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It Is NOT the End of the World

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It is NOT the End of the World

We have a LOT of things to cover this month.

I know you're all anxious. And I don't blame you. If you're getting your information from the mainstream media, you probably believe that we are about to enter an extinction event with covid-19/ the coronavirus.

So first and foremost, let's introduce some facts.

The flu infects between 29 MILLION and 41 MILLION people in the U.S. Not the globe. The U.S. And it does this Every. Single. Year.

The *flu*.

This year alone, the flu lead to 280,000 - 500,000 HOSPITALIZATIONS and **16,000-41,000 DEATHS.**

Again, the flu killed somewhere between 16,000 and 41,000 people in the U.S. since October 1st 2019.

The *flu*.

Did the media once refer to this as a pandemic?

Did the media say it would trigger a recession?

Did the media go bananas saying the flu would infect us all and wipe out humanity?

No. They didn't even mention it except to suggest getting a flu shot.

In comparison, coronavirus has infected something like 70,000 confirmed cases and killed a little over 3,000 people... *GLOBALLY.*

February 27th, 2020

SHORT-TERM ISSUES

- Stocks EXTREMELY oversold.
- A bottom is forming.
- A V-Shape Recovery About to Begin.

INTERMEDIATE-TERM ISSUES

- Inflationary pressures to rise leading to an inflationary "risk on" move.
- S&P 500 at 4,000 if not 5,000



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CAPITAL RESEARCH



Now, that of course is a very sad thing... and I am not making light of the illness or the deaths... but 3,000 deaths? **The flu just killed over 16,000 people in the last four months in the U.S. alone!**

Now, the flu is a pretty regular thing so let's consider another illness issue: the SARS outbreak of 2003.

SARS killed, on average, **10% of all confirmed cases.** It also triggered a 10% correction in stocks (more on this shortly).

Coronavirus kills about 2%-3%. The majority of the people who are dying are the elderly. To date, it has not killed one child. Again, I'm not being insensitive here... this is a very sad thing... but it's NOT killing everyone across the board.

In comparison, by the way, the flu kills about 0.1% of cases. So coronavirus is more deadly than the flu, but considerably less deadly than SARs, which barely anyone even remembers at this point.

So why is the media going bananas on this issue?

Two reason:

- 1) The media is dying and desperate for clicks/ eyeballs on their websites/ shows.
- 2) The media has figured out that coronavirus could be bad for President Trump.

Regarding #1, the media has been dying in the U.S. for some time. Social media has revealed that much of what the media talks about is pure propaganda. Citizen journalists are the ones breaking most major news stories. And we also know from various leaks and "hot mic" incidents that the media in the U.S. intentionally ignores major stories for political purposes.

Because of this loss of credibility, the media looks for any *big* story to generate traffic. And if there isn't a story, they will manufacture one like "Trump colluded with Russia" or in this recent case "coronavirus will soon kill all of us."

These kinds of big stories drive traffic. The average person who doesn't read the news will suddenly turn on *Fox* or *CNN* during these kinds of things. And that means more revenue for dying media companies.

If you think I'm being mean-spirited here or biased, consider what Ben Rhodes, the deputy national security adviser for strategic communications during the Obama administration said about the media:



Rhodes, 38, said in the article that it was easy to shape a favorable impression of the proposed agreement because of the inexperience of many of those covering the issue.

“All these newspapers used to have foreign bureaus,” he said. “Now they don’t. They call us to explain to them what’s happening in Moscow and Cairo. **Most of the outlets are reporting on world events from Washington. The average reporter we talk to is 27 years old, and their only reporting experience consists of being around political campaigns. That’s a sea change. They literally know nothing.”**

https://www.washingtonpost.com/lifestyle/style/obama-official-says-he-pushed-a-narrative-to-media-to-sell-the-iran-nuclear-deal/2016/05/06/5b90d984-13a1-11e6-8967-7ac733c56f12_story.html

Again, this is the top Obama communications official saying that the average reporter is 27 years old and “knows nothing.” So, this is not me being biased or somehow mean to the media. What you hear or read about in the media is in fact being written by people who have ZERO understanding of anything about how the world works.

Speaking of which...

The second component to the media’s coronavirus insanity is that they’ve figured out how it can be weaponized against President Trump.

If coronavirus triggers a recession, or some kind of public panic, the odds of President Trump winning a second term in office drop dramatically. Throughout history, those Presidents who failed to win a second term did so because the economy and stock market were weak. George W. Bush Senior, Jimmy Carter, Gerald Ford, Herbert Hoover, William Taft... all of them went into their re-election bid with the economy in recession and the stock market collapsing.

