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Weekly Market Update 7-16-20

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The big news this week has nothing to do with COVID-19.

Rather, the big news concerns the coming multitrillion-dollar infrastructure boondoggle in the U.S.

Markets are forward looking. And as such they rarely care about economic data or other items revealing what has *already* happened. Rather, the markets look towards what is coming down the pike.

And the Trump administration just told them.

To speed up construction projects, Trump plans to overhaul one of the nation's most consequential environmental laws... would make it easier to build highways, pipelines, chemical plants and other projects that pose environmental risks... it would force agencies to complete even the most exhaustive environmental reviews within two years and restrict the extent to which they could consider a project's full climate impact...

Source: The Washington Post

Disclaimer: the following is NOT political analysis. I don't care if you like or hate President Trump. The fact is that he is the current President and his administration has made it clear that a massive infrastructure program is its economic priority going forward.

The U.S.'s crumbling infrastructure has been a pet peeve for the President for years. And the current environment has given him the perfect environment to unveil a massive multi-trillion dollar program.

Consider the following:

- 1) A year ago, the economy was already growing at or around 3%. Today, it's in a steep recession. The President is looking for any program to kick-start economic activity.
- 2) A year ago, interest rates were around 2.5%. Today they're at ZERO, meaning credit is effectively free for large-scale programs.
- 3) A year ago, there was still resistance to the Trump administration's goal of decoupling the US economy from China. Today, the fallout from the COVID-19 pandemic has aligned the majority of Americans with this goal.



In short, the current environment is ideal for the Trump administration to begin pushing to improve both the U.S.'s infrastructure and its manufacturing/ industrial base.

President Trump had already declared the domestic production of certain minerals and resources a matter of national security via the *Defense Production Act* of 1950. He's now doing to do away with excessive environment regulations to open the door to a massive overhaul of our domestic infrastructure as well as a manufacturing/ industrial renaissance as multi-national corporations relocate their production centers from China back to the U.S.

And the markets know it.

Everywhere I look, I see materials companies breaking out of multi-year downtrends.

The materials sector as a whole has reclaimed ALL of its March meltdown losses. And it has *just* broken a multi-year downtrend.



Let's take a look at some individual plays.

Copper and its alloys are used in countless ways – ranging from electrical wiring and water pipes to doorknobs and automobile defrosting systems.

In fact, copper has so many economic uses that it's nicknamed "*Dr. Copper... the commodity with a Ph.D. in economics.*"



It just broke out of a multi-year downtrend.



Steel is another material that is closely aligned with major economic developments. Regarding infrastructure, steel is used in the construction of roads, bridges, and other major projects.

Steel is not as far along as copper. But it is finally showing signs of life for the first time in years.



And then there's Fastenal (FAST), which manufactures industrial and construction supplies. It has already reclaimed all of its March meltdown losses and soared to new highs.





Simply put, the market is beginning to discount a large-scale infrastructure program coming in the next three to six months.

This will favor materials companies. With that in mind, we're moving into the sector.

First and foremost, I like Rockwell Automation (ROK).

It produces automation software for architecture and large-scale projects. The chart has recently broken out of a triangle formation. A move above resistance will send ROK to new highs.



Action to Take: Buy Rockwell Automation (ROK).

I also like the lumber company BMC Holdings (BMCH).



If we can get above resistance and breakout of that triangle formation, it will lead to an explosive move above \$31.

Action to Take: Buy BMC Holdings (BMCH).

Finally, I like US Concrete (USCR): another great infrastructure play for obvious reasons.





A break above resistance here would mean a run to \$36 or higher.

Action to Take: Buy US Concrete (USCR)

Outside of the coming infrastructure theme, I continue to believe the markets are showing signs of an impending pullback. Try as they might, the bulls just *cannot* seem to get the S&P 500 above resistance (red line in the chart below).



As you'll recall, I noted previously that this rally in stocks was the result of a breakout from a triangle consolidation formation (blue lines in the chart above). If the S&P 500 fails to break above resistance here, then it greatly increases the odds that this breakout was a *false* breakout.

A *false* breakout occurs when an asset breaks above or below a line of significance and is UNABLE to stay there. When this happens, the asset typically reverses hard and then moves violently in the opposite direction.

In the current market, that would mean stocks doing something like this... or worse.



Based on this, we opened two market hedges last week: the Short-Term Volatility Index (VXX) and the Ultrashort Tech ETF (QID). As I write this we're slightly down on these positions. But if this move in the markets *does* prove to be a false breakout, then we'll see some significant gains here shortly.

This concludes this week's Market Update. I'm watching the markets closely and will issue updates as needed. Barring any new developments, you'll next hear from me next Thursday in our usual weekly market update.

