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Weekly Market Update 7-22-20

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Weekly Market Update 7-22-20

Dear Subscribers

I'm putting out this week's market update a day early because I will be traveling all day tomorrow and so won't be able to write.

The markets are preparing for a large move. By the look of things, it will be UP.

The S&P 500 finally broken above resistance (red line in the chart below). By the look of things, stocks are about to move into the gap "blue rectangle" established by the first limit down day during the March meltdown.



High yield credit, which leads stocks, has already closed its respective gap.



Investment grade credit has already risen to new all-time highs.





As has breadth.



All of this is **EXTRMELY** bullish. Indeed, by the look of things, the stage is set for the S&P 500 to hit new all-time highs in the coming weeks.

The bears had a chance to take the market down late last week/ early this week. They failed. For that reason, we closed out our market hedges, the UltraShort NASDAQ (QID) and the Short-Term Volatility ETF (VXX) on July 20th 2020, for losses of 9% and 14% respectively.

Indeed, to give you an idea of how bullish the market has become, consider that Shopify (SHOP) didn't even take out its uptrend during the recent drop. Instead it's forming a bull flag (top red lines). The last time we had a similar correction was in May when SHOP fell to test its bull market trendline while forming a similar pattern (purple lines). That was resolved with a major run higher, which appears to be what we're setting up for again to



For this reason, we moved back into a number of our “rebound” stocks, including SHOP, as well as Wayfair (W) and Zoom Communications (ZM). These positions are all buys.

We’re also adding streaming service Roku (ROKU).

ROKU streams sports and other programs without advertisement. I don’t know about you, but TV has become almost insufferable in the last few years. As a result 1 in 3 American households have become “cordless” meaning they’re canceling their cable TV programs.

As a result of this, ROKU is seeing explosive growth. Sales were \$320 million in 2015. They’re on pace to clear \$1.24 billion this year.

ROKU shares have broken above resistance (red line) and are forming a clear bull flag (blue lines). Time to buy!



Action To Take: Buy Roku (ROKU).

We're also buying Twilio (TWLO).

TWLO is a cloud-based it's a Cloud-communications platform as a service (CPaaS) company. This sounds like a complicated thing, but what it means is that TWLO's technology allows corporations to take ALL of their communications (phone calls, text messages, etc.) digital.

The cloud "as a service" component is that TWLO allows firms to do this remotely. What I mean by this is that rather than each company having to set up its own digital communications network in-house, it outsources these services to TWLO via the cloud.

If you've recently purchased something via your phone and received a text alert concerning the order... chances are it was TWLO that supplied the text service to the company from which your made a purchase.

TWLO then customizes the digital communications solution to each firm's need.

In the case of AirBnB, TWLO allowed the company to introduce text messaging so that hosts can receive text messages concerning reservations and guest information. This new system allows hosts to respond within minutes of a request. Prior to this, a potential guest would need to wait for a host to be at his or her computer to respond, a process that could take



hours.

The new SMS system not only streamlines the booking process for AirBnB guests, it also dramatically increases the number of potential guests: potential guest only needs a phone, rather than a computer to reserve a place to stay. And by outsourcing this service to TWLO, AirBnB saved a fortune compared to what it would cost to build its own text messaging service.

By way of contrast, when it came time for TWLO to develop a texting service for the American Red Cross, it was a very different solution. In this scenario, the Red Cross needed TWLO to develop a means of texting volunteers to coordinate who was available to deal with a disaster.

Prior to this, whenever a disaster hit a dispatcher had to run down a list of volunteers one by one to find a group that was available to deal with a given situation. Through TWLO, this system is not completely automated via text, with all volunteers contacted simultaneously relaying the details of the disaster in question and what services are required to deal with it.

The new text system also allows the dispatcher to text directions to a disaster or share the details of a particular responder (name and phone number) with other volunteers. On top of this, a given volunteer can also alert the dispatcher that he or she is “enroute” to a given situation so the dispatcher can let those located at a given disaster of an estimated time or arrival.

