



Market in a Minute

June 2, 2020

Index Performance: As of May 29, 2020

Index	Price	Last Week	YTD
S&P 500	3,044.31	3.0%	-5.4%
Dow Jones 30	25,383.11	0.6%	-13.9%
NASDAQ	9,489.87	2.2%	4.2%
Russell 2000	7,092.21	2.0%	-18.5%
Russell 2000 Growth	7,227.91	3.8%	-8.5%
Russell 2000 Value	9,187.39	-0.3%	-28.7%
Russell 1000 Growth	1,841.44	2.2%	1.8%
Russell 1000 Value	1,517.97	-0.3%	-19.0%
Shanghai SE Index	2,915.43	-2.7%	-11.8%
SPDR Gold Shares	162.91	1.7%	14.2%
GS Crude Oil Total Return	1.88	0.0%	-72.6%
Powershares US \$ Index	26.6	-0.1%	3.9%
iShares EAFE Index	59.64	0.2%	-18.0%
iShares Barclays 20+ Yr Treasury Bond	163.38	1.0%	22.2%
Utilities Select Sector ETF	59.69	0.6%	-12.6%
Vanguard REIT ETF	77.43	-1.9%	-20.7%
iShares Mortgage Real Estate	22.6	1.3%	-49.2%

A Word on the Market

By: Pat Adams

The headlines have taken a turn to the negative.

With the mass looting over the weekend we expected the markets to have been down on Monday, possibly delaying the reopening of many large cities. The markets took the mass looting in stride. These types of riots have never had much of an impact on the economy or stock market historically, but these are unusual times.

President Trump has announced now he wants to take away Hong Kong's "Special Status", meaning Hong Kong will be under the same tariffs as China. Hong Kong is an important money center, and this will be a negative for global GDP. China recently told state-owned firms to stop buying U.S. pork and soybeans...I guess it is the U.S. fault for abusing Hong Kong...really. This is another GDP negative. We believe China will become much less important to the world economy as the actions of their government does not support them being such a large global trader. We like the onboarding them of U.S. companies shifting production back home overtime. **China's economy has a lot of debt and poses a big negative at some point.**

Last week, we had a couple of very positive days for the Value or Reopening stocks versus Stay at Home or Growth stocks. This has been a reversion to normal times. Looking to the third and fourth quarter of this year, GDP growth will be very strong. The question is how much of the recovery is in the market? Our view, the market is overbought in the short-term with a massive move off the bottom. There has only been one other period that fell as quickly as this decline since 1980, which was October 2008. In 1980, 1982, 1991, and 2009 the market had similar massive moves off the bottom. We view this up move as a 5% occurrence but consistent with other bounces after a bear market, (although this was the quickest decline and subsequent rally). The 200-day moving average is about 3000 for the S&P 500, while the 20-day and the 50-day are below the 200-day. We are cautiously bullish and recognize the market is ahead of where it should be in a typical recovery. **As long as the**

Wells Fargo BDC	14.02	7.6%	-33.6%
Alerian MLP ETF	26.44	445.2%	211.1%
iShares Global Telecom	1.7%	1.7%	-2.9%
ETFMG Alternative Harvest ETF	18.8%	18.8%	-18.0%
BitCoin Investment Trust	10.89	-6.9%	30.2%

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

S&P Sector Performance: As of May 29, 2020

Index	Price	Last Week	YTD
Information Technology	1,718.49	1.7%	5.2%
Consumer Disc.	1,002.29	3.2%	-0.1%
Consumer Staples	605.78	-1.3%	-9.0%
Healthcare	1,198.14	0.1%	-2.1%
Financials	387.52	-1.6%	-28.7%
Industrials	570.15	0.9%	-21.5%
Energy	291.59	-2.0%	-36.4%
Communications Services	180.89	3.2%	-0.7%
Utilities	302.05	0.2%	-12.5%
Materials	348.38	0.8%	-13.4%
Real Estate	214.27	-2.1%	-15.5%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	0.25	5-Year	0.31
3-Month	0.14	10-Year	0.66
6-Month	0.18	30-Year	1.46
2-Year	0.14		

Source: Bloomberg.com

Economic Events This Week

1-Jun	ISM Manufacturing PMI	43.1	43.5
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market holds the 200-day we would stay cautiously bullish. The Nasdaq has clearly overshoot the upside, and Value has a lot of upside left to it. Back to the highs in January for the S&P 500 Pure Value ETF (RPV) there is 48% upside, versus 11% for the more predictable S&P 500, and only 3% for the Nasdaq.

S&P 500



RPV



Please let us know if you would like to discuss.

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1-Jun	Cash Rate	0.25%	0.25
2-Jun	GDP q/q	-0.4%	0.5%
3-Jun	ADP Non-Farm Employment Change	-9500K	-20236K
3-Jun	ISM Non-Manufacturing PMI	44.0	41.8
4-Jun	Main Refinancing Rate	0.00%	0.00%

Source: Briefing.com

Economic Events Last Week

Date	Event
26-May	The Chicago Fed economic index drops sharply in April to -16.74
26-May	Case-Shiller index shows Home-price gains continued in March through pandemic
26-May	Consumer confidence stabilizes in May after major drop in April
28-May	Jobless claims rise over 2 million more, but jobless claims show some people are finding work
28-May	Instead of climbing 4.8%, U.S. GDP contracted 5%
29-May	Personal income surges 10.5% in April with help from government relief

Source: Briefing.com