



## Market in a Minute

June 18, 2019

Index Performance: As of June 14, 2019

Index	Price	Last Week	YTD
Dow Jones 30	26089.61	0.4%	11.8%
S&P 500	2886.98	0.5%	15.2%
NASDAQ	7796.66	0.7%	17.5%
Russell 2000	7636.19	0.6%	13.6%
Russell 2000 Growth	7017.74	0.6%	16.5%
Russell 2000 Value	11168.88	0.5%	10.6%
Russell 1000 Growth	1530.16	0.5%	19.3%
Russell 1000 Value	1620.16	0.5%	13.9%
Shanghai SE Index	3018.47	1.9%	15.6%
SPDR Gold Shares	126.56	0.0%	4.4%
GS Crude Oil Total Return	5.71	-4.4%	19.2%
Powershares US \$ Index	26.31	1.0%	3.4%
Ishares EAFE Index	65.16	-0.6%	10.9%
iShares Barclays 20+ Yr Treasury Bond	131.46	-0.2%	8.2%
Utilities Select Sector ETF	60.81	1.2%	14.9%
Vanguard REIT ETF	89.7	0.8%	20.3%
iShares Mortgage Real Estate	42.62	1.4%	6.7%
Wells Fargo BDC	19.92	1.4%	12.6%
Alerian MLP ETF	9.73	-0.2%	11.5%
iShares Global Telecom	56.79	0.3%	13.2%

### A Word on the Market by Pat Adams, CFA

The Federal Reserve meets this week and on Wednesday makes their announcement of their monetary plans. It is expected that they will modify their previous statements to indicate that they intend to cut rates in July. The futures market only give it a chance 25% of a cut at this meeting, but during the July 31st announcement an 86% probability, and the likelihood of 2 more cuts later this year. In our opinion, that should do it and would bring the shape of the yield curve in line with a slightly positively sloped yield curve rather than the inverted curve that we currently have. We believe the higher yielding stocks are very attractively valued relative to interest rates, and if rates on the Federal Funds rate falls these stocks will likely have a significant bounce. These stocks reflective something similar to a recession. The expensive areas of the market have continued to have gotten more expensive and are increasingly vulnerable.

Keep in mind, the Fed could really screw the market up and drive the market into a significant correction if they do a poor job in how they spin things on Wednesday, or do not appease the bond market by cutting rates as needed. As a result, the market will be keenly focused on the announcement on Wednesday. We do not expect a disappointment but there is much more downside than upside.

We mentioned last week the meeting between Trump and Xi on June 28th or 29th at the G20 will be critically important. We believe it helps Trump with his base to go after China and we believe it hurts China politically to give in. The market is not ready for more tariffs, which we believe is a distinct likelihood.

In July, we will start to get second quarter earnings reports, and we expect a lot of very disappointing results, particularly in the semiconductor sector. Broadcom (AVGO) recently reported earnings and they were

ETFMG Alternative Harvest ETF	31.17	-2.8%	25.0%
BitCoin Investment Trust	10.8	4.2%	172.7%

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

#### S&P Sector Performance: As of June 14, 2019

Index	Price	Last Week	YTD
Information Technology	1331.07	-0.2%	22.2%
Consumer Disc.	935.89	2.4%	19.8%
Consumer Staples	602.85	0.6%	15.5%
Health Care	1052.28	0.2%	5.2%
Financials	450.55	0.4%	13.7%
Industrials	632.91	-0.4%	16.8%
Energy	447.48	-0.5%	5.5%
Communications Services	161.19	1.4%	16.1%
Utilities	306.01	1.2%	14.0%
Materials	360.98	0.5%	14.1%
Real Estate	232.25	0.5%	20.8%

Source: Bloomberg website, Returns are appreciation only.

