



Market in a Minute

November 15, 2022

Index Performance: As of November 11, 2022

Index	Price	Last Week	YTD
S&P 500	3,992.93	5.90%	-16.22%
Dow Jones	33,747.86	4.15%	-7.13%
NASDAQ	11,323.33	8.10%	-27.62%
Russell 2000	9,856.57	4.64%	-15.19%
Russell 2000 Growth	8,406.39	4.88%	-21.58%
Russell 2000 Value	15,132.04	4.40%	-8.76%
Russell 1000 Growth Total Return	2,327.91	7.67%	-24.72%
SPDR Gold Shares	164.56	5.17%	-3.74%
GS Crude Oil Total Return	231.50	-7.77%	63.93%
Powershares US \$ Index	28.65	-3.96%	11.78%
Ishares EAFE Index	65.46	7.75%	-16.80%
Barclays Aggregate Bond Index	96.51	2.30%	-15.40%
iShares Barclays 20+ Yr Treasury Bond	97.89	3.90%	-33.94%
Utilities Select Sector ETF	68.08	1.48%	-4.89%
Vanguard REIT ETF	86.99	6.53%	-25.02%
iShares Mortgage Real Estate	25.51	9.81%	-26.08%
Alerian MLP ETF	40.76	-1.66%	24.50%
iShares Global Telecom	54.99	8.08%	-33.13%

A Word on the Market

By: Patrick Adams, CFA



Election/Politics: A long-term positive. Our view is DeSantis was the big winner. It **“appears”** that the Democrats will officially control the Senate and the Republicans the House. **The market got what it wanted, a government in which nothing will get done. If the Republicans do not control the House, we would expect a significant decline in the market.** One thing to consider is Joe Manchin, who is up for re-election in 2024, got screwed over by the Democrats, and consequently, screwed over his constituency (WV is 69% republican leaning). If Manchin wants re-elected in 2024, he may need to switch parties. This is just an observation that perhaps does not matter as Biden will not approve anything that does not fit his agenda. We expect the politics to get nasty if the Republicans actually take back the House with more investigations than you can imagine! This will not be good for Biden. But, with less government wasteful spending we believe it creates a wind at the back of the P/E valuation of the stock market longer-term. In the short-term, it likely slows GDP growth.

Inflation: Hard to get excited about 7.7% inflation rate when the Fed wants 2%. The next CPI report could be in the low 7% area. The Fed seems hell-bent on increasing rates to around 5% from 4% currently. This CPI report was the catalyst for a 5% rise in the stock market. These things happen in a bear market when short sellers decide to reduce their short position. This is not fundamental investors thinking what a great inflation report and wanting to invest money.

Cryptocurrency: Fraud in the crypto market, oh what a surprise! FTX was a cryptocurrency exchange, the founder took his customers crypto, leveraged it, and had massive losses. This is so bad it is unimaginable! We believe the value of cryptocurrency and popularity was due to the lack of value

ETFMG Alternative Harvest ETF	5.76	7.87%	-48.01%
Grayscale Bitcoin Trust	8.87	-27.59%	-74.10%
Shanghai SE Index	3,087.29	0.54%	-14.70%

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

S&P Sector Performance: As of November 11, 2022

Index	Price	Last Week	YTD
Information Technology	2,327.40	10.03%	-23.83%
Consumer Disc.	1,130.23	5.93%	-29.83%
Consumer Staples	765.85	2.38%	-4.82%
Health Care	1,550.40	1.78%	-5.69%
Financials	595.51	5.72%	-8.39%
Industrials	99.53	4.69%	-5.94%
Energy	716.02	2.00%	69.38%
Communications Services	166.45	9.23%	-37.77%
Utilities	345.24	1.39%	-5.08%
Materials	510.85	7.69%	-10.32%
Real Estate	242.70	7.07%	-25.27%

Source: Bloomberg website, Returns are appreciation only.

