PRIVATE WEALTH ADVISORY

INVESTMENT RESEARCH THAT CONVERTS

Weekly Market Update 5-3-17

© 2017 · Phoenix Capital Research, Phoenix Capital Management Inc. All Rights Reserved. Protected by copyright laws of the United States and international treaties. This newsletter may only be used pursuant to the subscription agreement and any reproduction, copying, or redistribution (electronic or otherwise, including on the world wide web), in whole or in part, is strictly prohibited without the express written permission of Phoenix Capital Management Inc. · All Rights Reserved.

Disclaimer: The information contained on this newsletter is for marketing purposes only. Nothing contained in this newsletter is intended to be, nor shall it be construed as, investment advice by Phoenix Capital Research or any of its affiliates, nor is it to be relied upon in making any investment or other decision. Neither the information nor any opinion expressed on this newsletter constitutes and offer to buy or sell any security or instrument or participate in any particular trading strategy. The information in the newsletter is not a complete description of the securities, markets or developments discussed. Information and opinions regarding individual securities do not mean that a security is recommended or suitable for a particular investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor or other appropriate tax or financial professional to determine the suitability of any investment. Opinions and estimates expressed on this newsletter constitute Phoenix Capital Research's judgment as of the date appearing on the opinion or estimate and are subject to change without notice. This information may not reflect events occurring after the date or time of publication. Phoenix Capital Research is not obligated to continue to offer information or opinions regarding any security, instrument or service. Information has been obtained from sources considered reliable, but its accuracy and completeness are not guaranteed. Phoenix Capital Research and its officers, directors, employees, agents and/or affiliates may have executed, or may in the future execute, transactions in any of the securities or derivatives of any securities discussed on this newsletter. Past performance is not necessarily a guide to future performance and is no guarantee of future results. Securities products are not FDIC insured, are not guaranteed by any bank and involve investment risk, including possible loss of entire value. Phoenix Capital Research, OmniSans Publishing LLC and Graham Summers shall not be responsible or have any liability for investment decisions based upon, or the results obtained from, the information provided. Phoenix Capital Research is not responsible for the content of other newsletters to which this one may be linked and reserves the right to remove such links.

OmniSans Publishing LLC and the Phoenix Capital Research Logo are registered trademarks of Phoenix Capital Research. OmniSans Publishing LLC - PO BOX 2912, Alexandria, VA 22301

Weekly Market Update 5-3-17

The market rigging of the last week has been more extreme then usual.

It is now clear that "someone" was well aware that the Fed would be hawkish today and has been playing the usual rigging games for the last week to insure stocks entered today as strongly as possible.

We've covered these schemes before… but by way of review there are currently two market rigs occurring.

They are:

1) "Someone" slamming the VIX lower to force risk parity funds to buy stocks

2) "Someone" ramping the $USD/Yen pair to push stocks higher

It's fairly clear that the "someone" is a large bank acting as proxy for the Fed. The fact that these rigs become more pronounced around Fed announcements/ meetings only confirms that it's someone "in the know" taking orders.

Regarding #1, here's how the scheme works…

If you're unfamiliar with risk-parity funds, they are meant to achieve "risk parity" for investors by buying or selling stocks and bonds based on the perceived risk in the markets via the VIX.

If the VIX is falling, meaning the perceived "risk" in the markets is falling, these funds sell bonds and buy stocks. If the VIX is rising, meaning the perceived "risk" in the markets is rising, these funds BUY bonds and SELL stocks.

The problem with all of this is that these actions are ENTIRELY based on algorithms, NOT human decision making. Put another way, whatever the VIX does, these funds will be buying or selling stocks and bonds without judgment.

All told there are over $400 BILLION allocated to these funds globally. So… if you want to *force* a stock market rally, all you need to do is push the VIX lower and BOOM! you've got $200 billion or so in buying pressure hitting the stock market.

You can see this scam in the chart below: anytime stocks begin to break down, someone SLAMS the VIX lower. This is ridiculous because the VIX should be RISING when stocks are breaking down. Instead, it suddenly reverses for no reason leading to indiscriminate buying of stocks.

This is market rigging plain and simple. And in the last week it's been more pronounced than usual.

If the VIX slam doesn't work, the Fed's second favorite market rig is to have the Bank of Japan aggressively devalue the Yen against the $USD.

This is the famed Yen carry trade. And it's the Fed's preferred market rig for periods when the market is at risk of rapid sell-offs due to Fed policy changes.

Below is the 1 minute chart for the S&P 500 and the $USD/YEN pair today. Note how closely they linked up once the Fed statement was made public and stocks began to dive. The rampers stepped in on three separate occasions to hold stocks up into the close.

Unfortunately, because trading algorithms also link the $USD/ YEN pair to Bonds and Precious metals, this intervention (and it was intervention, I can assure you), slammed both asset classes downward.

UUP:FXY PS DB US$ Bullish/CS Japanese Yen NYSE ©StockCharts.com
3-May-2017 Close 0.3001 Volume 10 Chg +0.0028 (+0.93%)
UUP:FXY (1 min) 0.3001
$SPX 2388.13
TLT 121.78
GLD 117.98
3May 10:00 11:00 12:00 1:00 2:00 3:00

This hurt our precious metals portfolio. However, the bullish thesis remains intact there.

