



Market in a Minute
October 15, 2019

Index Performance: As of October 11, 2019

Index	Price	Last Week	YTD
Dow Jones 30	26816.59	0.9%	15.0%
S&P 500	2970.27	0.6%	18.5%
NASDAQ	8057.04	0.9%	21.4%
Russell 2000	7619.86	0.8%	13.4%
Russell 2000 Growth	6912.48	0.7%	14.7%
Russell 2000 Value	11288.5	0.9%	11.8%
Russell 1000 Growth	1592.36	0.8%	24.1%
Russell 1000 Value	1660.74	0.5%	16.7%
Shanghai SE Index	3115.31	2.4%	19.3%
SPDR Gold Shares	140.03	-1.3%	15.5%
GS Crude Oil Total Return	5.97	4.2%	24.6%
Powershares US \$ Index	26.82	-0.5%	5.4%
Ishares EAFE Index	65.55	2.2%	11.5%
iShares Barclays 20+ Yr Treasury Bond	140.44	-3.8%	15.6%
Utilities Select Sector ETF	63.92	-1.3%	20.8%
Vanguard REIT ETF	93.03	-0.4%	24.8%
iShares Mortgage Real Estate	42.29	1.1%	5.9%
Wells Fargo BDC	19.41	-1.3%	9.7%
Alerian MLP ETF	8.82	-2.5%	1.0%
iShares Global Telecom	57.93	1.1%	15.4%

A Word on the Market by Pat Adams, CFA

On Friday, we got the news on the cease fire of the trade war with China. There are a lot of issues that still need to be resolved and this may be just the start of a long process, nevertheless, we see this as a positive. Will have been curious to see if the market would sell off on the news. We don't see any change to the highly probable -.25% rate cut coming by the end of the October by the Federal Reserve. As a result, we have two major concerns of the market getting better.

Below is the 2-year chart of the S&P 500, you can see from the high of January 2018 the market is essentially very close to being flat, up only 3.2%, this is 21 months of moving sideways. This is a positive, in that the Federal Reserve is more accommodative, China is not getting worse at this point, and the market has been flat for a significant period of time. Additional positives, earnings growth has been negligible of a significant period, but the third quarter is likely to be the last negative or flat quarter for a while, and lastly value oriented stocks are very cheap.



Below, you can see the third quarter is expected to be down -3.9% and then very easy comparisons in the 4th 2019 and 1st quarter of 2020. See how depressed the 1st quarter of 2019 was. This is like a mini recession. We would expect a shift into more cyclical or value stocks. Today on Tuesday, in the bank group Citigroup, J.P.

ETFMG Alternative Harvest ETF	18.65	-10.7%	-25.2%
BitCoin Investment Trust	9.81	0.2%	147.7%

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

S&P Sector Performance: As of October 11, 2019

Index	Price	Last Week	YTD
Information Technology	1432.11	1.3%	31.5%
Consumer Disc.	946.48	1.0%	21.1%
Consumer Staples	624.47	-0.9%	19.7%
Health Care	1040.49	-0.3%	4.0%
Financials	459.31	0.8%	16.0%
Industrials	647.76	1.5%	19.5%
Energy	428.04	1.0%	0.9%
Communications Services	168.26	0.8%	21.2%
Utilities	324.41	-1.4%	20.8%
Materials	359.46	1.9%	13.6%
Real Estate	242.66	-0.6%	26.2%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

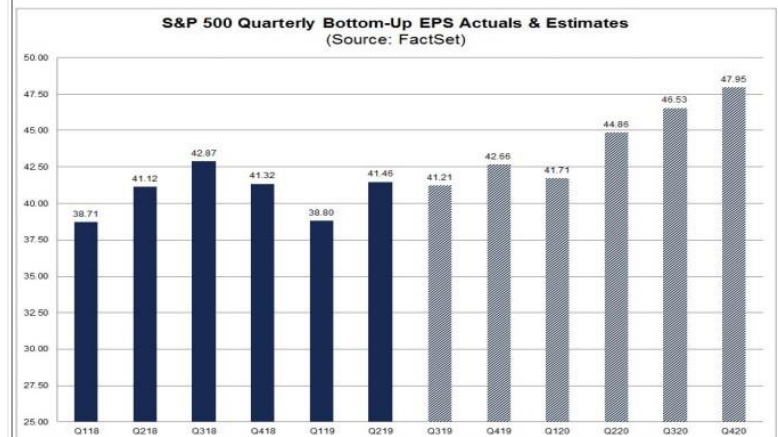
Fed Fund	1.75-2.00	5-Year	1.59
3-Month	1.68	10-Year	1.76
6-Month	1.68	30-Year	2.22
2-Year	1.63		

