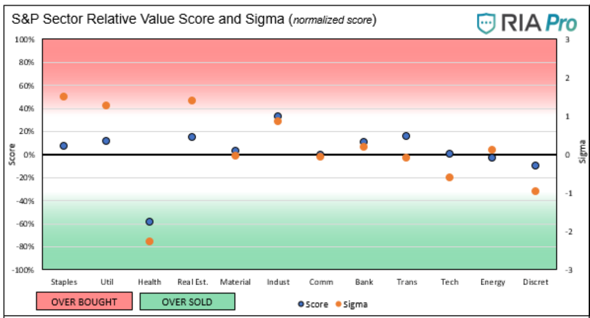
Technical Value Scorecard Report For The Week of 4-09-21

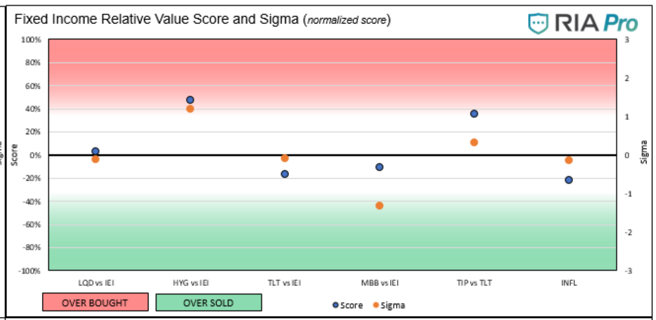
The Technical Value Scorecard Report uses 6-technical readings to score and gauge which sectors, factors, indexes, and bond classes are overbought or oversold. We present the data on a relative basis (versus the assets benchmark) and on an absolute stand-alone basis. You can find more detail on the model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

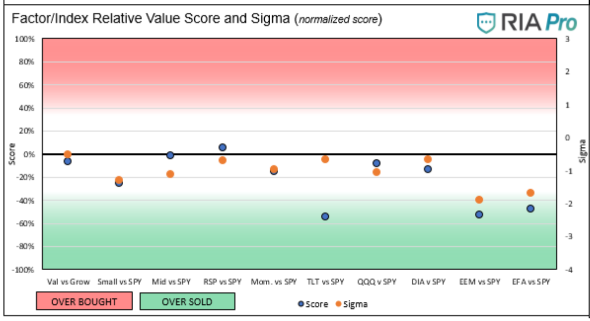
Commentary 4-09-21

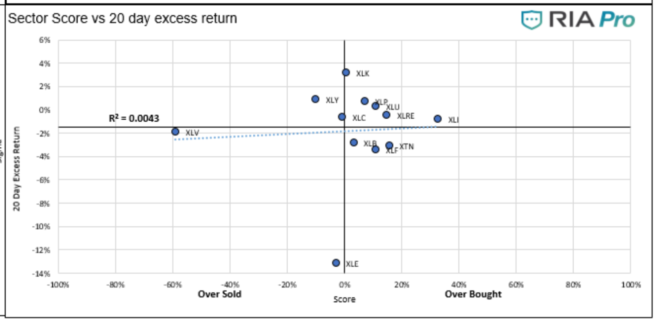
- Of the 12 S&P 500 sectors, we track, only three outperformed the S&P over the last week. They were Technology, Discretionary, and Communications. On average, all of the sectors lost .92% to the index.
- This phenomenon is not just at a sector level. The bottom left relative graph shows that all factors/indexes are now trading slightly below fair value versus the S&P. The NASDAQ was the only factor/index to beat the S&P over the last week.
- The relative scores show all sectors except for healthcare gravitated toward fair value versus the S&P. Despite the underperformance versus the S&P, the second set of absolute charts, shows that all sectors are decently above fair value.
- The scatter plot, comparing relative scores and 20-day excess returns shows no correlation, similar to last week. This measure typically registers a very high level of correlation. This tells us that technical patterns of the past 200 days are not as predictive of returns as they had been.
- The inflationary sector index is now slightly below fair value versus deflationary sectors. Deflationary sectors (XLP, XLU, XLK, and Growth (IWE), have outperformed inflationary sectors (XLB, XLE, XLF, and Value (IVE), by over 10% since early March. Over that period, the implied 5-year inflation rate stalled at slightly over 2.5%. Implied inflation remains a key data point to assess when allocating between sectors.
- The absolute set of charts shows that most sectors and factor/indexes are well overbought. The score on the S&P 500, bottom right graph, is now as overbought, as at any time in the last ten months. The index is currently 2.30 standard deviations above its 50-day ma.
- The third graph shows the relative score of gold miners (GDX) versus Gold (GLD). Typically miners lead the way, meaning they tend to outperform gold in the early stages of a gold rally and underperform as a downtrend is starting. The circled area shows that the score of GDX, relative to GLD, shot up and peaked well before the price of GLD peaked last summer. Currently, GDX is at a higher score than the aforementioned period, possibly signaling that Gold's recent positive positive performance may be the start of something bigger. Since March 1st, GDX is up 12.3% and GLD is up less than 2%. That said, we remain cautious as gold has been in a prolonged downtrend for about 8 months.

