



## Market in a Minute

January 28, 2019

### Index Performance: As of January 24, 2020

Index	Price	Last Week	YTD
Dow Jones 30	28,989.73	-1.2%	2.0%
S&P 500	3,295.47	-1.0%	2.4%
NASDAQ	9,314.91	-0.8%	4.1%
Russell 2000	8,410.04	-2.2%	-0.5%
Russell 2000 Growth	7,856.82	-1.9%	1.3%
Russell 2000 Value	12,084.19	-2.5%	-2.2%
Russell 1000 Growth	1,821.94	-0.7%	2.9%
Russell 1000 Value	1,803.73	-1.2%	0.5%
Shanghai SE Index	3,207.12	0.0%	0.3%
SPDR Gold Shares	147.98	1.0%	3.6%
GS Crude Oil Total Return	6.04	-9.9%	-14.0%
Powershares US \$ Index	26.39	0.3%	1.6%
Ishares EAFE Index	69.49	-1.3%	0.1%
iShares Barclays 20+ Yr Treasury Bond	142.08	2.9%	4.9%
Utilities Select Sector ETF	68.36	2.4%	5.8%
Vanguard REIT ETF	95.45	0.8%	2.9%
iShares Mortgage Real Estate	45.83	0.2%	2.9%
Wells Fargo BDC	20.31	0.0%	-0.6%

### A Word on the Market

By Pat Adams, CFA

The Corona Virus is the catalyst for the market selling off 2.6 % over the last couple days. The corona virus compared to the SARS virus of 2003 appears to be spreading a lot faster, which is a concern and not something that the stock market can yet come to grip with. China has now had several metropolitan cities totaling roughly 50 million people. That is a significant amount of population and it will have a negative impact on global economic growth. It has spread beyond China to other countries but seems limited. The virus appears to spread by a carrier similar to a cold, through coughing or sneezing or by touching things that have the virus on it, such as a door handle...this is not good. The Flu Pandemic in 1968 (Hong Kong Flu) killed 1 million people, the Flu Pandemic of 1918 killed as many as 50 million. So far with this virus 106 are dead of 1300 infected, which is a low percentage of death. The expectations for global growth have moderated, as a result commodity prices have declined significantly. As an example oil, please see chart below. You wouldn't think this would be a major event, but there is uncertainty in the market.

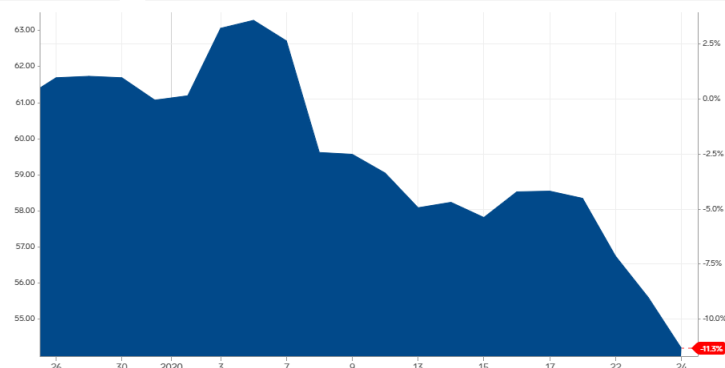
### OIL (WTI) PRICE COMMODITY

♥ 54.20 USD -1.50 (-2.69%) Official Close 1/24/2020 MII Indication\*

Prev. Close 55.70 Open 55.69 Day Low 53.85 Day High 55.95 52 Week Low 50.52 52 Week High 66.60

INTRADAY 1W 1M 3M 6M YTD 1Y 3Y 5Y 10Y MAX

INDICATORS CHART OPTIONS



The other major issue that has spooked the market is the Federal Reserve has put \$300 billion into the financial system since August but it appears the Fed has halted their recent balance sheet

Alerian MLP ETF	8.3	-6.1%	-2.4%
iShares Global Telecom	63.45	-1.2%	3.3%
ETFMG Alternative Harvest ETF	17.43	-7.0%	1.8%
BitCoin Investment Trust	9.48	-5.9%	15.8%

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

S&P Sector Performance: As of January 24, 2020

Index	Price	Last Week	YTD
Information Technology	1,711.11	0.3%	6.2%
Consumer Disc.	990.75	-1.5%	0.7%
Consumer Staples	653.43	-0.5%	1.1%
Health Care	1,193.25	-2.0%	0.8%
Financials	504.03	-2.2%	-1.1%
Industrials	704.53	-1.0%	2.8%
Energy	429.71	-4.2%	-5.3%
Communications Services	188.48	-1.4%	4.0%
Utilities	347.25	2.4%	6.4%
Materials	375.28	-2.3%	-2.3%
Real Estate	248.17	1.0%	3.6%

Source: Bloomberg website, Returns are appreciation only.

