



Market in a Minute

April 30, 2019

Index Performance: As of Apr. 26, 2019

Index	Price	Last Week	YTD
Dow Jones 30	26543.33	-0.1%	13.8%
S&P 500	2939.88	1.2%	17.3%
NASDAQ	8146.4	1.9%	22.8%
Russell 2000	7966.65	2.0%	18.5%
Russell 2000 Growth	7290.93	2.5%	21.0%
Russell 2000 Value	11705.97	1.5%	15.9%
Russell 1000 Growth	1560.91	1.6%	21.7%
Russell 1000 Value	1637.89	0.7%	15.1%
Shanghai SE Index	3232.46	-5.6%	23.8%
SPDR Gold Shares	121.37	0.8%	0.1%
GS Crude Oil Total Return	7.56	2.0%	57.8%
Powershares US \$ Index	26.31	0.7%	3.4%
iShares EAFE Index	66.45	-0.3%	13.0%
iShares Barclays 20+ Yr Treasury Bond	123.81	0.7%	1.9%
Utilities Select Sector ETF	58.1	1.4%	9.8%
Vanguard REIT ETF	86.8	1.5%	16.4%
iShares Mortgage Real Estate	44.24	1.3%	10.8%
Wells Fargo BDC	19.78	1.1%	11.8%
Alerian MLP ETF	9.96	0.2%	14.1%

A Word on the Market by Pat Adams, CFA

Below is a 5-year chart for the S&P 500, which has had a V-shaped recovery from the low in December to set a new all-time high. Is this a great spot to short the market or are we seeing a melt-up? The fundamentals are perhaps better than the market expected with very good earnings coming out of the large cap global companies, but on the other hand the small cap companies are reporting horrible results. This will be another big week for earnings with another 30% of the S&P 500 reporting. Because of the strong results last week, the estimate now is for the S&P 500 earnings to be down -2.3%. The 12-month forward P/E for the market is about 17x, which is high and worrisome. Essentially back to the old high valuations as earnings have not been growing (if you adjust for the tax cut). Apple reports earnings after the close on Tuesday, the expectations are low for iPhone handsets and it will be important for them to lay out a plan for rolling out 5G. We don't see much to drive the stock in the short-term and perhaps it is a good barometer for the market. Sell in May and go away...buy quality dividend stocks.

The GDP report for the first quarter was better than expected, but when you do the analysis it was a little disappointing. The forecast was for 2.3% GDP growth, so the reported number of 3.2% looked strong, but consumer spending slowed, and inventory build was about .7% of the total growth. So, we had a slow consumer and rising inventories, not very good.

iShares Global Telecom	59.95	1.5%	19.5%
ETFMG Alternative Harvest ETF	35.31	4.2%	41.6%
BitCoin Investment Trust	6.28	-9.0%	58.6%

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

S&P Sector Performance: As of Apr. 26, 2019

Index	Price	Last Week	YTD
Information Technology	1378.9	1.0%	26.6%
Consumer Disc.	957.39	1.4%	22.5%
Consumer Staples	585.93	0.1%	12.3%
Health Care	1030.02	3.7%	2.9%
Financials	459.96	1.4%	16.1%
Industrials	652.91	-1.0%	20.5%
Energy	490.47	-1.3%	15.6%
Communications Services	170.44	2.7%	22.7%
Utilities	294.72	1.4%	9.8%
Materials	357.37	-1.3%	12.9%
Real Estate	222.81	1.3%	15.9%

Source: Bloomberg website, Returns are appreciation only.

