PVG Asset Management
LOSS AVERSE INVESTING

Market in a Minute

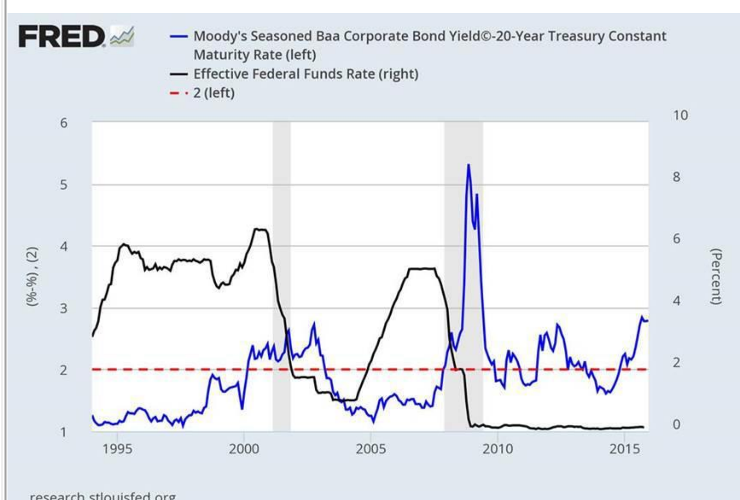
December 8, 2015

Index Performance: As of December 4, 2015			
Index	**Price**	**Last Week**	**YTD**
Dow Jones 30	17848	0.3%	0.1%
S&P 500	2092	0.1%	1.6%
NASDAQ	5142	0.3%	8.6%
Russell 2000	1183	-1.6%	-1.8%
Russell 2000 Growth	737	-1.5%	2.1%
Russell 2000 Value	1438	-1.7%	-5.6%
Russell 1000 Growth	1024	0.1%	6.6%
Russell 1000 Value	1189	0.0%	-1.7%
Shanghai SE Index	3691	2.6%	8.9%
SPDR Gold Shares	104.02	2.7%	-8.4%
GS Crude Oil Total Return	7.22	-5.4%	-42.4%
Powershares US $ Index	25.58	-1.7%	6.7%
Ishares EAFE Index	60.84	0.2%	0.0%
iShares Barclays 20+ Yr Treasury Bond	120.58	-0.3%	-4.2%
Utilities Select Sector ETF	42.47	-0.7%	-10.1%
Vanguard REIT ETF	79.09	-1.1%	-2.4%
iShares Mortgage Real Estate	9.80	-2.2%	-16.3%
Wells Fargo BDC	21.26	0.0%	-4.6%
Alerian MLP ETF	10.91	-11.0%	-36.6%
iShares Global Telecom	59.74	-0.3%	-0.6%
Source: Bloomberg & MSN, Returns are appreciation only.			

S&P Sector Performance			
Index	**Price**	**Last Week**	**YTD**
Information Technology	750	1.6%	8.4%
Consumer Disc.	643	-0.3%	12.3%
Consumer Staples	515	0.9%	3.1%

A Word on the Market by Pat Adams, CFA

There is an article in the Wall Street Journal on Monday titled “The Stock Market Is Missing the Warning From Junk”, and we could not agree more. We have talked about the lower, but still investment grade bonds widening, consistent with past recessions/bear markets. You can see from the chart below, the Fed has put out this notion of a tightening for 2.5 years now, and has caused a lot of damage in credit that they did not intend. This is just plain mismanagement by the Fed. You can see by the blue line below, the spread between low investment grade and treasury notes is now very significant. This has also caused the value and income sectors of the stock market to severely underperform.



This divergence is even more pronounced in the non-investment grade market. Since June of 2014 the Barclays High Yield ETF JNK has fallen -16%.

