PVG Asset Management

LOSS AVERSE INVESTING

Market in a Minute

March 8, 2016

Index Performance: As of March 4, 2016			
Index	**Price**	**Last Week**	**YTD**
Dow Jones 30	17007	2.2%	-2.4%
S&P 500	2000	2.7%	-2.2%
NASDAQ	4717	2.8%	-5.8%
Russell 2000	1082	4.3%	-5.9%
Russell 2000 Growth	653	3.8%	-7.7%
Russell 2000 Value	1326	2.5%	-3.9%
Russell 1000 Growth	970	2.3%	-3.0%
Russell 1000 Value	1151	3.6%	-1.0%
Shanghai SE Index	3008	3.9%	-18.8%
SPDR Gold Shares	120.54	2.9%	18.8%
GS Crude Oil Total Return	5.17	9.1%	-17.0%
Powershares US $ Index	25.25	-0.7%	-1.6%
Ishares EAFE Index	56.36	4.5%	-4.0%
iShares Barclays 20+ Yr Treasury Bond	128.60	-1.4%	6.7%
Utilities Select Sector ETF	47.11	2.0%	8.8%
Vanguard REIT ETF	79.87	3.7%	0.2%
iShares Mortgage Real Estate	9.56	2.8%	0.0%
Wells Fargo BDC	19.40	4.5%	-4.3%
Alerian MLP ETF	10.69	7.5%	-11.3%
iShares Global Telecom	60.58	2.5%	4.7%
Source: Bloomberg & MSN, Returns are appreciation only.			

S&P Sector Performance			
Index	**Price**	**Last Week**	**YTD**
Information Technology	700	2.9%	-3.0%
Consumer Disc.	608	2.5%	-2.1%
Consumer Staples	532	1.8%	2.7%

A Word on the Market by Pat Adams, CFA

The S&P 500 is up to the area we have been expecting of around 2000, where there is considerable resistance. The chart below shows the 200 day moving average in red and the S&P 500. The market is nearing the 200 day moving average which many use as the primary trend for the market. On a technical basis, the primary trend is down. We are also very overbought, and consider this a short-term counter trend rally. What has changed is the fear of a possible recession globally has started to be discounted in many sectors of the market, and it was the wrong assumption for now. Also it was feared that oil was going to severely impact the financial sector, which proved not to be the case. There have been numerous oil companies that have done secondary offerings of their shares, which has shored up their balance sheets. It reminds us a lot of the banking crisis as individual banks issued additional secondary shares it fixed the underlying systemic issue for the market. The Junk bond market, and in particular small cap value stocks have performed very well recently.

This week, the European Central Bank holds a policy decision and news conference on Thursday. The market is anticipating a positive announcement. We would be surprised it anything material happens with 12 European countries with negative interest rates. This could be the catalyst for the S&P 500 to test the 1940 support.

Health Care	778	0.2%	-6.7%
Financials	299	4.5%	-6.9%
Industrials	466	2.5%	0.6%
Energy	453	5.8%	1.1%
Telecommunications	166	2.0%	11.0%
Utilities	238	1.9%	8.2%
Materials	273	3.2%	-0.4%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates			
Fed Fund	0.50	5-Year	1.38
3-Month	0.29	10-Year	1.88
6-Month	0.47	30-Year	2.70
2-Year	0.88		

Source: Bloomberg.com

Economic Events This Week

Date	Event	Forecast	Previous
9-Mar	Wholesale Inventories	-0.2%	-0.1%
10-Mar	Initial Claims	275K	278K

Source: Briefing.com

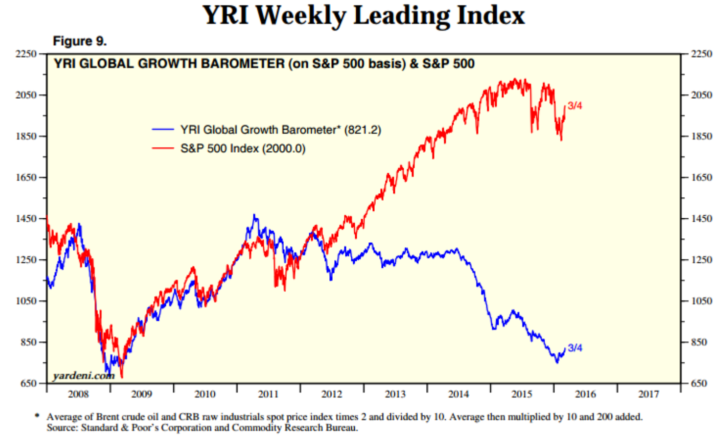
Economic Events Last Week

Date	Event
29-Feb	The Chicago PMI for Feb. came in at 47.6 which was lower than expectations of 52.0
1-Mar	Construction Spending for Jan. came in at 1.5% compared to estimates of 0.5%
1-Mar	ISM Index for Feb. was reported at at 49.5 vs. forecasts of 49.0
3-Mar	Initial Claims for the week of 2/27 came in at 278K vs. expectations of 270K
3-Mar	The Revised-Productivity for Q4 was reported at -2.2% vs. forecasts of -3.3%
3-Mar	Factory Orders for Jan. rose 1.6% cmpared to estimates of 2.0%
4-Mar	Nonfarm Payrolls for Feb. came in at 242K compared to expectations of 190K
4-Mar	Nonfarm Private Payrolls for Feb. was 230K which was strong compared to

We believe there is a clear rotation out of growth and into value, income stocks, and commodity stocks like energy (VIC). The FANG stocks are considerably off their highs and especially the very recent highs. There appears to be a trend out of FANG or growth and into VIC. We favor the income stocks and value, and note there are some great values in smaller securities. We do believe this is a reversion back to the mean, which perhaps has a long way to go.

As you can see below, the YRI Global Growth Barometer and the S&P 500 have historically correlated, but have divergerged hugely during the last three years. We think the market is in the process of becoming more normal. Near term we are becoming more defensive, watching to see if the market can break above the 200 day moving average, but like very much the initial signs of what could be a massive multi-year rotation into VIC and out of FANG/Growth.

YRI Weekly Leading Index



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

	estimates of 180K
4-Mar	Unemployment Rate for Feb. was 4.9% which was in line with forecasts
4-Mar	Hourly Earnings for Feb. declined -0.1% vs. expectations of 0.2%
Source: Briefing.com	

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