RIA Advice

Technical Value Scorecard Report For The Week of 8-13-21

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 8-13-21

&#2013266103; Financials (XLF) led the way this past week, beating the S&P 500 by nearly 5%. This was in part due to the slight backup in yields and the steepening yield curve. If the Fed starts to taper QE in September or further alludes to it in the coming weeks, the outperformance may be short-lived. If, however, the Fed is not intent on tapering, its outperformance may continue. Utilities also had a good week beating the index by 2%.

&#2013266103;&#2013266080; In general, the inflationary sectors outperformed the growth/deflationary sectors last week. The outperformance was due to financials, materials, and transportation which easily beat the market. Since July 19th, our inflationary sector index beat the deflationary index by 5%. The recent market leader, technology, lost 1% to the market this past week. Staples, another deflationary sector, had a similar poor relative performance. The third graph shows our inflation and deflation index and their relative performance versus each other.

&#2013266103;&#2013266080; On the relative and absolute charts, momentum is the most overbought sector. The MTM, ETF changes its holdings based on individual stock's momentum levels. Currently, three financials are in its top five holdings (JPM, BRK/B, and BAC), so like we see with XLF, the strong scores are not surprising.

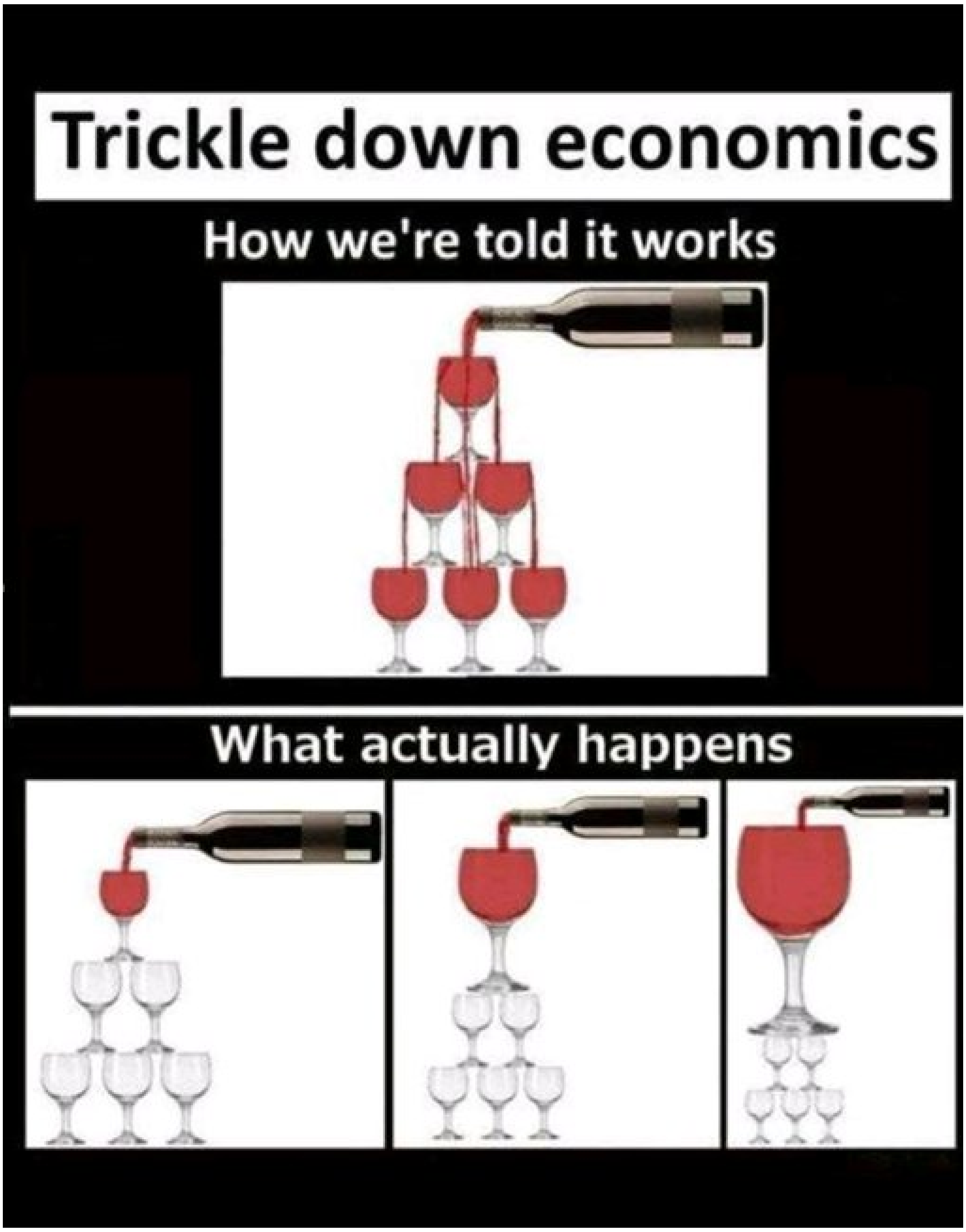
&#2013266103; The r-squared on the scatter plot improved, meaning that sectors are trading more in line with their technical scores, however at .4924, it remains relatively low. Until the market decides on a more dependable trend, we suspect this will continue to be the case.