If you think I’m being biased against the media here, consider the following. And bear in mind, all of these are verifiable facts.

- 1) Some 93% of the media endorsed Hillary Clinton during the 2016 President elections.
- 2) According to even left-wing research firms, 90% of all news coverage of President Trump has been negative.
- 3) Every single candidate the *New York Times* editorial board has ever endorsed was a Democrat.

The first two of the above list NEGATE any claim of objectivity in the media. It is statistically impossible that 90+% of the media would endorse a particular candidate and then attack



her opponent if the media was remotely objective (the endorsements and coverage should be split be 50/50 or at worst 60/40).

So, the media in the U.S. is decidedly left leaning and act as political operatives. It wasn't always this way in the U.S., but it is today.

With that in mind, the media in the U.S. is currently hyping the coronavirus as much as possible in the hopes of scaring U.S. consumers. The driving force behind the U.S. economy today is consumer spending. The media is hoping that coronavirus will terrify people into not going out thereby leading to economic weakness and hopefully a recession.

Case in point, I bet the media hasn't told you any of the below items.

- 1) 82% of all coronavirus cases are mild and **require NO medical treatment.**
- 2) Some 30,000 people have completely recovered from coronavirus in the last few weeks.
- 3) Walmart didn't close a single one of their 430 stores in China throughout the entire coronavirus scare. Walmart executives have stated that sales at their stores have not even faltered throughout this pandemic.

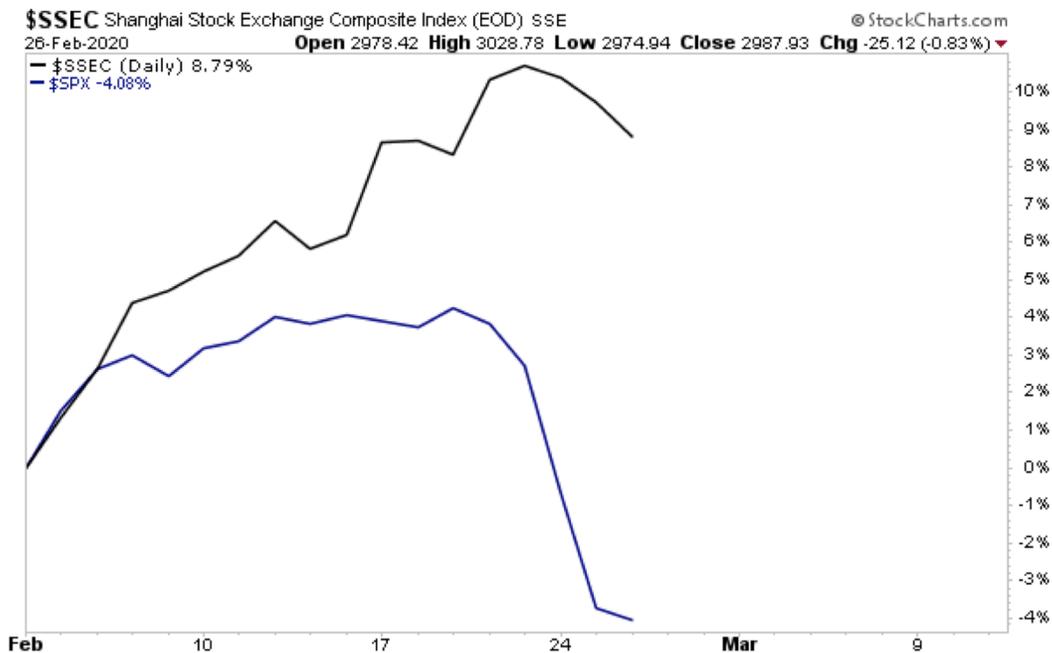
Speaking of China... if the coronavirus is this Armageddon type event, can someone explain to me why Chinese stocks have already recovered ALL of their losses related to the illness?

By the way, the coronavirus collapse of early 2020 is identical in scope to the collapse China experienced in April 2019 when the trade deal broke down between the U.S. and China.

Again, negotiations between the U.S. and China broke down and stocks collapsed as much as this so supposed pandemic that is allegedly imploding China's economy.



Also, and this is really odd... China's stock market is not only up 10% this month, but is dramatically outperforming the US since for the month!



Would China be rallying like this if coronavirus was shutting down its entire economy? NO!