#### Interest Rates

Fed Fund	2.25-2.50	5-Year	1.85
3-Month	2.23	10-Year	2.09
6-Month	2.20	30-Year	2.58
2-Year	1.86		

Source: Bloomberg.com

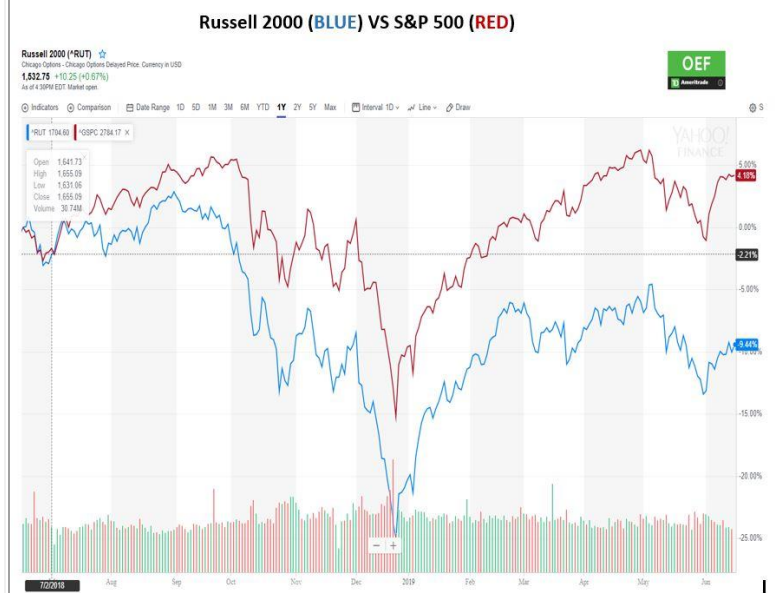
#### Economic Events This Week

<b>17-Jun</b>	Empire State Manufacturing Index	12.1	17.8
<b>18-Jun</b>	Building Permits	1.30M	1.29M
<b>18-Jun</b>	Housing Starts	1.24M	1.24M
<b>19-Jun</b>	Federal Funds Rate	<2.50%	<2.50%

significantly lower on much lower business due to the blacklisting of Huawei and tariffs on China.

The S&P 500 is above all the major moving averages, but at the upper end of a sideways pattern. In the short-term we are focused on the 50-day moving average of 2874, otherwise we become more defensive. This does not give us much room as the S&P 500 is currently 2893.

Below is the small cap index of the Russell 2000 vs the S&P 500 over a 12-month period. It is unusual have such a large difference in performance in an up market. If the market continues higher small companies should see some significant catch-up.



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<b>20-Jun</b>	Philly Fed Manufacturing Index	10.6	16.6
<b>20-Jun</b>	Unemployment Claims	220K	222K
<b>21-Jun</b>	Existing Home Sales	5.29M	5.19M

Source: Briefing.com

#### Economic Events Last Week

Date	Event
<b>10-Jun</b>	U.S. adds a meager 75K jobs in May against a market forecast of 185K
<b>11-Jun</b>	Yearly increase in producer price index slows to 1.8% from 2.2%
<b>12-Jun</b>	The consumer price index rose by 0.1% in April, matching the MarketWatch forecast
<b>12-Jun</b>	Yearly increase in core CPI slipped to 2% from 2.1%
<b>12-Jun</b>	U.S. budget deficit widens to \$208 billion in May, a jump of 41% from a year ago
<b>13-Jun</b>	Initial jobless claimed rose by 3,000 to a five week high of 222K the week ending in June 8.
<b>14-Jun</b>	U.S. retail sales increased 0.5% in May compared to expectations of 0.7% gain
<b>14-Jun</b>	Industrial production rose 0.4% in May versus a forecast of 0.2%
<b>14-Jun</b>	Prelim consumer-sentiment index in June fell to a reading of 97.9 from 100 in May

Source: Briefing.com

Phone: (800) 777-0818  
 Email: [Information@pvgasset.com](mailto:Information@pvgasset.com)  
 Web: [www.pvgassetmanagement.com](http://www.pvgassetmanagement.com)