



Market in a Minute

April 16, 2019

Index Performance: As of Apr. 12, 2019

Index	Price	Last Week	YTD
Dow Jones 30	26412.3	0.0%	13.2%
S&P 500	2907.41	0.5%	16.0%
NASDAQ	7984.16	0.6%	20.3%
Russell 2000	7930.59	0.2%	18.0%
Russell 2000 Growth	7226.27	-0.1%	19.9%
Russell 2000 Value	11708.4	0.5%	16.0%
Russell 1000 Growth	1533.62	0.6%	19.5%
Russell 1000 Value	1632.77	0.6%	14.7%
Shanghai SE Index	3339.8	-1.8%	27.9%
SPDR Gold Shares	121.83	-0.1%	0.5%
GS Crude Oil Total Return	7.41	1.6%	54.7%
Powershares US \$ Index	25.96	-0.4%	2.0%
Ishares EAFE Index	66.44	0.3%	13.0%
iShares Barclays 20+ Yr Treasury Bond	122.67	-1.1%	1.0%
Utilities Select Sector ETF	58.21	0.2%	10.0%
Vanguard REIT ETF	88.05	0.2%	18.1%
iShares Mortgage Real Estate	43.8	0.2%	9.7%
Wells Fargo BDC	19.56	-2.3%	10.6%
Alerian MLP ETF	10.14	-0.1%	16.2%
iShares Global Telecom	58.52	1.5%	16.6%
ETFMG Alternative Harvest ETF	35.09	-3.3%	40.7%
BitCoin Investment Trust	6.49	3.7%	63.9%

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

S&P Sector Performance: As of Apr. 12, 2019

Index	Price	Last Week	YTD
Information Technology	1347.62	1.2%	23.8%
Consumer Disc.	936.24	0.6%	19.8%

A Word on the Market by Pat Adams, CFA

Thinking about the market over the last 6-7 months, the market fell roughly 20% in the later part of last year due to the Federal Reserve being too aggressive in tightening credit. Now in 2019, the market is up a lot, but not yet back to the old highs. Over the last 7 months the market trend is flat with the 200-day moving average having virtually no upward trend. Investors should not get too excited that the market is up this year as it is simply flat from September. We believe the bounce back was primarily related to the Fed doing an about-face and forgoing further rate increases. It appears the global economy is not as bad as expected and some improvement in select economies are occurring. We believe the last couple of percentage increase in the market was related to an improving expectation in earnings growth as we move through 2019.

Technically, we had a bear market last year, there are different ways of looking at it, but the market is not back into a full bull until we get back over the old highs, otherwise we are stuck in a bear market rally. Roughly, 1% more to the upside and the market will break the old high.

So far, earnings reports from JP Morgan, Wells Fargo, and Citigroup, the thing that stood out was the dismal outlook from WFC on the net interest income, which is expected to be down -2% to -5% for 2019. WFC is the 4th largest U.S. bank and given its size this is a negative for the economy. In general, all the banks are doing a great job of reducing their expenses and buying back large amounts of stock. JPM showed good growth and C was okay. JPM is probably the best run bank on the planet so we would expect them to outperform in a tough environment. Bank of America will report on Tuesday morning and we will see if the trend is positive or negative as the top 4 banks will have reported. Again, the trend at WFC stood out as what we have been concerned about given the recent inverted yield curve and how banks react.

Consumer Staples	579.79	1.0%	11.1%
Health Care	1039.31	-2.4%	3.9%
Financials	450.63	2.1%	13.8%
Industrials	651.03	0.3%	20.1%
Energy	499.6	-0.2%	17.8%
Communications Services	164.85	1.6%	18.7%
Utilities	295.3	0.2%	10.0%
Materials	363.77	0.5%	14.9%
Real Estate	227.15	0.3%	18.1%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	2.25-2.50	5-Year	2.37
3-Month	2.43	10-Year	2.55
6-Month	2.46	30-Year	2.96
2-Year	2.40		

Source: Bloomberg.com

Economic Events This Week

15-Apr	Empire State Manufacturing Index	8.1	3.7
16-Apr	Industrial Production m/m	0.2%	0.1%
17-Apr	Trade Balance	-53.5B	-51.1B
18-Apr	Core Retail Sales m/m	0.7%	-0.4%
18-Apr	Retail Sales m/m	0.9%	-0.2%
18-Apr	Philly Fed Manufacturing Index	11.2%	13.7%
18-Apr	Unemployment Claims	207K	196K
18-Apr	CB Leading Index m/m	0.4%	0.2%
19-Apr	Building Permits	1.30M	1.29M
19-Apr	Housing Starts	1.23M	1.16M

Source: Briefing.com

Economic Events Last Week

This week's earnings reports are likely to be a real yawner, we don't see much in the way of strong growth. Although, Ericson reports on Wednesday and will show a huge improvement year over year, we like 5G plays and would buy any weakness in this sector. Goldman Sachs cut the rating on Nokia from hold to sell as they expect Huawei, Samsung and Ericson to be very competitive and for NOK to have a slow start this year. Our view is that NOK has the best total solution land could lose share on the very low end of the market where the margins are low. We own both ERIC and NOK.

We like to discuss some of our favorite stock ideas in this update to give you a sense of what we are thinking about. It was a good day last Friday as we got the benefit of Anadarko's buyout offer from Chevron, up over 30%, we believe the offer is too low and are hoping Occidental has a much higher offer coming. Also, Disney unveiled their plans for streaming services. DIS popped 10% as they laid out their plan on a silver platter, and it was a beautiful thing! DIS is one of our favorite secular growth stocks, but we took a little profit on the large move. Netflix reports on Tuesday and is expected to have down earnings.

CVS was the featured stock and on the cover of Barron's this week. We have a significant position and believe their stores combined with Aetna gives them a great way to take market share and grow for many years as they provide convenient healthcare services. The concern has been their PBM business, which as Barron's points out, the worst case is likely priced in the stock.

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Date	Event
08-Apr	Factory orders decline 0.5% in February marking the fourth fall in five months
09-Apr	Job openings decline 538,000 in February to 7.09 million
10-Apr	CPI up 0.4% in March which marks the biggest increase in 14 months
10-Apr	Core consumer prices rose 0.1% compared to 0.2% forecast
10-Apr	Hourly wages dropped 0.3% in March. Up 1.3% in the past year
10-Apr	Federal budget deficit narrows in March to 147B against a forecast of 195B
11-Apr	Jobless claims drop below 200,000 for first time since 1969
11-Apr	Producer price index increased by 0.6% in March
12-Apr	Prelim UoM Consumer Sentiment was reported at 96.9 versus a forecast of 98.1
Source: Briefing.com	

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