



## Market in a Minute

June 16, 2020

Index Performance: As of June 12, 2020

Index	Price	Last Week	YTD
S&P 500	3,041.31	-4.8%	-5.5%
Dow Jones	25,605.54	-5.6%	-9.9%
NASDAQ	9,588.81	-2.3%	7.1%
Russell 2000	7,064.22	-7.9%	-16.4%
Russell 2000 Growth	7,119.34	-6.8%	-8.2%
Russell 2000 Value	9,286.00	-9.3%	-24.9%
Russell 1000 Growth	1,844.18	-3.0%	4.2%
Russell 1000 Value	1,518.38	-7.0%	-15.4%
Shanghai SE Index	2,919.74	-0.6%	-8.6%
SPDR Gold Shares	162.62	2.9%	13.8%
GS Crude Oil Total Return	28.55	-13.0%	306.7%
Powershares US \$ Index	26.26	0.2%	1.1%
iShares EAFE Index	60.44	-5.3%	-13.0%
iShares Barclays 20+ Yr Treasury Bond	162.3	4.0%	19.8%
Utilities Select Sector ETF	58.67	-4.1%	-9.2%
Vanguard REIT ETF	80.63	-4.8%	-13.1%
iShares Mortgage Real Estate	25.41	-4.8%	-42.9%
Wells Fargo BDC	14.45	-2.4%	-29.3%
Alerian MLP ETF	26.6	-12.6%	-37.4%

## A Word on the Market

By: Pat Adams

The market took a big dip last week with the Dow Jones Industrial Average's falling about -7.7% on Thursday and down -5.6% on the week. A daily decline of close to -8% is something you might expect over a multiple week period not in a day. The impetus for the decline was the Federal Reserve's comments that the recovery is going to take a while, and the market figured out that it was way ahead of the actual fundamentals. During the last couple of days, the market has recovered about 2%, with the idea that the market got oversold on a technical basis. To summarize the last several months, a -35% decline, followed by getting to within about 6% of the old high on the S&P 500, and then all most entering a correction in a week. A few weeks like last week the market would be back into another bear market.

The market is being driven by individual investors, which have probably too much time on their hands, with ample savings, and no sports to bet on. Due to everyone being stuck at home the savings rate has reach a crazy high number of 33%. We are seeing highly speculative companies making huge moves that have no fundamentals to support the stock. Nikola (NKLA) is an example, with no revenues, their product is a truck fueled by hydrogen, yes hydrogen. The market cap is \$25 billion, Ford's market cap is \$25 billion...yes really! I remember Fisker so well, they were very well financed with a hybrid engine, and they went bankrupt quickly. The Twitter/Robinhood crowd is very gullible, they really can move stocks which make absolutely no sense. Why are we seeing this speculation, the Federal Reserve is fueling it.

iShares Global Telecom	60.7	-2.6%	-1.1%
ETFMG Alternative Harvest ETF	13.47	-4.1%	-21.3%
BitCoin Investment Trust	10.88	-3.4%	32.8%

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

#### S&P Sector Performance: As of June 12, 2020

Index	Price	Last Week	YTD
Information Technology	1,745.11	-2.0%	8.3%
Consumer Disc.	1,016.50	-3.2%	3.3%
Consumer Staples	592.04	-4.1%	-8.4%
Health Care	1,134.51	-5.5%	-4.1%
Financials	394.14	-9.3%	-22.7%
Industrials	68.82	-8.0%	-17.2%
Energy	299.28	-11.1%	-34.1%
Communications Services	180.02	-2.8%	-0.6%
Utilities	296	-4.3%	-9.3%
Materials	345.02	-8.0%	-10.2%
Real Estate	219.81	-4.2%	-8.2%

Source: Bloomberg website, Returns are appreciation only.

#### Interest Rates

Fed Fund	.25	5-Year	0.33
3-Month	0.16	10-Year	0.71
6-Month	0.18	30-Year	1.45
2-Year	0.19		

Source: Bloomberg.com

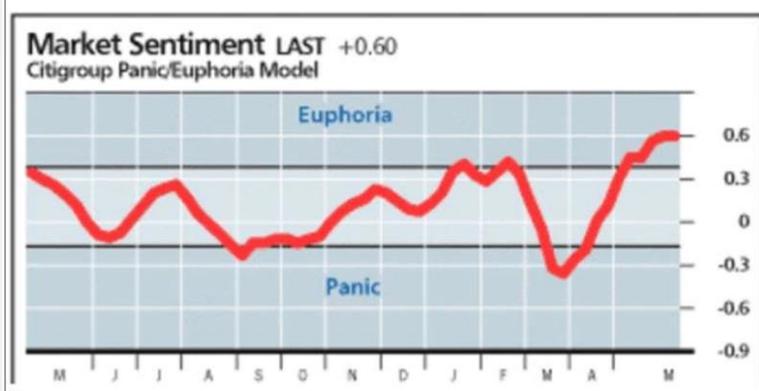
#### Economic Events This Week

15-Jun	Claimant Count Change	405.3K	856.5K
16-Jun	Core Retail Sales m/m	5.5%	-17.2%
16-Jun	Retail Sales m/m	7.9%	-16.4%
17-Jun	CPI m/m	0.8%	-0.7%
18-Jun	GDP q/q	-1.0%	0.5%

## Personal Savings Rate



We follow the Citigroup Panic/Euphoria Model that is a gauge of investor sentiment, when it is in the Euphoria there is an 80% probability of decline one year later, and when it is in Panic there is a 95% likelihood of positive returns. The model is now very cautious.



The fundamentals are not particularly positive, the market is fully valued, but off the high. The recovery is happening and will take a while to play out. The Federal Reserve is being very aggressive, so it is hard not to be invested and enjoy the ride, but you must keep in mind there is very significant risk. Again, the positive money flow, not good fundamentals is driving the market. It appears another package will be coming from congress and the Federal Reserve just announced they will begin buying \$250 billion of corporate bonds. The Fed has injected \$3 trillion into the market in 3 months, this keeps the party going and supplies the corporate bond market with ample liquidity. We would expect the REITs to benefit in a big way!

Our tactical strategies do not just turn from positive to negative but get defensive in multiple tranches as the market breaks certain moving averages. The strategies got very defensive last week. The S&P 500 held the 200-day moving average and the strategies are back to 50% long. We think a cautiously bullish posture is appropriate, but this market can move down very fast and our tactical strategies can get defensive or offensive quickly. The Tactical Total Return and Dynamic Core strategies are designed to get the upside of the market as long as the market is in an uptrend, but to exit quickly when the market begins to decline.

<b>18-Jun</b>	Employment Change	-75.0K	-594.3K
<b>18-Jun</b>	Unemployment Rate	7.0%	6.2%
<b>18-Jun</b>	MPC Official Bank Rate Votes	0-0-9	0-0-9
<b>18-Jun</b>	Core Retail Sales m/m	-11.8%	-0.4%

Source: Briefing.com

#### Economic Events Last Week

Date	Event
<b>9-Jun</b>	It appears that the PPP was successful at supporting small businesses through these rough times
<b>9-Jun</b>	New report shows 10 million people lost their jobs in April
<b>10-Jun</b>	Federal budget jumps from \$208B to \$399B in May
<b>11-Jun</b>	Jobless claims jump 1.54 million in early June
<b>11-Jun</b>	PPI rises 0.4% in May, first gain in four months as producer prices rebound on higher food and energy costs

Source: Briefing.com

Please let us know if you would like to discuss.

Phone:(303)874-7475

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

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