



Market in a Minute

January 13, 2025

Index Performance: As of January 9, 2025

Index	Price	Last Week	YTD
S&P 500	6,966.28	0.77%	0.77%
Dow Jones	49,504.07	3.00%	3.00%
NASDAQ	23,671.35	1.88%	1.88%
Russell 2000	14,386.36	5.75%	5.75%
Russell 2000 Growth	12,926.73	5.54%	5.54%
Russell 2000 Value	20,855.67	4.36%	4.36%
Russell 1000 Growth Total Return	4,974.64	-0.05%	-0.05%
SPDR Gold Shares	414.47	4.58%	4.58%
Powershares US \$ Index	27.33	1.11%	1.11%
Ishares EAFE Index	98.81	2.89%	2.89%
Barclays Aggregate Bond Index	100.16	0.28%	0.28%
iShares Barclays 20+ Yr Treasury Bond	87.93	0.88%	0.88%
Utilities Select Sector ETF	42.51	-0.42%	-0.42%
Vanguard REIT ETF	89.47	1.11%	1.11%
iShares Mortgage Real Estate	23.02	3.79%	3.79%
Alerian MLP ETF	48.03	2.02%	2.02%
iShares Global Telecom	121.88	0.54%	0.54%
ETFMG Alternative Harvest ETF	30.21	1.41%	1.41%
Grayscale Bitcoin Trust	70.48	3.10%	3.10%
Shanghai SE Index	4,120.43	3.82%	3.82%

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

A Word on the Market

By: Patrick Adams, CFA



Market Update:

- Last year was **A Year of Change** and we believe this year will be **A Year of Acceleration**.
- The S&P 500 is up for the third year in a row, by double digits. There have been three other times when the market was up four years in a row by double digits, 1995-1999, 1949-1952 and 1942-1945, only once 5 years in a row by double digits, **but 1982-1986 was a strong period with one year below 10%**.
- The economy has a good foundation in place due to **fiscal policies that favor growth such as, lower taxes, incentives to invest in property, plant, and equipment, incentives to produce in the U.S., or rather penalties if you don't, tariffs to move growth to the U.S., lower regulations, increase in defense spending, pro-energy production, lower energy cost, more efficient government and AI and Cryptocurrency low regulation**.
- **Monetary policy should be stimulative with lower inflation** due to more production of goods available in the economy, it **should allow the Federal Reserve to continue cutting interest rates**. There is a chance we actually see some prices fall significantly.
- We have a **highly valued stock market**, but many sectors and stocks should see positive growth, and many are attractively valued. A large part of the stock market gains over the last several years have been largely in the technology sector and has **left**

S&P Sector Performance: As of January 9, 2025			
Index	Price	Last Week	YTD
Information Technology	5,688.10	0.07%	0.07%
Consumer Disc.	2,016.52	4.57%	4.57%
Consumer Staples	881.77	1.95%	1.95%
Health Care	1,834.54	1.59%	1.59%
Financials	926.09	1.59%	1.59%
Industrials	161.93	4.39%	4.39%
Energy	716.63	4.26%	4.26%
Communications Services	461.38	1.99%	1.99%
Utilities	431.9	-0.44%	-0.44%
Materials	611.33	6.43%	6.43%
Real Estate	256.1	0.42%	0.42%

Source: Bloomberg website, Returns are appreciation only

PVG Strategies			
Tactical Strategies	QTD	YTD	Average Annual Return as of 9/30/25
Tactical Total Return	2.73%	2.73%	8.42%
Dynamic Core	0.98%	0.98%	9.05%
Tactical Growth	3.15%	3.15%	19.92%
Loss Averse			
Loss Averse Equity Income	2.02%	2.02%	3.82%
Specialty			
Emerging Healthcare	1.84%	1.84%	67.64%
Focus			
High Income Focus 10	1.36%	1.36%	7.06%
Growth Focus 10	4.90%	4.90%	9.90%
Emerging Healthcare Focus 10	1.52%	1.52%	15.83%

many stocks that have not performed attractively valued.

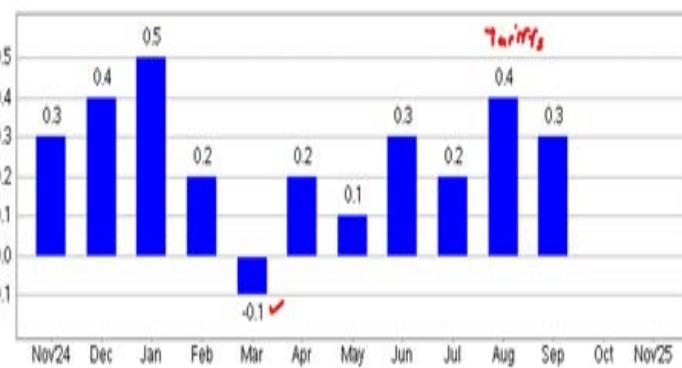
- The fiscal policy is backed in, but the monetary policy is not. To get the double-barrel blast inflation will need to come down through the year. Kudlow (famous economist) believes we could see some negative inflation prints, this would be hugely bullish.
- Bullish sentiment is not alarming yet.
- We are at the JP Morgan and other healthcare conferences and will update next week.

