PRIVATE WEALTH ADVISORY

INVESTMENT RESEARCH THAT CONVERTS

Weekly Market Update 3-22-18

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TRACK RECORD: RECENTLY CLOSED POSITIONS

POSITION	SYMBOL	BUY DATE	BUY PRICE	SELL DATE	SELL PRICE	GAIN/ LOSS
Freeport McMoRan	FCX	10/4/17	$14.53	12/13/17	$16.32	**12%**
Russell 2000 ETF (SHORT)	IWM	12/14/16	$135.37	12/21/17	$153.75	**-14%**
Homebuilder ETF	XHB	8/10/17	$37.94	12/21/17	$44.26	**-17%**
Oil Services	OIH	11/30/17	$24.12	12/22/17	$25.86	**7%**
Metals and Mining ETF	XME	12/6/17	$31.83	12/22/17	$35.25	**11%**
Pioneer Natural Resources	PXD	6/15/17	$158.02	12/27/17	$171.12	**8%**
Halliburton	HAL	10/11/17	$45.37	12/27/17	$48.01	**6%**
Biotech ETF	IBB	11/15/17	$102.08	1/2/18	$108.87	**7%**
Wheaton Precious Metals	WPM	10/5/16	$20.83	1/2/18	$22.42	**8%**
Helix Energy Solutions	HLX	10/11/17	$7.75	1/9/18	$8.29	**7%**
Exxon Mobil	XOM	12/13/17	$83.12	1/9/18	$87.08	**5%**
Enterprise Products Partners	EPD	8/10/17	$26.08	1/9/18	$28.16	**8%**
DB Commodity ETF	DBC	9/13/17	$15.26	1/12/18	$16.97	**11%**
Gold Miner ETF	GDX	9/20/17	$23.50	1/17/18	$24.44	**4%**
Gold Mining Juniors ETF	GDXJ	9/20/17	$34.11	1/17/18	$35.67	**5%**
Euro Trust	FXE	8/23/17	$114.05	1/29/18	$118.95	**5%**
UltraShort Oil ETF	SCO	1/17/18	$21.72	2/8/18	$23.66	**9%**
UltraShort Silver ETF	ZSL	1/10/18	$31.27	2/9/18	$34.12	**9%**
UltraShort S&P 500	SDS	2/15/18	$38.82	3/22/18	$39.84	**3%**

To view the full track record of all closed positions running back to early-2015, visit:

http://phoenixcapitalresearch.com/privatewealthadvisory/track-record/

To view our current open positions, scroll to the bottom of this issue of *Private Wealth Advisory.*

Weekly Market Update 3-22-18

Fed Chair Jerome Powell's first FOMC and Q&A session confirmed my primary view.

If you'll recall from last month's issue *New Boss Different From the Old Boss?* I posited that the Trump administration's emphasis on Powell's private sector experience and knowledge of the real-world economy signaled an intentional shift away from the focus on theoretical models that dominated the Bernanke/Yellen-lead Fed of 2006-2018.

Powell confirmed this during his presser yesterday:

> ***Federal Reserve Chairman Jerome Powell showed he will be guided by the U.S. economy's performance rather than the theories and models relied upon by his predecessors to set monetary policy for the past three decades.***
>
> *Fresh from overseeing his first policy-setting meeting and its first interest rate hike of 2018,* ***Powell signaled he won't try to guess the limits of the labor market or the growth-boosting effects of Republican tax cuts.***
>
> *His message:* ***He'll know the economy is changing when he sees it…***
>
> *https://www.bloomberg.com/news/articles/2018-03-21/powell-debuts-as-show-me-fed-chair-in-shift-from-theory-models*

The significance of this cannot be overstated. For the first time in decades we have a Fed that is actually interested in what happens in the real-world… a Fed that doesn't adhere to models dreamt up by academics with zero real world experience… a Fed that might in fact be data driven instead of ignoring whatever data doesn't fit its models.

Am I turning into a fan of the Fed?

Not in the slightest. But it is nice to see some improvement in Fed strategy, particularly after the disastrous years of 2008-2018 during which Fed leadership effectively "bet the Republic" on their ridiculous theories of how the world should operate.