Gold is right at its trendline. It's possible we see prices fall just a little lower to $1,240, but I think the low is in.

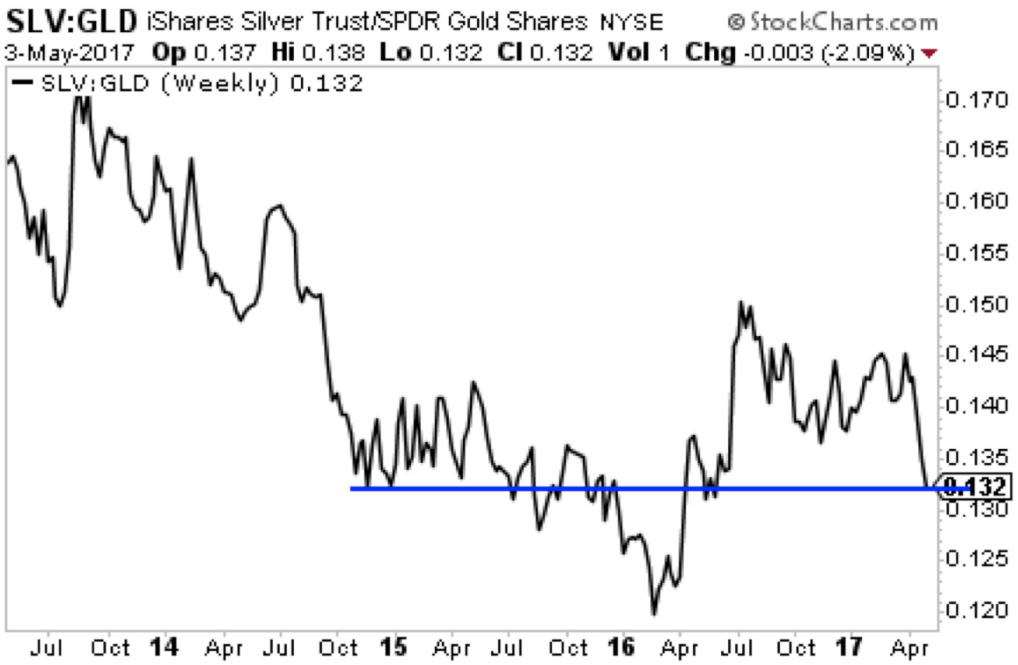
Similarly for Silver, we might continue downward to $16.00, but it is highly likely the bottom is here and now.

Indeed, the miner to bullion ratio in both precious metals suggests a turn is happening.

Gold miners to Gold ratio: at support and beginning to turn up.

Silver miners to Silver ratio: we've already turned up here.

Of the two, there is more value in Silver here. The Silver: Gold ratio is BEYOND oversold and now at critical support. Silver could *easily* stage a 5%-10% rally from here in the blink of an eye.



So why am I not bearish here? Well, it would be one thing if either precious metal sold off for macro reasons.

But they didn't.

Both Gold and Silver were *slammed lower* by clear intervention in the $USD/YEN pair in anticipation of the Fed announcement today. With that announcement now out of the way, the intervention will end.

Indeed, Gold is now SEVERELY undervalued relative to real rates. The last time the divergence was this large, the precious metal rallied $40-$60 in the span of a week.

Put simply, the last week's action was completely fake. And is has made precious metals *extremely* oversold. Whatever value there was this time last week, there's even more today. Our positions in all of our precious metals plays remain buys.

Speaking of oversold, Oil is at an RSI reading that has triggered massive rallies every time in the last three years.

I expect we'll see a sharp bounce from here, likely to $55. This will force energy plays up sharply.

Southwestern Energy (SWN) is a coiled spring ready to erupt higher. It remains a buy.

The same goes for Gulfport Energy (GPOR):

Of the oil majors, Exxon Mobil (XOM) looks ready to pop.

Action to Take: Buy Exxon Mobil (XOM)

Regarding the stock market, the Russell 2000, which leads the S&P 500 has already rolled over. This move higher is done.

Stocks will now be dropping into June as Precious Metals, Oil, and Bonds rally. This will be driven by a collapse in the $USD. The greenback has broken back into its three year trading range. We're now going to the lower '90s.

This concludes this week's weekly market update. The dominant trends I've outlined last week are still in play. We just had a ridiculous week of Fed intervention to hold the markets up for today's hawkish announcement.

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 usual weekly market update.

