Technical Value Scorecard Report For The Week of 5-28-21

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 5-28-21

- The relative and absolute scores are little changed from last week. The weekly best performing index was momentum (MTUM) while communications were the best relative performing sector. Technology, discretionary, and utilities, remain the weakest sectors. Real estate is the most overbought sector, but not to an extreme. Most of the factor/indexes are hovering around fair value on a relative basis.
- It is important to note that MTUM shifts its holdings based on individual stock momentum readings. In March TSLA, MSFT, AAPL, AMZN, and NVDA were the top five holdings. Today Tesla remains the top holding, but JPM, BRK/B, DIS, and BAC make up the remaining four. The index is more biased toward inflationary sectors versus disinflationary than it was 3 months ago.
- The market started the week favoring deflationary sectors but ended with more of an inflationary bias. For the week the inflationary/deflationary index was close to flat.
- The scatter plot in the bottom right of the first set of graphs continues to post a high r-squared, providing us confidence that scores and performance are inline.
- The third graph below shows the relative value of gold miners (GDX) to the price of gold (GLD). Frequently, gold miners lead gold both to the upside and the downside. As shown, the relative score (GDX:GLD) has been increasing, denoting miner technicals are doing better than gold technicals. Since March 1, miners have risen about 25%, while the price of gold is up 10%. We will continue to monitor the pair and their relative performance to assess the sustainability of the recent rally.
- Like the relative value graphs, the absolute value graphs moved little this past week. The only slight change was the gravitation of sectors and factors/indexes toward fair value. The S&P also moved closer to fair value, and while still above its fair value, it is now the least overbought it's been since early March.
- Real estate is the only sector or factor/index above 2 standard deviations from its 200 dma. Looking at prices versus the 20, 50, and 200 dma, communications are the most overbought, sitting about 1.75% standard deviations from each respective moving average. The fourth table shares more data on the topic.

Graphs (Click on the graphs to expand)