Remember, from 2008 until 2018, the Fed effectively financed rampant deficit spending that grew the US's Debt to GDP ratio from 60% to over 105% where it is today. At the same time Fed leadership signed off on bailout after bailout, creating for a culture of moral hazard.

And finally, over the same time period, the Fed *INTENTIONALLY* created a bubble in US Treasuries, the bedrock for the US financial system, which in turn created a bubble in

EVERYTHING.

Going forward, the Powell Fed will be focusing on the real economy. And again, as I noted in *New Boss Different From the Old Boss?,* this is a VERY different thing from focusing on the financial markets.

Indeed, Powell actually emphasized that "asset prices were elevated" stating..

> *The S&P 500 Index erased a loss and pushed higher just after 3 p.m. in New York, when Jerome Powell indicated that some assets* ***-- "you can think of equity prices, commercial real estate prices in certain markets" -- look high compared to historical levels before adding that the overall financial system faces only "moderate vulnerabilities."***
>
> https://www.bloomberg.com/news/articles/2018-03-21/powell-says-asset-prices-elevated-in-some-areas-and-stocks-rise

So we've got new Fed leadership that is shifting away from models and that is focusing on the real economy as opposed to the financial markets.

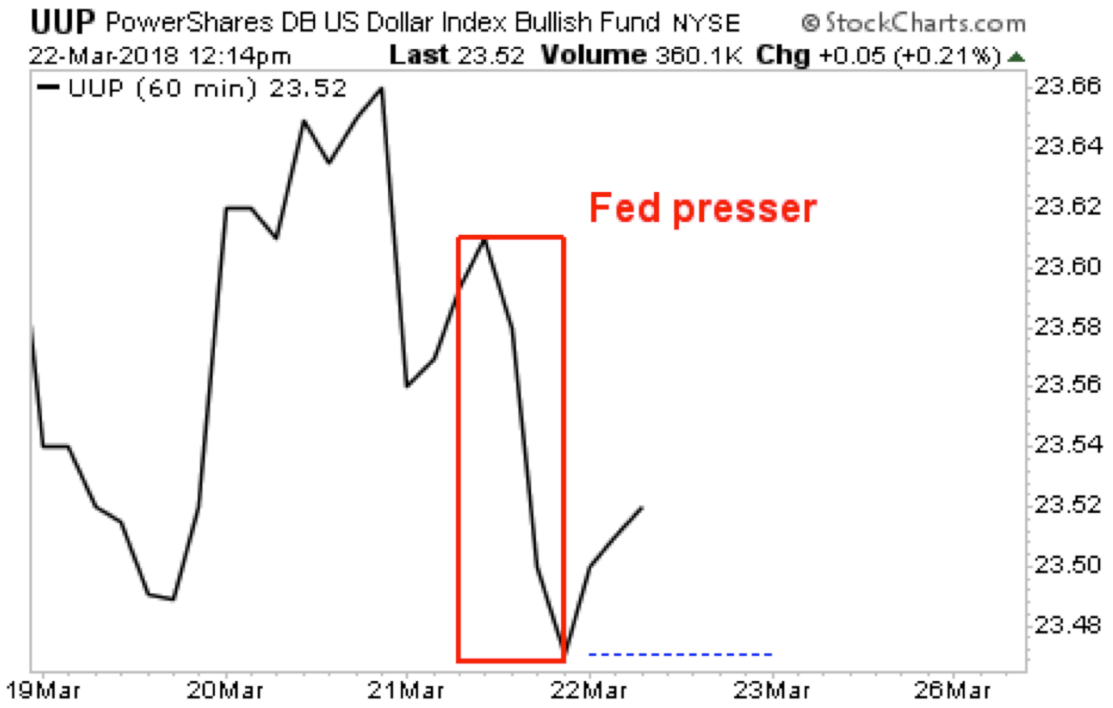
Small wonder then that the markets are selling off today. However, I think this move is not going to last long. Indeed, I'm now changing my forecast for the markets.

I had originally believed we'd see new lows (the S&P 500 at 2,400-2,500) in the next few weeks. I now think we're about to see a "risk on" move that takes the S&P 500 to new highs **and THEN we drop to the new lows.**

What changed?