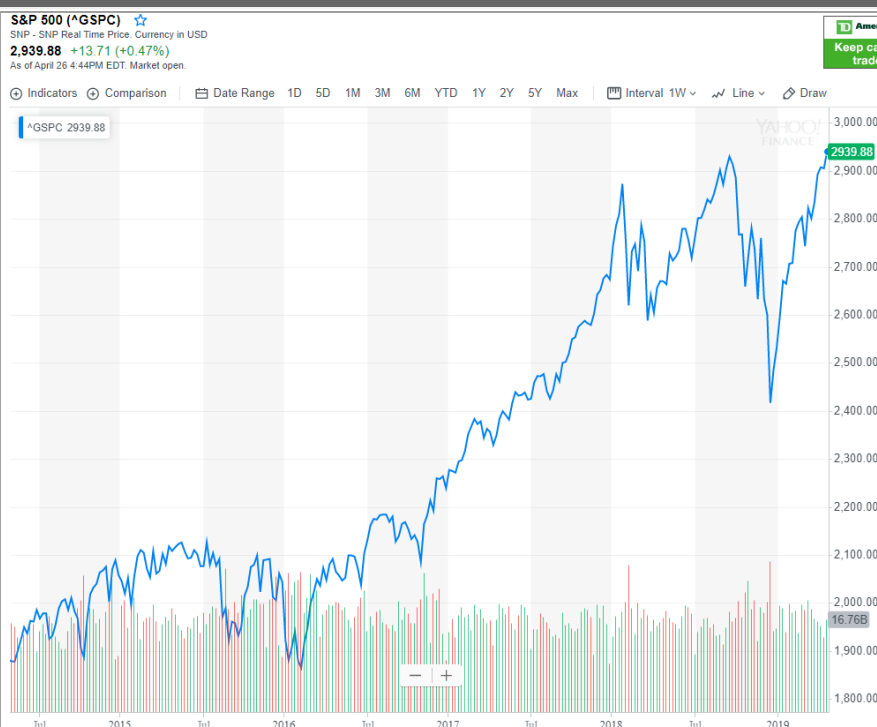
Interest Rates

Fed Fund	2.25-2.50	5-Year	2.32
3-Month	2.44	10-Year	2.54
6-Month	2.47	30-Year	2.96
2-Year	2.30		

Source: Bloomberg.com

Economic Events This Week

29-Apr	Core PCE Price Index m/m	0.2%	0.1%
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In terms of individual stocks, we have a high conviction in Nokia. The stock fell after they reported. It was an ugly quarter on the surface, but if you read the footnotes and actually listen to management it was a good quarter. They differed \$200 million in revenues, telecom equipment in North America, driven by 5G in the U.S., would have grown 40% if they would have recognized the revenue!!! NOK is very comfortable with the estimates for this year as they will recognize this differed revenue.

Anadarko received a \$76 offer from OXY as we expected! CHV will have to increase their \$65 offer, highly likely in our opinion, we believe the company is worth at least \$80.

Disney has been one of our favorite stocks and it has been on a big move. Their movie business is very strong and shows investors the value of their library and production power versus Netflix.

Remember AT&T has great content from acquiring Time Warner, they get no credit for their business model and believe T should be much higher over the next 12 months.

Lastly, we have also liked Target which got hit last week by AMZN announcing same day delivery, TGT is already doing this type of service from their stores. AMZN and TGT together would really be a problem for Walmart.

29-Apr	Personal Spending m/m	0.2%	0.1%
29-Apr	Core PCE Price Index m/m	0.1%	0.1%
29-Apr	Personal Spending m/m	0.7%	0.1%
29-Apr	Personal Income m/m	0.4%	0.2%
30-Apr	Employment Cost Index q/q	0.7%	0.7%
30-Apr	CB Consumer Confidence	126.2	124.1
30-Apr	Pending Home Sales m/m	1.1%	-1.0%
01-May	ADP Non-Farm Employment Change	181K	129K
01-May	ISM Manufacturing PMI	55.0	55.3
01-May	FOMC Statement/Federal Funds Rate		
02-May	Unemployment Claims	220K	230K
03-May	Average Hourly Earnings m/m	0.3%	0.1%
03-May	Non-Farm Employment Change	181K	196K
03-May	Unemployment Rate	3.8%	3.8%
03-May	ISM Non-Manufacturing PMI	57.2	56.1

Source: Briefing.com

Economic Events Last Week

Date	Event
22-Apr	Existing-home sales slides 5% to 5.21M in March versus 4.9% 5.3M expectations
23-Apr	New-home sales rises to a 16-month high of 692K, 4.5% above February's reported sales
25-Apr	Jobless claims jump 37,000 to 230,000 in late April
25-Apr	Durable-goods orders rose 2.7% last month, fastest rate in 7 months

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26-Apr	The U.S. economy expanded at a 3.2% annual pace in the first quarter of 2019, well above the forecast of 2.3%	
26-Apr	Consumer sentiment index in April was 97.2, slightly down from the 98.4 reading in March.	
Source: Briefing.com		

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