GDX:GLD & Gold — RIA Pro. Gold (LHS), Score (RHS)
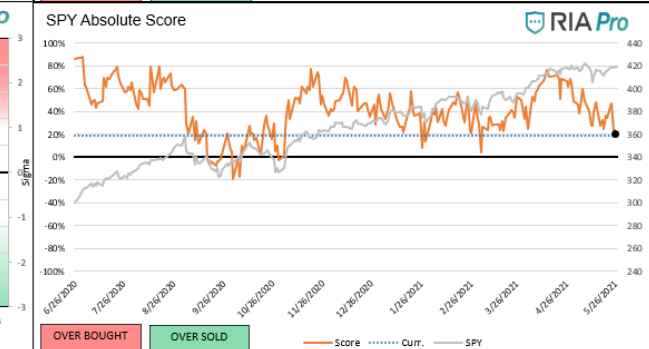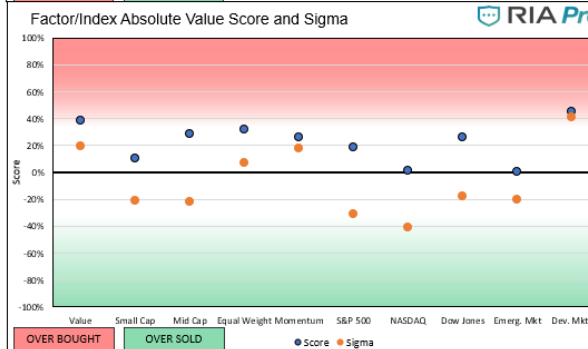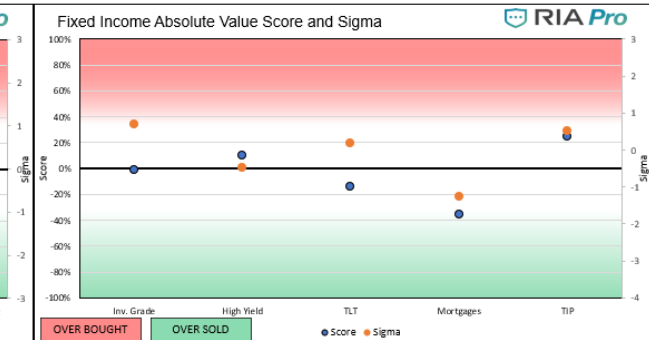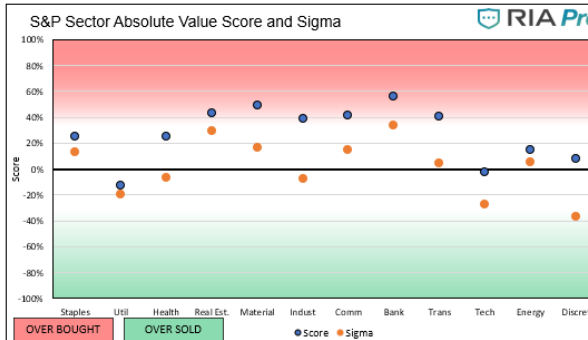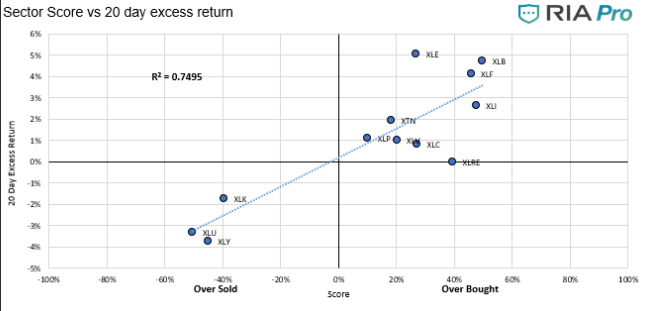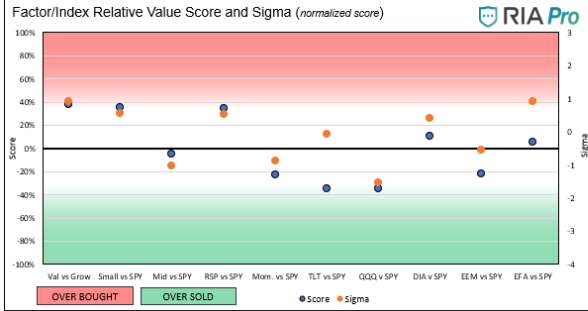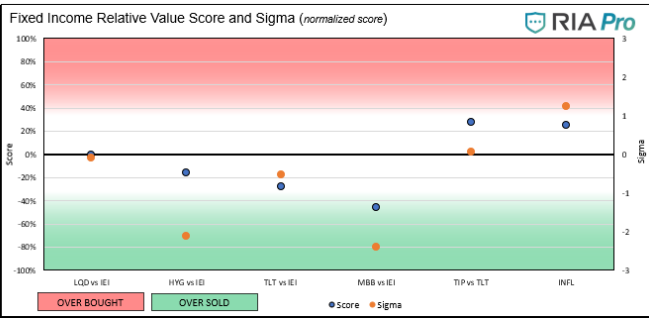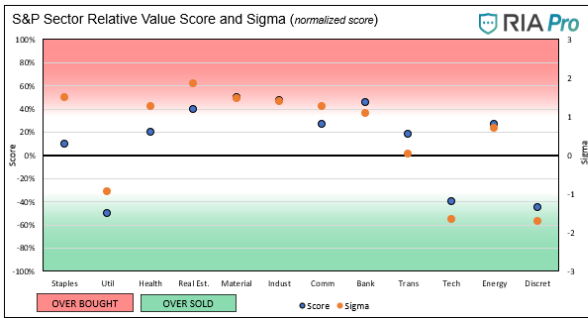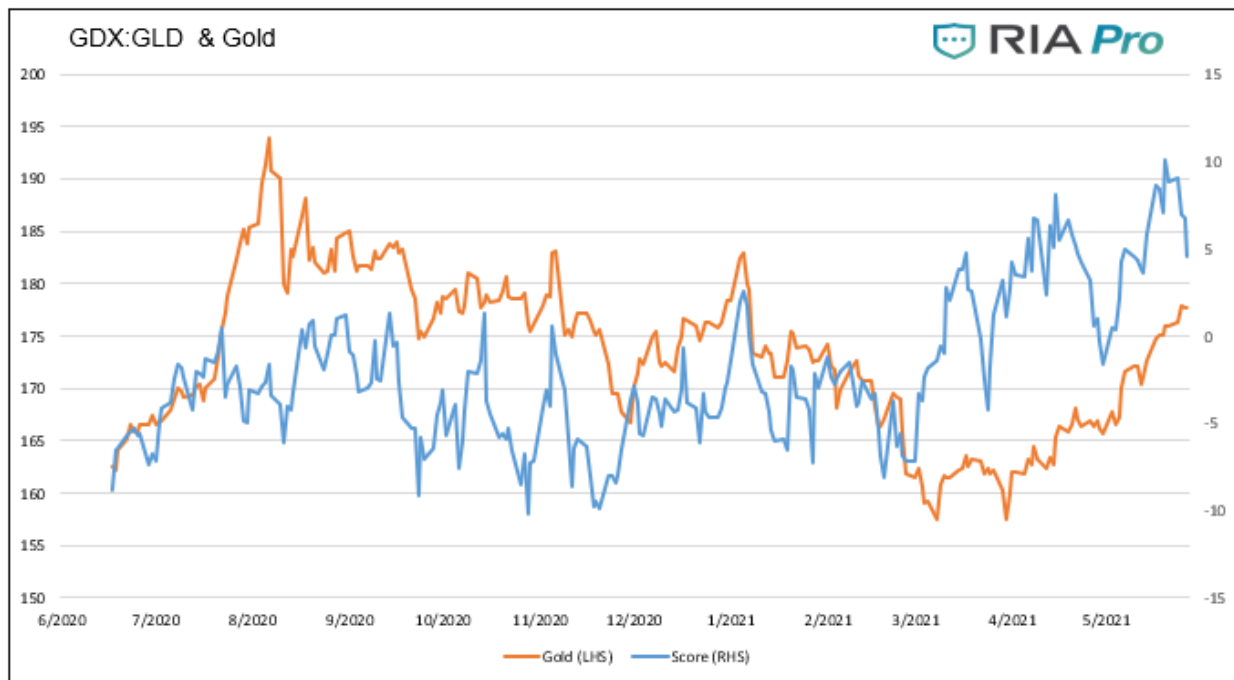
		Price	% From 20	% From 50	% From 200	Sigma From 20	Sigma From 50	Sigma From 200	Sum	Rank	% From 2/19/20
Staples	XLP	70.66	0.12%	1.74%	6.20%	0.16	0.97	1.94	3.07	13	10%
Util	XLU	64.81	-1.42%	-0.71%	3.22%	(1.46)	(0.34)	0.85	(0.95)	22	-8%
Health	XLV	123.1	-0.13%	2.15%	8.77%	(0.20)	0.79	1.66	2.25	17	18%
Real Est.	XLRE	42.97	1.70%	4.11%	13.84%	1.38	1.32	2.22	4.91	2	4%
Material	XLB	87.35	0.81%	5.35%	19.26%	0.52	1.24	1.96	3.73	9	44%
Indust	XLI	105.1	1.50%	3.96%	17.73%	1.41	1.51	1.84	4.76	3	25%
Comm	XLC	79.05	2.48%	3.67%	15.73%	1.74	1.78	1.72	5.23	1	37%
