



Market in a Minute
January 5, 2016

Index Performance: As of December 31, 2015

Index	Price	Last Week	YTD
Dow Jones 30	17425	-0.7%	-2.2%
S&P 500	2044	-0.8%	-0.7%
NASDAQ	5007	-0.8%	5.7%
Russell 2000	1150	-0.4%	-4.6%
Russell 2000 Growth	707	-1.5%	-2.0%
Russell 2000 Value	1381	-1.8%	-9.4%
Russell 1000 Growth	1000	-0.7%	4.0%
Russell 1000 Value	1163	-1.0%	-3.8%
Shanghai SE Index	3704.29	-2.4%	9.3%
SPDR Gold Shares	101.46	-1.5%	-10.7%
GS Crude Oil Total Return	6.23	-4.3%	-50.3%
Powershares US \$ Index	25.65	0.7%	7.0%
Ishares EAFE Index	58.72	-1.2%	-3.5%
iShares Barclays 20+ Yr Treasury Bond	120.58	-1.0%	-4.2%
Utilities Select Sector ETF	43.28	-0.4%	-8.3%
Vanguard REIT ETF	79.73	0.4%	-1.6%
iShares Mortgage Real Estate	9.56	-2.2%	-18.4%
Wells Fargo BDC	20.28	-1.8%	-9.5%
Alerian MLP ETF	12.05	0.9%	-30.0%
iShares Global Telecom	57.85	-0.6%	-3.7%

Source: Bloomberg & MSN, Returns are appreciation only.

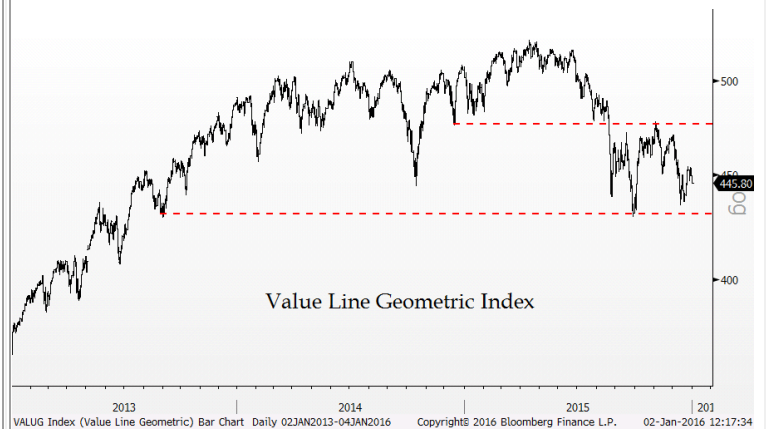
S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	721	-0.8%	4.3%
Consumer Disc.	621	-0.4%	8.4%
Consumer Staples	518	-0.7%	3.8%
Health Care	833	-0.6%	5.2%
Financials	322	-0.9%	-3.5%
Industrials	464	-0.7%	-4.7%

A Word on the Market by Pat Adams, CFA

Please see the table to the left. We hope our readers and investors will find this helpful. Last year, the S&P 500 finished down -0.7% before dividends. That really does not tell the story, as the S&P 500 equal weighted declined by -4.1%. If you look down that column of numbers you will see not much worked. There are a lot of oversold sectors relative to the S&P 500. The Russell 3000, which comprises 98% of U.S. equities, is now down -20% from its 52-week high (source MKM Partners). We have discussed repeatedly the narrowness of the markets in 2015. We believe the FANG stocks, as previously discussed, are very vulnerable to a sharp decline. The rest of the market has already fallen. The technicals of the market are bad. The question is will the market rotate into these stocks, that have been through a bear market, or will the decline in FANG bring the S&P 500 into a bear market and the rest of the market with it? We are in the rotation camp at this point. FANG was down -3.6% on Monday, and the S&P 500 down -1.5%. The Russell1000 Value was down only -1.1%, and many of the income stocks were actually up.

Median Stock is in a Bear Market



Energy	448	-2.2%	-23.6%
Telecommunications	150	-0.9%	-1.7%
Utilities	220	-0.5%	-8.4%
Materials	274	-1.7%	-10.4%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	0.50	5-Year	1.73
3-Month	0.22	10-Year	2.24
6-Month	0.49	30-Year	2.98
2-Year	1.02		

Source: Bloomberg.com

Economic Events This Week

Date	Event	Forecast	Previous
4-Jan	Construction Spending	0.8%	0.3%
4-Jan	ISM Index	49.0	48.6
6-Jan	Factory Orders	-0.2%	1.5%
7-Jan	Initial Claims	270K	287K
8-Jan	Nonfarm Payrolls	200K	211K
8-Jan	Unemployment Rate	5.0%	5.0%
8-Jan	Hourly Earnings	0.2%	0.2%
8-Jan	Wholesale Inventories	-0.1%	-0.1%

Source: Briefing.com

Economic Events Last Week

Date	Event
29-Dec	Consumer Confidence for Dec. came in at 96.5 compared to estimates of 93.5
30-Dec	Pending Home Sales for Nov. was down - 0.9% which was lower than expectations of 0.5%
31-Dec	Initial Claims for the week of 12/26 came in at 287K vs. consensus forecasts of 270K
31-Dec	The Chicago PMI for Dec. was reported at 42.9 which was lower than estimates of 50.1

Source: Briefing.com

The start of the year was interesting, as a global recession was the concern, with the China stock market falling -7% and was shut down as circuit breakers were tripped at that level. The China ISM index was again contracting for the 10th month now, and the markets are finally questioning the growth in China. The U.S. ISM Index was also weak with a second month of contraction, to a concerning level. We believe the issue that the market will not be able to overcome, is the Federal Reserve tightening monetary policy when the economy is weakening. We believe there will be a rotation first into value and income stocks, prior to a major decline, and if the Fed moves forward with the telegraphed 1% increase in rates in 2016 it will bring everything down. In the meantime, there are a lot of very cheap stocks. Keep in mind the primary trend is down right now. We continue to focus on value and income, with a market hedge in our portfolios.

Please visit our website for more information.

www.pvgassetmanagement.com

Phone: (800) 777-0818

Email: Information@pvgasset.com

Web: www.pvgassetmanagement.com