



## Market in a Minute

March 24, 2015

### Index Performance

Index	Price	Last Week	YTD
Dow Jones 30	18128	2.1%	1.7%
S&P 500	2108	2.7%	2.4%
NASDAQ	5026	3.2%	6.1%
Russell 2000	1266	2.8%	5.1%
Russell 2000 Growth	779	3.0%	7.9%
Russell 2000 Value	1558	2.6%	2.3%
Russell 1000 Growth	1014	3.0%	5.5%
Russell 1000 Value	1220	2.4%	0.9%
Shanghai SE Index	3836	6.6%	13.2%
SPDR Gold Shares	113.57	2.4%	0.0%
GS Crude Oil Total Return	9.79	-2.4%	-21.9%
Powershares US \$ Index	25.82	-2.5%	7.7%
Ishares EAFE Index	65.66	4.1%	7.9%
iShares Barclays 20+ Yr Treasury Bond	131.51	3.8%	4.4%
Utilities Select Sector ETF	44.98	3.4%	-4.7%
Vanguard REIT ETF	87.03	5.6%	7.4%
iShares Mortgage Real Estate	12.05	3.3%	2.9%
Wells Fargo BDC	23.49	0.0%	4.9%
Alerian MLP ETF	16.42	1.2%	-4.6%
iShares Global Telecom	62.27	2.4%	3.6%

Source: Bloomberg & MSN, Returns are appreciation only.

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

Last week, the Federal Reserve gave the market exactly what it wanted, a slower and potentially lower increase in interest rates in the second half of the year. Interest rates are still likely to go up, but the Fed seems to acknowledge the strength of the dollar and the disruption it is having on the economy. The dollar fell nearly 4% last week, which is very good news for large cap companies.

The market is back to its old high, and is in an overbought condition. Besides being overbought, we think it is vulnerable to a 3%-4% pullback. The 200 day moving average is 2009 for the S&P 500 and the index is currently around 2110. Generally speaking, the technicals are still trending up.

The technical side of the market still seems fine, but can change in a heartbeat. The fundamental side has been, and continues to be the issue. The current P/E for the S&P 500 is 17.6x 2015 earnings. Keep in mind that if earnings for the energy sector were normal, the P/E would be around 18.5x 2015 earnings. That sort of multiple is getting up there. These multiples far outpace the prior peak of 2007, but are lower than the cycle peak of 2000. The earnings growth this cycle has been a small percentage of what was achieved in the 1991-2000 bull cycle. Earnings growth in 2014 was just 5%, and 2015 is likely to have negative earnings. The market and the trend in earnings have diverged significantly. A 10%-20% pullback would bring the market more in line with the growth of earnings.

### S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	710	2.9%	2.7%
Consumer Disc.	609	2.4%	6.3%
Consumer Staples	503	1.9%	0.7%
Health Care	866	4.6%	9.4%
Financials	333	1.8%	-0.1%
Industrials	491	2.2%	0.9%
Energy	563	3.4%	-4.0%
Telecommunications	156	1.6%	2.3%
Utilities	229	4.2%	-4.8%
Materials	312	-0.8%	1.4%

Source: Bloomberg website, Returns are appreciation only.

### Interest Rates

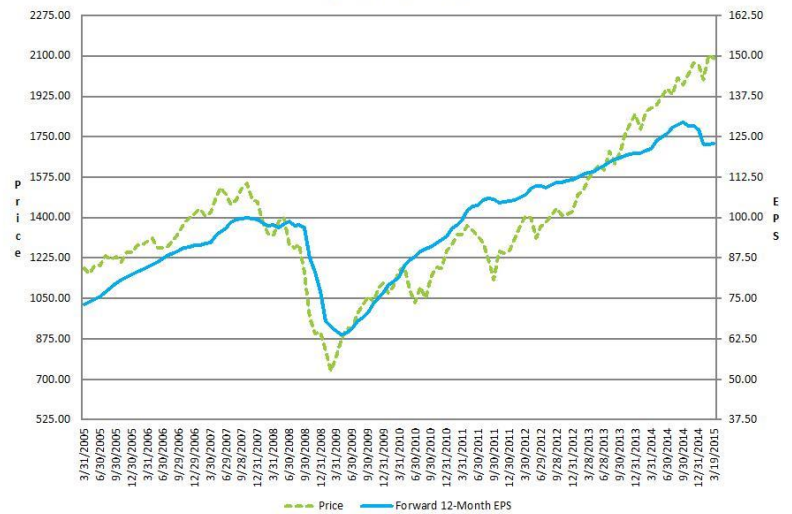
Fed Fund	0.25	5-Year	1.42
3-Month	0.001	10-Year	1.93
6-Month	0.11	30-Year	2.50
2-Year	0.68		

Source: Bloomberg.com

### Economic Events This Week

Date	Event	Forecast	Previous
23-Mar	Existing Homes Sales	4.90M	4.82M
24-Mar	CPI	0.2%	-0.7%
24-Mar	Core CPI	0.1%	0.2%
24-Mar	New Home Sales	465K	481K
25-Mar	Durable Orders	0.4%	2.8%
25-Mar	Durable Orders ex-transportation	0.3%	0.0%
26-Mar	Initial Claims	290K	291K
27-Mar	GDP-Third	2.4%	2.2%

Change in Forward 12-Month EPS vs. Change in Price: 10 Years  
(Source: FactSet)



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	Est.		
<b>27-Mar</b>	GDP Deflator=Third Est.	0.1%	0.1%
<b>27-Mar</b>	Michigan Sentiment-Final	92.0	91.2

Source: Briefing.com

#### Economic Events Last Week

Date	Event
<b>16-Mar</b>	The Industrial Production for Feb. came in at 0.1% compared to estimates of 0.3%
<b>16-Mar</b>	Capacity Utilization for Feb. was 78.9% which was slightly lower than expectations of 79.5%
<b>17-Mar</b>	Housing Starts for Feb. were reported at 897K vs. consensus forecasts of 1041K
<b>17-Mar</b>	Building Permits for Feb. came in at 1092K vs. expectations of 1070K
<b>17-Mar</b>	The FOMC left rate unchanged at 0.25% as expected
<b>19-Mar</b>	Initial Claims for the week of 3/14 came in at 291K vs. expectations of 293K
<b>19-Mar</b>	The Philadelphia Fed number for Mar. was 5.0 vs. forecasts of 6.9
<b>19-Mar</b>	The Leading Indicators for Feb. was 0.2% which was in line with estimates

Source: Briefing.com

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