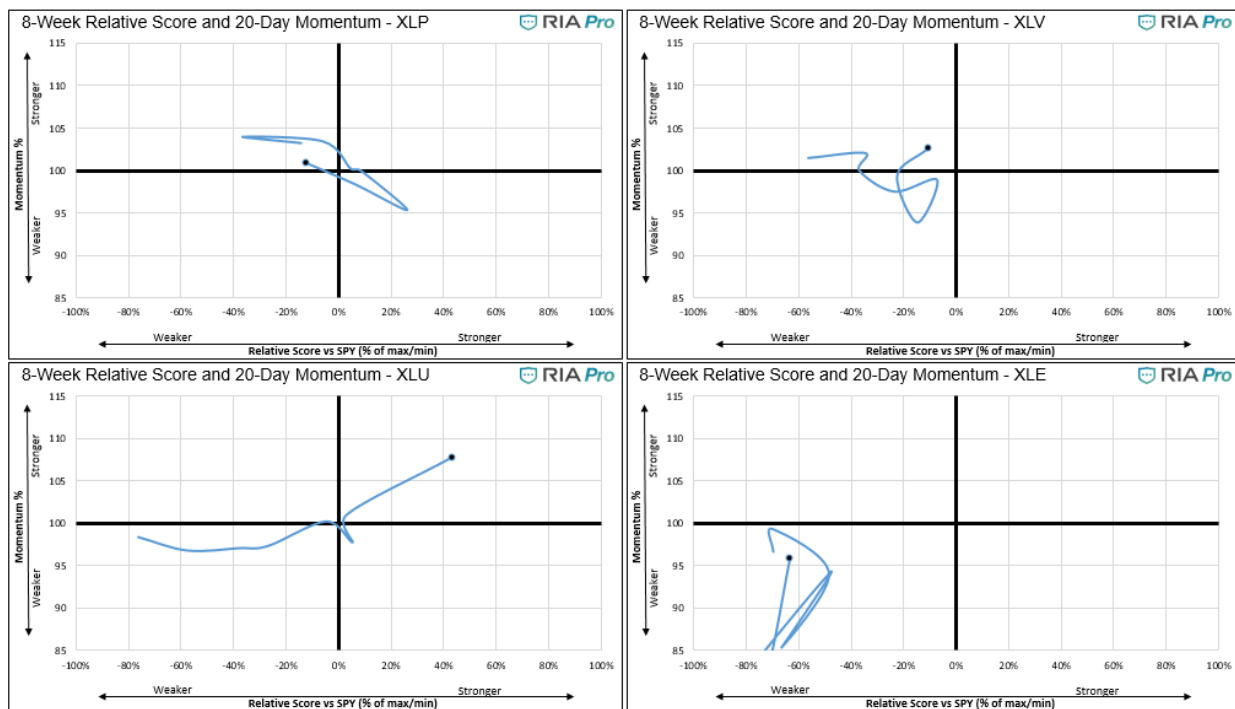
Commentary 10-09-20

- XLE, small-cap, mid-cap, and XLU were the top four performers on the week.
- With the strong rally, XLC and XLE are the only two sectors trading below their 50-day moving averages. XLE is the only one below its 200-day moving average. XLU is the most stretched above its 50-day moving average at +6.16%.
- XLU is now the most overbought sector. We sold DUK and cut our XLU exposure in half on Thursday in part due to this and other analyses.
- Energy, XLE, remains oversold but is showing signs of life. Its relative normalized score is now close to fair value, but its raw score is still oversold. If this bounce is the beginning of a rebound there should be plenty of time to confirm the trend and participate. We are optimistic but very cautious.
- TIPs are now grossly overbought reflecting the broader market's reflation expectations.
- Technology (QQQ) has traded poorly on a relative basis as investors are chasing a broader basket of stocks that in most cases are not as overvalued. To that end, RSP has a high normalized score. The analysis suggests tech may outperform the broader market in the coming weeks.
- On an absolute basis, Utilities, Real estate, Industrials, Materials, Discretionary are all getting overbought. Technology, Staples, and Communications may be sectors to rotate into if you are you looking to reduce exposure from the reflation trade.
- The S&P 500 is heading back toward overbought territory, but still has a good amount of room to rise before reaching the grossly overbought levels of a month ago.
- The "Spaghetti" charts confirm that Utilities have been the right sector to be in. XLV, XLB, and XTN look poised to outperform. XLF is also showing some optimistic signs.

Graphs (Click on the graphs to expand)







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 $\pm 60\%$ 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 solely on the price of the asset. Lastly, 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 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.

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