In the meantime, there is one final slot remaining in our options trading service ***The Crisis Trader***.

The Crisis Trader is on another hot streak having locked in five double-digit winners in the last month with gains ranging from 16% to 60% all on trades we held for one day or less.

Two slots opened for this service when two of our older subscribers decided not to renew their subscriptions last week. One of these slots has already been filled, which means there is just one opening.

Once this slot is filled, we will be closing the doors on this service to new clients.

If you'd like to lock in the last available slot for yourself you can do so at the discounted price of \$499 (normally this service costs \$999). Again, once this slot is filled, the doors will close on this



service.

To lock in the last two available slots for *The Crisis Trader* use the link below.

<https://phoenixcapitalmarketing.com/tctrenewal499.html>

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*
NexGen Energy	NXE	4/23/20	\$1.33	\$1.47	11%
Russia ETF	RSX	6/2/20	\$21.32	\$21.28	0%
Schlumberger	SLB	6/4/20	\$20.32	\$18.93	-7%
Kinder Morgan	KMI	6/4/20	\$16.10	\$15.04	-7%
Delta Airlines	DAL	6/4/20	\$31.97	\$27.51	-14%
Slack Technologies	WORK	6/18/20	\$34.13	\$31.42	-8%
UltraShort QQQ	QID	7/8/20	\$11.72	\$11.61	-1%
Short Term Volatility ETF	VXX	7/8/20	\$32.87	\$32.02	-4%
Goldman Sachs	GS	7/13/20	\$212.00	\$215.60	2%
Rockwell Automation	ROK	7/16/20	\$222.75	NEW	BUY!
BMC Holdings	BMCH	7/16/20	\$25.92	NEW	BUY!
US Concrete	USCR	7/16/20	\$26.59	NEW	BUY!

OPEN POSITIONS: PRECIOUS METALS

Position	Symbol	Buy Date	Buy Price	Current Price	Total Return*
Gold	GLD	8/23/19	\$148.28	\$169.45	14%
Silver	SLV	8/23/19	\$14.87	\$17.96	21%
Kirkland Lake	KL	2/23/20	\$41.79	\$44.03	5%
Nemont Mining	NEM	3/26/20	\$64.50	\$61.58	-5%
Barrick Gold	GOLD	3/26/20	\$28.15	\$26.56	-6%
Silver Miners	SIL	6/30/20	\$36.80	\$39.81	8%
Silver Mining Juniors	SILJ	6/30/20	\$11.90	\$13.01	9%
K92 Mining	KNT.V	6/30/20	\$3.92	\$4.95	26%
American Gold & Silver C	USA.TO	6/30/20	\$3.58	\$3.41	-5%
Gold Miners ETF	GDX	6/30/20	\$36.30	\$38.08	5%
Gold Mining Juniors ETF	GDXJ	6/30/20	\$49.30	\$52.92	7%

Prices as of 7/16/20 at the 12:50 PM.

* gains include dividends.



