



Market in a Minute

November 3, 2020

Index Performance: As of October 30, 2020

Index	Price	Last Week	YTD
S&P 500	3,269.96	-5.6%	1.6%
Dow Jones	26,501.60	-6.5%	-6.7%
NASDAQ	10,911.60	-5.5%	21.9%
Russell 2000	7,866.42	-6.2%	-7.0%
Russell 2000 Growth	8,104.04	-5.8%	4.5%
Russell 2000 Value	10,041.76	-6.6%	-18.7%
Russell 1000 Growth	2,101.72	-5.9%	18.7%
Russell 1000 Value	1,571.30	-5.5%	-12.4%
Shanghai SE Index	3,225.12	-6.1%	0.9%
SPDR Gold Shares	176.2	-1.4%	23.3%
GS Crude Oil Total Return	30.25	-13.6%	330.9%
Powershares US \$ Index	25.37	1.3%	-2.3%
iShares EAFE Index	61.39	-5.5%	-11.6%
iShares Barclays 20+ Yr Treasury Bond	157.4	-0.4%	16.2%
Utilities Select Sector ETF	62.38	-3.7%	-3.5%
Vanguard REIT ETF	76.59	-4.7%	-17.5%
iShares Mortgage Real Estate	25.67	-3.9%	-42.4%
Wells Fargo BDC	13.24	-4.4%	-35.2%
Alerian MLP ETF	20.86	-7.9%	-50.9%
iShares Global Telecom	67.37	-2.8%	9.7%
ETFMG Alternative Harvest ETF	10.72	-6.8%	-37.4%
BitCoin Investment Trust	15.38	7.0%	87.8%

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

S&P Sector Performance: As of October 30, 2020

Index	Price	Last Week	YTD
Information Technology	1,948.66	-6.5%	20.9%

A Word on the Market

By: Patrick Adams, CFA



To say this is an important week for the market is an understatement. The event that is of most importance for the markets is the election and control of congress. The reason this is the case is it appears the Democrats seem to have swung so far left that their policies, if enacted, would have direr consequences for investors. What you can count on is if there is a hike in taxes as Biden has discussed we will see the opposite impact as when Trump cut taxes. The market over 4 years under Trump is up about 65% to the high in September of this year.

We profess to have no ability to predict election outcomes. The pollsters that were accurate in 2016 have Trump winning again. You would think the pollsters that did a poor job in 2016 made adjustments, and thus are more accurate this time. Anecdotally, the Trump rallies and all the car caravans give you the impression that a Trump win is most likely. We think the market could be caught off guard if Trump wins and could be instore for a significant market rally. The market seems to be already discounting some bad news as it is off about -9% from its high.

As we mentioned last week, the big technology stocks were reporting last Thursday after the close, to expect some significant volatility, which is what happened! We believe large tech stocks have gone up about as much as possible for a while. If we see rotation it will occur into value and smaller companies that have been left out of this decade long bull. Simply owning the equal weight S&P 500 versus the market weighted S&P 500 may be an excellent way of capturing this rotation.

Later this week the Federal Reserve meets, we expect no change and a continued plea for a stimulus bill from congress. On Friday, another important datapoint is the Employment report.

Consumer Disc.	1,172.03	-6.2%	19.2%
Consumer Staples	639.46	-4.8%	-1.0%
Health Care	1,184.32	-5.7%	0.1%
Financials	396.09	-5.6%	-22.3%
Industrials	75.87	-6.5%	-8.7%
Energy	216.82	-5.7%	-52.2%
Communications Services	196.55	-3.9%	8.5%
Utilities	316.92	-3.7%	-2.9%
Materials	396.87	-4.3%	3.3%
Real Estate	211.46	-4.2%	-11.7%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates			
Fed Fund	.25	5-Year	0.38
3-Month	0.9	10-Year	0.87
6-Month	0.11	30-Year	1.63
2-Year	0.13		

Source: Bloomberg.com

Economic Events This Week			
2-Nov	ISM Manufacturing PMI	59.3	55.6
3-Nov	Cash Rate	0.10%	0.10%
3-Nov	Employment Change q/q	5.3%	4.0%
3-Nov	Unemployment Rate	5.3%	4.0%
4-Nov	ISM Services PMI	57.4	57.8
6-Nov	Employment Change	100.0K	378.2K

Source: Briefing.com

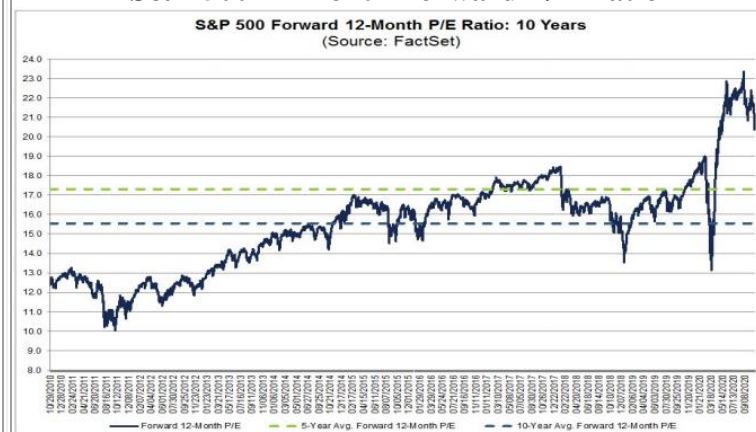
Economic Events Last Week	
Date	Event
Chicago Fed's national activity index slips for 3 rd straight month	Oct-26
U.S. Durable-goods orders increase 1.9% and manufacturers increase for 5 straight months	Oct-27
Consumer confidence slips in October as coronavirus gets Americans less optimistic of future	Oct-27
U.S. jobless claims fall to 751,000 last week	Oct-29

Europe is doing another shutdown related to the virus. This is obviously not good for global growth. We prefer U.S. focused companies as Europe has clear issues and China is un-investable for now.

Our technical model is currently negative.

On a fundamental basis, valuation is high at approximately 20 times 2021 earnings. The valuation issues are concentrated in the large cap technology stocks and many value sectors are compelling on valuation. The major issue is the Covid-19 impact on the economy potentially bringing forecasts down for 2021. A bullish scenario (our Christmas list) would be no change in tax policy, no change in regulation, a good stimulus bill, a vaccine, and the opening up completely of the economy. The markets would move up significantly with a massive rotation

S&P 500 12 Month Forward P/E Ratio



Please let us know if you would like to discuss.

Phone: (303) 874-7477

Email: info@pvgasset.com

Website: www.pvgassetmanagement.com

U.S. Consumer spending climbs 1.4% in September

Oct-30

Source: Briefing.com