PVG Asset Management
LOSS AVERSE INVESTING

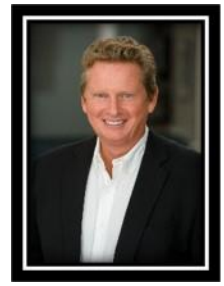
Market in a Minute

January 24, 2023

Index Performance: As of January 20, 2023			
Index	**Price**	**Last Week**	**YTD**
S&P 500	3,972.61	-0.66%	3.47%
Dow Jones	33,375.49	-2.70%	0.69%
NASDAQ	11,140.43	0.55%	6.44%
Russell 2000	9,807.82	-1.04%	6.06%
Russell 2000 Growth	8,401.25	-0.98%	6.42%
Russell 2000 Value	14,990.99	-1.10%	5.70%
Russell 1000 Growth Total Return	2,295.82	0.38%	4.77%
SPDR Gold Shares	179.29	0.30%	5.69%
GS Crude Oil Total Return	204.20	3.43%	-0.87%
Powershares US $ Index	27.44	-0.11%	-1.33%
Ishares EAFE Index	71.01	0.68%	8.18%
Barclays Aggregate Bond Index	100.09	0.17%	3.20%
iShares Barclays 20+ Yr Treasury Bond	106.20	-0.52%	6.67%
Utilities Select Sector ETF	69.23	-2.94%	-1.80%
Vanguard REIT ETF	87.69	-0.56%	5.43%
iShares Mortgage Real Estate	25.39	0.63%	11.90%

A Word on the Market

By: Patrick Adams, CFA



Stock Market: The stock market is revising its valuation up due to more confidence the Federal Reserve is about done raising interest rates, which some investors believe will prevent the economy from entering a recession. This gives the market confidence that the earnings will not be as bad as expected, up slightly in 2023 and up more in 2024. The market is currently 17.5x the 2023 earnings estimates. Given the current level of the 10-Year Treasury, we believe an 18 multiple is possible, provided the economic conditions are positive.

What the market expects does not reflect what the Federal Reserve is saying! So, the market believes the Fed will have to stop sooner than they are thinking. Inflation has clearly peaked and has been rolling over. The fundamental issues that caused the inflation are still lingering. The supply chain issues have improved, the Federal Reserve printing money has changed to shrinking the money supply, but the excessive government spending, incentive for workers to stay home, and negative energy policy continue to support an inflationary backdrop. **As soon as the economy picks up and China reopens, oil prices are likely going to go up, perhaps significantly!** The Fed is saying that rates are going to 5% or higher and will stay there for an extended period. **If you believe what the Fed is saying then the economy will be pushed into a recession, asset values need to fall, and the 10-Year Treasury Yield will need to follow the Federal Funds rate up to narrow the spread between the Federal Funds rate.**

We feel like we are on a summer vacation with the kids repeatedly asking if we are there yet! We are not there yet.

Alerian MLP ETF	40.03	-0.25%	5.15%
iShares Global Telecom	60.79	2.32%	11.62%
ETFMG Alternative Harvest ETF	4.44	-3.48%	4.23%
Grayscale Bitcoin Trust	12.18	7.60%	46.92%
Shanghai SE Index	3,240.28	0.39%	4.89%

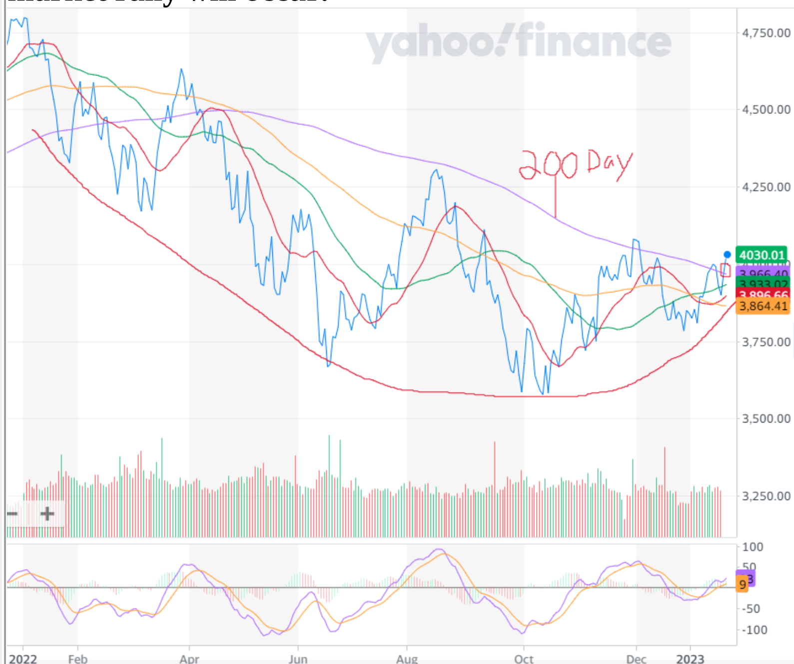
Source: Bloomberg & Yahoo.com, Returns are appreciation only.

