



Market in a Minute

October 27, 2015

Index Performance: As of October 23, 2015

Index	Price	Last Week	YTD
Dow Jones 30	17647	2.5%	-1.0%
S&P 500	2075	2.1%	0.8%
NASDAQ	5032	3.0%	6.2%
Russell 2000	1166	0.3%	-3.2%
Russell 2000 Growth	715	0.1%	-1.0%
Russell 2000 Value	1439	0.6%	-5.5%
Russell 1000 Growth	1008	2.3%	4.8%
Russell 1000 Value	1187	1.4%	-1.8%
Shanghai SE Index	3574	-0.1%	5.4%
SPDR Gold Shares	111.50	-0.9%	-1.8%
GS Crude Oil Total Return	8.44	-4.3%	-32.7%
Powershares US \$ Index	25.30	2.6%	5.5%
Ishares EAFE Index	62.06	1.3%	2.0%
iShares Barclays 20+ Yr Treasury Bond	123.20	-0.9%	-2.2%
Utilities Select Sector ETF	44.59	-0.4%	-5.6%
Vanguard REIT ETF	80.72	0.9%	-0.3%
iShares Mortgage Real Estate	10.27	-0.1%	-12.3%
Wells Fargo BDC	20.34	0.4%	-9.2%
Alerian MLP ETF	13.18	-6.1%	-23.5%
iShares Global Telecom	60.91	2.9%	1.4%

Source: Bloomberg & MSN, Returns are appreciation only.

S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	738	4.6%	6.6%
Consumer Disc.	632	1.7%	10.3%
Consumer Staples	521	2.1%	4.2%

A Word on the Market by Pat Adams, CFA

We would have to say last week was very odd. As we have mentioned, the expectations were very low going into the earnings reports, so some companies were greeted with aggressive short covering when the quarterly reports were not as bad as expected. The technology sector was the big winner up 4.4%. Some companies are changing their business models, like MSFT, as there were some acquisitions, but the general trend appears that we will have multiple quarters of flat to negative growth in front of us. There is not a pickup in technology spending.

So far the earnings expectations for the S&P 500 in the quarter have gone from -5% to now -4%, with Financials and Energy earnings up 2.4% and sales up 2% year over year. The technology sector earnings are up 2% and revenues up 2.7%. You would need to look hard to see the growth. So is the trend in earnings bottoming and trending up? That is the underlying message the market is sending to investors, but there are no signs of that happening currently. If it were to occur it would be the Energy sector driving the pickup, and that is not happening.

Below is the trend of earnings since 2013. We believe the estimates for next year are significantly too high. We would conclude, thus far, that things are not as bad as expected for the quarter, but the current expectation of a big ramp next year is not realistic. Our sense is the market knows that as well, and we are in an overbought condition.

Health Care	801	-0.7%	1.1%
Financials	325	2.5%	-2.5%
Industrials	475	3.8%	-2.4%
Energy	505	-1.0%	-13.9%
Telecommunications	149	1.6%	-2.5%
Utilities	227	-0.5%	-5.7%
Materials	283	2.1%	-7.4%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	0.25	5-Year	1.43
3-Month	0.01	10-Year	2.09
6-Month	0.13	30-Year	2.90
2-Year	0.66		