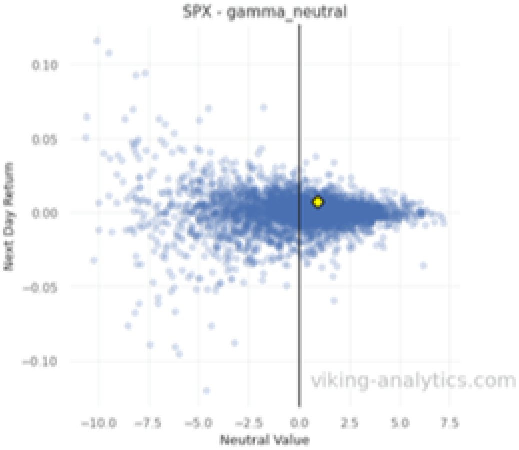
&#2013266103;&#2013266080; The absolute charts are finally starting to show many sectors having or approaching overbought levels. In particular, utilities and financials now have scores over 75%, which is typically a warning of pending consolidation or declines. Every sector, including energy, has a positive score, with most near or approaching 50%. Glancing at the sectors, the divergences between inflationary and deflationary sectors have abated. For instance, financial and materials are the second and third most overbought respectively, yet energy and industrials have the lowest scores.

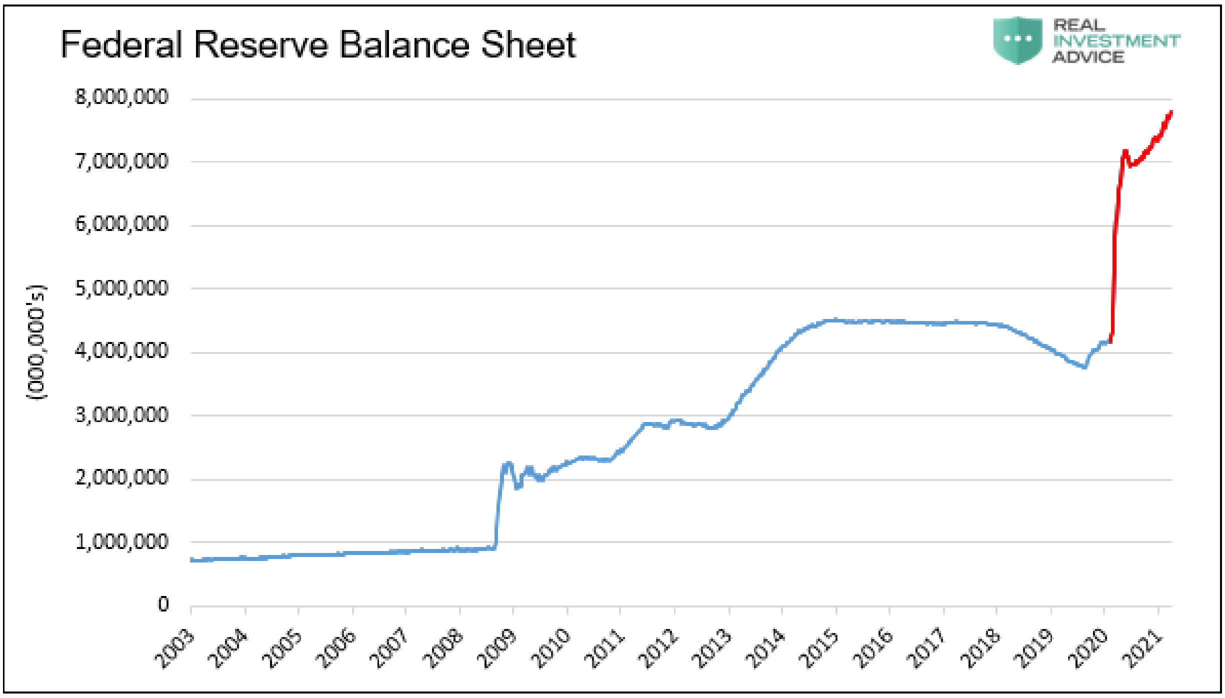
&#2013266103; The factor index absolute charts show strength, especially in the inflationary indexes like the Dow and equal-weighted S&P 500. Small caps and Emerging markets continue to be slightly oversold.

&#2013266103; The S&P, in the bottom right second set of charts, is overbought at 50% but below 75%, where we would be more cautionary.

Graphs (Click on the graphs to expand)







Users Guide

The score is a percentage of the maximum score based on a series of weighted technical indicators for the last 200 trading days. Assets with scores over or under +/-70% are likely to either consolidate or change the trend. When the scatter plot in the sector graphs has an R-squared greater than .60 the signals are more reliable.

The first set of four graphs below are relative value-based, meaning the technical analysis 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. 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 is 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)