



## Market in a Minute

February 25, 2020

### Index Performance: As of February 21, 2020

Index	Price	Last Week	YTD
Dow Jones 30	28,992.41	-1.4%	2.0%
S&P 500	3,337.75	-1.3%	3.7%
NASDAQ	9,576.59	-1.6%	7.0%
Russell 2000	8,500.57	-0.5%	0.5%
Russell 2000 Growth	8,033.14	-0.7%	3.6%
Russell 2000 Value	12,062.47	-0.4%	-2.4%
Russell 1000 Growth	1,871.00	-1.5%	5.7%
Russell 1000 Value	1,813.75	-0.7%	1.1%
Shanghai SE Index	3,185.33	1.9%	-0.3%
SPDR Gold Shares	154.7	3.8%	8.3%
GS Crude Oil Total Return	5.97	3.8%	-15.0%
Powershares US \$ Index	26.83	0.3%	3.3%
Ishares EAFE Index	68.26	-1.4%	-1.7%
iShares Barclays 20+ Yr Treasury Bond	148.04	2.4%	9.3%
Utilities Select Sector ETF	70.33	-0.1%	8.8%
Vanguard REIT ETF	99.57	0.0%	7.3%
iShares Mortgage Real Estate	47.88	0.2%	7.5%
Wells Fargo BDC	20.43	-0.2%	0.0%
Alerian MLP ETF	7.65	-2.5%	-10.0%

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

The S&P 500 was down about -3.4% on Monday and is now off by about 5% from the high on the S&P 500. We discussed last week that the markets looked very similar to 1999, where we were seeing a melt-up, and perhaps, a final move prior to a bear market occurring. The market is reacting negatively to being very over-extended, and the news on the Coronavirus spreading more than expected was the catalyst to get it started. So, the question, is this a start of a significant correction/bear market, or an adjustment to being very overbought and having some disappointing news on the Coronavirus?

The Coronavirus is very hard to handicap. The statistics may not be very accurate in terms of total number infected and deaths. A large part of China has been shut down. It appears the factories are trying to reopen this week, according to our contact in China, even though the virus is still there, the economy cannot take the shut down any longer. The economy in China, if measured quarter to quarter would be down significantly. China is a highly levered economy and needs to cover their debts. We would view the virus as not significant (from the information that we know), unless it spreads aggressively, which is still unknown what is happening.

In terms of an end of market cycle melt-up ending this bull market, that certainly appears to have happened, but what is the downside, and/or are we going to get a massive rotation instead of a bear market? On both of these issues, it is too early to tell either way. The long-term valuations are very high on the overall stock market, growth stocks versus value stocks are excessively overpriced, the bond market is starting to get to the lows again in terms of yield. Stocks versus bonds is still attractive, but that only works as long as stocks are rising.

On the technicals, as discussed previously, the market movement has been very similar to previous end of market cycle melt-ups, up roughly 17% from the lows in October to the highs in February. The S&P 500 has now broken through the 20-day and 50-day moving averages. We would like to

iShares Global Telecom	63.74	-1.2%	3.8%
ETFMG Alternative Harvest ETF	16.48	0.3%	-3.7%
BitCoin Investment Trust	12.53	-5.1%	53.0%

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

#### S&P Sector Performance: As of February 14, 2020

Index	Price	Last Week	YTD
Information Technology	1,743.28	-2.5%	8.2%
Consumer Disc.	1,031.02	-1.1%	4.8%
Consumer Staples	664.57	-0.1%	2.8%
Health Care	1,203.41	-0.5%	1.7%
Financials	509.7	-1.3%	0.0%
Industrials	704.12	-1.2%	2.7%
Energy	405.93	-0.9%	-10.6%
Communications Services	189.12	-1.2%	4.4%
Utilities	355.67	-0.2%	8.9%
Materials	378.91	-0.3%	-1.4%
Real Estate	259.71	0.0%	8.5%

Source: Bloomberg website, Returns are appreciation only.