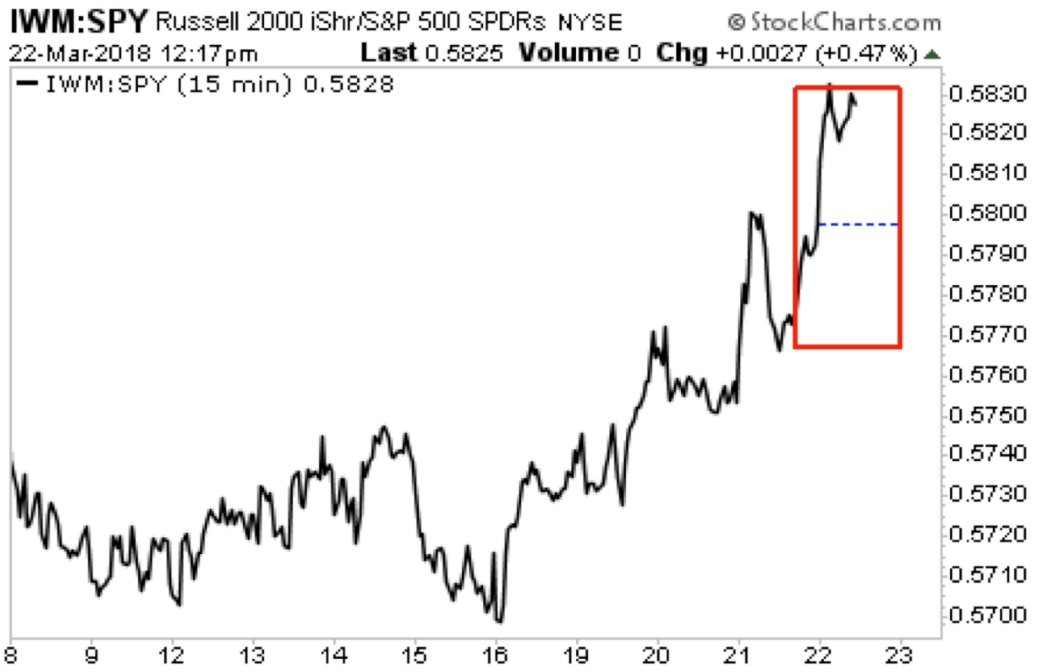
First and foremost, the $USD sold off after the Fed presser. I know the vast majority of pundits claim this was a hawkish Fed statement, **but the markets say otherwise.** While pundits focus on the number of rate hikes the Fed said it would do in 2020 (as if the Fed could possibly project that far out accurately), the market focused on the fact the Fed might do LESS rate hikes THIS YEAR.

The $USD sold off on the news.