PVG Strategies

Tactical Strategies	QTD	YTD
Tactical Total Return	0.8%	-6.7%
Dynamic Core	0.5%	-10.4%
Loss Averse		
Loss Averse Equity Income	2.7%	-3.3%
Navigator Growth	0.9%	-12.7%
Specialty		
Emerging Healthcare	-9.6%	-31.8%
Value		
U.S. Large Cap	13.3%	-3.8%
Income		
High Income	1.1%	-1.3%
U.S. Corporate Bond	1.0%	-10.2%

in government bonds globally when there was roughly \$18 trillion worldwide with negative yields (now about \$254 billion) and the dollar was weak. All has changed and cryptocurrency has dropped from about \$3 trillion to below \$900 billion in market value. \$2 trillion in losses has got to be an issue for some large investors (hedge funds) and their lenders. **We think there is more fallout to come.**

Stock Market: "Stocks need bonds!", there is a very tight link right now between the valuation of stocks, as the growth of earnings is in question, versus the yield on bonds. The 12-month P/E for the S&P 500 is 17.7x next 12-month expected earnings or an earnings yield of 5.7%. The drop in the 10-Year Treasury was so strong, the 5% rally in the market was appropriate. If interest rates could simply remain stable and earnings to stop dropping, then the market could continue to go up. Unfortunately, this was likely a short-term event, and it is more likely that rates will rise, and earnings will drop. The earnings drop for 2023 is dramatic and trending lower, as we expected.

United States 10-Year **3.871** +0.042 (+1.08%)



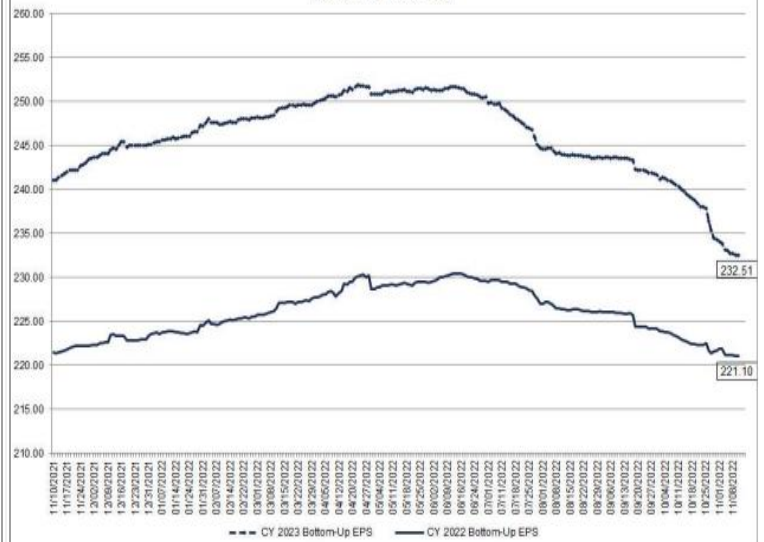
PVG Strategies: The fundamentals do not support the stock market going up much more than where it is currently. Our Tactical and Loss Averse strategies use a technical algorithm to drive the market exposure of the portfolios. Each strategy has some market exposure currently, but as the market is below the 200-day moving average, a dip in the market quickly eliminates our exposure with us quickly applying a hedge. We are simply in a market that needs more time to allow the Federal Reserve to complete their tightening, the economy to recess, and earnings estimates to continue to fall.

Our strategies are very appropriate for this environment!

Focus		
High Income Focus 10	3.2%	3.8%
Blue Chip Focus 10	2.1%	1.2%
Growth Focus 10	0.1%	1.1%
Emerging Healthcare Focus 10	-8.5%	11.7%

Earnings Estimates Continue to Fall

S&P 500 CY 2022 & CY 2023 Bottom-Up EPS: 1-Year
(Source: FactSet)



Interest Rates

Fed Fund	3.83 %	5-Year	4.27%
3-Month	4.29%	10-Year	3.12%
6-Month	4.59%	30-Year	4.31%
2-Year	4.61%		

Source: Bloomberg.com

Economic Events This Week

Date	Report	Forecast	Previous
Nov-15	October PPI	0.50%	0.40%
Nov-16	October Retail Sales	0.90%	0.00%
Nov-16	September Business Inventories	0.40%	0.80%
Nov-17	October Housing Starts	1,423,000	1,439,000
Nov-18	October Existing Home Sales	4,345,000	4,710,00

Source: Briefing.com

Economic Events Last Week

Nov-7	U.S. consumer credit growth moderates in September
Nov-8	NFIB shows U.S. Small-Business Confidence declined in October as expectations deteriorated

Phone:(303)874-7477

Email: jholt@pvgasset.com

Website: www.pvgassetmanagement.com

Nov-9	Growth in U.S. wholesale inventories eased in September
Nov-10	U.S. inflation shows signs of easing, perhaps giving Fed ammo to go slower
Nov-10	U.S. budget deficit narrows sharply in October