



## Market in a Minute

November 8, 2022

### Index Performance: As of November 4, 2022

Index	Price	Last Week	YTD
S&P 500	3,770.55	-3.35%	-20.89%
Dow Jones	32,403.22	-1.40%	-10.83%
NASDAQ	10,475.25	-5.65%	-33.04%
Russell 2000	9,419.36	-2.53%	-18.95%
Russell 2000 Growth	8,015.25	-3.43%	-25.23%
Russell 2000 Value	14,493.81	-1.60%	-12.61%
Russell 1000 Growth Total Return	2,161.99	-5.61%	-30.08%
SPDR Gold Shares	156.47	2.16%	-8.48%
GS Crude Oil Total Return	251.00	6.33%	77.74%
Powershares US \$ Index	29.83	0.17%	16.39%
iShares EAFE Index	60.75	1.47%	-22.79%
Barclays Aggregate Bond Index	94.34	-0.92%	-17.30%
iShares Barclays 20+ Yr Treasury Bond	94.22	-2.67%	-36.42%
Utilities Select Sector ETF	67.09	-0.47%	-6.27%
Vanguard REIT ETF	81.66	-1.70%	-29.61%
iShares Mortgage Real Estate	23.23	-2.19%	-32.69%

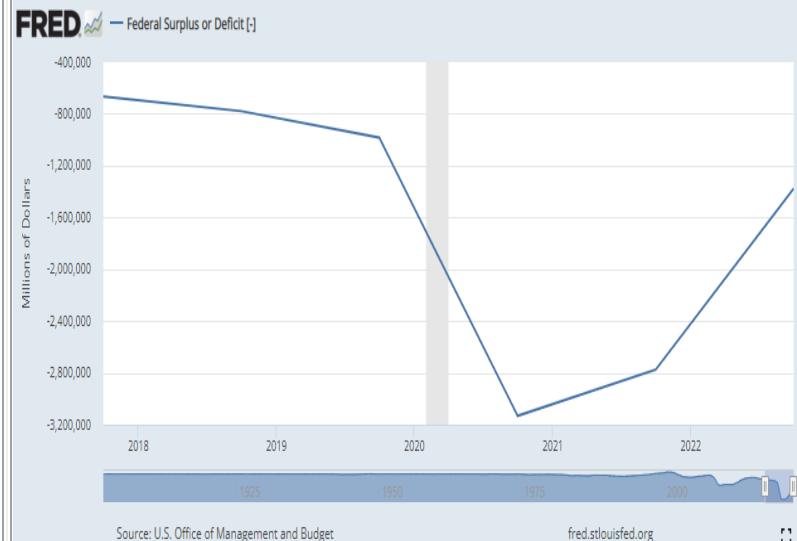
### A Word on the Market

By: Patrick Adams, CFA



**Election:** It seems clear that the Republicans will take at a minimum the House and it seems probable the Senate as well. **The market should have some sort of short-term positive reaction, really the only thing that will get done, until there is a new president, is wasteful spending will stop.** Biden needs to put incentives in place for people to get back to work and overhaul his energy policy to match the circumstances of today (this will not happen). **What has kept the economy from falling off a cliff has been the massive budget deficits.** Below is the Federal Government Deficit, \$1.375 trillion currently, which adds 6% to GDP. With an economy that has been flat this year, the GDP would have been negative without all the deficit spending. If the Republicans reduce the deficit by lower spending, this would be a short-term negative for the economy, but a long-term positive.

### Federal Government Deficit, \$1.375 trillion currently



<b>Alerian MLP ETF</b>	41.45	0.00%	26.60%
<b>iShares Global Telecom</b>	50.88	-2.92%	-38.12%
<b>ETFMG Alternative Harvest ETF</b>	5.34	2.69%	-51.81%
<b>Grayscale Bitcoin Trust</b>	12.25	1.58%	-64.23%
<b>Shanghai SE Index</b>	3,070.80	5.31%	-15.15%

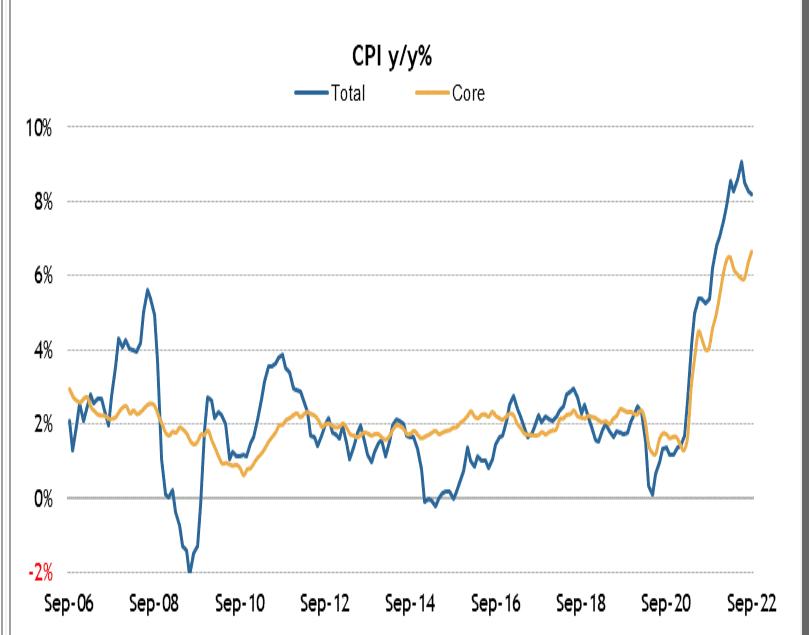
Source: Bloomberg & Yahoo.com, Returns are appreciation only.