Inflation Reports This Week:

- CPI is expected to be 2.7% year-over-year and 0.3% month-over-month.
- We think we are mostly through the tariff impact and expect the lower energy and rent/housing declines to start to have a significant impact on the reported numbers.
- We had a big drop in CPI in November but due to the government shut down the report lacked credibility without October.

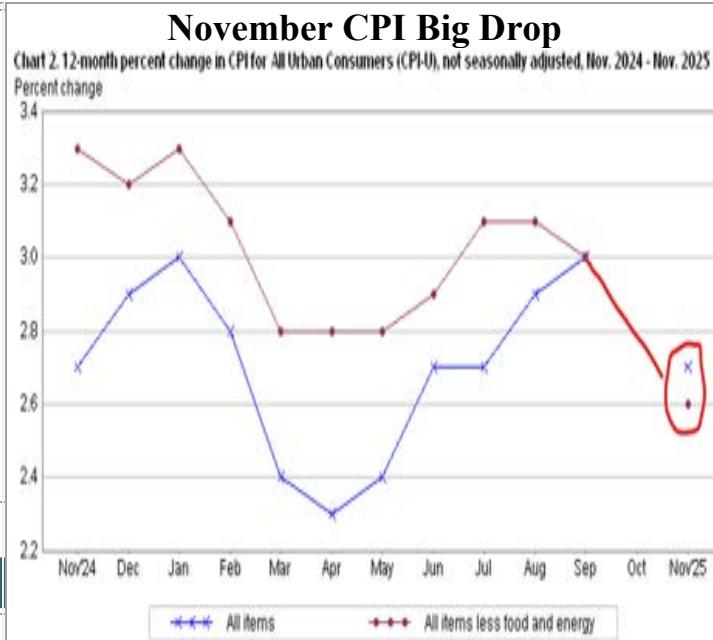
Month vs Month CPI change

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Nov. 2024 - Nov. 2025



Note: The Oct and Nov 2025 data values are not available due to the 2025 lapse in appropriations.

Strategic			
Tactical Aggressive	2.87%	2.87%	15.55%
Tactical Moderate	2.29%	2.29%	11.02%
Tactical Conservative	1.08%	1.08%	8.08%
Tactical Income	1.38%	1.38%	7.37%



Note: The Oct 2025 data values are not available due to the 2025 lapse in appropriations.

Interest Rates			
Fed Fund	3.64 %	5-Year	3.75%
3-Month	3.62%	10-Year	4.18%
6-Month	3.57%	30-Year	4.82%
2-Year	3.54%		

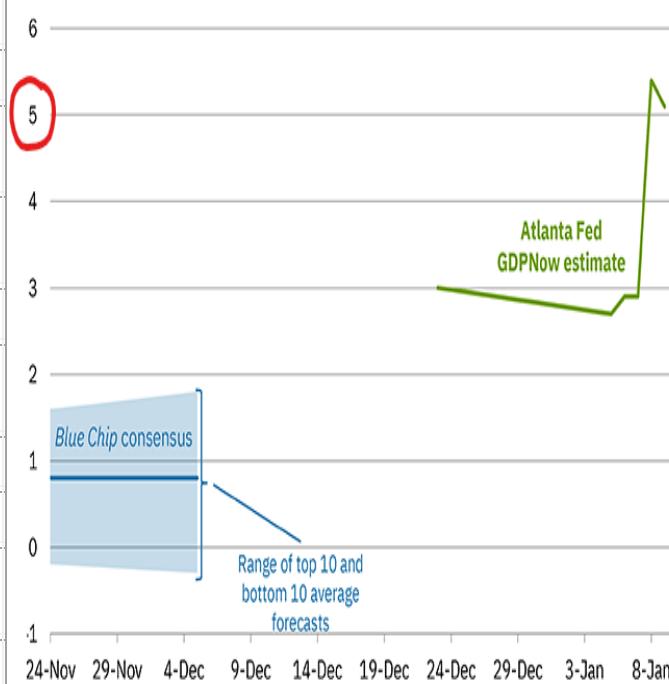
Source: Bloomberg.com

Economic Events This Week			
Date	Report	Forecast	Previous
Jan 13	CPI	0.3%	0.2%
Jan 13	Core CPI	0.3%	0.2%
Jan 13	New Home Sales	710K	800K
Jan 13	Treasury Budget	-\$223.0B	-\$173.0B
Jan 14	Retail Sales	0.4%	0.0%
Jan 14	Retail Sales, Ex-auto	0.3%	0.4%
Jan 14	PPI	0.2%	0.3%
Jan 14	Core PPI	0.2%	0.1%
Jan 14	Existing Home Sales	4.15M	4.13M
Jan 15	Philadelphia Fed Index	-5.0	-10.2
Jan 16	Industrial Production	0.2%	0.2%
Jan 16	Capacity Utilization	76.0%	76.0%

Economy Picking Up:

- GDPNow is predicting 5% real GDP growth for the 4th quarter.
- We think as we go through 2025, **we will see the economy accelerating.**

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q4
Quarterly percent change (SAAR)