The Red Cross believes that this new system has allowed it to staff volunteers 50% faster. Suffice to say they are very happy with this customized solution.

Obviously you can see the potential here.

The company has already locked in a number of high-profile clients including the American Red Cross, ING Bank, Dell, Netflix, Uber, AirBnB, Coca-Cola, and others.

As a result of this, TWLO’s sales are growing rapidly. In 2015, this company had only \$170 million in sales. Today a mere five years later, it’s at \$1.3 billion. And according to a recent survey the company performed of 2,500 enterprises, it’s only going to increase from here: a full 68% of them said the COVID-19 pandemic has “sped up digital transformation” at their firms.

TWLO’s chart is certainly on a tear. The company’s share price is in a strong uptrend, having recently risen to hit new highs by breaking above resistance (red line).



TWLO Twilio Inc. NYSE + BATS © StockCharts.com
22-Jul-2020 3:12pm **Open** 262.53 **High** 271.00 **Low** 260.13 **Last** 262.64 **Volume** 2.6M **Chg** +2.13 (+0.82%) ▲
TWLO (Daily) 262.64



Action to Take: Buy Twilio (TWLO).

We're also moving back Alteryx (AYX).

AYX Alteryx, Inc NYSE + BATS © StockCharts.com
22-Jul-2020 3:16pm **Open** 169.26 **High** 172.51 **Low** 166.80 **Last** 167.90 **Volume** 494.4K **Chg** -0.61 (-0.36%) ▼
AYX (Daily) 167.90





Action to Take: Buy Alteryx (AYX).

Outside of stocks, precious metals are tearing higher.

As I've noted preciously, during bull markets in gold, gold miners typically outperform the precious metal. For this reason I like to track the gold miners to gold ratio (GDX: \$GOLD).

When gold miners outperform gold, this ratio rises. When gold miners underperform gold this ratio falls.

As you can see, the GDX: Gold ratio Cup and Saucer pattern. This is EXTREMELY bullish.



Another key feature of bull markets in precious metals is that silver outperforms gold. With that in mind, I also like to track the silver to gold ratio (\$SILVER: \$GOLD).

When silver outperform gold, this ratio rises. When silver underperform gold this ratio falls.



Looking at this, it suggests that this is not some mere blip, but part of a major bull market in precious metals.

And why not? The markets have clearly figured that policymakers will be responding to every issue by printing more money. Just yesterday, the European Union announced a €750 billion (\$858 billion) stimulus program. This comes after the ECB printed €1.25 trillion.

And then there's the U.S., where the Fed has printed over \$3 trillion, the government has issued a \$2 trillion stimulus program and is now in talks for an additional \$1 trillion stimulus program.

Again, the markets have clearly figured that policymakers will be responding to every issue by printing more money. And this has ignited a major bull market in precious metals.

We have broad exposure to both silver and gold through the following positions.



Gold	GLD	8/23/19	\$148.28
Silver	SLV	8/23/19	\$14.87
Kirkland Lake	KL	2/23/20	\$41.79
Nemont Mining	NEM	3/26/20	\$64.50
Barrick Gold	GOLD	3/26/20	\$28.15
Silver Miners	SIL	6/30/20	\$36.80
Silver Mining Juniors	SILJ	6/30/20	\$11.90
K92 Mining	KNT.V	6/30/20	\$3.92
American Gold and Silver Corp	USA.TO	6/30/20	\$3.58
Gold Miners ETF	GDX	6/30/20	\$36.30
Gold Mining Juniors ETF	GDXJ	6/30/20	\$49.30

Thanks to the massive spike in Silver, we've also taken some profits in this space earlier today.

Feel free to take some profits in the following positions if you've not already done so.

Action to Take: Sell HALF of the Silver bullion ETF (SLV) for a 44% gain.

Action to Take: Sell HALF of the Silver Miners ETF (SIL) for a 26% gain.