Source: Bloomberg.com

Economic Events This Week

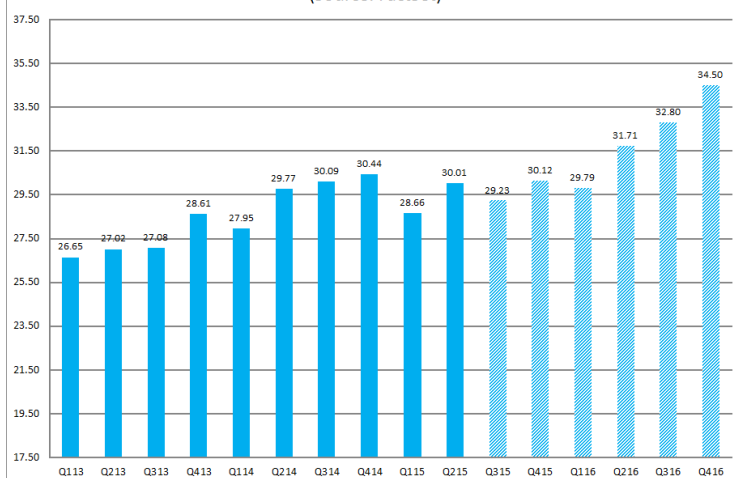
Date	Event	Forecast	Previous
26-Oct	New Home Sales	550K	529K
27-Oct	Durable Orders	-1.3%	-2.3%
27-Oct	Durable Orders ex-Transportation	0.2%	-0.2%
27-Oct	Consumer Confidence	102.5	103.0
28-Oct	FOMC Rate Decision	0.25%	0.25%
29-Oct	Initial Claims	264K	259K
29-Oct	GDP-Adv.	1.6%	3.9%
29-Oct	Chain Deflator-Adv.	1.3%	2.1%
30-Oct	Personal Income	0.2%	0.3%
30-Oct	Personal Spending	0.2%	0.4%
30-Oct	Chicago PMI	49.0	48.7
30-Oct	Michigan Sentiment-Final	92.6	92.1

Source: Briefing.com

Economic Events Last Week

Date	Event
20-Oct	Housing Starts for Sep. came in at 1206K vs. estimates of 1150K

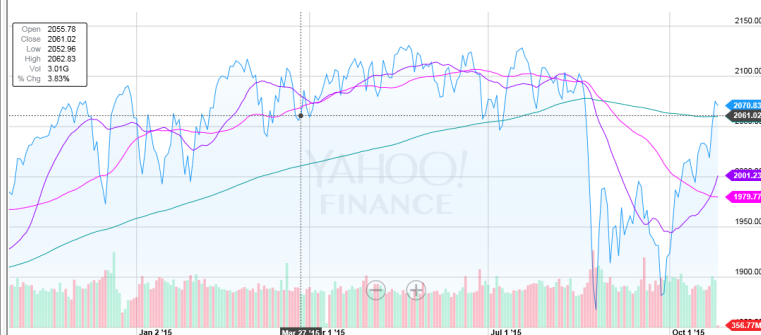
Quarterly Bottom-Up EPS Actuals & Estimates
(Source: FactSet)



Last week, we also got a modest surprise out of the Bank of China cutting their interest rates by .25% and Mario Draghi, the head of the European Bank, pumping his chest about perhaps providing more stimulus to support the European economy. These actions are interesting but not a whole lot of meat to them.

The technicals and the tone of the market are better. The S&P 500 has popped above the 200 day moving average. The 20 and 50 day moving averages are still well below the 200 day. We are watching this trend to see if we get a confirmation that the trend has changed or if we are just in an overbought condition and we roll back down. It does not look like a change in trend, as it looks overbought.

S&P 500 Index (blue line)



On Tuesday, Apple reports earnings, and will set the stage for the week. Last quarter AAPL reported lower than what the market wanted. In 2013, revenues grew by 9.2%, in 2014 it grew 7.0%, and 2015 had a lot of new products in their handset division and revenue growth will be close to 30% growth. The issue is growth next year is expected to be less than 5%. The market would like to see more

20-Oct	Building Permits for Sep. were reported at 1103K which was slightly lower than expectations of 1170K
22-Oct	Initial Claims for the week of 10/17 were 259K vs. forecasts of 265K
22-Oct	Existing Home Sales for Sep. were 5.55M vs. estimates of 5.39M
22-Oct	The Leading Indicators for Sep. was -0.2% compared to forecasts of -0.1%
Source: Briefing.com	

growth in 2016, and their earnings conference call will be very important as it will start to give the market some visibility of how the company will grow from here. The suppliers have no visibility of growth next year. The stock has a P/E multiple of 12.8x, not a multiple of a growth company.

Please visit our website for more information.
www.pvgassetmanagement.com

Phone: (800) 777-0818
Email: Information@pvgasset.com
Web: www.pvgassetmanagement.com