



Market in a Minute
August 11, 2020

Index Performance: As of August 7, 2020			
Index	Price	Last Week	YTD
S&P 500	3,351.28	2.5%	4.1%
Dow Jones	27,433.48	3.8%	-3.5%
NASDAQ	11,011.00	2.5%	23.0%
Russell 2000	8,000.99	6.0%	-5.4%
Russell 2000 Growth	8,187.98	5.5%	5.5%
Russell 2000 Value	10,287.55	6.6%	-16.7%
Russell 1000 Growth	2,113.76	2.1%	19.4%
Russell 1000 Value	1,610.47	2.7%	-10.3%
Shanghai SE Index	3,354.04	1.3%	4.9%
SPDR Gold Shares	190.81	2.9%	33.5%
GS Crude Oil Total Return	40.5	20.9%	476.9%
Powershares US \$ Index	25.23	-0.2%	-2.8%
iShares EAFE Index	63.63	2.5%	-8.4%
iShares Barclays 20+ Yr Treasury Bond	169.88	-0.5%	25.4%
Utilities Select Sector ETF	61.49	1.1%	-4.8%
Vanguard REIT ETF	82.39	1.2%	-11.2%
iShares Mortgage Real Estate	26.57	2.1%	-40.3%
Wells Fargo BDC	14.32	5.0%	-29.9%
Alerian MLP ETF	25.22	6.2%	-40.7%
iShares Global Telecom	66.77	2.3%	8.7%
ETFMG Alternative Harvest ETF	12.6	-2.6%	-26.4%
BitCoin Investment Trust	13.06	2.0%	59.5%

A Word on the Market

By: Pat Adams

There has been a lot of Wall Street focus lately on the fact that the real rate of interest has become very negative. Real interest rates are measured by the yield on the 10-year treasury note minus the inflation rate. Currently the yield on the 10-Year U.S. Treasury is about .5% and inflation is around 1.5%, thus the real interest rate is about -1%.

Real Interest Rates



Obviously, higher quality bonds like U.S. Treasuries offer negative real returns. As a result, the attractive areas of fixed income are the lower quality bonds, which are valued very attractively (most yields are well over 6%). As negative real interest rates work their way into the economy, growth should accelerate and sustain itself. If the population were not so scared of the virus, (there are ample reasons to be scared for certain vulnerable segments) the economic activity would be extremely strong. We believe this sets the stage for economically sensitive stocks to have strong performance. As a result of how the technicals are set up, our Tactical Total Return strategy now has a 25% position in value indexes and currently has no exposure now in the Nasdaq. These are all decisions made without fundamental input. The Nasdaq has seen a roughly 50% (parabolic move up) relative return over Invesco S&P 500 Pure Value ETF (RPV) year to date. Our technical algorithm likes to buy low and sell high.

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

S&P Sector Performance: As of August 7, 2020

Index	Price	Last Week	YTD
Information Technology	1,999.45	2.9%	24.1%
Consumer Disc.	1,167.41	1.9%	18.7%
Consumer Staples	651.18	1.4%	0.8%
Health Care	1,239.10	0.9%	4.7%
Financials	412.08	3.3%	-19.2%
Industrials	75.13	4.7%	-9.6%
Energy	280.59	3.1%	-38.2%
Communications Services	197.39	3.0%	9.0%
Utilities	312.12	1.0%	-4.4%
Materials	388.01	25.5%	1.0%
Real Estate	226.33	0.7%	-5.5%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	.25	5-Year	0.19
3-Month	0.1	10-Year	0.52
6-Month	0.11	30-Year	1.19
2-Year	0.11		

Source: Bloomberg.com

Economic Events This Week

12-Aug	Prelim GDP q/q	-20.5%	-2.0%
12-Aug	CPI m/m	0.3%	0.6%
12-Aug	Core CPI m/m	0.2%	0.2%
13-Aug	Employment Change	30.0K	210.8K
13-Aug	Unemployment Rate	7.8%	7.4%
14-Aug	Core Retail Sales m/m		7.3%
14-Aug	Retail Sales m/m		7.5%

Source: Briefing.com

Economic Events Last Week

Date	Event
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The markets took the news well of no deal on the next relief bill. President Trump signing executive orders seems to be enough at this point.

We are historically entering the three worst months for the market on a seasonal basis, August, September, and October. The election in November is high risk, the market seems to be more comfortable with a Biden win as long as the Republicans control the senate. That is not our view as so much can be done by executive order as Trump did when he took office.

There has been a great deal of positive news in the drug development area, we think the market has forgotten about Gilead Sciences (GILD) which filed for approval for their Covid-19 treatment Remdesivir. The stock looks interesting, back at its pre-covid price.



Please let us know if you would like to discuss.

Phone: (303)874-7477

Email: info@pvgasset.com

Website: www.pvgassetmanagement.com

3-Aug	U.S. Manufacturers continue to grow for 3 rd straight month, however not all jobs will return	
3-Aug	U.S. Treasury reports we will borrow \$2 trillion through the end of 2020	
3-Aug	Trade deficit falls by 7.5% but global trade has been thrown off badly by the virus	
6-Aug	Jobless claims fall almost 250,000 hitting 1.19 million, a new coronavirus low	
7-Aug	Unemployment fall for third month hitting 11.1%	
Source: Briefing.com		