



Market in a Minute

June 7, 2020

Index Performance: As of July, 3 2020

Index	Price	Last Week	YTD
S&P 500	3,130.01	4.0%	-2.7%
Dow Jones	25,827.36	3.2%	-9.1%
NASDAQ	10,207.60	4.6%	14.0%
Russell 2000	7,295.19	3.9%	-13.7%
Russell 2000 Growth	7,540.82	4.3%	-2.8%
Russell 2000 Value	9,281.24	3.5%	-24.9%
Russell 1000 Growth	1,956.29	4.8%	10.5%
Russell 1000 Value	1,511.78	3.4%	-15.8%
Shanghai SE Index	3,152.81	5.8%	-1.4%
SPDR Gold Shares	166.98	0.3%	16.9%
GS Crude Oil Total Return	33	14.6%	370.1%
Powershares US \$ Index	26.28	-0.3%	1.2%
Ishares EAFE Index	61.77	2.1%	-11.0%
iShares Barclays 20+ Yr Treasury Bond	163.59	-1.0%	20.7%
Utilities Select Sector ETF	57.9	4.9%	-10.4%
Vanguard REIT ETF	80.11	5.2%	-13.7%
iShares Mortgage Real Estate	24.04	-0.4%	-46.0%
Wells Fargo BDC	13.94	2.0%	-31.8%

A Word on the Market

By: Pat Adams

We have mentioned this now for the third week that the uptick in the number of Covid-19 diagnosis does not concern us...but there will be a point when it might. Thus far, we would expect the economy to continue to reopen, there will be hotspots that will delay or shut down for a while, but the market seems to be looking through this second surge.

As we look into the second half of the year, the big issue in our mind is political. The market has not reacted to the polls of Biden having a big lead. Our guess is politics could be a major issue closer to the election. We discussed last week that if we do have a blue wave then a severe bear market would be highly likely. What if Trump wins, then we believe China becomes the focus. We believe Trump could actually find a way to completely cut trade off with China, that would be an extreme position. China definitely has expansion plans, if they cannot do it economically they seem to want to do it militarily.

Barron's did a good job this week in laying out the bear case, base case, and bull case for the market. The bear case is no vaccine until 2022, strict lockdowns due to a resurgence, and a deeper and longer economic decline. The S&P 500 would fall to 2500.

The base case is what we agree with, the virus is something we learn to deal with for an extended period, a vaccine in mass production by mid-2021, and the economy is back to normal by third quarter 2021. The Federal Reserve keeps the money flowing, with congress adding another \$1 trillion aid package. The target for the S&P 500 is 3300 under the base case.

The bull case is 3500 for the S&P 500, the major difference is the vaccine is widely available before the end of 2020, and the second wave is less than the first wave.

Alerian MLP ETF	24.19	-0.4%	-43.1%
iShares Global Telecom	63.03	5.3%	2.7%
ETFMG Alternative Harvest ETF	12.92	0.8%	-24.5%
BitCoin Investment Trust	9.37	-3.4%	14.4%

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

S&P Sector Performance: As of June 26, 2020

Index	Price	Last Week	YTD
Information Technology	1,851.33	3.7%	14.9%
Consumer Disc.	1,074.07	5.3%	9.2%
Consumer Staples	604.43	3.2%	-6.5%
Health Care	1,184.43	4.1%	0.1%
Financials	381.75	1.6%	-25.1%
Industrials	68.98	4.3%	-17.0%
Energy	283.46	2.2%	-37.6%
Communications Services	183.78	5.6%	1.4%
Utilities	294.2	4.9%	-9.9%
Materials	362.11	5.5%	-5.8%
Real Estate	221.21	5.6%	-7.6%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	.25	5-Year	0.29
3-Month	0.14	10-Year	0.68
6-Month	0.16	30-Year	1.45
2-Year	0.16		

Source: Bloomberg.com

Economic Events This Week

7-Jul	ISM Non-Manufacturing PMI	57.1	50.0
7-Jul	Cash Rate	0.25%	0.25%
8-Jul	Crude Oil Inventories		-7.2M

The range in bear to bull is 2500 to 3500, upside of 10% and downside of -21%, with the base return, or most likely, a 4% return.

The technicals of the market are mixed with the S&P 500 looking the best, the Nasdaq is in a parabolic blow off to the upside, small caps, international, and value starting to look much better but not giving a full buy signal yet.

The levels we become concerned about is 3100 on the S&P 500 and then a full hedge below 3000. We are cautiously bullish. The valuations of the market are stretched but really only in the technology stocks that now dominate the indices.

Next week the large banks report earnings and will be a major factor to seeing a rotation out of Nasdaq into the rest of the stock market.

The Nasdaq has gone parabolic again, similar to the straight up move it had in February. The Nasdaq is now 19.4% over the 200 day moving average, in February it was 17.6% over the 200 day. We believe we have similar risk if the market finds a reason, the larger companies in the Nasdaq are even a larger percentage of the index with 57% of the index in the top 10 stocks. That is not really an index it is like someones personal account. There is no diversification by being in the Nasdaq. We would expect a meaningful pullback or a prolonged sideways move in the Nasdaq. The Nasdaq has now seen two parabolic upside moves and one capitulation sell off this year. To say the least, this has been an unusual market that may never occur again.

Please let us know if you would like to discuss.

Phone:(303)874-7475

Email: info@pvgasset.com

Website: www.pvgassetmanagement.com

9-Jul	Unemployment Claims		1427K
10-Jul	Employment Change	550.0K	289.6K
10-Jul	Unemployment Rate	12.5%	13.7%

Source: Briefing.com

Economic Events Last Week

Date	Event
30-Jun	Case-Shiller index shows as virus swept nation, home price gains remained steady in April
30-Jun	Business conditions rebound slightly to 36.6
30-Jun	Consumer confidence still below normal levels, but jumps to 3-month high of 98.1
1-Jul	ADP says, in June the private sector rehires 2.37 million workers
1-Jul	ISM shows strong comeback in manufacturing jumping to 52.6%
2-Jul	Unemployment falls to 11.1% as U.S. regains 4.8 million jobs in June

Source: Briefing.com