S&P Sector Performance: As of January 23, 2023

Index	**Price**	**Last Week**	**YTD**
Information Technology	2,292.54	0.68%	5.54%
Consumer Disc.	1,081.81	-0.51%	7.59%
Consumer Staples	758.85	-2.86%	-2.60%
Health Care	1,561.79	-1.12%	-1.50%
Financials	588.16	-2.08%	3.23%
Industrials	98.99	-3.39%	0.79%
Energy	695.32	0.74%	3.42%
Communications Services	177.09	2.97%	11.12%
Utilities	351.99	-2.93%	-1.81%
Materials	521.77	-1.21%	6.58%
Real Estate	246.74	-0.75%	6.18%

Source: Bloomberg website, Returns are appreciation only.

Technicals: The PVG investment philosophy is called Loss Averse Investing, which is to go with the flow when the market is rising, but when falling to protect our clients' assets. Essentially, it does not matter what we think, it matters what the market does. That is why we use our technical algorithm to adjust the risk in our portfolios. The technicals are trying to turn positive. The S&P 500 has moved above the 200-day moving average. **A Golden Cross is when the 50-day crosses above the 200-day. The green line is the 50-day. When the 50-day crosses above the 200-day it is believed a major market rally will occur.**



GDP Report on Thursday: The GDP is expected to be up 2.6%, but it is not backed by consumer spending, which is by far the most critical factor, roughly 70% of the total GDP. Retail Sales in October were up 1%, November -1.0% and December was down -1.1%. **GDP growth?**

Earnings Reports: The 2023 earnings for the S&P 500 continues to drop, with the current consensus now at 227.67, with the 2022 consensus now roughly 220, so **2023 is now up about 3%.** As we have stated we believe earnings in 2023 will be flat to down versus 2022. **This is a big week for reports**.

Earnings reports to watch this week:

1) **MSFT and TXN** after the close on Tuesday. Obviously, **MSFT is a barometer for the market**, PC spendings has been negative, and cloud computing has slowed, the market is focused on their cloud division. **TXN is a large semiconductor company, and the market wants to hear about the outlook for 2023. The semiconductor stocks have been very strong YTD anticipating a big reacceleration of business.**

PVG Strategies

Tactical Strategies	QTD	YTD
Tactical Total Return	1.5%	1.5%
Dynamic Core	0.1%	0.1%
Loss Averse		
Loss Averse Equity Income	1.6%	1.6%
Navigator Growth	2.2%	2.2%
Specialty		
Emerging Healthcare	3.1%	3.1%
Value		
U.S. Large Cap	3.7%	3.7%
Income		
High Income	2.3%	2.3%
U.S. Corporate Bond	2.3%	2.3%
Focus		
High Income Focus 10	4.0%	4.0%
Blue Chip Focus 10	1.3%	1.3%
Growth Focus 10	1.3%	1.3%
Emerging Healthcare Focus 10	4.2%	4.2%

Interest Rates

Fed Fund	4.33 %	**5-Year**	3.48%
3-Month	4.71%	**10-Year**	3.39%
6-Month	4.79%	**30-Year**	3.57%
2-Year	4.09%		

Source: Bloomberg.com

Economic Events This Week

Date	Report	Forecast	Previous
Jan-23	December Leading Indicators	-0.60%	-1.0%
Jan-26	December Durable Orders	2.5%	-2.1%
Jan-26	Q4 DGP	1.5%	3.2%
Jan-26	December Wholesale Inventories-p	0.75%	1.0%

2) **TSLA** is on Wednesday after the close. **We expect a significant guide down in earnings but a very positive long-term outlook.**

PVG Strategies: **We took our profit in TSLA**, we think there is too much risk in the quarterly report.

Our fundamental view on the market is negative, but our technical algorithm that drives the risk management has turned positive. If the market continues up, our strategies will get more aggressive. We expect the market will have a significant decline this year but expect a significant rally into 2024. As you know our strategies can move quickly in regard to market conditions.

Summary: **The Federal Reserve meets next week, they will raise rates by .25%, to 4.50%-4.75% and say that rates are likely going over 5% and stay there for an extended period of time.** We believe this is negative. Valuations are about where they should be as long as earnings hold up. We have a positive view when looking out to 2024, we believe earnings are going to be lower in 2023 and the markets should pullback. The technicals are in the process turning positive.

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Jan-26	December New Home Sales	610,000	640,000
Jan-27	December Personal Income	-.20%	0.40%
Jan-27	January Michigan Sentiment -f	64.2	64.6
Source: Briefing.com			

Economic Events Last Week	
Jan-17	New York Empire State factory gauge drops sharply in January
Jan-18	Retail sales drop as U.S. economy slows at end of 2022
Jan-18	Wholesale prices post biggest drop since 2020 signaling inflation is slowing
Jan-18	U.S. business inventories pick up in November
Jan-20	Philadelphia Fed manufacturing gauge is negative for 5th straight month in January