



## Market in a Minute

April 21, 2020

Index Performance: As of April 17, 2020

Index	Price	Last Week	YTD
Dow Jones 30	24,242.49	2.2%	-14.7%
S&P 500	2,874.56	3.0%	-10.7%
NASDAQ	8,650.14	6.1%	-3.4%
Russell 2000	6,243.69	-1.4%	-26.2%
Russell 2000 Growth	6,234.46	1.0%	-19.6%
Russell 2000 Value	8,303.31	-4.3%	-32.8%
Russell 1000 Growth	1,691.32	5.3%	-4.5%
Russell 1000 Value	1,449.98	0.2%	-19.2%
Shanghai SE Index	2,852.55	2.5%	-10.7%
SPDR Gold Shares	158.57	0.0%	11.0%
GS Crude Oil Total Return	2.53	-8.0%	-64.0%
Powershares US \$ Index	27.01	0.2%	4.0%
iShares EAFE Index	55.74	0.3%	-19.7%
iShares Barclays 20+ Yr Treasury Bond	167.81	1.5%	23.9%
Utilities Select Sector ETF	60.53	-0.5%	-6.3%
Vanguard REIT ETF	76.11	-3.5%	-18.0%
iShares Mortgage Real Estate	21.17	-4.1%	-52.5%
Wells Fargo BDC	12.04	-2.7%	-41.1%
Alerian MLP ETF	4.23	9.6%	-50.2%

## A Word on the Market

**By: Pat Adams**

It was interesting that the near-term oil futures price, that is expiring today, collapsed on Monday to a price of negative \$37 per barrel. Just when you think you have seen everything possible. A speculator must have had a very large position that they had to get rid of, so they did not have to take delivery. We are watching to see if the out months oil futures fall. We believe oil is underpriced \$20 per barrel, but there is a significant oversupply currently in the global market. Over time many smaller over leverage oil companies will go bankrupt and oil will go back to \$40-\$60 a barrel up from the now near-term futures contract of \$20 per barrel. The oil stocks will bottom out when the marginal companies go out of business and the survivors' issue new equity (raise money) to take advantage of the opportunities.

It will be interesting to see how the world, or more specifically President Trump, deals with China and their complete lack of honesty in dealing with the virus that may end up being a criminal act on the world.

We have a tsunami amount of money coming into the financial system both on the monetary and fiscal side, from the Federal Reserve (\$6 trillion) and Congress (\$2 trillion), our count is currently at about \$8 trillion of stimulus. To make that relative to something, the US. Economy is only about \$20 trillion annually and the U.S. Stock market is about \$34 trillion.

What if the economy gets back on track and growing in the third quarter as we currently expect, then the stock market has more upside than we expect, although that is our current expectation. If there is a delay to the recovery, then the market likely pulls back again. Our gut feel is we have seen the lows. Our valuation work puts fair value for the S&P 500 at 2700 in a broad range of 2400-3000 (currently 2823), depending on how the recovery plays out. On the technicals, the short-term moving averages are all positively trending, although the market is overbought so be careful short-term. We would like to see the market break through the 50-day moving average at 2853. If it cannot penetrate this level,

<b>iShares Global Telecom</b>	56.04	3.7%	-8.7%
<b>ETFMG Alternative Harvest ETF</b>	11.52	0.6%	-32.7%
<b>BitCoin Investment Trust</b>	7.49	-4.0%	-8.5%

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

#### S&P Sector Performance: As of April 17, 2020

Index	Price	Last Week	YTD
<b>Information Technology</b>	1,571.00	4.8%	-2.5%
<b>Consumer Disc.</b>	924.09	7.9%	-6.1%
<b>Consumer Staples</b>	622.12	4.2%	-3.7%
<b>Health Care</b>	1,173.93	6.1%	-0.8%
<b>Financials</b>	372.64	-4.0%	-26.9%
<b>Industrials</b>	533.43	-0.1%	-22.2%
<b>Energy</b>	260.17	0.2%	-42.7%
<b>Communications Services</b>	164.69	4.1%	-9.1%
<b>Utilities</b>	307.83	-0.5%	-5.7%
<b>Materials</b>	316.31	-2.1%	-17.7%
<b>Real Estate</b>	214.41	-2.8%	-10.5%

Source: Bloomberg website, Returns are appreciation only.

