

Delta Investment Management is a registered investment advisory firm. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new turnkey asset management solution.

Delta manages portfolios at TD Ameritrade and Schwab.

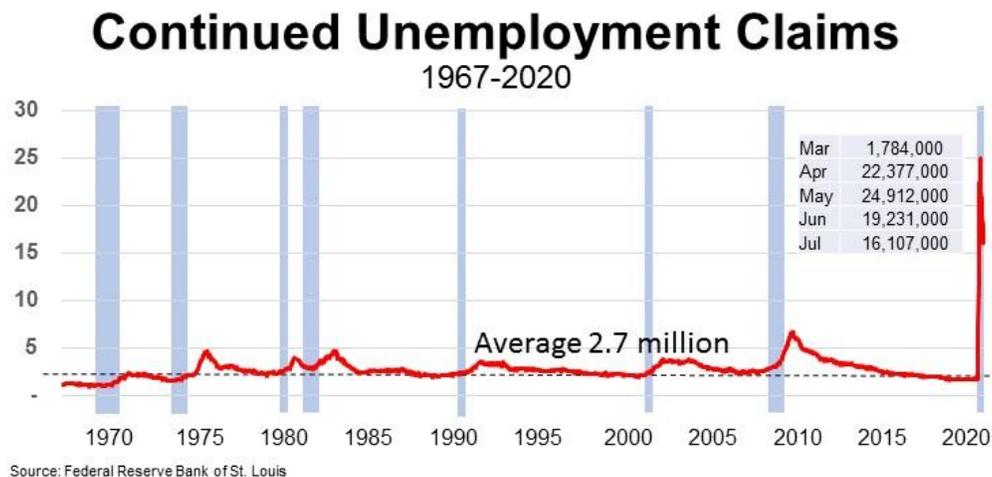
Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

August 7, 2020

Adding Up the Numbers

The total civilian labor force of the U.S. is roughly 160 million persons. The labor force includes all people “16 years of age and older residing in the 50 states and the District of Columbia who are not inmates of institutions (e.g., penal and mental facilities, homes for the aged), and who are not on active duty in the Armed Forces.”

This week, 16.1 million people received continued unemployment claims. There are an additional 12.9 million people receiving Pandemic Unemployment Assistance (PUA). This is a program for business owners, self-employed, independent contractors or gig workers not receiving other unemployment insurance.



The unemployment rate calculated using the above combined statistics is roughly 20%. This compares to a Bureau of Labor Statistics (BLS) reported unemployment rate reported for July of 10.2% which was reported this morning. Although the government reports roughly 16 million people are unemployed, roughly 30 million people unemployment benefits. The disconnect is significant.

Having nearly 20% of the labor force unemployed is a significant economic drag. It is a measure of how hard the in-person, physical economy (travel, leisure, restaurants, hair salons, gyms, etc. – small businesses) has been impacted. It suggests the economic impact of COVID-19 may last for years for many of us.

But the in-person economy is underrepresented in the U.S. stock market. Shutting down the in-person economy is having a positive impact on many of the largest companies in America. For example, Amazon had 40% revenue growth year-over-year. Apple's revenue growth was up 11%. On-line retailer Shopify's (SHOP) stock is up 174% year-to-date and the Online Retail ETF (IBUY) is up roughly 77%. United Parcel Service's CEO Carol Tome provided a nice summary of the world on the UPS earnings call: "Due to ongoing COVID-related sheltering in place, retail store closures and changes in the U.S. consumer spending fueled by the economic stimulus, we experienced unprecedented demand and record high volume levels."

On the flip side, airlines, cruise lines, energy and financials have been crushed.

Hence, the tech-dominated U.S. stock market appreciates in an economy undergoing unprecedented fundamental strain. For now, the technical and money-flow indications continue to be bullish. \$24 trillion has been injected into the world's economies. Over time, we should be wary of the chickens coming home to roost. Having a disciplined approach to managing money in the new economy is critical to investment success. Delta specializes in risk mitigation in uncertain environments.

Give Us a Call Today

We have unique and sophisticated investment methods that seek to capture the stock market's gains while minimizing drawdowns in bear markets. If you would like to learn more about how we manage money, we invite you to give us a call at **(415) 249-6337**, visit www.deltaim.com or email us at info@deltaim.com.



Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

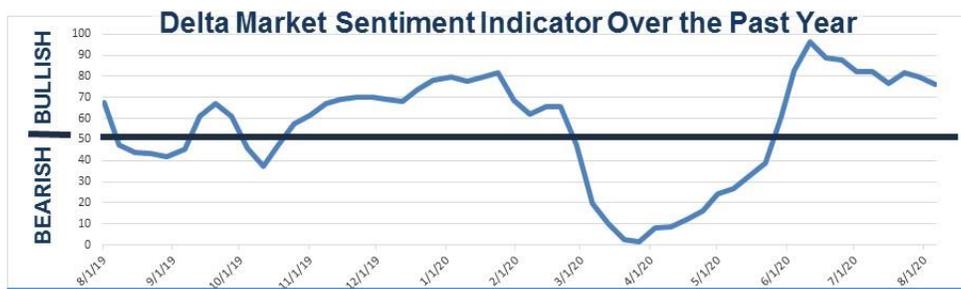
76.0

Our technical indicator decreased
from 79.5 to 76.0 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	11
Cycle Inception Date:	5/28/2020
Range:	60.9 – 96.2
Mean:	81.4
Bullish Weeks YTD:	19
Bearish Weeks YTD:	13
*S&P 500	9.9%
*DJIA	7.2%
*NASDAQ	17.1%

* Percentage change during current cycle



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