



## Market in a Minute

June 29, 2021

### Index Performance: As of June 25, 2021

Index	Price	Last Week	YTD
S&P 500	4,280.70	2.74%	15.67%
Dow Jones	34,433.84	3.44%	13.93%
NASDAQ	14,360.39	2.35%	13.09%
Russell 2000	12,015.75	4.33%	20.47%
Russell 2000 Growth	11,387.34	4.54%	10.90%
Russell 2000 Value	16,674.32	4.14%	30.83%
Russell 1000 Value	2,711.66	2.51%	13.63%
Shanghai SE Index	3,607.56	2.34%	2.99%
SPDR Gold Shares	166.59	1.01%	-8.63%
GS Crude Oil Total Return	130.5	4.40%	155.88%
Powershares US \$ Index	24.69	-0.52%	1.77%
Ishares EAFE Index	79.98	1.86%	9.05%
iShares Barclays 20+ Yr Treasury Bond	142.01	-2.55%	-9.86%
Utilities Select Sector ETF	63.98	0.58%	4.68%
Vanguard REIT ETF	102.91	1.10%	25.24%
iShares Mortgage Real Estate	37.71	3.54%	22.08%
Alerian MLP ETF	36.26	1.23%	42.53%
iShares Global Telecom	86.51	1.79%	17.51%
ETFMG Alternative Harvest ETF	20.8	4.31%	39.97%
Grayscale Bitcoin Trust	27.68	-7.11%	-21.09%

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

### S&P Sector Performance: As of June 25, 2021

Index	Price	Last Week	YTD
Information Technology	2,550.53	2.35%	13.35%

## A Word on the Market

By: Patrick Adams, CFA



The week after the Fed meeting, so last week, the market was very strong. As an example, the S&P 500 rallied from a very weak Fed meeting week to be up 2.7%. We are a little surprised with the strength last week, but Fed Chairman Powell did a good job in communicating there would be **no change in monetary policy right now. It appears the Fed will announce the reduction in bond purchases in September. Perhaps this pushes out the impending market correction until the fall.** In our Tactical Total Return strategy, which generally owns 4 different ETFs and has a 10% stock sleeve of our best ideas, we recently sold our Russell 1000 Value position. **The value stocks have really lost momentum.** The energy sector continues to be strong but would not expect near-term performance. **There has been a large rotation into growth over the last several weeks.** The market seems to understand a slowing trend in the economy is inevitable while there is substantial liquidity in the market that needs to be invested.

**We get the Employment Report on Friday,** the last couple of reports have been lower than expected. **We believe the consensus is about 650,000 new jobs for June, up from 559,000 in May. There are currently over nine million unfilled job openings and payrolls lost from Covid-19 of around eight million.** Clearly the roadblock for the Federal Reserve to create full employment has been the unemployment benefits offered by the Federal Government. The remaining states offering these additional benefits will end in September. As a result, September and October should show very large employment gains.

Consumer Disc.	1,424.04	2.62%	10.57%
Consumer Staples	719.22	1.85%	4.43%
Health Care	1,466.12	2.01%	11.33%
Financials	614.75	5.28%	27.07%
Industrials	102.35	3.07%	18.45%
Energy	418.03	6.66%	45.91%
Communications Services	264.16	2.36%	20.85%
Utilities	325.54	0.66%	4.76%
Materials	516.09	2.11%	14.42%
Real Estate	279.71	1.30%	26.91%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates			
Fed Fund	.25	5-Year	0.92
3-Month	0.06	10-Year	1.54
6-Month	0.06	30-Year	2.16
2-Year	0.28		

Source: Bloomberg.com

Economic Events This Week			
1-Jul	ISM Manufacturing PMI	61.0	61.2
1-Jul	Spanish Unemployment Change	-110.5K	-129.4K
2-Jul	Average Hourly Earnings m/m	0.4%	0.5%
2-Jul	Non-Farm Employment Change	700K	559K
2-Jul	Unemployment Rate	5.6%	5.8%

Source: Briefing.com

Economic Events Last Week	
Date	Event
Housing market slumps as existing-home sales lose momentum	Jun-22
U.S. current account deficit surges to a 14-year high	Jun-23

**We are not sure what to think about the infrastructure bill.** It appears there is an agreement...??? The Democrats want another very large spending bill tied to the approval of this bill. The second bill is expected to be extremely large. We don't think the second bill will get approved. There comes a point when it has much worse impact if passed. **When you print too much money it obviously becomes very inflationary and ultimately causes a recession as the Fed must kill the economy to kill inflation. If the second bill is passed, we would view this as a very big negative for the market.**

After rebounding last week, the S&P 500 is back to a new high and it was driven by the large Nasdaq or FAANG stocks. **The value stocks are now lagging after being the leadership this year. We are skeptical that the market can advance significantly if it is dependent on the FAANG stocks after having multiple years of outperformance.**

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The U.S. economy is running “very hot” but so is inflation	<b>Jun-23</b>
Durable-goods orders return in May, showing signs of strength in U.S. economy	<b>Jun-24</b>
Consumer spending dries up in May as federal stimulus money slows	<b>Jun-25</b>
Source: Briefing.com	

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