



## Market in a Minute

February 1, 2022

### Index Performance: As of January 28, 2022

Index	Price	Last Week	YTD
S&P 500	\$ 4,431.85	0.77%	-7.01%
Dow Jones	\$ 34,725.47	1.34%	-4.44%
NASDAQ	\$ 13,770.57	0.01%	-11.98%
Russell 2000	\$ 10,192.88	-0.97%	-12.30%
Russell 2000 Growth	\$ 8,901.49	-1.28%	-16.96%
Russell 2000 Value	\$ 15,322.68	-0.69%	-7.61%
Russell 1000 Value	\$ 2,744.31	1.13%	-11.25%
SPDR Gold Shares	\$ 167.10	-2.33%	-2.26%
GS Crude Oil Total Return	\$ 184.00	1.10%	30.29%
Powershares US \$ Index	\$ 26.05	1.72%	1.64%
Ishares EAFE Index	\$ 74.73	-2.11%	-5.02%
Barclays Aggregate Bond Index	\$ 111.81	-0.37%	-1.99%
iShares Barclays 20+ Yr Treasury Bond	\$ 143.13	-0.35%	-3.41%
Utilities Select Sector ETF	\$ 67.96	-1.28%	-5.06%
Vanguard REIT ETF	\$ 104.95	-0.27%	-9.53%
iShares Mortgage Real Estate	\$ 33.08	0.49%	-4.14%
Alerian MLP ETF	\$ 36.04	3.00%	10.08%
iShares Global Telecom	\$ 77.37	-0.48%	-5.91%
ETFMG Alternative Harvest ETF	\$ 9.52	-2.56%	-14.08%
Grayscale Bitcoin Trust	\$ 25.74	0.59%	-24.85%
Shanghai SE Index	\$ 3,394.25	-3.64%	-6.22%

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

### A Word on the Market

By: Patrick Adams, CFA



**Federal Reserve Policy:** The consensus is now looking for five .25% rate increases this year, which would put the Fed Funds rate at around 1.37%. The Fed has also expressed letting their balance sheet to begin rolling off. If rates actually go to 1.37%, we will need the economy to stay strong, or the yield curve will flatten or perhaps even invert. The Fed has also communicated that they will let the balance sheet to start to shrink after a couple of interest rate increases. We believe the balance sheet shrinking is a mistake, it will kill inflation but also it could cause a severe bear market. We reiterate, the last time the Fed did this for only a short period of time in 2018, the market fell -18% in three months.

The amount the Fed increases interest rates will depend on the yield curve remaining positive. The 10-Year Treasury is now only .63% over the 2-Year Treasury yield. If the economy remains strong then the spread will remain positive, but if the economy weakens the spread will shrink as the Fed raises rates.

10-2 Year Treasury Yield Spread



GDPNow, the Atlanta Fed, has the first quarter GDP estimate currently at 0.1%. Clearly the economy has been slowing. If

### S&P Sector Performance: As of January 28, 2022

Index	Price	Last Week	YTD
Information Technology	\$ 2,769.57	2.26%	-9.36%
Consumer Disc.	\$ 1,401.07	-0.96%	-13.02%
Consumer Staples	\$ 788.58	-0.43%	-1.99%
Health Care	\$ 1,520.30	0.72%	-7.52%
Financials	\$ 643.77	1.32%	-0.96%
Industrials	\$ 99.70	-1.48%	-5.77%
Energy	\$ 500.72	5.01%	18.45%
Communications Services	\$ 244.55	0.55%	-8.57%
Utilities	\$ 345.28	-1.36%	-5.07%
Materials	\$ 523.05	-0.93%	-8.18%
Real Estate	\$ 2,769.57	2.26%	-9.36%

Source: Bloomberg website, Returns are appreciation only.

### PVG Strategies

Tactical Strategies	YTD
Total Tactical Return	-4.88%
Dynamic Core	-4.37%
Tactical Core	-9.35%
<b>Loss Averse</b>	
Loss Averse Equity Income	-.69%
Navigator Growth	-2.98%
<b>Specialty</b>	
Emerging Healthcare	-13.35%
<b>Value</b>	
U.S. Large Cap	-.48%
<b>Income</b>	
High Income	-.66%
U.S. Corporate Bond	-1.58%

### Interest Rates

Fed Fund	0 - .25%	5-Year	1.61
3-Month	0.19	10-Year	1.78
6-Month	0.43	30-Year	2.07
2-Year	1.15		

Source: Bloomberg.com

### Economic Events This Week

31-Jan	Chicago PMI	61.7	63.1
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we have a negative GDP, it will be hard for the Fed to do much. The Fed will be watching employment very closely. On Friday, the Employment report expectations are for less than 200,000 new jobs.