#### Interest Rates

Fed Fund	1.75	5-Year	1.30
3-Month	1.60	10-Year	1.46
6-Month	1.53	30-Year	1.90
2-Year	1.34		

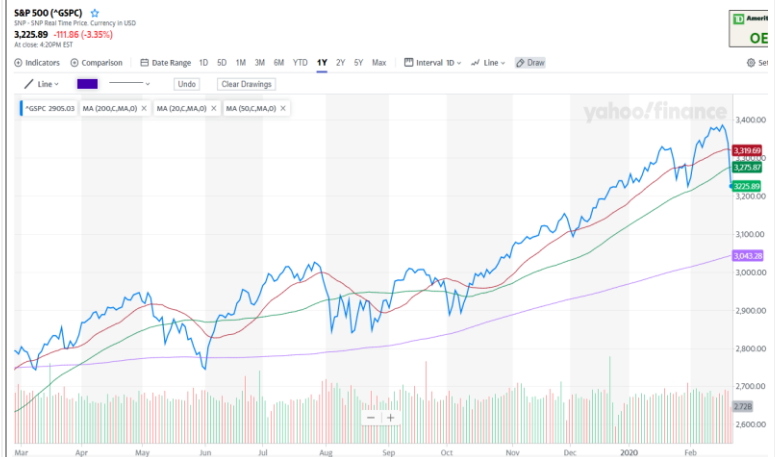
Source: Bloomberg.com

#### Economic Events This Week

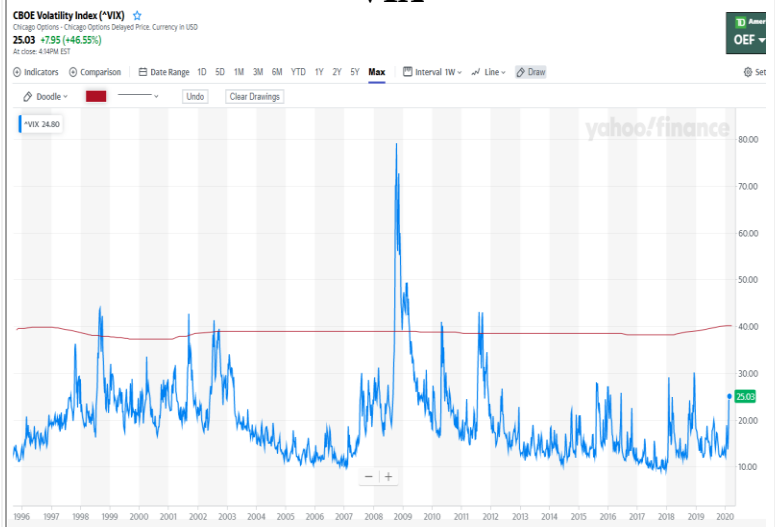
<b>24-Feb</b>	German IFO Business	95	96
<b>25-Feb</b>	CB Consumer Confidence	0.5%	0.5%
<b>26-Feb</b>	ANZ Business Confidence		-13.2

see a test of the 200-day moving average, down about 6% from current levels. The second chart below is the Volatility Index or VIX, which measures the amount of fear in the markets, the higher the VIX, the higher the fear. Around 40 is generally a safe level to come into the market. At 25 it is up significantly, and for a correction we would like to see the VIX around 30. In terms of the sentiment, it has changed significantly to the negative, but not negative enough for a meaningful bounce.

### S&P 500 Index



### VIX



Please let us know if you would like to discuss.  
303-874-7478

Please visit our website for more information.  
[www.pvgassetmanagement.com](http://www.pvgassetmanagement.com)

<b>26-Feb</b>	Private Capital Expenditures q/q	0.5%	-0.2%
<b>27-Feb</b>	Prelim GDP q/q	2.2%	1.1%
<b>28-Feb</b>	GDP m/m	0.1%	0.1%
<b>28-Feb</b>	Manufacturing PMI		50
<b>28-Feb</b>	Non-Manufacturing PMI		54.1

Source: Briefing.com

#### Economic Events Last Week

Date	Event
<b>18-Feb</b>	Index jumps to 12.9 in February, well above expected 4
<b>19-Feb</b>	PPI has risen around 2.1% in the past year. Wholesale prices surge, but could be false alarm
<b>19-Feb</b>	Permits hit 13 year high, but housing start to dip 3.6%
<b>20-Feb</b>	Philly fed manufacturing index highest level in 3 years; General activity index rises to 36.7 vs expected 10
<b>20-Feb</b>	Gauge of the economy's health jumped 0.8% in January
Source: Briefing.com	

Phone: (303) 874-7478

Email: [Information@pvgasset.com](mailto:Information@pvgasset.com)

Web: [www.pvgassetmanagement.com](http://www.pvgassetmanagement.com)