#### Interest Rates

<b>Fed Fund</b>	0-.25	<b>5-Year</b>	0.36
<b>3-Month</b>	0.12	<b>10-Year</b>	0.65
<b>6-Month</b>	0.16	<b>30-Year</b>	1.27
<b>2-Year</b>	0.20		

Source: Bloomberg.com

#### Economic Events This Week

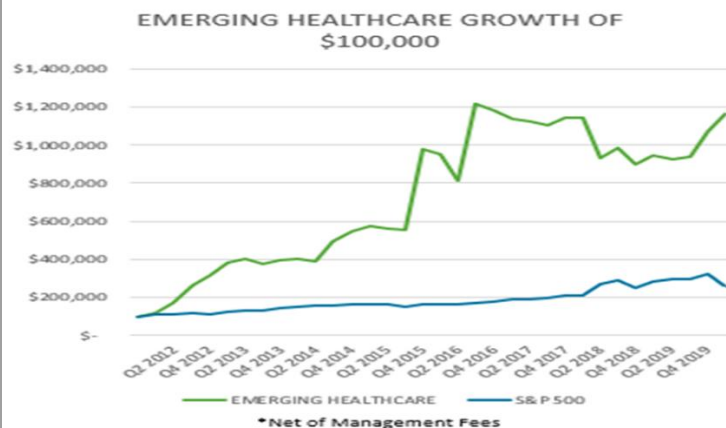
<b>23-Apr</b>	French Flash Services PMI	25.1	<b>27.4</b>
<b>23-Mar</b>	French Flash Manufacturing PMI	37.9	43.2
<b>23-APR</b>	German Flash Manufacturing PMI	39.0	45.4
<b>23-APR</b>	German Flash Services PMI	29.0	<b>31.7</b>

then a pullback will ensue. Our tactical strategies have performed very well, protecting during declines and advancing during positive trends. We believe investors should be using strategies that can protect against a correction that could be -20% from current levels, or that can also continue to advance and get more invested as the recovery continues.

There are a couple of things to think about, your best relative performance is going to be in value stocks if our view is correct on a strong economy in the third quarter and continuing in 2021 (PVG has one of the top performing value strategies, U.S. Value Leaders). It is hard for me to make that leap into long only strategies right now, I want to personally see the likelihood that the economy is actually recovering. The market might retest, but investors should get the mindset to move some money finally into value.

If you have retirement money that needs yield, you can easily find great yields, but it is not in treasury bonds. The Federal Reserve is buying corporate bonds so there is a safety net there. PVG also has a great high yield bond strategy.

The last major theme we see is healthcare. Growth money will likely rotate from information technology to biotechnology. Think about this, the U.S. Government is going to spend at least \$8 trillion due to a virus (likely man made). Healthcare companies will solve the virus and the government will fund so many emerging healthcare drugs, devices, or personnel so we never have this problem again. What is more important, to be able to look at pictures online of your friends or to not die or get sick from a virus. Investors are going to be very interested in having healthcare in their portfolios. We are making our Emerging Healthcare strategy available to investors, we do have limited capacity for this portfolio, and it is high risk. The strategy was up 9% in the first quarter.



<b>23-APR</b>	Flash Manufacturing PMI	42.5	47.8
<b>23-APR</b>	Flash Services PMI	29.6	34.5
<b>23-APR</b>	Unemployment Claims		5245k
<b>23-APR</b>	Retail Sales m/m		-0.3%
<b>24-APR</b>	Flash Manufacturing PMI		48.5
<b>24-APR</b>	German ifo Business Climate		86.1

Source: Briefing.com

#### Economic Events Last Week

Date	Event
<b>14-Apr</b>	Oil price war spurs biggest drop in import prices in 3 years dropping by 2.3% in March
<b>15-Apr</b>	Retail sales get hammered dropping a record 8.7% in March as coronavirus freezes our economy
<b>15-Apr</b>	Empire State manufacturing index plunges to record low in April
<b>15-Apr</b>	Industrial output suffers largest drop since 1946 this March. Due to pandemic, auto production falls sharply
<b>15-Apr</b>	Home-builder confidence plummets to lowest level since 2012
<b>15-Apr</b>	Consumer sentiment sinks to lowest level since 2016 as coronavirus infects the economy
<b>15-Apr</b>	Consumer spending rose .2% in February as people stock up for the pandemic

Source: Briefing.com

Please let us know if you would like to discuss.  
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