**S&P Sector Performance: As of October 28, 2022**

Index	Price	Last Week	YTD
<b>Information Technology</b>	2,115.17	-6.89%	-30.77%
<b>Consumer Disc.</b>	1,066.96	-5.78%	-33.76%
<b>Consumer Staples</b>	748.01	-1.83%	-7.03%
<b>Health Care</b>	1,523.29	-1.59%	-7.34%
<b>Financials</b>	563.29	-0.83%	-13.35%
<b>Industrials</b>	95.07	0.48%	-10.15%
<b>Energy</b>	701.99	2.37%	66.06%
<b>Communication s Services</b>	152.38	-7.44%	-43.03%
<b>Utilities</b>	340.51	-0.55%	-6.38%
<b>Materials</b>	474.35	0.86%	-16.73%
<b>Real Estate</b>	226.67	-1.78%	-30.20%

Source: Bloomberg website, Returns are appreciation only.

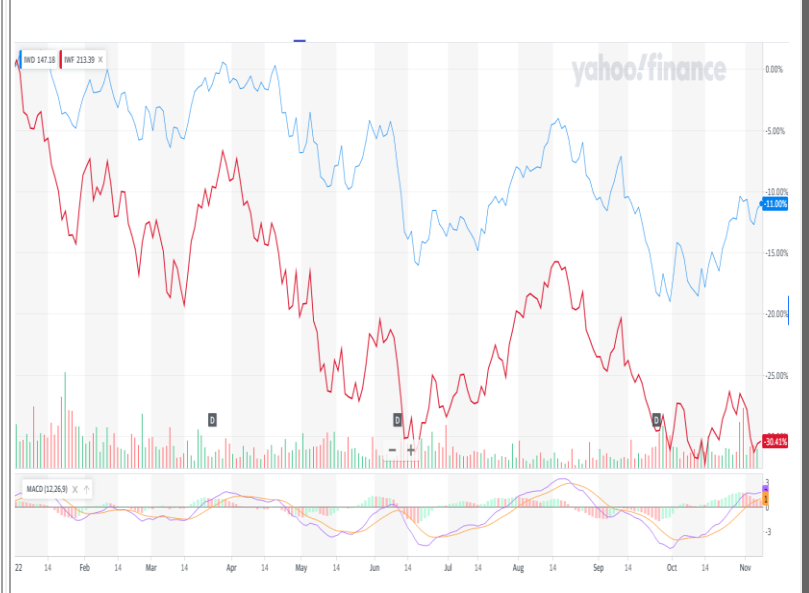
**Inflation:** On Thursday, the very closely watch CPI report, October versus September is expected to be up 0.7%, so an acceleration, versus 0.4% in September. The year-over-year number is expected to be around 8% and **core CPI (the Fed follows closely) is expected to be over 6%**. We are not optimistic for good news from this report.



Source: Bureau of Labor Statistics; updated 10/13/22 Briefing.com

**Technology:** The technology sector this year is off over -30% and the Nasdaq down -33%. Also, the Communications Services should be considered part of technology, it is down -43% for the year. As you know, we have favored value versus growth. The Russell 1000 Value is outperforming the Russell 1000 Growth by about 20% this year. Value still has a long way to go to catch growth over the long-term.

**Russell 1000 Value vs Russell 1000 Growth YTD**



## PVG Strategies

Tactical Strategies	QTD	YTD
Tactical Total Return	-0.2%	-7.6%
Dynamic Core	-0.3%	-11.0%
<b>Loss Averse</b>		
Loss Averse Equity Income	2.1%	-3.8%
Navigator Growth	0.6%	-13.0%
<b>Specialty</b>		
Emerging Healthcare	-9.0%	-31.4%
<b>Value</b>		
U.S. Large Cap	8.5%	-7.9%
<b>Income</b>		
High Income	1.3%	-1.1%
U.S. Corporate Bond	-0.9%	-11.8%
<b>Focus (Inception 7/1/22)</b>		
High Income Focus 10	2.9%	3.5%
Blue Chip Focus 10	2.1%	1.2%
Growth Focus 10	1.0%	2.0%
Emerging Healthcare Focus 10	-7.4%	13.1%