Action to Take: Sell HALF of the Silver Mining Juniors ETF (SILJ) for a 29% gain.

Action to Take: Sell HALF of the K92 Mining (KNT.V) for a 43% gain.

Action to Take: Sell HALF of American Gold And Silver Corp ([USA.TO](#)) for a 28% gain.

We're also taking some gains in NexGen Energy (NXE).

Action to Take: Sell NexGen Energy (NXE) for a 34% gain.

This concludes this week's market update. By the look of things the next leg up is about to hit. You'll next hear from me next Thursday in our longer Monthly issue of *Private Wealth Advisory*.

Until then...



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*
Russia ETF	RSX	6/2/20	\$21.32	\$22.07	4%
Schlumberger	SLB	6/4/20	\$20.32	\$19.14	-6%
Kinder Morgan	KMI	6/4/20	\$16.10	\$14.90	-7%
Delta Airlines	DAL	6/4/20	\$31.97	\$26.33	-18%
Slack Technologies	WORK	6/18/20	\$34.13	\$30.93	-9%
Goldman Sachs	GS	7/13/20	\$212.00	\$205.98	-3%
Rockwell Automation	ROK	7/16/20	\$222.75	\$225.93	1%
BMC Holdings	BMCH	7/16/20	\$25.92	\$26.02	0%
US Concrete	USCR	7/16/20	\$26.59	\$25.86	-3%
Shopify	SHOP	7/20/20	\$1,000.63	\$951.09	-5%
Wayfair	WORK	7/20/20	\$226.51	\$226.40	0%
Zoom Communicatios	ZM	7/20/20	\$268.72	\$250.14	-7%
Roku	Roku	7/22/20	\$151.65	NEW	BUY!
Twilio	TWLO	7/22/20	\$262.62	NEW	BUY!
Alteryx	AYX	7/22/20	\$167.32	NEW	BUY!

OPEN POSITIONS: PRECIOUS METALS

Position	Symbol	Buy Date	Buy Price	Current Price	Total Return*
Gold	GLD	8/23/19	\$148.28	\$175.38	18%
Silver	SLV	8/23/19	\$14.87	\$21.31	43%
Kirkland Lake	KL	2/23/20	\$41.79	\$48.39	16%
Nemont Mining	NEM	3/26/20	\$64.50	\$65.09	1%
Barrick Gold	GOLD	3/26/20	\$28.15	\$28.40	1%
Silver Miners	SIL	6/30/20	\$36.80	\$46.42	26%
Silver Mining Juniors	SILJ	6/30/20	\$11.90	\$15.30	29%
K92 Mining	KNT.V	6/30/20	\$3.92	\$5.68	45%
American Gold & Silver C	USA.TO	6/30/20	\$3.58	\$4.57	28%
Gold Miners ETF	GDX	6/30/20	\$36.30	\$41.50	14%
Gold Mining Juniors ETF	GDXJ	6/30/20	\$49.30	\$59.09	20%

Prices as of 7/22/20 at the 3:30 PM.



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%
UltraShort QQQ	QID	7/8/20	\$11.72	7/20/20	\$10.69	-9%
Short Term Volatility ETF	VXX	7/8/20	\$33.24	7/20/20	\$28.50	-14%
Silver (HALF)	SLV	8/23/19	\$14.87	7/22/20	\$21.43	44%
Silver Miners (HALF)	SIL	6/30/20	\$36.80	7/22/20	\$46.49	26%
Silver Mining Juniors (HALF)	SILJ	6/30/20	\$11.90	7/22/20	\$15.35	29%
K92 Mining (HALF)	KNT.V	6/30/20	\$3.92	7/22/20	\$5.62	43%
American Gold & Silver (HALF)	USA.TO	6/30/20	\$3.58	7/22/20	\$4.59	28%
NexGen Energy	NXE	4/23/20	\$1.33	7/22/20	\$1.78	34%