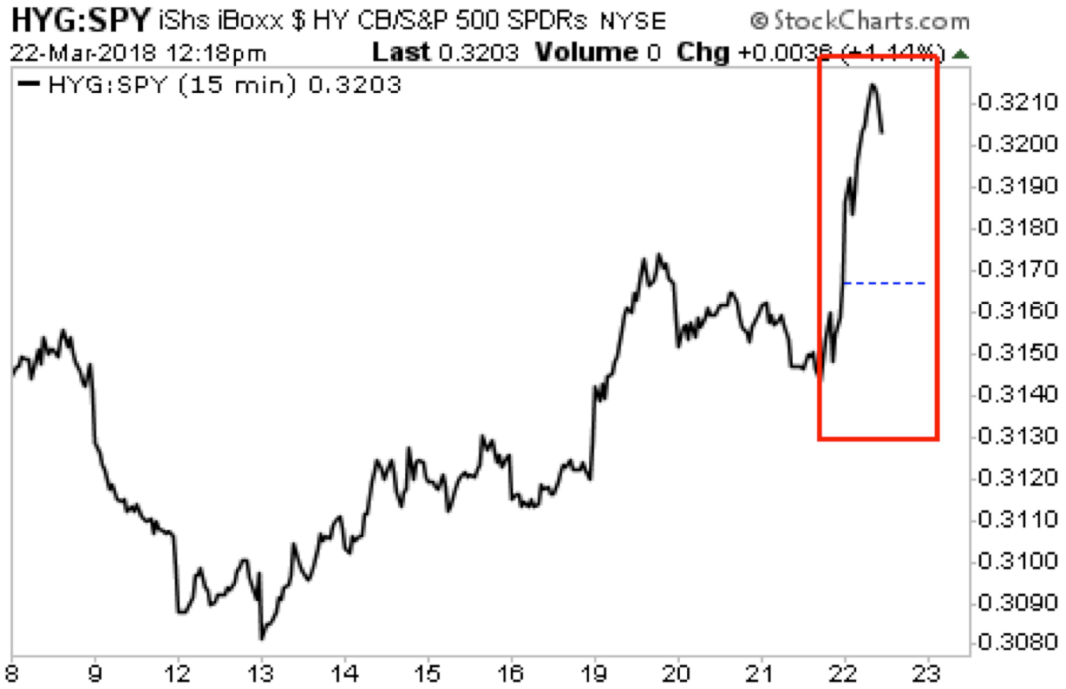


Moreover, there are multiple "risk on" signals flashing right now.

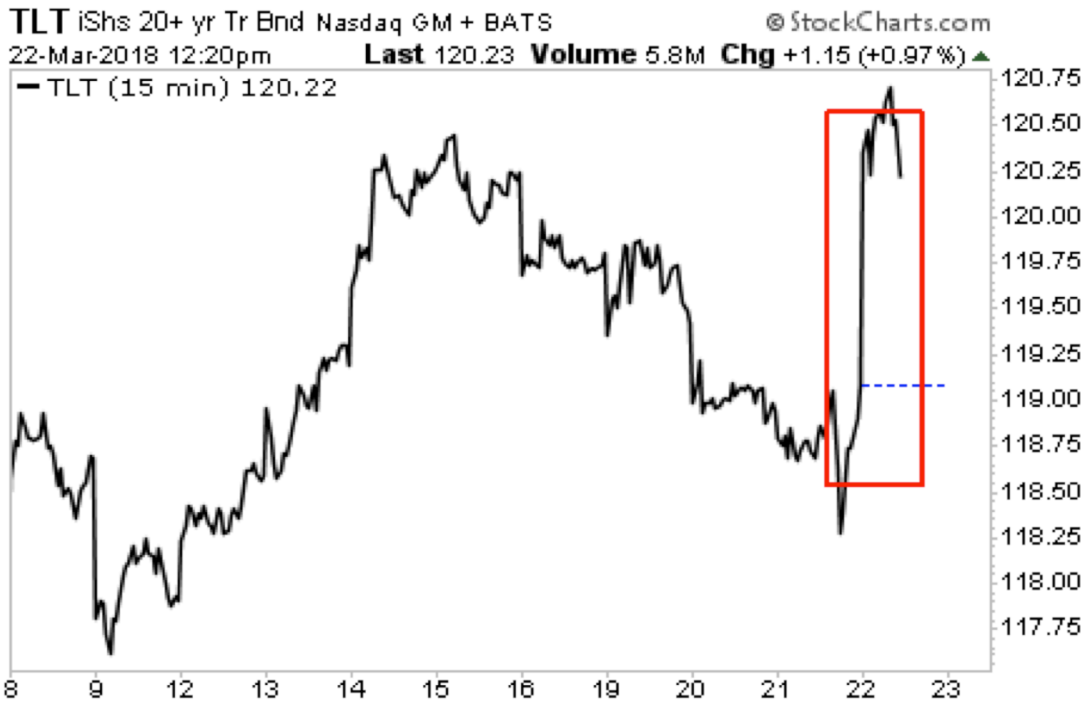
The Russell 2000: S&P 500 ratio erupted higher during the Fed presser. Microcap stocks usually lead the broader indexes. So to see this ratio rally so sharply (indicating microcaps are DRAMATICALLY outperforming the S&P 500) suggests we're moving into "risk on" mode.



The High Yield Credit: S&P 500 ratio did the same thing. As I've noted time and again, High Yield Credit typically leads stocks. So to see this ratio rally aggressively ALSO suggests a "risk on" move is coming now.



Finally, Bonds, particularly long Treasuries, exploded higher on the news (meaning rates fell).



