



## Market in a Minute

March 14, 2023

### Index Performance: As of March 10, 2023

Index	Price	Last Week	YTD
S&P 500	3,861.59	-4.55%	0.58%
Dow Jones	31,909.64	-4.44%	-3.73%
NASDAQ	11,138.89	-4.71%	6.42%
Russell 2000	9,329.42	-8.03%	0.89%
Russell 2000 Growth	8,084.58	-7.79%	2.41%
Russell 2000 Value	14,089.73	-8.28%	-0.66%
Russell 1000 Growth Total Return	2,292.66	-4.23%	4.63%
SPDR Gold Shares	173.87	0.80%	2.49%
GS Crude Oil Total Return	204.20	0.00%	-0.87%
Powershares US \$ Index	28.35	0.14%	1.94%
iShares EAFE Index	68.65	-3.15%	4.59%
Barclays Aggregate Bond Index	98.09	1.04%	1.13%
iShares Barclays 20+ Yr Treasury Bond	105.59	3.63%	6.06%
Utilities Select Sector ETF	64.42	-2.76%	-8.62%
Vanguard REIT ETF	80.81	-7.04%	-2.84%

### A Word on the Market

By: Patrick Adams, CFA



**PVG Strategies:** Our plan is to protect our portfolios and later this year, or next, benefit from a significant move up from a perhaps much lower level. Last week, the S&P 500 fell -4.6%, the Nasdaq dropped -4.7% and the bank sector a whopping -14.1%. **Our strategies performed well with a minor decline relative to the market as we were already conservatively positioned.** Our Tactical and Loss Averse strategies begin to get defensive generally far sooner than when the market finally reacts to the bad news it is concerned about. When the market breaks certain moving averages, we reduce our equity exposure in increments, so by the time the market actually realizes the bad news our portfolios are generally defensively positioned.

**Our goal is to not fall significantly in a bear market. We strive for modest loss or perhaps to even make a positive return in a bear. Conversely, when the market bottoms, our goal is to also re-enter in increments as the market moves up, lessening the likelihood of making a mistake, or being late.** When the stock market is in a bull, and is consistently rising, we allow the portfolios to participate as much as possible.

**Currently, we do not see a significant rally.** The market needs to rebuild a base and move into a positive trend. **We have said repeatedly that the fundamentals were negative, yet the technicals were somewhat positive. Now the technicals have turned negative.**

**We believe the S&P 500 will hold the support at 3800, but we have that opinion based on what we know currently!** The major issues are whether there are any more systemic events in the banks, the inflation reports this week, and what

iShares Mortgage Real Estate	21.59	-9.55%	-4.85%
Alerian MLP ETF	38.72	-2.42%	1.71%
iShares Global Telecom	58.36	-4.37%	7.16%
ETFMG Alternative Harvest ETF	3.71	-9.73%	-12.91%
Grayscale Bitcoin Trust	11.23	-0.18%	35.46%
Shanghai SE Index	3,230.08	-2.95%	4.56%

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

#### S&P Sector Performance: As of March 10, 2023

Index	Price	Last Week	YTD
Information Technology	2,366.99	-3.06%	8.97%
Consumer Disc.	1,072.43	-5.55%	6.66%
Consumer Staples	741.17	-1.92%	-4.87%
Health Care	1,443.91	-3.95%	-8.93%
Financials	546.28	-8.50%	-4.12%
Industrials	99.00	-4.50%	0.80%
Energy	628.78	-5.35%	-6.48%
Communications Services	170.71	-4.11%	7.12%
Utilities	325.20	-2.88%	-9.28%
Materials	491.26	-7.64%	0.35%
Real Estate	226.20	-7.00%	-2.66%

Source: Bloomberg website, Returns are appreciation only

the Federal Reserve does next week in terms of raising interest rates with their plan for further rate increases.

**The 200-day moving average is an important level for the market at around 3950, while support at 3800 is critical to see if we hold.**

#### S&P 500 Technicals



**Banks:** Most depositors do not understand that a deposit in a bank is really an unsecured loan that is being made to the bank, in excess of \$250,000. Banks categorize their assets in two tranches, assets held for sale and assets held to maturity. **It is estimated that there are over \$600 billion bank system wide losses in treasury bonds that were being held to maturity.** A simplistic view, these losses get realized when the bank needs the capital to meet withdrawals or they never realize the loss and it is held until it matures. If losses are more than the capital the bank has, then the bank is insolvent.

**The Federal reserve created an extreme bubble in the bond market, driving yields on bonds to extremely low levels.** It should be no surprise that pushing the long-term rates up by about 3%-3.5% it will cause a major dislocation in the banking system. **The Fed is now bursting this bubble.** Clearly there are other issues looming in banks, and the real idiots were exposed quickly.