Valuations:

- S&P 500 Index is 22x earnings, Small Cap is 15x.
- S&P 500 is not likely to see much P/E expansion but could continue to climb with good earnings growth. We think the range of valuations is 25-15,

Economic Events Last Week

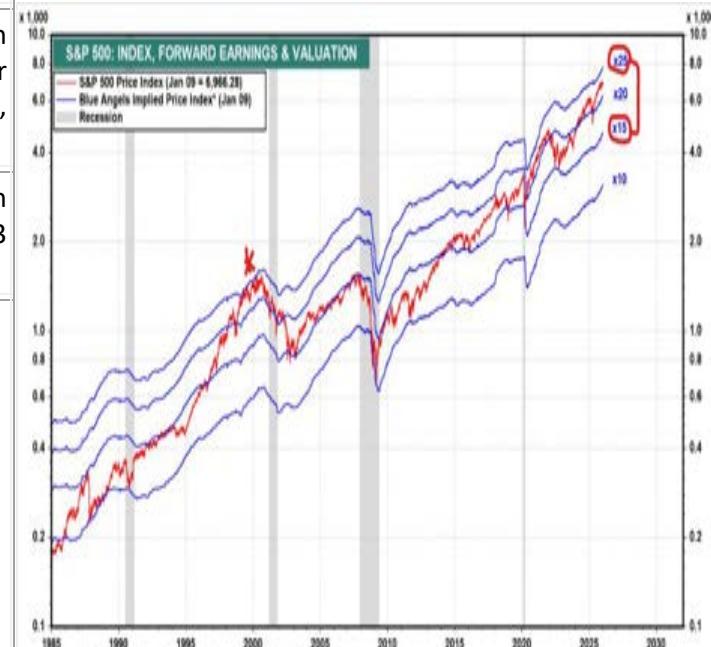
Jan 5	ISM shows U.S. manufacturing slump shows little sign of ending. Factory index dips to lowest level of the year.
Jan 7	ADP says U.S. businesses added 41,000 jobs in December.
Jan 7	The U.S. services sector picked up in December, as employment expanded for first time in seven months. PIM hits 54.4%, highest in 14 months.
Jan 8	U.S. economy's secret weapon surges in third quarter, raising hopes of AI payoff. Q3 productivity increases 4.9% pace.

so some upside to valuation but more downside.

Monitor the risk!

- Small cap valuation range is 12x-20x and currently at 15x. If the double barrel bast hits we could get valuations to 20x with 20%-30% earnings growth.

S&P 500 Index



Small Cap Index



The 1980's:

- The current environment reminds us of the 1980s due to Trump's very Reagan type of policies, while inflation is likely going to moderate significantly.

- From 1982-1989 the returns were strong, with a ruthless bear market in technology in the middle of the decade, and a one-day bear market in 1987.
- This fits what we have been expecting and the fiscal and monetary policies.

S&P 500 1982-1987

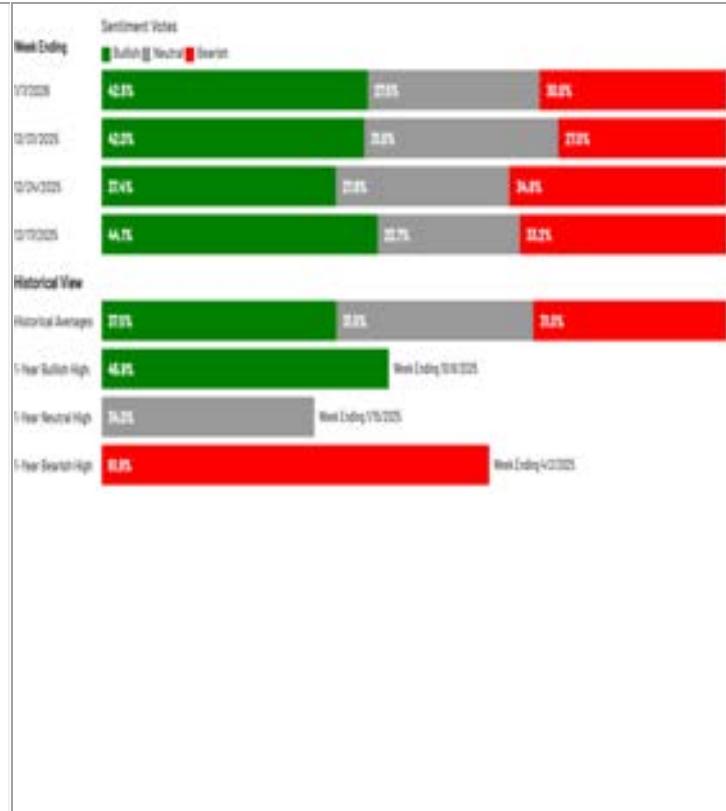


Returns of S&P 500 1982-1990

1990	-3.10
1989	31.69
1988	16.61
1987	5.25
1986	18.67
1985	31.73
1984	6.27
1983	22.56
1982	21.55

Investor Sentiment 42.5% Bullish and 30% Bearish:

- The higher bullish sentiment could last a while but is a little concerning.



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