



Market in a Minute

February 23, 2022



A Word on the Market

By: Patrick Adams, CFA

Russia/Ukraine: As we mentioned last week, the market reaction was likely somewhere in the -2% to -5% range based on a Russian military action, I guess this is a modern war. It is a little difficult to break out the Federal Reserve market impact from Putin, if you take the last three days losses in the S&P 500 it is about -3.6%. The short-term decline from Putin is about priced into the market. The sanctions imposed on Russia was much less than we would have expected. Germany halting the Nord Stream 2 pipeline is just a delay in our mind and not a cancelation, and monetarily is not a major blow to Russia. Sanctioning two Russian banks should be just a start, but again not a major issue for Russia. Russian has \$478 billion of debt owned outside of Russia and Russia's economy is just \$1.71 trillion. The EU has disallowed Russia from raising capital in the EU. We like this particular sanction; this will not be easy for them to deal with over time.

Putin's speech was shocking, if I were a European, I would be alarmed!!!! Europe has a major problem brewing. **Our guess**, these sanctions will not likely deter Putin from moving forward over time. We would expect this to continue to push energy costs up. The Russian stock market is down more than -22% year-to-date, but we would expect a rally based on these sanctions being less than expected, obviously ERUS is not an investable index in our mind.

Index Performance: As of February 18, 2022

Index	Price	Last Week	YTD
S&P 500	4,348.87	-1.58%	-8.76%
Dow Jones	34,079.18	-1.90%	-6.22%
NASDAQ	13,548.07	-1.76%	-13.40%
Russell 2000	10,411.67	-1.00%	-10.42%
Russell 2000 Growth	9,092.38	-1.83%	-15.18%
Russell 2000 Value	15,652.04	-0.24%	-5.62%
Russell 1000 Value	2,672.63	-1.82%	-13.57%
SPDR Gold Shares	177.12	1.90%	3.60%
GS Crude Oil Total Return	200.05	-1.46%	41.66%
Powershares US \$ Index	25.72	0.00%	0.35%
Ishares EAFE Index	75.30	-0.50%	-4.30%
Barcleys Aggregate Bond Index	109.87	-0.21%	-3.69%
iShares Barclays 20+ Yr Treasury Bond	138.23	-0.01%	-6.72%
Utilities Select Sector ETF	66.22	-1.21%	-7.49%
Vanguard REIT ETF	102.01	-1.22%	-12.07%
iShares Mortgage Real Estate	32.40	-0.28%	-6.11%
Alerian MLP ETF	36.35	-4.59%	11.03%
iShares Global Telecom	73.95	-1.81%	-10.07%
ETFMG Alternative Harvest ETF	9.86	-9.21%	-11.01%
Grayscale Bitcoin Trust	27.30	-7.80%	-20.29%
Shanghai SE Index	3,490.61	0.80%	-3.55%

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

S&P Sector Performance: As of February 18, 2022

Index	Price	Last Week	YTD
Information Technology	2,670.94	-1.71%	-12.58%
Consumer Disc.	1,417.74	-0.41%	-11.98%
Consumer Staples	793.39	1.11%	-1.39%
Health Care	1,484.43	-2.23%	-9.70%
Financials	651.02	-2.29%	0.15%
Industrials	98.34	-1.03%	-7.06%
Energy	514.82	-3.71%	21.78%
Communications Services	228.72	-2.47%	-14.49%
Utilities	335.21	-1.42%	-7.84%
Materials	526.60	-0.26%	-7.55%
Real Estate	2,670.94	-1.71%	-12.58%

Source: Bloomberg website, Returns are appreciation only.

PVG Strategies

Tactical Strategies	YTD
Total Tactical Return	-5.58%
Dynamic Core	-5.57%
Tactical Core	-11.19%
Loss Averse	
Loss Averse Equity Income	-.92%
Navigator Growth	-3.39%
Specialty	
Emerging Healthcare	-11.63%
Value	
U.S. Large Cap	-2.30%
Income	
High Income	-.87%
U.S. Corporate Bond	-2.11%

Interest Rates

Fed Fund	.25 %	5-Year	1.82 %
3-Month	0.35 %	10-Year	1.92 %
6-Month	0.65 %	30-Year	2.24 %
2-Year	1.47 %		

Source: Bloomberg.com

Economic Events This Week

• iShares MSCI Russia ETF Price % Change



Technicals: All the major indices have turned negative on a technical basis. Below are the S&P 500 with the 200-day moving average at 4457 and the index closing at 4305. We believe 4300 is the first major support level, it is really trying to hold that level. The Nasdaq has been in a downtrend and is over -9% below the 200-day and off approximately -16.4% from its high. The Russell 2000 is more or less, in a bear market, down -19.4% currently from its high. We believe the Russell 2000 is beginning to become compelling on both a fundamental basis and a technical basis.

