



Market in a Minute
September 9, 2015

Index Performance: As of September 4, 2015

Index	Price	Last Week	YTD
Dow Jones 30	16102	-3.2%	-9.7%
S&P 500	1921	-3.4%	-6.7%
NASDAQ	4684	-3.0%	-1.1%
Russell 2000	1145	-1.5%	-4.9%
Russell 2000 Growth	714	-2.5%	-1.2%
Russell 2000 Value	1368	-2.1%	-10.2%
Russell 1000 Growth	941	-3.1%	-2.1%
Russell 1000 Value	1102	-3.4%	-8.9%
Shanghai SE Index	3227	-4.7%	-4.8%
SPDR Gold Shares	107.49	-1.1%	-5.4%
GS Crude Oil Total Return	8.62	0.7%	-31.3%
Powershares US \$ Index	25.13	0.1%	4.8%
iShares EAFE Index	57.61	-4.7%	-5.3%
iShares Barclays 20+ Yr Treasury Bond	122.68	0.3%	-2.6%
Utilities Select Sector ETF	40.96	-5.1%	-13.3%
Vanguard REIT ETF	72.20	-4.7%	-10.9%
iShares Mortgage Real Estate	10.34	-1.7%	-11.7%
Wells Fargo BDC	21.17	-1.4%	-5.5%
Alerian MLP ETF	14.29	-1.7%	-17.0%
iShares Global Telecom	58.32	-3.0%	-2.9%

Source: Bloomberg & MSN, Returns are appreciation only.

S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	655	-3.3%	-5.4%
Consumer Disc.	584	-2.3%	2.0%
Consumer Staples	476	-2.5%	-4.8%

A Word on the Market by Pat Adams, CFA

Below is a graph of the S&P 500, the 200 day-ma is currently at 2072, the 50 day-ma at 2054, the 20 day-ma at 1999 and the current price is roughly 1965, which is nicely off the low of 1860. The big picture on the technicals of the market, as we see it, is the trend has changed, at least for now, to negative or downward. Most technicians are expecting a retest of the low of 1860. We would note that September is historically not a friendly month for stocks, and we will likely have an increase in interest rates by the Federal Reserve on September 16th. We view the recent volatility as a battle between the bears and the bulls, but the bears have home field advantage.



On the fundamental side, we think stocks have gotten a lot more attractive. Most stocks are down a lot more than the overall market of currently 8% from the high, especially income oriented stocks that have been correcting for 2 years. We think there are a number of stocks that look very attractively valued. Two things that have greatly impacted earnings this year have been the strong dollar and depressed oil prices. Earnings in 2015 will likely be flat to down versus 2014, so without P/E expansion the market should be lower in 2015 compared to 2014. As you can see from the charts below, the dollar's impact on earnings year over year becomes a non-factor in the first quarter of 2016. We believe oil has likely made a bottom, or something close to it, and also as we enter the first

Health Care	792	-4.4%	0.0%
Financials	304	-4.3%	-8.7%
Industrials	433	-2.8%	-11.1%
Energy	464	-3.1%	-20.9%
Telecommunications	144	-2.3%	-5.9%
Utilities	207	-5.2%	-14.0%
Materials	263	-3.7%	-13.9%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	0.25	5-Year	1.47
3-Month	0.02	10-Year	2.13
6-Month	0.23	30-Year	2.89
2-Year	0.71		

Source: Bloomberg.com

Economic Events This Week

Date	Event	Forecast	Previous
10-Sep	Initial Claims	275K	282K
10-Sep	Continuing Claims	2257K	2257K
10-Sep	Wholesale Inventories	0.3%	0.9%
11-Sep	PPI	-0.1%	0.2%
11-Sep	Core PPI	0.1%	0.3%
11-Sep	Michigan Sentiment	91.5	91.9

Source: Briefing.com

Economic Events Last Week

Date	Event
31-Aug	The Chicago PMI for Aug. came in at 54.4 vs. estimates of 54.7
1-Sep	The ISM Index for Aug. was reported at 51.1 vs. expectations of 52.6
1-Sep	Construction Spending for Jul. came in at 0.7% compared to forecasts of 0.5%
2-Sep	Productivity-Rev. for Q2 was up 3.3% which was higher than estimates of 2.8%
2-Sep	Factory Orders for Jul. was up 0.4% vs. expectations of 0.9%
3-Sep	Initial Claims for the week of 8/29 came in at 282K which was higher than forecasts of 273K

quarter of 2016 the energy sector will likely start to see flat to rising earnings. Our view is the stocks that have good fundamentals and great valuations are becoming interesting as the market works its way into 2016. What we would like to know now that we don't, is by how much will the Fed increase rates in this cycle and the earnings for the S&P 500 in 2016 and 2017. The Fed has indicated they will increase rate to 2.75% by the end of 2017. We are concerned if the Fed does as they say that earnings in 2017 will be flat or down as the economy stalls. At this point we believe these are likely scenarios or at least directionally correct, thus we strongly favor value with attractive dividend yields.

U.S Dollar ETF



Oil ETF



We at times may place too much emphasis on the fundamentals, but until the technicals change we favor the technicals, and the trend is negative. As a result, we think it is prudent to manage market risk, but there are bargains to be had in this perhaps downward trend.

Our focus is on the Fed meeting and announcement on September 16th and earnings reports in October.

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3-Sep	Nonfarm Payrolls for Aug. came in at 173K which was well below final estimates of 217K
4-Sep	Unemployment Rate for Aug. was 5.1% vs. forecasts of 5.2%
4-Sep	Hourly Earnings for Aug. was 0.3% compared to expectations of 0.2%
Source: Briefing.com	

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