



Market in a Minute

July 27, 2021

Index Performance: As of July 23, 2021

Index	Price	Last Week	YTD
S&P 500	4,411.79	1.96%	19.22%
Dow Jones	35,061.55	1.08%	16.01%
NASDAQ	14,836.99	2.84%	16.84%
Russell 2000	11,381.17	2.15%	14.11%
Russell 2000 Growth	10,926.25	3.37%	6.41%
Russell 2000 Value	15,580.92	0.89%	22.25%
Russell 1000 Value	2,865.35	3.33%	20.07%
SPDR Gold Shares	168.56	-0.50%	-7.55%
GS Crude Oil Total Return	125.01	1.22%	145.12%
Powershares US \$ Index	24.98	0.20%	2.97%
iShares EAFE Index	79.22	1.15%	8.02%
iShares Barclays 20+ Yr Treasury Bond	148.5	0.20%	-5.74%
Utilities Select Sector ETF	65.71	0.85%	7.51%
Vanguard REIT ETF	105.85	0.51%	28.82%
iShares Mortgage Real Estate	35.77	0.06%	15.80%
Alerian MLP ETF	33.75	0.06%	32.67%
iShares Global Telecom	88.12	1.88%	19.70%
ETFMG Alternative Harvest ETF	17.71	0.23%	19.18%
Grayscale Bitcoin Trust	27.19	3.78%	-22.49%
Shanghai SE Index	4,411.79	1.96%	19.22%

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

S&P Sector Performance: As of July 23, 2021

A Word on the Market

By: Patrick Adams, CFA



This should be another interesting week! First last week, the 10-Year Treasury on Monday hit a low of 1.13%, wow! On Monday, the stock market dropped about 2%, and the S&P 500 broke the important 50-day moving average briefly. The cause seemed to be centered around the Covid Delta variant, but you can also point to numerous other reasons. As earnings reports came out during the week the stock market responded to very strong reports, especially in the financials. As an example, the S&P 500 being down 2% roughly on Monday closed the week up 2%! The consensus earnings for next year for the S&P 500 went up \$1.00 and is now \$214 for 2022. **The average earnings beat so far this quarter has been 19%, this is tracking as the 4th best earnings surprise quarter ever.** The consensus now at \$214 and we have been thinking \$220, but perhaps it comes in as high as \$240, the best-case scenario for the market is likely around 4800 or 20x earnings. The market closed at 4411 on Friday or 8% upside. There are some major assumptions in this outlook that are perhaps a stretch.

There has been a rolling correction happening this year. The technology stocks are back in favor with the sector up 4% last week, the value sectors lagged again after being very strong earlier this year. **There seems to be an undertow to the market where the market continues up but there is a strong negative current.** It feels like the hedge funds are getting defensive and the retail or individual investors are piling in still. So far \$600 billion has flowed into funds this year, that is a strong YTD number.

This is another big week for earnings with 30% of the S&P 500 reporting, with GOOG and AAPL on Tuesday, FB on

Index	Price	Last Week	YTD
Information Technology	2,713.40	2.77%	20.59%
Consumer Disc.	1,476.62	2.85%	14.66%
Consumer Staples	737.09	0.44%	7.03%
Health Care	1,531.58	2.18%	16.30%
Financials	602.61	0.33%	24.56%
Industrials	103.61	1.67%	19.91%
Energy	367.17	-0.39%	28.16%
Communications Services	275.96	3.24%	26.25%
Utilities	334.01	-0.87%	7.48%
Materials	513.07	0.80%	13.75%
Real Estate	289.26	0.10%	31.24%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates			
Fed Fund	.25	5-Year	0.72
3-Month	0.05	10-Year	1.30
6-Month	0.05	30-Year	1.92
2-Year	0.22		

Source: Bloomberg.com

Economic Events This Week			
26-Jul	German ifo Business Climate	100.8	102.3
27-Jul	CB Consumer Confidence	123.9	127.3
27-Jul	CPI q/q	0.7%	0.6%
28-Jul	CPI m/m	0.4%	0.5%
29-Jul	Advance GDP q/q	8.5%	6.4%

Source: Briefing.com

Economic Events Last Week	
Date	Event

Wednesday and AMZN on Thursday. The most important event, in our opinion, this week will be the Federal Reserve announcement on Wednesday of what they may say about lowering the amount of bonds they are buying in the open market which is currently \$120 billion per month. There is a lot of chatter that the Fed will eliminate the \$40 billion of Mortgage Back Securities in September. We believe this is largely in the market.

There seems to be something lurking out there that is unknown that is concerning the bond market in a big way. With yields way off their high, at recessionary levels, while inflation is very hot along with economic growth. We believe there is a lack of Main Street confidence in government, and the crime in the major cities is out of control. **New York City is the most important global financial center in world by far and the workers and citizens are fleeing due to the crime. We believe the markets are starting to believe Biden might be out of stimulus bullets and the smart money is looking for the door!!!**

As you know, we are very well connected in the emerging healthcare space. My friend that runs an Alzheimer's company sent me a very basic research piece on the disease over the weekend and we thought we would share a snippet. **"What types of memories are forgotten in Alzheimer's disease?"** Typically, Alzheimer's disease is associated with a decline in episodic memory. Patients will complain that they can't remember events they've experienced, conversations they've had or things they've done. It is this type of memory that is most often tested in neuropsychology when assessing dementia, and it is also this type of memory that is studied in the vast majority of research being carried out on Alzheimer's disease. According to a study that evaluated different cognitive functions in several hundred elderly people, individuals who will develop Alzheimer's disease start to have deficits in semantic memory up to 12 years before being diagnosed with dementia. Semantic memory difficulties occur before forgetting past events, spatial-temporal disorientation, loss of personal belongings or speech difficulties.

However, these deficits are rarely reported by people when they complain about their memory, as they usually find ways to compensate for these difficulties in their daily lives. They will use catchwords, such as "thing," to describe concepts that they can no longer name. This explains why semantic memory has been studied very little in relation to Alzheimer's disease.

<https://www.tribuneindia.com/news/health/what-types-of-memories-are-forgotten-in-alzheimers-disease-288037>

Home-builder confidence diminishes due to shortage of materials and workers	Jul-19	<p>The Biogen drug has some efficacy on early stage if the patient has the Alzheimer’s gene. You can easily get tested and use the BIIB drug or other soon to be approved drugs, the best by far, we believe, will be the Alzheon drug.</p> <p>We are entering the hopefully slow news month of August if there is a topic you would like us to discuss please send us an email.</p> <p>Phone:(303)874-7477 Email: jholt@pvgasset.com Website: www.pvgassetmanagement.com</p>
U.S. unemployment claims jump to 419,000 due to a temporary shutdown of multiple automaker plants	Jul-22	
HIS market PMI data shows U.S. economy slows down after an amazing Q2	Jul-23	
Source: Briefing.com		