• S&P 500 Level
• S&P 500 200-Day Simple Moving Average
• S&P 500 20-Day Simple Moving Average



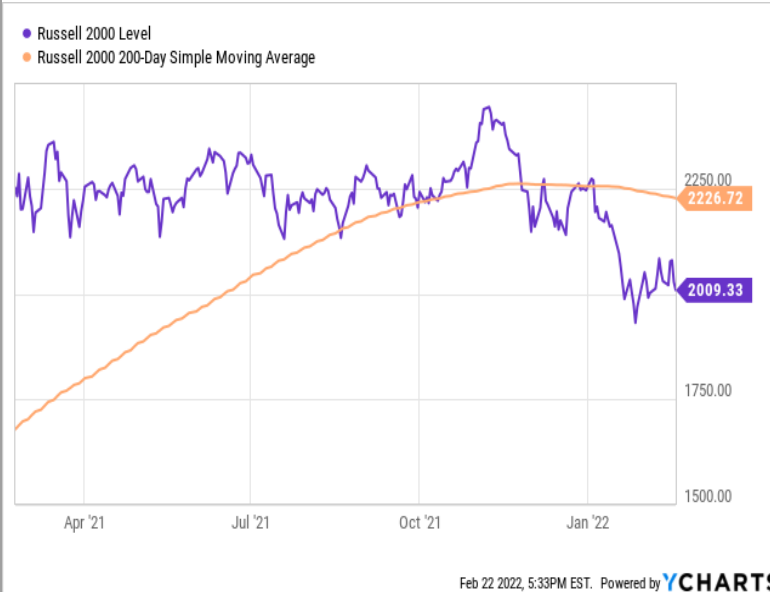
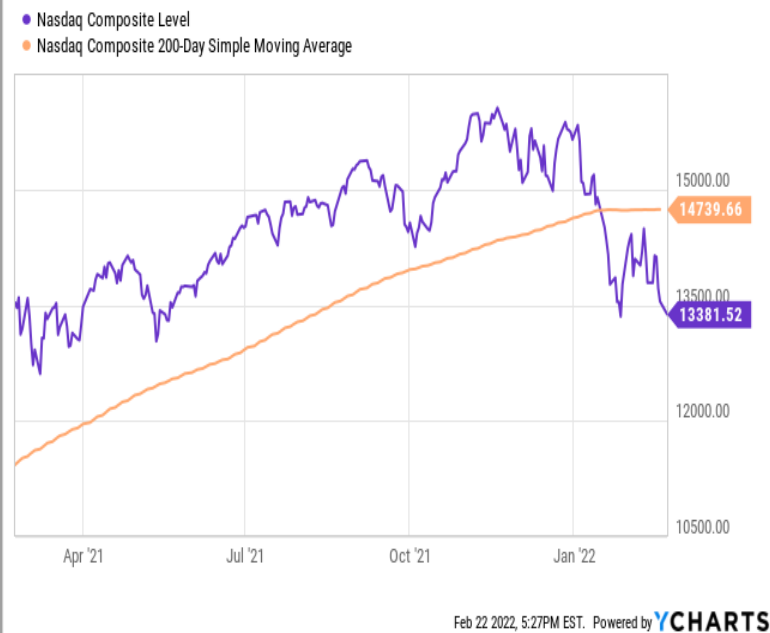
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Date	Report	Forecast	Previous
22-Feb	Consumer confidence index	109.5	111.1
22-Feb	Official Cash Rate	1.00%	0.75%
24-Feb	Gross Domestic Product revision (SAAR)	7.0%	6.9%
25-Feb	Core PCE Price Index m/m	0.5%	0.5%
25-Feb	Durable goods orders	0.8%	-0.7%

Source: Briefing.com

Economic Events Last Week

15-Feb	As inflation climbs again, wholesale prices surge once again
16-Feb	U.S. retail sales surge 3.8% as the economy adjusts to high inflation
16-Feb	Import prices jump 2% the biggest jump in 11 years
17-Feb	Philadelphia Fed's manufacturing gauge eases in February
18-Feb	Leading economic indicators show U.S. economy takes a step back in January



Fundamentals: We believe there is more negative performance to come this year as the Fed raises interest rates and reduces their balance sheet. We believe the economy will be strong in the second quarter and provide a nice bounce in the small cap Russell 2000. Our tactical strategies should be able to make some money in this environment.

With the recent decline and strong earnings growth, the markets are becoming more reasonably valued. We would like to see the P/E of the market in the 17x range. However, believe it is possible to have a recession in 2023, which would still not make the S&P 500 interesting on a fundamental basis.

S&P 500 Forward 12-Month P/E Ratio: 10 Years
(Source: FactSet)



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