**Technical:** We like buying the major stock indices after they have dipped below the 200-day moving average and start to rebound. The S&P 500 is now bouncing back above the 200-day. This is far from a wash out correction, but it could be a tradable bounce. If the S&P 500 trades below the 200-day, then that is the stop.

The investor sentiment has gotten very negative with **bears at 52.9% and the bulls at only 23.1%**. This is an excessive reading and sets the market up for a bounce.

In this correction, the market has been very volatile with massive short-term rallies, like on Friday, over a 3% spread from the bottom to the close on the S&P 500. This is the type of short covering rallies you see during bear markets, not real money being put to work.

### S&P 500 Crossing Above the 200-Day

- SPDR® S&P 500 ETF Trust Price
- SPDR® S&P 500 ETF Trust 20-Day Simple Moving Average
- SPDR® S&P 500 ETF Trust 50-Day Simple Moving Average
- SPDR® S&P 500 ETF Trust 200-Day Simple Moving Average



**Earnings:** Last week, **MSFT and AAPL both had good quarters** and their stocks rebounded, but their charts look like they have topped. Of importance on Wednesday, **AMD, GM, and especially GOOG report earnings. On Wednesday is QCOM, we really like how this company is positioned for 5G. Thursday is AMZN, it seems like this story has played out.** The earnings reports have not been strong enough to offset the decline in P/E multiple from the Federal Reserve talk.

**Economic Reports:** As we mentioned, **Friday will be the important Employment report, we like the ISM Manufacturing Purchasing Managers report (on Tuesday) as a great gauge of the economy. Much below 58 the market**

31-Jan	Cash Rate	0.10%	0.10%
1-Feb	GDP m/m	0.3%	0.8%
1-Feb	Employment Change q/q	0.3%	2.0%
1-Feb	Unemployment Rate	3.4%	3.4%
2-Feb	ADP Non-Farm Employment Change	210K	807K
3-Feb	Asset Purchase Facility	875B	875B
3-Feb	Official Bank Rate	0.50%	0.25%
3-Feb	ISM Services PMI	59.0	62.0

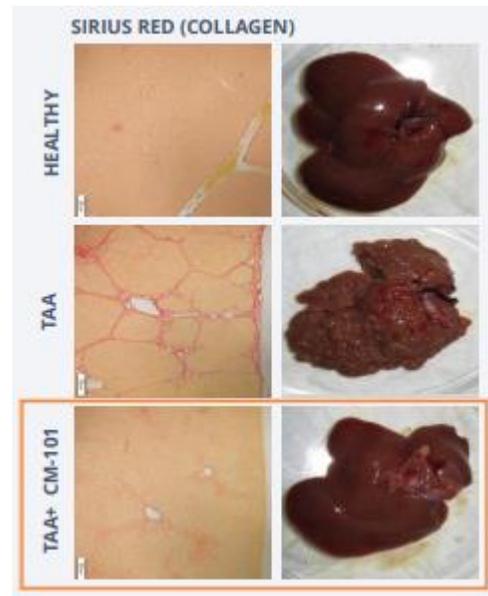
Source: Briefing.com

### Economic Events This Week

24-Jan	U.S. economy slows to a crawl during omicron wave
25-Jan	Consumer confidence slips in January due to omicron slowdown
27-Jan	For the first time, trade deficit in goods tops \$1 trillion in 2021
28-Jan	U.S. jobless claims drop 30,000 as omicron wave starts to fade
28-Jan	U.S. consumer spending

might become concerned that growth is slowing too quickly.

**Cool Stuff:** We have mentioned before that we believe the **Emerging Healthcare stocks are very attractively valued and have very significant upside potential.** The **PVG Emerging Healthcare strategy has historically been a very strong performer,** we have an update detailing some of our thinking. **CMMB,** a stock that has very interesting science in the liver disease area where there are no drugs approved and it is a life threatening issue. They will have phase 2 data on Liver Fibrosis or NASH during the first half of 2022. The stock trades equal to the cash on their balance sheet (ridiculously cheap) and has some of the smartest investors in healthcare. **Below are some before and after pictures of mice treated with their drug.** The middle is before, and the last image is after. What a huge improvement, if the data is similar when they report their phase 2 data the stock should be a big winner. **Additionally, CKPT reported very positive phase 3 results,** the stock should be considerably higher. They are doing a road show with investors next week, we will be their first meeting on Monday.



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