Bank	XLF	37.92	1.60%	5.95%	26.00%	1.21	1.49	1.78	4.48	4	22%
Trans	XTN	91.07	1.21%	2.58%	22.69%	1.01	1.30	1.50	3.81	8	37%
Tech	XLK	137.9	1.02%	0.42%	7.83%	0.61	0.14	1.16	1.91	19	34%
Energy	XLE	52.11	-0.41%	3.77%	26.12%	(0.18)	0.93	1.37	2.12	18	-5%
Discret	XLY	173.1	0.44%	0.16%	7.37%	0.20	0.06	1.17	1.43	20	31%
Value	VG	149.7	0.73%	2.95%	15.53%	0.87	1.34	1.68	3.89	7	14%
Small	SL	219.4	-1.38%	-1.51%	13.26%	(0.67)	(0.69)	0.89	(0.47)	21	30%
Mid	ML	497.3	0.68%	1.77%	17.32%	0.59	0.79	1.33	2.71	15	30%
Equal	RSP	150.8	0.95%	3.06%	17.28%	1.12	1.25	1.60	3.97	6	27%
Moment	MTUM	170.4	2.64%	2.17%	6.92%	1.24	0.63	1.12	2.99	14	24%
SPY	SPY	419.3	0.83%	2.25%	11.97%	0.89	0.96	1.62	3.47	11	24%
QQQ	QQQ	332.9	1.33%	1.05%	8.07%	0.77	0.38	1.17	2.32	16	40%
DIA	DIA	344.6	0.59%	1.99%	12.16%	0.72	1.13	1.65	3.50	10	17%
EEM	EEM	54.52	1.75%	1.54%	7.18%	1.31	1.09	0.86	3.26	12	23%
EFA	EFA	80.64	1.56%	3.00%	11.69%	1.31	1.61	1.53	4.46	5	17%

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)