Until then…

Best Regards,

Graham Summers
Chief Market Strategist
Phoenix Capital Research

OPEN POSITIONS

STOCKS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
RPX Corp	RPXC	8/5/15	$15.48	$13.99	-10%
Peru ETF	EPU	12/7/16	$33.23	$33.47	1%
Agricultural Commodities ETF	RJA	1/12/17	$6.46	$6.34	-2%
China ETF	ASHR	2/1/17	$24.98	$24.64	-1%
Brazil ETF	EWZ	2/8/17	$37.53	$37.88	1%
Utilities ETF	XLU	2/8/17	$49.35	$51.27	5%
Public Storage	PSA	3/23/17	$225.92	$205.53	-9%
Southwestern Energy	SWN	3/30/17	$8.15	$7.32	-10%
Gulfport Energy	GPOR	3/30/17	$17.17	$15.54	-9%
Clear Energy ETF	PBW	4/19/17	$4.06	$4.14	2%
Solar Energy ETF	TAN	4/19/17	$17.20	$17.74	3%
US Oil Fund	USO	4/26/17	$10.37	$9.93	-4%
Biotech ETF	IBB	4/26/17	$296.15	$296.34	0%
Verizon	VZ	4/26/17	$47.17	$46.15	-2%
Exxon Mobil	XOM	5/3/17	$82.70	NEW	BUY!

BONDS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
Nuveen Muni. Fund	NVG	1/2/14	$13.12	$14.80	36%
Emerging Market Bonds	EMB	11/21/16	$109.82	$114.87	6%
Long US Treasuries	TLT	11/21/16	$121.05	$121.78	2%

Prices as of market's close on 5/3/17. Gains include dividends

PRECIOUS METALS/ MINERS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
Gold		3/17/10	$1,120	$1,238.00	11%
Silver		3/17/10	$16.23	$16.50	2%
Gold Miners ETF	GDX	10/5/16	$22.45	$21.51	-4%
Gold Mining Juniors ETF	GDXJ	10/5/16	$34.72	$30.70	-7%
Silver Wheaton	SLW	10/5/16	$22.59	$19.46	-14%
New Gold	NGD	10/5/16	$3.88	$2.73	-30%
Barrick Gold	ABX	4/26/17	$16.92	$16.21	-4%
Royal Gold	RGLD	4/26/17	$69.92	$68.84	-2%
Silver Mining ETF	SIL	4/26/17	$34.44	$33.66	-2%
Silver Standard	SSRI	4/26/17	$9.94	$9.84	-1%

SPECIAL SITUATIONS/HEDGES/SHORTS PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
France ETF (SHORT)	EWQ	9/16/16	$23.38	$28.28	-21%
Italy ETF (SHORT)	EWI	9/16/16	$21.56	$26.66	-24%
Russell 2000 ETF (SHORT)	IWM	12/14/16	$135.37	$138.29	-2%
Apple (SHORT)	AAPL	3/23/17	$140.92	$28.28	-21%

Prices as of market's close on 5/3/17. Gains include dividends
***Average price of $17.50 and $14.97**
**** Average price of $22.83 and $22.07**
***** Average price of $37.52 and $31.92**

CASH/ CURRENCIES PORTFOLIO

POSITION	SYMBOL	BUY DATE	BUY PRICE	CURRENT PRICE	GAIN/ LOSS
Euro Trust	FXE	10/5/16	$108.80	$105.51	-3%

Prices as of market's close on 5/3/17. Gains include dividends

RECENTLY CLOSED POSITIONS

POSITION	SYMBOL	BUY DATE	BUY PRICE	SELL DATE	SELL PRICE	GAIN/ LOSS
American Eagle Outfitters (SHORT)	AEO	5/26/16	$15.36	1/31/17	$14.59	5%
Cliffs Nat Resources (FIRST HALF)	CLF	2/8/17	$10.15	2/13/17	$12.10	19%
Ambev	ABEV	11/25/16	$4.96	2/23/17	$5.93	21%
Cemex	CX	11/25/16	$8.07	2/23/17	$8.69	8%
Cliffs Nat Resources (SECOND HALF)	CLF	2/8/17	$10.15	2/23/17	$11.13	10%
Exxon	XOM	9/24/14	$95.82	3/8/17	$81.28	-8%
Enterprise Products Partners	EPD	11/31/16	$25.93	3/8/17	$27.83	9%
Natural Gas ETF	UNG	2/22/17	$6.57	3/8/17	$7.11	8%
Emerging markets ETF	EEM	1/12/17	$36.60	4/10/17	$39.20	7%
Barrick Gold	ABX	10/5/16	$15.54	4/10/17	$19.04	23%
Uranium ETF	URA	6/8/16	$15.49	4/12/17	$15.90	9%
Cameco	CCJ	1/4/17	$10.69	4/12/17	$11.48	7%
Coal ETF	KOL	1/4/17	$12.59	4/12/17	$14.51	15%
Silver Standard Resources	SSRI	10/5/16	$10.30	4/12/17	$11.32	10%
Royal Gold	RGLD	2/8/17	$71.50	4/12/17	$74.14	4%
Silver Miners	SIL	3/15/17	$35.81	4/12/17	$37.60	5%
US Steel (SHORT)	X	2/1/17	$31.97	4/13/17	$29.42	8%
Copper Miners ETF (SHORT)	COPX	3/23/17	$22.64	4/18/17	$21.02	7%
Financials ETF (SHORT)	XLF	12/21/16	$23.61	4/26/17	$24.06	-2%