Now, I've laid a lot of groundwork for my view that the fears of the coronavirus are overblown. However as is the case in all things we never have 100% certainty. The one item that gives me pause is the below quote from the *Washington Post*:

*The United States, meanwhile, **announced its first case with no known link to foreign travel.***

<https://www.washingtonpost.com/world/2020/02/27/coronavirus-live-updates/>

If... and this is a BIG IF... we start to see coronavirus infections that are homegrown (meaning the person didn't visit outside the U.S.) **that could be a serious cause for concern.**

However, right now there is only one case, and we don't know the details. But that situation is the only one that would give me pause and make me reassess my view that the coronavirus issue is being overblown by the media.

So... if the market isn't selling off due to coronavirus... why is it selling off?

The market had become overextended and was due for a correction.

The 50-week moving average acts as a trend guide during bull markets.





Anytime stocks become over-extended above this line by 10% or more, there is usually a correction back to the line. This was the case at the February 2020 peak. Indeed, the market was more extended above this only once in the last 10 years and that was in late 2018 right before the VIX-implosion.



Simply put, stocks were overextended to the upside and due to correct. The coronavirus is simply the “narrative” the media is using to explain why the correction is occurring.

My point is as follows: **as dramatic as this sell off has been, it is a normal healthy garden variety correction.**

And by the look of things, we are bottoming as I write this. The actual process of forming a full bottom might take a week or two, but the bottom is forming right now.

First and foremost, the S&P 500 is at MAJOR support. The odds of us breaking this line are EXTREMELY low.



Moreover, we have a MAJOR trendline on the weekly chart:

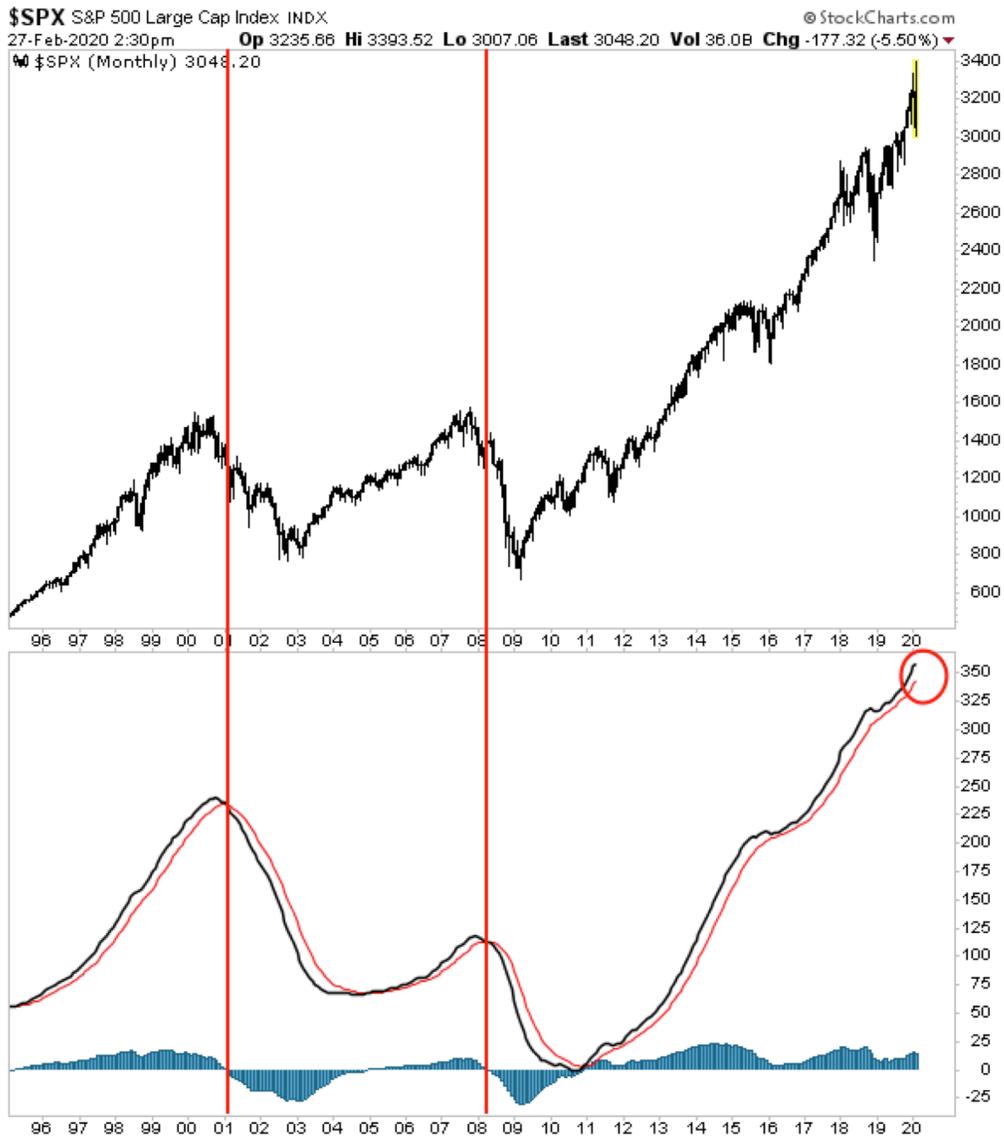


As well as the monthly chart:



I do NOT believe we will break that line. Moreover, I do not believe that we are about to enter a bear market.

My proprietary bear market trigger has caught every single bear market in the last 25 years. We are NOWHERE near a trigger hitting now.

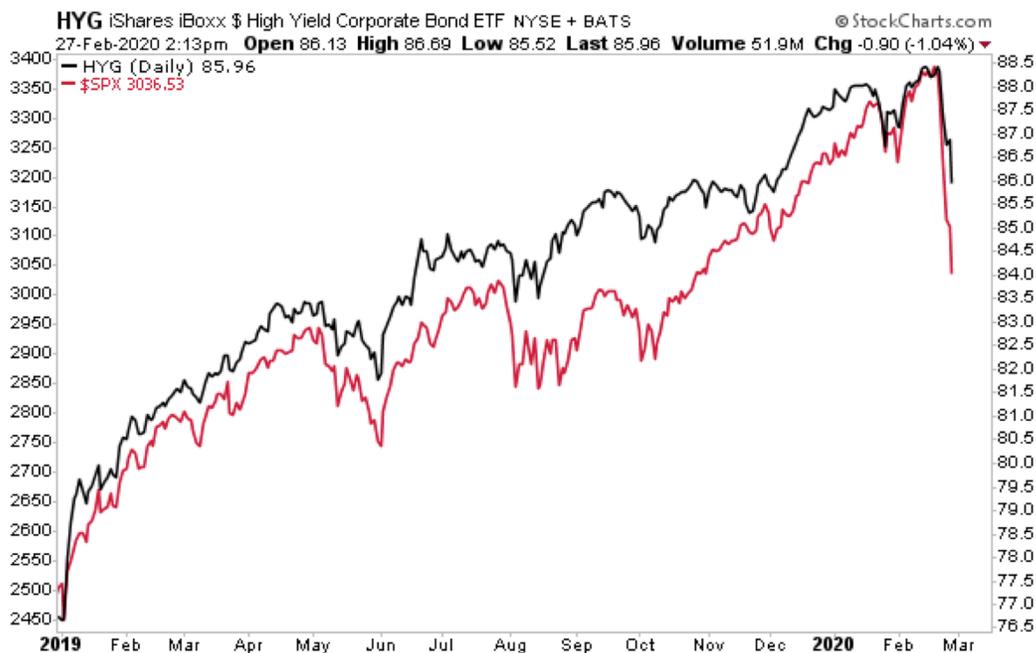


Moreover, the bull market channel that has determined stocks' progress for the last 10+ years remains intact. I would expect the Fed to intervene in the markets as soon as stocks hit that bottom trendline if not before.



Again, stocks remain **in a bull market**. If anything, it looks as if stocks have COMPLETELY overdone it to the downside.

Credit (blue line) leads stocks. What does credit say about what stocks are doing right now? If you said, “stocks have completely overdone it,” you are correct.





Breadth also leads stocks. What does breadth say about what stocks are doing right now? If you said “stocks have completely overdone it,” you are correct.



In fact, the only other time I can find that stocks have become this overextended below breadth was at the bottom in December 2018.

