



Market in a Minute
February 21, 2018

Index Performance: As of February 16, 2018

Index	Price	Last Week	YTD
Dow Jones 30	25219	4.3%	2.0%
S&P 500	2732	4.3%	2.2%
NASDAQ	7239	5.3%	4.9%
Russell 2000	7602	4.5%	0.6%
Russell 2000 Growth	6783	5.0%	2.1%
Russell 2000 Value	11479	3.9%	-0.9%
Russell 1000 Growth	1358	4.8%	4.3%
Russell 1000 Value	1556	4.0%	0.3%
Shanghai SE Index	3351	2.2%	-3.2%
SPDR Gold Shares	127.96	2.6%	3.5%
GS Crude Oil Total Return	6.80	5.8%	4.0%
Powershares US \$ Index	23.29	-1.4%	-3.1%
Ishares EAFE Index	71.42	4.1%	1.6%
iShares Barclays 20+ Yr Treasury Bond	118.71	0.7%	-6.4%
Utilities Select Sector ETF	50.12	3.2%	-4.9%
Vanguard REIT ETF	75.30	1.6%	-9.3%
iShares Mortgage Real Estate	42.78	4.8%	-5.4%
Wells Fargo BDC	19.67	2.2%	-5.3%
Alerian MLP ETF	10.61	1.1%	-1.7%
iShares Global Telecom	58.73	2.1%	-3.0%

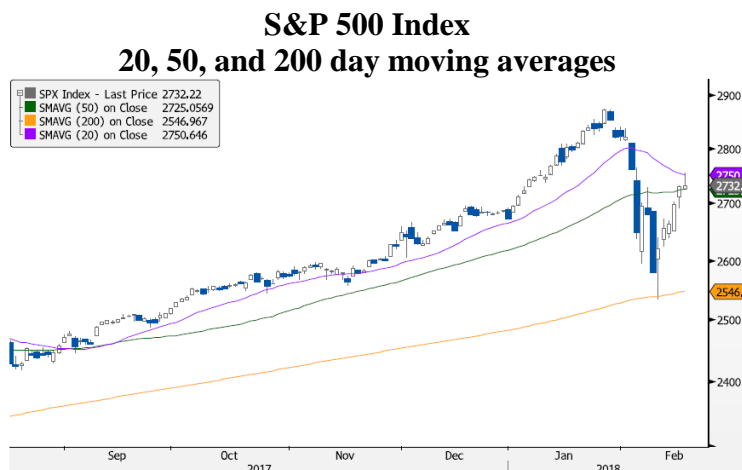
Source: Bloomberg & Yahoo.com, Returns are appreciation only.

S&P Sector Performance

Index	Price	Last Week	YTD
Information Technology	1167	5.8%	5.5%
Consumer Disc.	834	3.9%	6.2%
Consumer Staples	572	3.4%	-2.7%

A Word on the Market by Pat Adams, CFA

Below is a chart of the S&P 500 Index and the 20, 50, and 200 day moving averages, as you can see the market came down and touched the 200 day moving average and has rebounded about 2/3rds of the loss, it is still below the 20 day moving average. Given the extreme move up in January, that could be the parabolic move up that takes a very long time to break to a new high. Our view is we will likely get a series of lower highs, and we will see if we get lower lows or not. Lower lows would confirm a bear or continuation of a correction. The 2535 level needs to hold, but more importantly higher lows. If you did not like this recent volatility, you need to get a plan.



The chart below is the Citigroup Economic Surprise Index (Red) with the change of the 10 year treasury yield (blue). The CESI is the weighted historical standard deviations of data of economic surprises or actual data versus median. During the last 9 months we have seen a lot of positive economic surprises but it seems to have peaked out. There tends to be a correlation of surprises with the yield on the 10 year treasury. The bond market has a tremendous amount of supply coming at it and not sure if anything can give it support until it gets to higher levels. On a data driven basis only, we would expect the surprises to slow and yields to find some support around the 3% level on the 10 year. This is our short term thinking, but longer term we expect interest

Health Care	987	4.0%	3.2%
Financials	481	4.7%	3.6%
Industrials	649	4.6%	1.8%
Energy	501	1.9%	-6.2%
Telecommunications	159	2.4%	-4.2%
Utilities	253	2.9%	-5.3%
Materials	379	3.5%	0.0%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	1.375	5-Year	2.63
3-Month	1.62	10-Year	2.87
6-Month	1.83	30-Year	3.13
2-Year	2.21		

Source: Bloomberg.com

Economic Events This Week

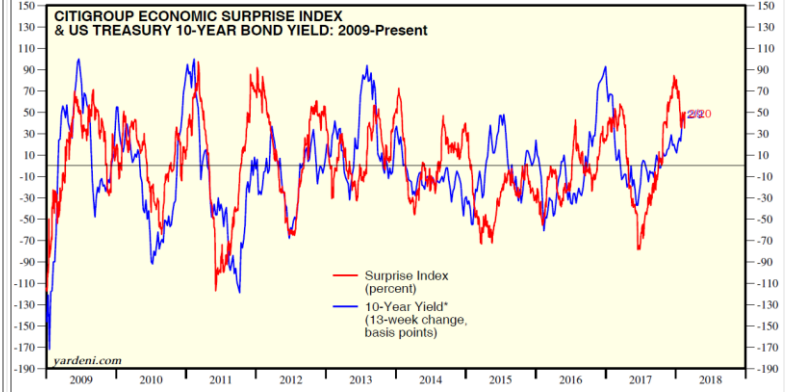
21-Feb	Existing Home Sales	5.62M	5.57M
22-Feb	Initial Claims	233K	230K
22-Feb	Leading Indicators	0.8%	0.6%

Source: Briefing.com

Economic Events Last Week

Date	Event
14-Feb	CPI for Jan. came in at 0.5% compared to estimates of 0.4%
14-Feb	Core CPI for Jan was reported at 0.3% vs. expectations of 0.2%
14-Feb	Retail Sales for Jan. declined -0.3% compared to forecasts of 0.2%
14-Feb	Retail Sales ex-auto for Jan. was flat vs. consensus estimates of 0.4%
14-Feb	Business Inventories for Dec. came in at 0.4% which was slightly better than forecasts of 0.3%
15-Feb	Initial Claims for the week of 2/10 were reported at 230K which was slightly higher than estimates of 227K
15-Feb	PPI for Jan. was reported at 0.4% which was in line with expectations
15-Feb	Core PPI for Jan. also came in at 0.4% which was better than forecasts of 0.2%

rates to go higher. One of our best positions this year has been TBT, the short of the 20 year treasury, up 16%.



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15-Feb	The Philadelphia Fed for Feb. came in at 25.8 compared to estimates of 22.0
15-Feb	Industrial Production for Jan. declined -0.1% vs. expectations of 0.2%
15-Feb	The Capacity Utilization for Jan. was 77.5% which was slightly lower than forecasts of 78.0%
16-Feb	Housing Starts for Jan. came in at 1326K which was higher compared to expectations of 1240K
16-Feb	Building Permits for Jan. came in at 1396K vs. estimates of 1300K
16-Feb	The Michigan Consumer Sentiment for Feb. came in at 99.9 which was stronger than forecasts of 95.5
Source: Briefing.com	

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