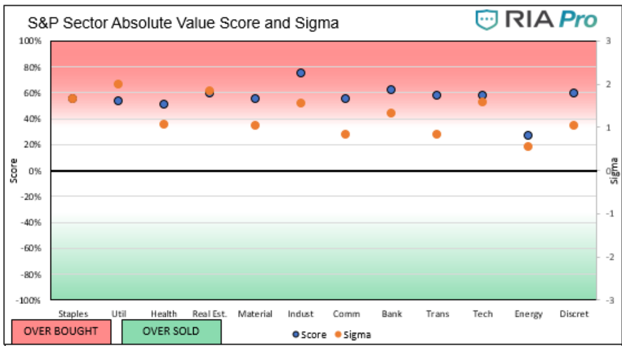
Graphs (Click on the graphs to expand)

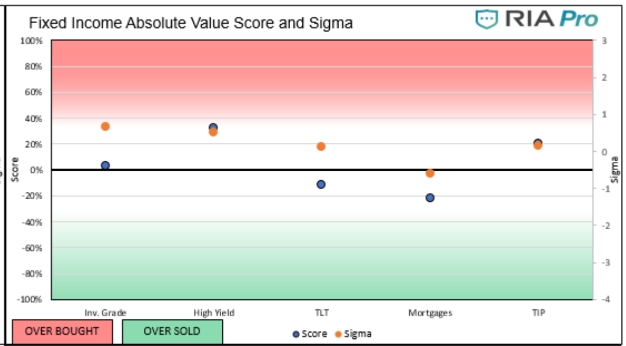

S&P Sector Relative Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Staples Util Health Real Est. Material Indust Comm Bank Trans Tech Energy Discret
OVER BOUGHT
OVER SOLD
Score Sigma

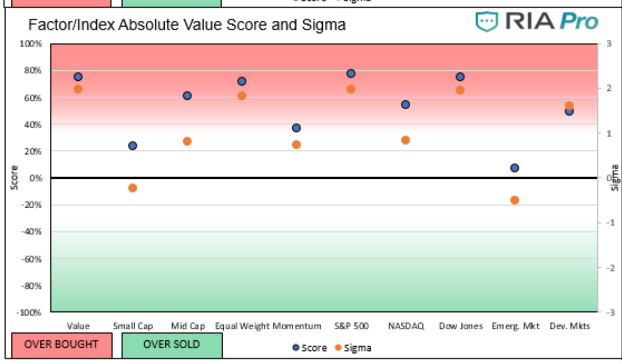

Fixed Income Relative Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
LQD vs IEI HYG vs IEI TLT vs IEI MBB vs IEI TIP vs TLT INFL
OVER BOUGHT
OVER SOLD
Score Sigma

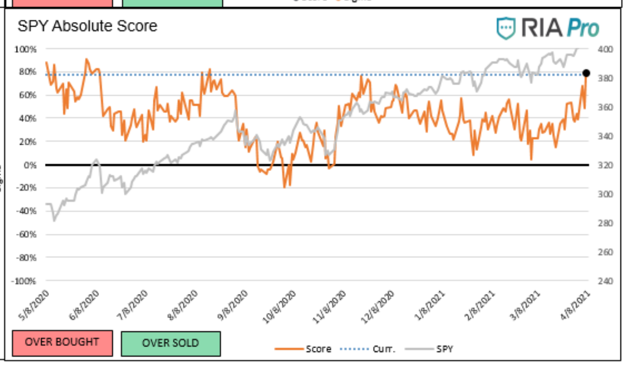

Factor/Index Relative Value Score and Sigma (normalized score)
RIA Pro
Score
Sigma
Val vs Grow Small vs SPY Mid vs SPY RSP vs SPY Mom. vs SPY TLT vs SPY QQQ v SPY DIA v SPY EEM vs SPY EFA vs SPY
OVER BOUGHT
OVER SOLD
Score Sigma