Recall that it was the spike in interest rates that triggered the "risk off" move in stocks during February. The fact we are getting a drop in rates concurrent with numerous "risk on" moves in stock ratios suggests to me we're about to see a sharp spike in risk assets.

As far as stocks are concerned, I think we could see the S&P 500 retest its former highs in the 2,820-2,850 range.

After that we will *finally* get the wash out to the 2,400-2,500 range.

With that in mind, we're closing our UltraShort S&P 500 ETF (SDS) for a 3% gain. We'll revisit this position in a week or so once stocks are back near 2,800.

Action to Take: Sell the UltraShort S&P 500 ETF (SDS).

We're also opening some new stock longs.

Of the various sectors in the market, Metals Miners look extremely bullish.

Action to take: Buy the Metals and Mining ETF (XME).

I specifically like Freeport McMoRan (FCX).

Action to Take: Buy Freeport McMoRan (FCX).

Again, this is all based on a short-term "risk on" move hitting the markets. I expect us to be holding these plays 2-3 weeks. At that point, the markets will again move into "risk off" and we'll see the final wash out of market froth.

This concludes this week's Market Update for ***Private Wealth Advisory***. I want to keep this update shorter than usual so you receive BEFORE the markets close today.

I'm watching the markets closely and will issue updates as needed. Barring any new developments you'll next hear from me next Wednesday in our longer monthly issue.

Until then…

Best Regards,

Graham Summers
Chief Market Strategist
Phoenix Capital Research

OPEN POSITIONS

LONG-TERM INFLATION PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
Copper Miners ETF	COPX	12/21/17	$26.55	$26.66	0%
ArcelorMittal	MT	12/21/17	$32.77	$32.11	-2%
Corsa Coal	CRSXF	12/21/17	$1.20	$1.40	17%
Diamond Offshore Drilling	DO	1/3/18	$19.77	$15.82	-20%
Uranium ETF	URA	1/17/18	$14.93	$12.49	-16%

STOCKS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
RPX Corp	RPXC	8/5/15	$15.48	$11.11	-28%
Agricultural Commodities ETF	RJA	1/12/17	$6.46	$6.18	-4%
Public Storage	PSA	3/23/17	$225.92	$198.15	-10%
Energy Transfer Partners	ETP	8/2/17	$21.00	$16.70	-18%
Utilities ETF	XLU	2/15/18	$49.68	$50.32	1%
US Steel	X	3/15/18	$38.43	$35.67	-6%

BONDS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
Long Treasury Bond ETF	TLT	2/8/18	$118.69	$119.83	1%

Prices as of 1:50PM on 3/22/18. Gains include dividends

PRECIOUS METALS/ MINERS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
Gold		3/17/10	$1,120	$1,326.00	18%
Silver*		3/17/10	$16.23	$16.40	1%
First Majestic Silver***	AG	5/12/17	$7.91	$6.14	-22%
Klondex Mines	KLDX	9/20/17	$3.61	$2.34	-35%
Wesdome Gold Mines	WDO.TO	9/20/17	$2.21	$1.85	-16%
Iamgold	IAG	9/28/17	$6.40	$5.20	-19%
Silver Mining ETF	SIL	10/4/17	$33.96	$30.19	-11%
Silver Mining Juniors ETF	SILJ	10/4/17	$12.22	$10.66	-13%

Prices as of 1:50PM on 3/22/18. Gains include dividends
***Average price of $17.50 and $14.97**
**** Average price of $7.11 and $8.70**

SPECIAL SITUATIONS/HEDGES/SHORTS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
France ETF (SHORT)	EWQ	9/16/16	$23.38	$31.30	**-34%**
Italy ETF (SHORT)	EWI	9/16/16	$21.56	$31.88	**-48%**
Apple (SHORT)	AAPL	3/23/17	$140.92	$171.95	**-22%**
Facebook	FB	5/31/17	$151.63	$166.52	**-10%**
Alphabet	GOOGL	5/31/17	$987.72	$1,068.83	**-8%**
UltraShort Oil	SCO	3/7/15	$22.71	$20.36	**-10%**

CASH/ CURRENCIES PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
US Dollar ETF	UUP	1/31/18	$23.25	$23.52	**1%**

Prices as of 1:50PM on 3/22/18. Gains include dividends