



## Market in a Minute

November 10, 2015

### Index Performance: As of November 6, 2015

Index	Price	Last Week	YTD
Dow Jones 30	17910	1.4%	0.5%
S&P 500	2099	1.0%	2.0%
NASDAQ	5147	1.8%	8.7%
Russell 2000	1200	3.3%	-0.4%
Russell 2000 Growth	744	3.6%	3.0%
Russell 2000 Value	1465	2.9%	-3.8%
Russell 1000 Growth	1023	0.8%	6.5%
Russell 1000 Value	1199	1.2%	-0.9%
Shanghai SE Index	3760	6.6%	10.9%
SPDR Gold Shares	104.10	-4.8%	-8.3%
GS Crude Oil Total Return	8.41	-2.1%	-32.9%
Powershares US \$ Index	25.83	2.3%	7.8%
Ishares EAFE Index	60.94	-0.3%	0.2%
iShares Barclays 20+ Yr Treasury Bond	119.00	-3.1%	-5.5%
Utilities Select Sector ETF	42.25	-3.4%	-10.5%
Vanguard REIT ETF	78.22	-2.1%	-3.4%
iShares Mortgage Real Estate	9.91	-0.2%	-15.4%
Wells Fargo BDC	20.89	4.0%	-6.7%
Alerian MLP ETF	13.49	-0.7%	-21.7%
iShares Global Telecom	59.76	-1.5%	-0.5%

Source: Bloomberg & MSN, Returns are appreciation only.

### S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	748	1.8%	8.1%
Consumer Disc.	646	0.5%	12.8%
Consumer Staples	505	-1.5%	1.0%

### A Word on the Market by Pat Adams, CFA

With the top of the technology bubble in 2000, there were a handful of large cap technology companies that drove a large percentage of the final move of the stock market. There were actually about 6 stocks, including EMC, CSCO, NOK, INTC, MSFT, and DELL. Below, please see the chart of CSCO, INTC, MSFT, NOK and the S&P 500 as a comparison. The S&P 500 far underperformed and if you did not own these securities, you far underperformed. The market forced investors and money managers into these securities. Similar to the current trend, the earnings were flat for the S&P 500 in 2000 versus 1999. Earnings this year will be roughly flat. To find growth, the market has to become more concentrated.

### Four Horsemen (CSCO, INTC, MSFT, NOK)



Today, we call the 4 Horsemen, FANG, which stands for FB, AMZN, NFLX, and GOOG. Many argue that AAPL and biotech stocks also belong. Like last time when you have a nickname for a group of stocks, the market has gotten very narrow. We actually believe that FANG, short for, “long in the tooth”, is the market. Below is a chart of FANG and the S&P 500 year to date. The major difference in this cycle, most of the stocks in the S&P 500 are negative this year. Similar to 2000, which had a tech bubble, we have also had too much Fed induced liquidity drive the market. It is clear the Fed is planning to raise

Health Care	829	0.5%	4.7%
Financials	333	2.7%	-0.2%
Industrials	477	1.1%	-2.0%
Energy	514	2.4%	-12.3%
Telecommunications	147	-1.6%	-3.7%
Utilities	214	-3.6%	-10.8%
Materials	285	0.0%	-6.8%

Source: Bloomberg website, Returns are appreciation only.

#### Interest Rates

Fed Fund	0.25	5-Year	1.73
3-Month	0.08	10-Year	2.34
6-Month	0.32	30-Year	3.09
2-Year	0.90		

Source: Bloomberg.com

#### Economic Events This Week

Date	Event	Forecast	Previous
10-Nov	Wholesale Inventories	0.1%	0.1%
12-Nov	Initial Claims	269K	276K
13-Nov	PPI	0.1%	-0.5%
13-Nov	Core PPI	0.1%	-0.3%
13-Nov	Retail Sales	0.3%	0.1%
13-Nov	Retail Sales ex-auto	0.4%	-0.3%
13-Nov	Michigan Sentiment	92.0	NA

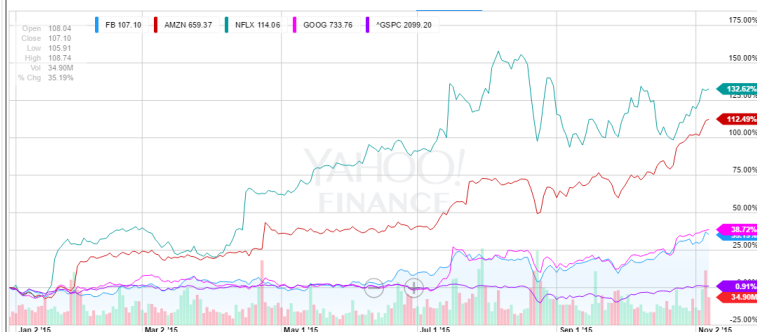
Source: Briefing.com

#### Economic Events Last Week

Date	Event
2-Nov	ISM Index for Oct. was 50.1 vs. forecasts of 50.0
2-Nov	Construction Spending for Sep. was up 0.6% compared to estimates of 0.4%
3-Nov	Factory Orders for Sep. was down -1.0% vs. expectations of -0.9%
5-Nov	Initial Claims for the week of 10/31 were reported at 276K which was slightly higher than forecasts of 262K
5-Nov	The Productivity-Prel. for Q3 was stronger at 1.6% compared to estimates of -0.2%

interest rates in December which will be the start of the slow unwind in liquidity.

#### FANG (Facebook, Amazon, Netflix, Google)



We think to get a significant move in the market, the market needs to broaden out. Small cap, value, and income have been through a significant period of underperformance so it does make sense to see the market broaden, but we will need to see a firmer economy to have anything more than a relief rally. The energy sector could be a big part of an up move, but we do not see that occurring until some time next year. Supply and demand are still not in balance.

Most of the companies in the S&P 500 have reported earnings for the third quarter, which is down -2.2%. We are in a period of slow news until we get another employment report in December, setting the stage for a rate hike.

We mentioned a vote last week in Congress regarding a bill that would greatly benefit the BDC sector. It passed the House Financial Services Committee with bipartisan support, 53-4 in favor. That is a lot better than we expected. It will now be sent to the full House for approval, and then it will need to move through the Senate.

Please visit our website for more information.

[www.pvgassetmanagement.com](http://www.pvgassetmanagement.com)

**6-Nov**

Nonfarm Payrolls for Oct. came in at 271K vs. expectations of 181K

**6-Nov**

Unemployment Rate for Oct. was 5.0% compared to estimates of 5.1%

**6-Nov**

Hourly Earnings for Oct. rose 0.4% vs. expectations of 0.2%

Source: Briefing.com

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