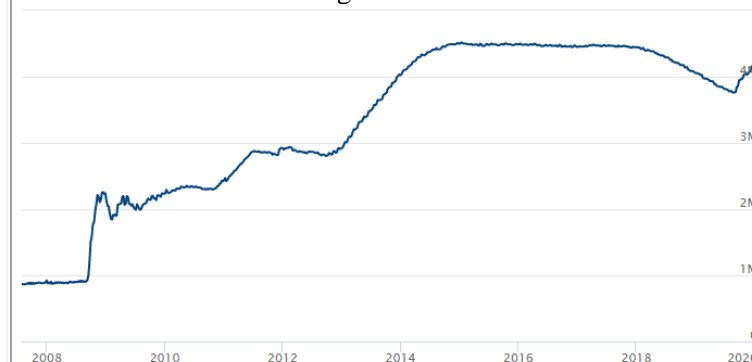
#### Interest Rates

Fed Fund	1.75	5-Year	1.51
3-Month	1.54	10-Year	1.70
6-Month	1.55	30-Year	2.14
2-Year	1.49		

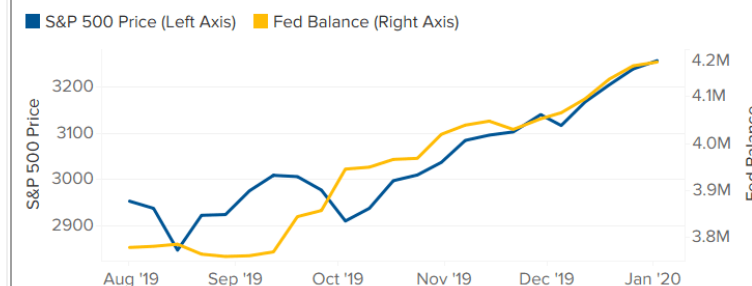
Source: Bloomberg.com

expansion. Perhaps the Fed reached their goal and are finished in replenishing the money markets with the required liquidity. The Fed will have a press conference on January 29<sup>th</sup> and we expect more clarity at that point.

The second graph below, you can see the tight link between the Fed's recent liquidity injection and the correlation with stock prices. We believe the Fed has created a bubble in certain areas of the stock market and in the general bond market.



#### Federal Reserve balance sheet vs. the S&P 500



From last week's earnings reports, Intel knocked the cover off the ball. We believe the company is transforming itself into a faster growing more shareholder friendly stock. All extra cash flow is going back to shareholders. There are lots of technology companies reporting earnings this week including Apple of Tuesday, Microsoft on Wednesday, and Amazon on Thursday. These three companies makeup roughly 30% of the Nasdaq 100. This is a huge week for momentum stocks.

In terms of the technical of the market, watch the 3274 level on the S&P 500 which is the 20-day moving average, if the market breaks this level the selling could accelerate. The EAFE Index and Russell 2000 have both broken thru the 20-day ma. These short-term moving averages are important because the market has been in a melt-up phase and it may be ending, with the Fed stopping its balance sheet expansion and valuations in momentum stocks are highly inflated.

If you would like to learn more about our "Loss Averse" strategies, our tactical strategies or our value strategies please call 303 874 7478 or email [aadams@pvgasset.com](mailto:aadams@pvgasset.com) and we will schedule a call with one of our portfolio managers.

## Economic Events This Week

27-Jan	German IFO Business Climate	97.1	95.9
28-Jan	CB Consumer Confidence	128.2	126.5
28-Jan	CPI q/q	0.6%	-0.5%
28-Jan	Trimmed Mean CPI q/q	0.4%	0.4%
27-Jan	German IFO Business Climate	97.1	95.9
30-Jan	Federal Funds Rate	<1.75	<1.75
30-Jan	BOE Monetary Policy Report	0.3%	-0.1%
30-Jan	MPC Official Bank Rate Votes	0-3-6	0-2-7
27-Jan	Official Bank Rate	0.75%	0.75%
30-Jan	Advance GDP q/q	2.2%	2.1%

Source: Briefing.com

## Economic Events Last Week

Date	Event
22-Jan	Home sales rebound in December, while inventory hit a 20-year low
23-Jan	jobless claims rise slightly to 211,000 in mid-January
23-Jan	Economy slowed, but indicators point to 2% growth rate in early 2020
23-Jan	Initial jobless claims declined by 8K to 211K in the week ended Nov. 2
23-Jan	U.S. Manufacturing PMI at 3-month low