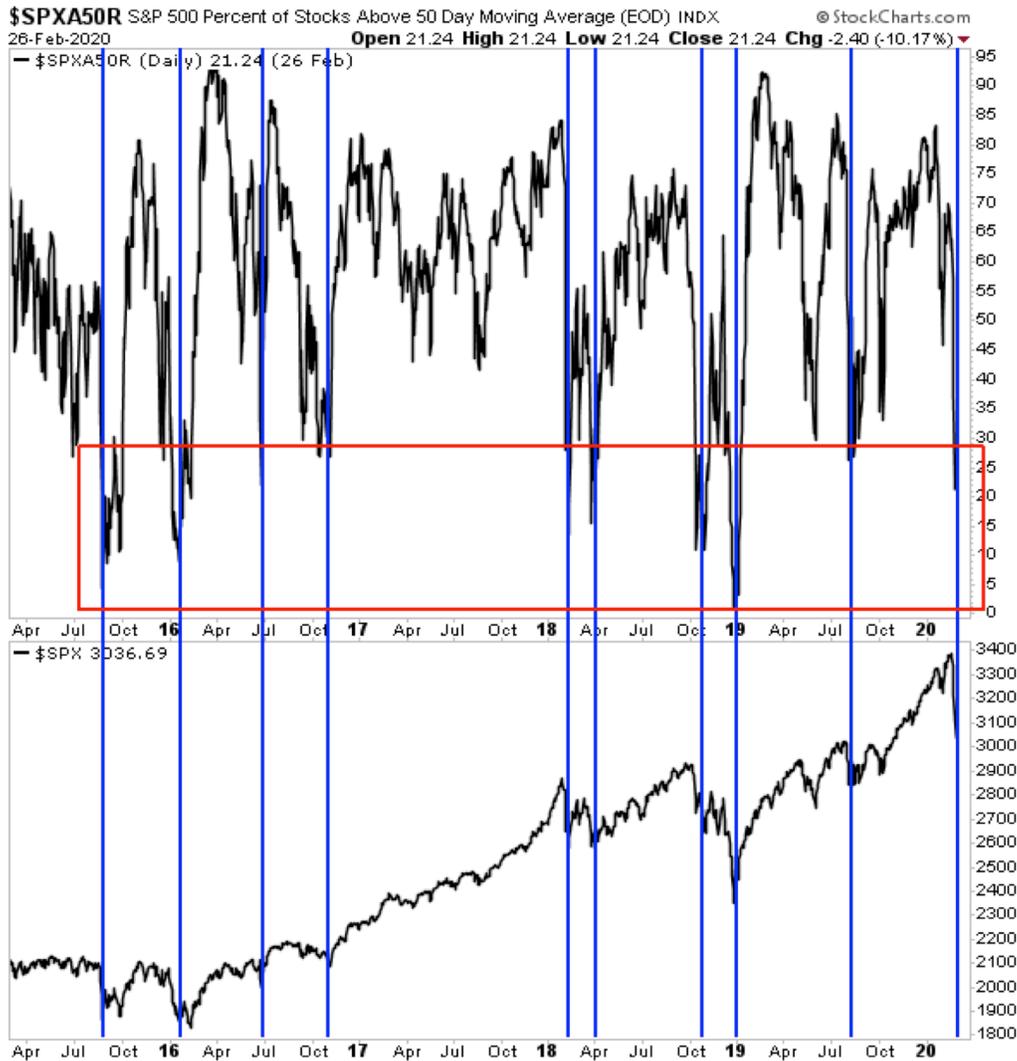




What followed was this: one the best years for stocks in history. A 28% rally.



This time will be no different. If the coronavirus situation becomes even *modestly* better, stocks will stage a “rip your face off” V-shaped rally. Indeed, the percentage of stocks below their 50-day moving average is at levels associated with every V-shaped bottom in the last three years.



Bottom-line: I DO NOT believe a crisis is beginning. I believe stocks were **overextended and looking for a reason to correct**. Coronavirus is NOT the driving issue here; it is the “narrative” that the media is using to explain this situation.

The technical all indicate that the bull market remains intact and that a bottom is forming. I am NOT suggesting that the bottom is here right this moment. It might take a few weeks to become complete. But stocks *are* bottoming.

So do not despair. This is not a massive crisis. This is not a global recession. This is not the end of the world.

Is it scary? YES! But that’s the hardest part about investing: getting past the scary parts.



Again, try to stay calm. Everyone on the planet is flipping out right now. And the fact is that the markets are telling us that this is overdone.

Again, I'm not saying the market has bottomed right now. I am saying it is bottoming. The bottom might take a week or so to complete but it is happening starting right now.

If anything changes I'll have an update to you in real-time before our next weekly market update. But I see this correction as a MAJOR buying opportunity, NOT a reason for panic. And as soon as the bottom is in, we'll be adding to a number of our positions.

On a final note, we're about to re-open a new options trading newsletter called *The Perfect Trade* that will cost \$1,999 on March 1st.

The strategy employed by *The Perfect Trade* has beaten the market every year in the last decade by double digits and it is not uncommon for it to return 100% or even 200% in a single year.