Besides having significant losses in their held to maturity assets, the next shoe to drop is the coming decline in Net Interest Margins. Why keep your money in cash when the Treasury Bills are paying so much more. To keep deposits the yield offered by banks needs to go up significantly. You wonder why Schwab's stock is dropping so much, they pay next to nothing on cash sweeps, making a very large spread, but now their customers are either leaving or putting money into T-bills. We do not believe Schwab or other custodians have default risk.

## PVG Strategies

Tactical Strategies	QTD	YTD
Tactical Total Return	0.3%	0.3%
Dynamic Core	-1.5%	-1.5%
<b>Loss Averse</b>		
Loss Averse Equity Income	-0.1%	-0.1%
Navigator Growth		
<b>Specialty</b>		
Emerging Healthcare	-4.6%	-4.6%
<b>Value</b>		
U.S. Large Cap	-4.5%	-4.5%
<b>Income</b>		
High Income	-0.2%	-0.2%
U.S. Corporate Bond	0.9%	0.9%
<b>Focus</b>		
High Income Focus 10	2.3%	2.3%
Blue Chip Focus 10	-1.7%	-1.7%
Growth Focus 10	1.3%	1.3%
Emerging Healthcare Focus 10	-8.6%	-8.6%

## Interest Rates

<b>Fed Fund</b>	4.57 %	<b>5-Year</b>	4.22%
<b>3-Month</b>	5.05%	<b>10-Year</b>	3.93%
<b>6-Month</b>	5.32%	<b>30-Year</b>	3.88%
<b>2-Year</b>	4.90%		

Source: Bloomberg.com

## Economic Events This Week

Date	Report	Forecast	Previous
<b>Mar-14</b>	February CPI	0.40%	0.50%
<b>Mar-15</b>	February PPI	0.3%	0.70%
<b>Mar-16</b>	February Housing Starts	1,311,000	1,309,000
<b>Mar-17</b>	February Capacity Utilization	78.5%	78.3%
<b>Mar-17</b>	February Industrial Production	0.40%	0.0%

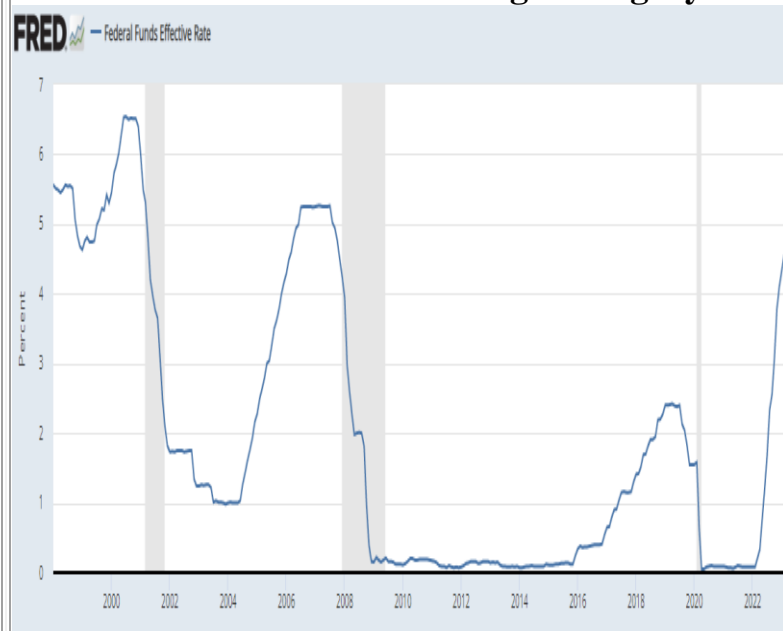
The banking sector looks technically like a capitulation sell off, down -21% from the 200-day, and -38% below the recent high.

## KRB Bank ETF



**Federal Reserve:** On Tuesday and Wednesday, we get inflation reports. The Fed has been so aggressive in raising rates that they are breaking the system. **We believe the Fed should stop raising rates for now**, but what they may do is a whole different thing! **We guess the market believes the Fed will increase rates by .25%, which could cause more problems.** Below are the last three tightening cycles and the resulting recessions.

## Last Three Federal Funds Tightening Cycles



Mar-17	February Leading Indicators	-0.20%	-0.30%
Source: Briefing.com			
Economic Events Last Week			
Mar-6	U.S. factory orders drop 1.6% from a drop in Boeing contracts		
Mar-7	U.S. consumer credit picks up in January		
Mar-8	ADP says U.S. private-sector job growth in February		
Mar-10	Jobs report shows 311,000 gains in February and keeps pressure on Fed to raise interest rates		
Mar-10	U.S. runs February budget deficit of \$262 Billion		

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