



Market in a Minute
March 2, 2021

Index Performance: As of February 26, 2021

Index	Price	Last Week	YTD
S&P 500	3811.15	-2.45%	2.12%
Dow Jones	30932.37	-1.78%	1.72%
NASDAQ	13192.35	-4.92%	2.50%
Russell 2000	11294.26	-2.87%	11.29%
Russell 2000 Growth	11287.49	-5.18%	7.67%
Russell 2000 Value	14888.36	-0.40%	15.24%
Russell 1000 Growth	2404.99	-4.44%	-0.49%
Russell 1000 Value	1944.89	-0.95%	5.93%
Shanghai SE Index	3,603.49	2.01%	2.87%
SPDR Gold Shares	161.81	-3.11%	-8.94%
GS Crude Oil Total Return	96.5	9.65%	85.58%
Powershares US \$ Index	24.52	0.70%	1.45%
Ishares EAFE Index	74.01	-2.94%	0.67%
iShares Barclays 20+ Yr Treasury Bond	142.78	-0.34%	-9.35%
Utilities Select Sector ETF	58.36	-4.97%	-5.54%
Vanguard REIT ETF	87.87	-1.18%	4.46%
iShares Mortgage Real Estate	33.8	0.51%	6.73%
Alerian MLP ETF	28.45	1.43%	11.66%

A Word on the Market

By: Patrick Adams, CFA



The issues or opportunities for the market, as we see them, perhaps **the most important concern is higher inflation along with higher interest rates, the rotation out of technology, a non-relief Covid bill for \$1.9 trillion (political risk), and the roll out of JNJ's vaccine.**

The JNJ vaccine and the volumes they can crank out is remarkable, 100 million by the end of June. There were about 77 million vaccines before JNJ started, and the latest run rate is close to 2 million per day, so 30 million individuals fully vaccinated per month. **That gets us to 260 million fully vaccinated in the U.S. of 330 million total people by the end of June.** That should about do it. **Growth in the U.S. should be very strong in the second half.** What works best in a strong economy is small caps, value/cyclicals and emerging markets. With the money spigots open on Wall Street, small companies can take advantage of capital, growing organically or through acquisitions. Value stocks like financials, industrials, materials, consumer, and energy should outperform the very large dominate technology and software stocks.

Anheuser Busch (BUD) is an unloved stock, high quality, and you don't have the cyclicity to worry about when interest rates do rise over the coming years. The issue with BUD is all the bars and sporting events were closed down, they have lower margins through grocery, and the mix shift will improve dramatically over the next 12 months. The stock has tested the 200-day moving average. In 2019, the stock was over \$100 and now \$59. This is a conservative way of playing the reopening. **BUD**

iShares Global Telecom	78.85	-2.98%	6.84%
ETFMG Alternative Harvest ETF	22.56	-9.62%	54.10%
BitCoin Investment Trust	43.2	-23.81%	31.31%

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

S&P Sector Performance: As of February 26, 2021

Index	Price	Last Week	YTD
Information Technology	2293.4	-3.95%	0.39%
Consumer Disc.	1294.47	-4.90%	-0.64%
Consumer Staples	649.39	-2.72%	-5.99%
Health Care	1311.27	-1.59%	0.17%
Financials	535.64	-0.36%	10.66%
Industrials	90.61	-0.41%	4.86%
Energy	360.19	4.33%	24.86%
Communications Services	232.08	-1.39%	5.59%
Utilities	295.35	-5.05%	-5.97%
Materials	461.11	-2.14%	1.59%
Real Estate	232.26	-2.01%	3.21%

Source: Bloomberg website, Returns are appreciation only.

Interest Rates

Fed Fund	.25	5-Year	0.75
3-Month	0.04	10-Year	1.44
6-Month	0.05	30-Year	2.17
2-Year	0.014		

Source: Bloomberg.com

Economic Events This Week

Mar-1	ISM Manufacturing PMI	60.8	58.7
Mar-2	GDP m/m	0.1%	0.7%
Mar-2	GDP q/q	2.3%	3.3%
Mar-5	Average Hourly Earnings m/m	0.2%	0.2%



When 10-year Treasury Note yield went above 1.5% last week the market freaked, the Nasdaq fell close to -5% last week but on Monday the Nasdaq rose 3%. The 10-year yield went to 1.61% and then back down to 1.41%. As we mentioned last week, we believe rates will go above 2%. The market is perhaps less concerned about inflation now versus a week ago as the latest Covid relief bill is a real dud! The \$1.9 trillion passed by the House does not stimulate, so the market feels like the economy will improve but not overheat.

The healthcare stocks have quickly become very cheap. These are growth stocks with cheap valuations. Many of the large drug companies trade close to half the multiple of the overall market. Even with the market favoring reopening we believe the healthcare stocks are attractive. The industry has shown something that most investors did not realize, **new technologies allow drug development (vaccines as an example) to occur much more rapidly.** The emerging or small cap healthcare companies are particularly interesting as they have interesting technologies and benefit from being small cap. **Let us know if you would like more information on our Emerging Healthcare strategy office@pvgasset.com.**

Lastly, on a fundamental basis we see earnings trends being very strong, the political risk is high with the potential of higher taxes, wages and geopolitical issues globally, and the markets are generally very expensive due to inflated technology stocks. We believe the way to deal with this risk is **tactical strategies** that can get defensive quickly but still move up with the markets. Please let us know if you would like more information on our tactical strategies or one of our **portfolio managers Paul MacNamara** would be happy to discuss his approach office@pvgasset.com.

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Mar-5	Non-Farm Employment Change	185K	49K
Mar-5	Unemployment Rate	6.3%	6.3%

Source: Briefing.com

Economic Events Last Week

Event	Date
Leading index signals the U.S. Economy is set to ramp up	Feb-23
Consumer confidence reaches a three-month high as Americans plan to get vaccines	Feb-23
New home prices climb as people are unable to find existing properties	Feb-24
Economy gets a boost in early 2021 as stimulus checks sparks a 2.4% surge in consumer spending	Feb-26

Source: Briefing.com