I mention this because we have reopened our special LIFETIME subscription bundle to all of our products... **as well as any future products we launch... for \$2,500.**

So you will get *The Perfect Trade*, priced at \$1,999 as well as a lifetime of all of our current products, for \$2,500. But that is only the case if you take advantage of this offer before March 1st.

Obviously, once *The Perfect Trade* is launched on March 1st, the price for a lifetime bundle on all of our products will be rising SUBSTANTIALLY.

Finally, for *Private Wealth Advisory* subscribers or *The Crisis Trader* subscribers (or people who subscribe to both products) this offer CANCELS out your previous subscriptions.

What I mean by this is that if you take advantage of this lifetime bundle offer, we'll REFUND you your current subscription fees.

Again, this offer CANCELS out your existing subscriptions. And after you lock in this deal, you won't be charged again, EVER. You'll receive a subscription to *Private Wealth Advisory*, *The Crisis Trader*, and our *The Perfect Trade* which will cost \$1999... for the rest of your life.

To take advantage of this special LIFETIME bundle offer... use the link below:

<https://phoenixcapitalmarketing.com/bundle.html>



Until Thursday (or earlier if warranted)...

Best Regards,

A handwritten signature in black ink, appearing to read 'G. Summers', with a long horizontal flourish extending to the right.

Graham Summers
Chief Market Strategist
Phoenix Capital Research



OPEN POSITIONS: STOCKS

Position	Symbol	Buy Date	Buy Price	Current Price	Total Return*
Emerging Markets ETF	EEM	5/1/19	\$44.00	\$40.90	-7%
European Financials ETF	EUFN	5/1/19	\$19.62	\$17.23	-12%
Workday	WDAY	8/8/19	\$191.08	\$172.07	-10%
Ultralong S&P 500	SSO	10/4/19	\$124.97	\$130.11	4%
Etsy	ETSY	10/4/19	\$56.46	\$58.97	4%
Alcoa	AA	10/17/19	\$20.30	\$13.61	-33%
US Steel	X	10/24/19	\$10.35	\$7.78	-25%
Ultralong Russell 2000	UWM	10/24/19	\$66.67	\$62.83	-6%
Brazil ETF	EWZ	10/31/19	\$44.60	\$38.26	-14%
Pfizer	PFE	11/21/19	\$37.74	\$34.42	-9%
Arcelor Mittal	MT	12/5/19	\$17.44	\$14.35	-18%
Freeport McMoran	FCX	12/5/19	\$11.35	\$9.91	-13%
Tata Motors	TTM	1/2/20	\$13.48	\$9.77	-28%
Mexico Fund	MXF	1/2/20	\$13.90	\$12.60	-8%
Microsoft	MSFT	1/9/20	\$161.65	\$159.68	-1%
Apple	AAPL	1/9/20	\$307.62	\$276.06	-10%
Amazon	AMZN	1/9/20	\$1,902.97	\$1,895.53	0%
Facebook	FB	1/9/20	\$217.08	\$181.00	-17%
Alphabet	GOOGL	1/9/20	\$1,415.57	\$1,323.33	-7%
Visa	V	1/9/20	\$192.99	\$181.13	-6%
Mastercard	MA	1/9/20	\$308.52	\$289.35	-6%
Cemex	CX	2/6/20	\$4.19	\$3.21	-23%
Oracle	ORCL	2/13/20	\$55.42	\$51.18	-7%
Kinder Morgan	KMI	2/13/20	\$21.85	\$19.59	-11%

Prices as of 2/27/20 at the 3:50 PM EST.

*Gains include dividends



OPEN POSITIONS: PRECIOUS METALS

Position	Symbol	Buy Date	Buy Price	Current Price	Total Return*
Gold	GLD	8/23/19	\$144.12	\$154.38	7%
Silver	SLV	8/23/19	\$16.35	\$16.53	1%
Silver Miners	SIL	8/23/19	\$29.72	\$29.60	0%
Silver Mining Juniors	SILJ	8/23/19	\$10.54	\$9.56	-9%
Gold Miners ETF	GDX	12/12/19	\$27.66	\$28.25	2%
Gold Mining Juniors ETF	GDXJ	12/12/19	\$39.31	\$39.88	1%
K92 Mining	KNT.V	2/20/20	\$4.27	\$3.66	-14%
American Gold and Silver	USA.TO	2/20/20	\$4.02	\$3.53	-12%
First Majestic Silver	AG	2/20/20	\$9.74	\$8.28	-15%