PVG Asset Management
LOSS AVERSE INVESTING

Market in a Minute

September 03, 2019

Index Performance: As of August 30, 2019			
Index	**Price**	**Last Week**	**YTD**
Dow Jones 30	26403.28	3.0%	13.2%
S&P 500	2926.46	2.8%	16.7%
NASDAQ	7962.88	2.7%	20.0%
Russell 2000	7518.66	2.5%	11.8%
Russell 2000 Growth	7008.2	2.3%	16.3%
Russell 2000 Value	10833.57	2.6%	7.3%
Russell 1000 Growth	1581.69	2.7%	23.3%
Russell 1000 Value	1618.72	2.7%	13.8%
Shanghai SE Index	3023.71	-0.4%	15.8%
SPDR Gold Shares	143.75	-0.3%	18.6%
GS Crude Oil Total Return	6.05	2.4%	26.3%
Powershares US $ Index	26.87	1.3%	5.6%
Ishares EAFE Index	63.21	2.0%	7.5%
iShares Barclays 20+ Yr Treasury Bond	147.28	0.9%	21.2%
Utilities Select Sector ETF	62.58	1.8%	18.3%
Vanguard REIT ETF	92.22	1.7%	23.7%
iShares Mortgage Real Estate	40.4	-2.1%	1.2%
Wells Fargo BDC	19.68	0.4%	11.2%
Alerian MLP ETF	9.09	2.9%	4.1%
iShares Global Telecom	57.14	2.8%	13.9%

A Word on the Market by Pat Adams, CFA

As we mentioned last week, the market setup is odd with significant downside, but also significant upside provided certain things occurs.

If the trade war with China does not improve it will pull forward the recession that most economists believe is most likely to occur in 2021, to something that may be occurring this year or early 2020. The downside in the equity market would likely be a typical bear market (roughly -30% decline).

On the positive side, if the trade war with China gets resolved, and additionally, the Federal Reserve can hurry up and get short-term rates inline with market rates (dropping the Federal Funds rate by -.75%), then a significant rally in cyclical stocks, value stocks, and the market in general could occur, potentially seeing new highs through the election in 2020.

We would not rule out either the negative or positive scenarios. Our portfolios are ready to move significantly one way or the other based on where the technicals take them.

The Chinese Yuan to U.S. Dollar continues to weaken and is now 7.18 down from 7.15 last week and remember the 7.0 level where China had been trying to maintain. The market may become very concerned about China's economy/currency.

This Friday we get the Employment report for August, below 100,000 net new jobs and the market will become concerned. If we get a bad report it likely increases the odds that the Federal Reserve will cut interest rates by .50%, rather than the expected .25%, when they meet on September 18th.

Below is the Purchasing Managers Index, we believe it is one of the best economic barometers. The manufacturing sector is important as it reflects changes in the economy

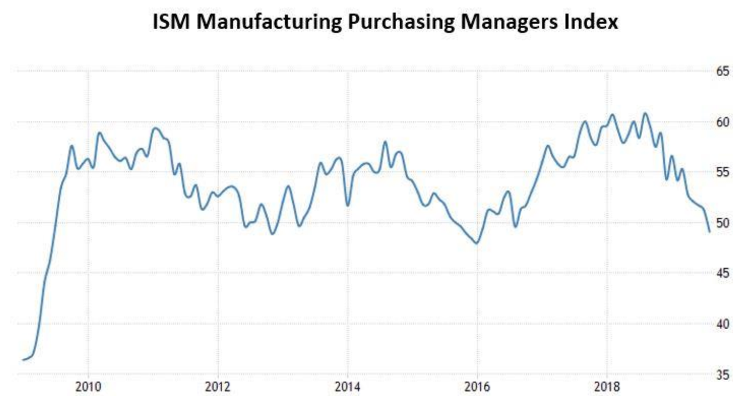
ETFMG Alternative Harvest ETF	24.01	-3.1%	-3.7%
BitCoin Investment Trust	11.72	-12.8%	196.0%
Source: Bloomberg & Yahoo.com, Returns are appreciation only.			

S&P Sector Performance: As of August 30, 2019			
Index	**Price**	**Last Week**	**YTD**
Information Technology	1393.25	3.1%	27.9%
Consumer Disc.	940.47	2.6%	20.4%
Consumer Staples	621.27	1.6%	19.1%
Health Care	1046.74	2.1%	4.6%
Financials	445.65	3.2%	12.5%
Industrials	636.24	3.6%	17.4%
Energy	422.09	2.8%	-0.5%
Communications Services	166.58	3.4%	20.0%
Utilities	315.97	1.8%	17.7%
Materials	354.28	3.1%	11.9%
Real Estate	261.72	9.9%	36.1%
Source: Bloomberg website, Returns are appreciation only.			

Interest Rates			
Fed Fund	2.00-2.25	5-Year	1.39
3-Month	1.99	10-Year	1.50
6-Month	1.89	30-Year	1.96
2-Year	1.50		
Source: Bloomberg.com			

Economic Events This Week			
03-Sept	ISM Manufacturing PMI	51.2	51.2
04-Sept	ISM Manufacturing Prices	47.6	45.1
04-Sept	Trade Balance	-54.2B	-55.2B
05-Sept	ADP Non-	148K	156K

very quickly. The index is a rate of change barometer. Below 50 the manufacturing economy is contracting, and above 50 it is expanding. We believe a reading above 60 it is a good indicator that the economy is overheating and works well as an indicator to sell stocks. In the low 40s (generally) it works the opposite that the economy is at a bottom of a recession and it is time to buy. During last 12 months the S&P 500 is roughly flat. The Purchasing Managers survey was released on Tuesday morning and it fell to 49.1% in August down from 51.2% in July, this reflects a contraction in the manufacturing sector. If it continues to weaken in coming months without significant rate cuts by the Fed, the stock market will likely fall until the index bottoms.



Please let us know if you would like to discuss.
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	Farm Employment Change		
05-Sept	Unemployment Claims	215K	215K
05-Sept	ISM Non-Manufacturing PMI	54.0	53.7
06-Sept	Average Hourly Earnings m/m	0.3%	0.3%
06-Sept	Non-Farm Employment Change	160K	164K
06-Sept	Unemployment Rate	3.7%	3.7%

Source: Briefing.com

Economic Events Last Week

Date	Event
26-Aug	Durable goods orders jump in July by 2.1% against expectations of 0.9% gain
27-Aug	Case-Shiller index dropped to 2.1% from 2.4% over the past 12 months
27-Aug	Consumer confidence index fell slightly to 135.1 in August from a revised 135.8 in July
29-Aug	Jobless claims rose slightly by 4K to 215K in August
29-Aug	GDP expanded at a 2% annual pace from April through June
30-Aug	Consumer spending jumped 0.6% last month versus a forecast of 0.3%, while income rose by 0.1%
30-Aug	Chicago PMI rose above the 50 level signalling expansion, climbing to 50.4 in August from 44.4 in July

Source: Briefing.com

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