RECENTLY CLOSED TRADES

<u>Position</u>	<u>Symbol</u>	<u>Buy Date</u>	<u>Buy Price</u>	<u>Sell Date</u>	<u>Sell Price</u>	<u>Gain</u>
Microsoft	MSFT	4/8/20	\$165.09	4/20/20	\$176.00	7%
Apple	AAPL	4/8/20	\$264.96	4/20/20	\$278.00	5%
Gold Miners ETF	GDX	12/12/19	\$26.57	4/20/20	\$30.37	14%
Gold Mining Juniors ETF	GDXJ	12/12/19	\$35.70	4/20/20	\$37.34	5%
Nemont Mining	NEM	3/26/20	\$47.13	4/20/20	\$58.98	25%
Barrick Gold	GOLD	3/26/20	\$19.31	4/20/20	\$24.64	28%
UltraShort S&P 500	SDS	4/20/20	\$24.35	4/21/20	\$25.35	4%
VIX ETF	VXX	4/20/20	\$42.29	4/21/20	\$46.29	9%
Wayfair	W	4/23/20	\$104.63	4/28/20	\$127.07	21%
Alcoa	AA	4/8/20	\$7.38	4/29/20	\$8.67	17%
US Steel	X	4/8/20	\$6.86	4/29/20	\$8.00	17%
Marathon Petroleum	MPC	4/23/20	\$25.94	4/29/20	\$33.02	27%
Parsley Energy	PE	4/23/20	\$8.30	4/29/20	\$9.36	13%
Diamondback Energy	FANG	4/23/20	\$37.10	4/30/20	\$43.38	17%
TradeDesk	TTD	4/27/20	\$263.90	4/30/20	\$297.24	13%
Wayfair (HALF)	W	4/30/20	\$124.35	5/5/20	\$179.06	44%
JP Morgan	JPM	4/9/20	\$103.67	5/7/20	\$91.09	-12%
Square	SQ	4/27/20	\$63.60	5/13/20	\$72.13	13%
Wayfair (other HALF)	W	4/30/20	\$124.35	5/13/20	\$178.26	43%
Nvidia	NVDA	5/14/20	\$314.14	5/20/20	\$358.80	14%
Silver Miners	SIL	8/23/19	\$27.74	5/20/20	\$37.19	34%
Silver Mining Juniors	SILJ	8/23/19	\$9.13	5/20/20	\$11.86	30%
K92 Mining	KNT.V	2/20/20	\$3.61	5/20/20	\$4.22	17%
American Gold & Silver	USA.TO	2/20/20	\$3.19	5/20/20	\$3.98	25%
Gold Miners ETF	GDX	12/12/19	\$34.75	5/20/20	\$37.35	7%
Gold Mining Juniors ETF	GDXJ	12/12/19	\$42.60	5/20/20	\$48.01	13%
First Majestic Silver	AG	2/20/20	\$8.44	5/21/20	\$9.40	11%
Goldman Sachs	GS	4/9/20	\$185.02	5/28/20	\$205.79	11%
Steel Dynamics	STLD	4/9/20	\$24.44	5/28/20	\$27.14	11%
Freeport McMoRan	FCX	4/30/20	\$8.81	6/4/20	\$10.13	15%
Uber	UBER	5/14/20	\$32.49	6/4/20	\$36.70	13%
Wayfair	W	5/28/20	\$163.54	6/4/20	\$181.08	11%
Trade Desk	TTD	6/2/20	\$308.03	6/4/20	\$344.37	12%
Alcoa	AA	6/2/20	\$9.95	6/4/20	\$11.18	12%
Alpha Pro Tech	APT	5/14/20	\$15.39	6/4/20	\$10.72	-30%



RECENTLY CLOSED TRADES CONTINUED

<u>Position</u>	<u>Symbol</u>	<u>Buy Date</u>	<u>Buy Price</u>	<u>Sell Date</u>	<u>Sell Price</u>	<u>Gain</u>
Carnival Cruise Lines (HALF)	CCL	4/29/20	\$16.61	6/5/20	\$21.73	31%
Dave And Busters (HALF)	PLAY	4/29/20	\$16.36	6/5/20	\$19.48	19%
Simon Property Group (HALF)	SPG	4/30/20	\$66.69	6/5/20	\$87.18	31%
Carnival Cruise Lines (OTHER HALF)	CCL	4/29/20	\$16.61	6/9/20	\$22.52	36%
Dave And Busters (OTHER HALF)	PLAY	4/29/20	\$16.36	6/9/20	\$19.64	20%
Simon Property Group (OTHER HALF)	SPG	4/30/20	\$66.69	6/9/20	\$87.31	31%
Enterprise Partners	EPD	4/9/20	\$16.78	6/11/20	\$19.47	19%
Adobe	ADBE	5/28/20	\$382.80	6/11/20	\$398.04	4%
Shopify	SHOP	5/28/20	\$751.02	6/24/20	\$888.00	18%
Smith & Wesson	SWBI	6/2/20	\$15.29	6/24/20	\$18.24	19%
Wayfair	W	6/16/20	\$196.91	6/24/20	\$200.28	2%
Coca Cola	KO	4/9/20	\$49.46	6/25/20	\$44.43	-10%
Trade Desk (HALF)	TTD	6/16/20	\$377.75	7/2/20	\$446.39	18%
Square (HALF)	SQ	6/16/20	\$93.07	7/2/20	\$115.73	24%
DocuSign (HALF)	DOCU	6/25/20	\$169.48	7/2/20	\$194.27	15%
Trade Desk (Other Half)	TTD	6/16/20	\$377.75	7/6/20	\$462.43	22%
Square (Other Half)	SQ	6/16/20	\$93.07	7/6/20	\$126.20	36%
DocuSign (Other Half)	DOCU	6/25/20	\$169.48	7/6/20	\$197.54	17%
Pinterest	PINS	6/18/20	\$23.07	7/6/20	\$25.49	10%
Alteryx	AYX	6/25/20	\$164.08	7/6/20	\$171.20	4%
Coupa Software	COUP	6/25/20	\$272.98	7/6/20	\$288.62	6%
US Steel	X	6/4/20	\$9.17	7/8/20	\$6.75	-26%
Alcoa	AA	6/18/20	\$11.68	7/4/20	\$12.48	7%