Source: Bloomberg.com

Economic Events This Week

16-Oct	Core Retail Sales m/m	0.2%	0.0%
16-Oct	Retail Sales m/m	0.3%	0.4%
17-Oct	Philly Fed Manufacturing Index	7.3	12.0
17-Oct	Building Permits	1.34M	1.43M
17-Oct	Unemployment Claims	212K	210K

Morgan, and Wells Fargo report earnings, to get the value stocks moving these stocks need to move up. Johnson & Johnson also reports, we would buy any weakness as their legal concerns are not material for this company. JNJ is now a value stock, but it is a growth company...this is an opportunity.



The small cap biotechnology stocks have been through a brutal bear market as the overall IPO market has been very weak and this sector is a perpetual user of cash. The BBC is off -33% from the high in 2018. A stock in this sector that seems way too cheap is Surface Oncology (SURF), it has a number of early stage cancer drugs. What is compelling is they have roughly \$120 million in cash on their balance sheet and a market cap of only \$35 million, it is unusual for stocks to trade below their cash. SURF went public at \$15.00 a share and the stock is currently \$1.25. There are a number of catalysts in November. Our point is to make you aware of the valuation gap of some stock in the market. There are real opportunities worth investing in, although the overall market may be expensive (but attractive relative to the bond market), and the momentum stocks are very expensive.

Our technical model is more positive after three down weeks, last week's improvement tipped it to being more positive. The S&P 500 is only about 4% over the 200 day-moving average, so it has plenty of upside on a technical basis, we get nervous when the market is 10%-12% above the 200-day. The 200-day is starting to get a positive slope which is encouraging.

We are in the later stages of this bull market and believe investors should be using tactical or loss averse portfolios to provide some safety when, and not if, the market moves into a long overdue bear market. This provides investors positive return potential but downside protection. PVG Asset Management specializes in this type of money management and welcome the opportunity to be helpful.

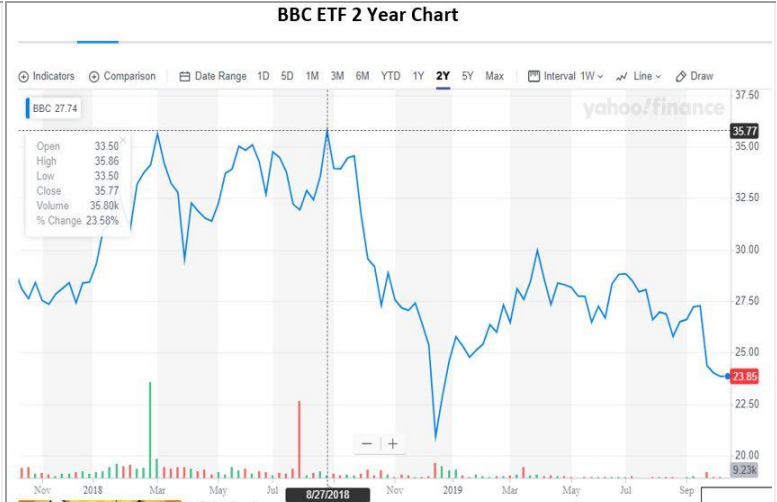
17-Oct	Industrial Production m/m	-0.1%	0.6%
17-Oct	Crude Oil Inventories	3.0M	2.9M

Source: Briefing.com

Economic Events Last Week

Date	Event
07-Oct	Consumer borrowing growth weakened in August to 17.9B from 23B in July
08-Oct	Producer price index drops 0.3%, annual rate slips to 3-year low of 1.4%
08-Oct	Core PPI over the past year dropped to 1.7% from 1.9%.
08-Oct	Fed will begin increasing size of balance sheet according to a statement by Powell
09-Oct	Job openings slipped to 7.05M in August from 7.17M in July.
10-Oct	Unemployment claims fall 10K to 210K in early October
10-Oct	CPI in September was unchanged at 1.7% annual rate
11-Oct	U.S. consumer sentiment climbs to three-month high of 96.0 from 93.2 in September

Source: Briefing.com



Please let us know if you would like to discuss.
800.777.0818

Please visit our website for more information.
www.pvgassetmanagement.com