Health Care	828	-0.4%	4.5%
Financials	333	0.8%	-0.1%
Industrials	473	-0.8%	-2.7%
Energy	474	-4.5%	-19.2%
Telecommunications	149	1.3%	-2.5%
Utilities	214	-0.6%	-10.8%
Materials	287	0.4%	-6.0%
Source: Bloomberg website, Returns are appreciation only.			
Interest Rates			
Fed Fund	0.25	5-Year	1.67
3-Month	0.29	10-Year	2.23
6-Month	0.57	30-Year	2.95
2-Year	0.94		
Source: Bloomberg.com			
Economic Events This Week			
Date	**Event**	**Forecast**	**Previous**
9-Dec	Wholesale Inventories	0.1%	0.5%
10-Dec	Initial Claims	269K	269K
10-Dec	Continuing Claims	2167K	2161K
11-Dec	Core PPI	0.1%	-0.3%
11-Dec	PPI	-0.1%	-0.4%
11-Dec	Retail Sales	0.3%	0.1%
11-Dec	Retail Sales ex-auto	0.3%	0.2%
11-Dec	Business Inventories	0.1%	0.3%
11-Dec	Michigan Sentiment	91.6	93.1
Source: Briefing.com			

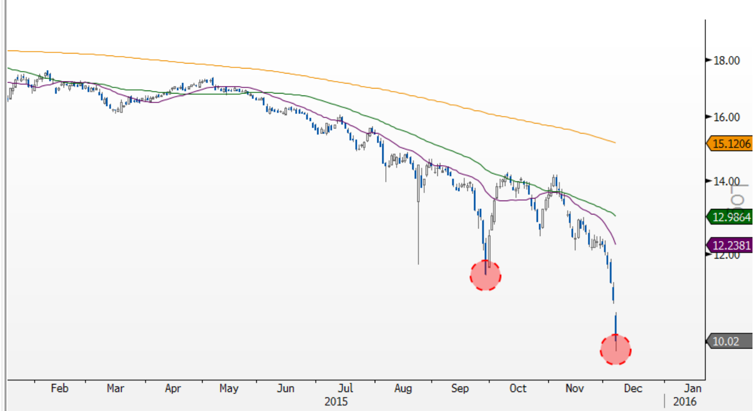
Economic Events Last Week	
Date	Event
30-Nov	Chicago PMI for Nov. came in at 48.7 which was well below expectations of 55.0
30-Nov	Pending Home Sales for Oct. was up 0.2% compared to estimates of 0.7%
1-Dec	The ISM Index for Nov. came in at 48.6 vs. forecasts of 50.4
1-Dec	Construction Spending for Oct. was up

Barclays High Yield ETF (JNK)

Much of the issues in the bond market can be attributed to the energy sector, also the prospects of a slowing economy, and the anguish by bond managers of higher interest rates. Oil breaking below $40, if it stays there, will likely cause some serious pain on energy debtors. There does not appear to be a quick fix to the oversupply in oil, but oil is somewhere near a bottom. We are in the range that if you buy oil now the odds of making money two years from now is a reasonable investment.

The Master Limited Partnership space has been crushed. This is the sector that was not to be exposed to falling energy prices, and we did not believe that! The sector has been roughly cut in half. It seems to have fallen so fast, and by so much, that it is due for an oversold bounce. We believe this sector is primed for tax loss selling, by year end. There is also a lot of fear in these stocks, and the sector AMLP is 19% below its 20 day moving average, with the volume at its highest in its history (Fire! Run for the exit!). It is difficult to value these companies based off their cash flow and dividends as it is a moving target lower, but it seems we are in the right zip code of a bottom.

Alerian MLP ETF (AMLP, $10)



	1.0% which was ahead of estimates of 0.7%
2-Dec	Productivity-Rev. for Q3 came in at 2.2% which was in line with expectations
3-Dec	Initial Claims for the week of 11/28 were reported at 269K vs. forecasts of 267K
3-Dec	Factory Orders for Oct. was up 1.5% compared to estimates of 1.1%
4-Dec	Nonfarm Payrolls for Nov. came in at 211K vs. expectations of 196K
4-Dec	The Unemployment Rate was reported at 5.0% which was in line with consensus forecasts
4-Dec	Hourly Earnings for Nov. was up 0.2% which was in line with estimates
Source: Briefing.com	

FANG (FB, AMZN, NFLX, GOOG) trade for 360x trailing 12 month earnings. We have been proponents of a rotation coming into the value and income sectors of the market and out of the momentum stocks. If not, the market is likely headed into a recession or a bear market. Either way we are well prepared. We often see a significant change in markets when a new year begins.

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

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