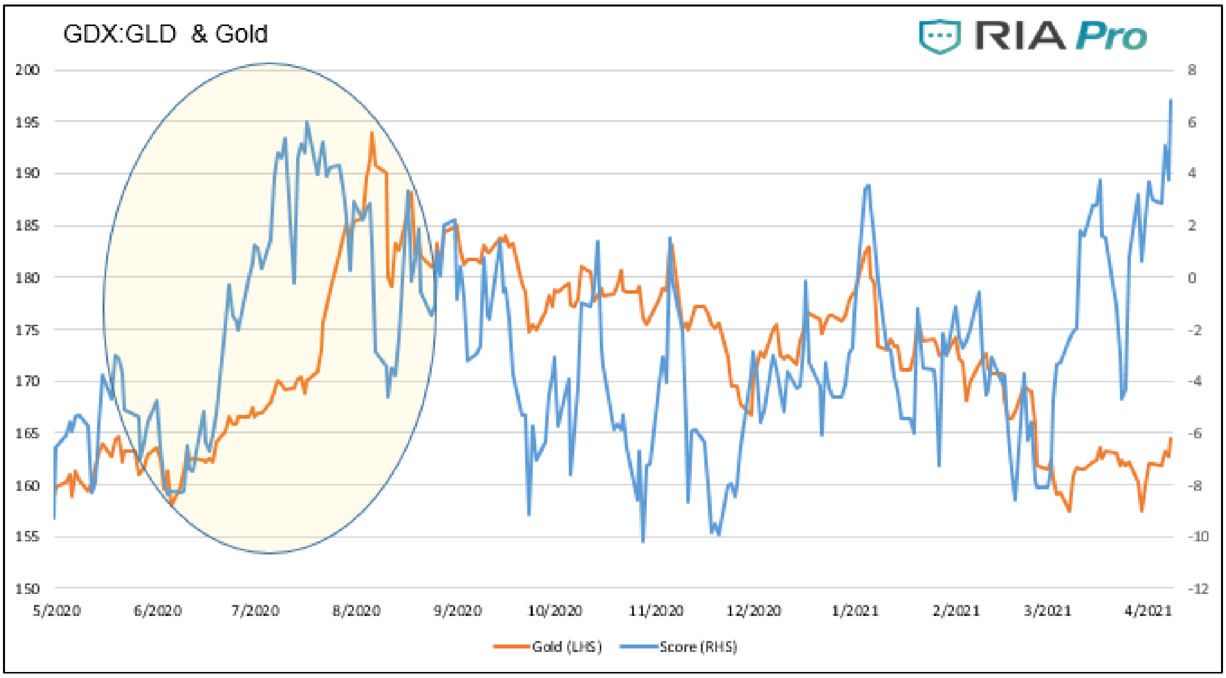

Sector Score vs 20 day excess return
RIA Pro
20 Day Excess Return
R² = 0.0043
XLK XLY XLP XLU XLRE XLC XLI XLV XLB XLF XTN XLE
Over Sold
Score
Over Bought


S&P Sector Absolute Value Score and Sigma
RIA Pro
Score
Sigma
Staples Util Health Real Est. Material Indust Comm Bank Trans Tech Energy Discret
OVER BOUGHT
OVER SOLD
Score Sigma


Fixed Income Absolute Value Score and Sigma
RIA Pro
Score
Sigma
Inv. Grade High Yield TLT Mortgages TIP
OVER BOUGHT
OVER SOLD
Score Sigma


Factor/Index Absolute Value Score and Sigma
RIA Pro
Score
Sigma
Value Small Cap Mid Cap Equal Weight Momentum S&P 500 NASDAQ Dow Jones Emerg. Mkt Dev. Mkts
OVER BOUGHT
OVER SOLD
Score Sigma


SPY Absolute Score
RIA Pro
5/8/2020 6/8/2020 7/8/2020 8/8/2020 9/8/2020 10/8/2020 11/8/2020 12/8/2020 1/8/2021 2/8/2021 3/8/2021 4/8/2021
OVER BOUGHT
OVER SOLD
Score Curr. SPY



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)