## Interest Rates

Fed Fund	3.83 %	5-Year	4.36%
3-Month	4.25%	10-Year	3.14%
6-Month	4.57%	30-Year	4.18%
2-Year	4.71%		

Source: Bloomberg.com

## Economic Events This Week

Date	Report	Forecast	Previous
Nov-7	September Consumer Credit	\$26.5 bil	\$32.2 bil
Nov-9	September Wholesale Inventories	0.80%	0.80%
Nov-10	October CPI	0.70%	0.40%
Nov-10	October Treasury Budget	-\$100.0 bil	-\$429.7 bil

**PVG Strategies: Our strategy that is having a big quarter is Value** driven off the markets favoring value stocks and the generally more concentrated positions in Blue Chip companies.

**If you are looking for risk managed strategies with the ability to perform strongly when the market finally turns, our tactical strategies should be considered core holdings.** We do experience some of the decline when the market falls significantly but is contained generally to a single digit decline. On the upside, we look to achieve as much of the upside as practically possible. **It is not possible to have confidence in the market when the Fed is being so aggressive. Our tactical strategies are ideal for this investment environment!**

Lastly, **an update on Checkpoint Therapeutics (CKPT) which is in some of our strategies.** On Monday, CKPT announced a reverse split of 1 for every 10 shares. Normally, we would not like this (no economic change), but it makes a lot of sense to attract more institutional investors. **We think there is 10x upside on CKPT within 12-months.** We just spoke to the Chairman and the company reiterates their confidence that the drug will likely be filed for approval in December or January, and the goal of the company is to sell the drug or the entire company to a large European drug company after the FDA filing.

**Federal Reserve Meeting Last Week: “Higher for longer”** was the message from Powell. The statement that was released prior to the news conference was very positive for the market. The news conference was very hawkish and tanked the market. Our outlook does not change from 5% Federal Funds rate, but the market was thinking around 4.5%. Powell made it more than clear he was willing to accept a recession to kill inflation.

**Technicals:** As the Fed meeting went so poorly last week the market broke the 50-day moving average and has subsequently come back up to this declining 50-day. **There is perhaps the initial start of making higher lows.** We are watching to see if we can get a little mini-recovery. Our overall policy is to remain cautious for now.

**The positives for the market are:**

- 1) **Strongly positive seasonality for the market from November until May.**
- 2) **Republicans stop the Biden agenda.**
- 3) **China is reopening.**
- 4) **No more major earnings reports until January**
- 5) **Technology is very oversold!**

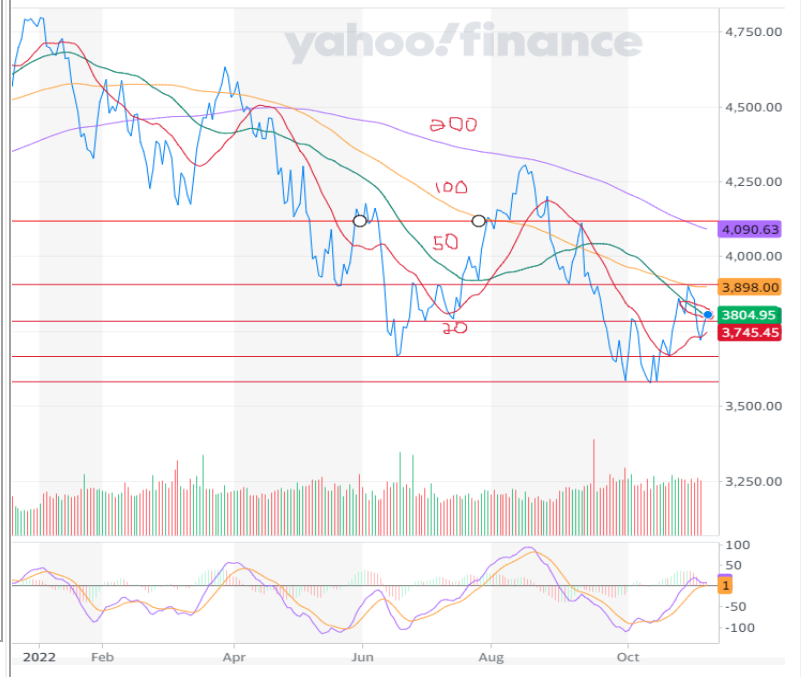
<b>Nov-11</b>	November Michigan Sentiment-p	57.9	59.9
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Source: Briefing.com

**Economic Events Last Week**

<b>Oct-31</b>	Chicago PMI weakens in October
<b>Nov-1</b>	ISM says U.S. manufacturing expands by slim margin in October
<b>Nov-2</b>	ADP says U.S. private-sector job growth picks up in October
<b>Nov-3</b>	U.S. productivity picks up a bit in third quarter after 2 quarters of declines
<b>Nov-4</b>	U.S. job creation slowed to 261,000, but it's still too strong for the Fed

**S&P 500 Technicals**



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