

*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.*

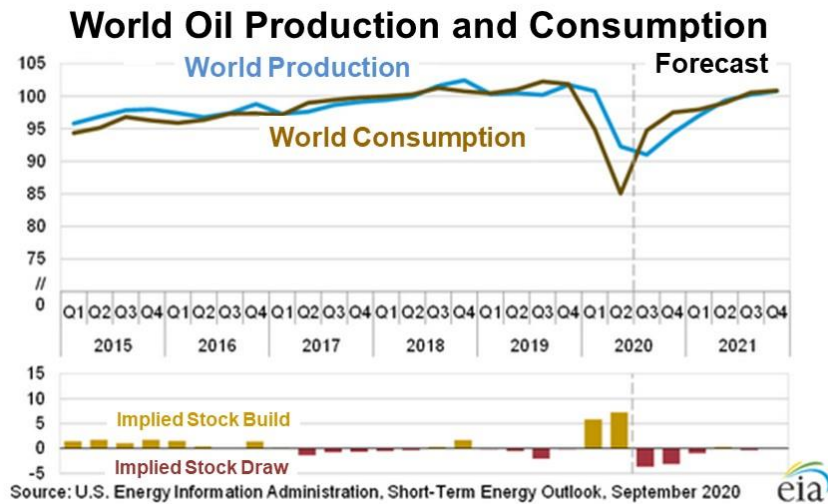
September 18, 2020

XLE.EEK!

The S&P 500 energy sector ETF (XLE) is down over 40% year-to-date. EEK! It is the worst performing sector of the S&P year-to-date, down by more than twice as much as the next worst performing sector, financials (XLF -17%). These are the only S&P 500 industry sectors with double digit declines YTD.

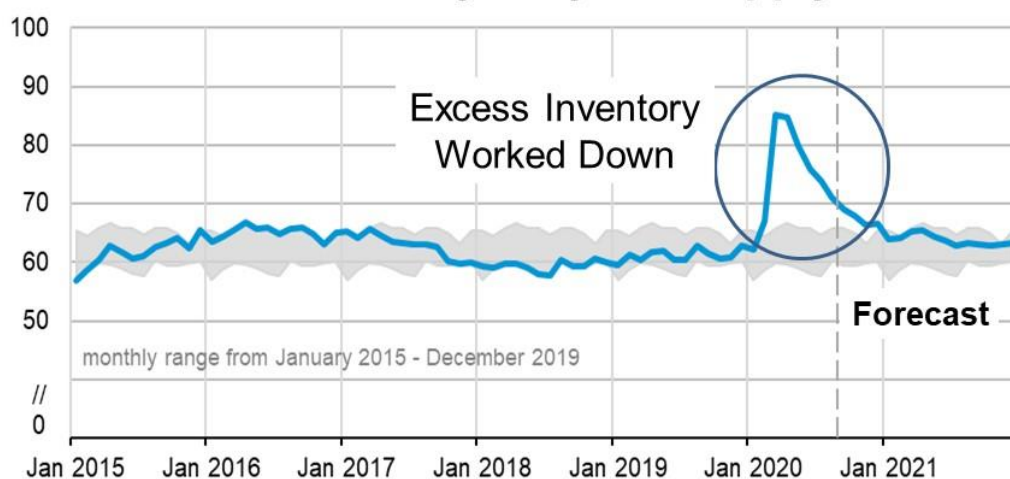
The Baker Hughes worldwide rig count is currently 1,053 and the U.S. rig count is 254. These are the lowest rig count levels since at least 1975. The U.S. rig count is down 71% from a year ago and the worldwide count is down 51%. Rotary drilling rigs is how oil companies create new oil supply.

The Energy Information Administration (EIA) tracks world oil production and consumption. The COVID-19 economic shut-down caused oil demand to collapse at a much faster rate than supply could be shut-down. In fact, very early in the economic shut-down, Saudi Arabia announced they would increase their production of oil to record levels in April in an effort to win market share. Subsequently, they also were forced by market forces to reduce supply.



Today, the world's economies are reopening and oil demand is rising. The EIA is forecasting the recovery of demand to outpace the recovery in supply. As excess oil inventories are worked down, we should expect the world's energy markets to normalize.

Oil Inventory: Days of Supply



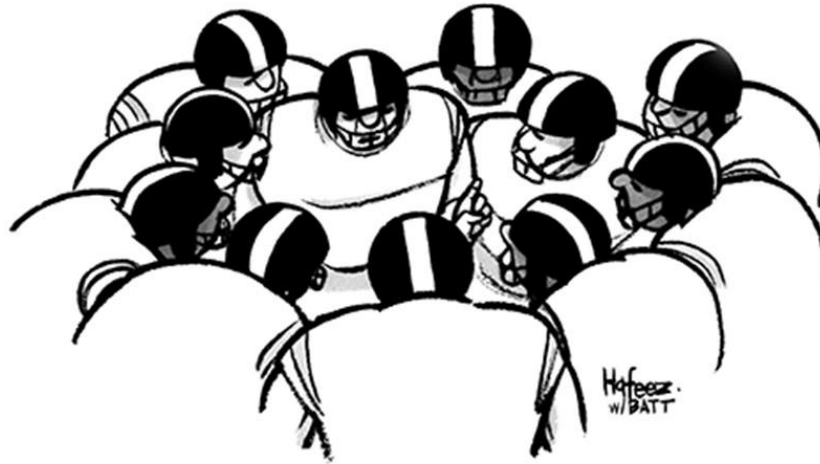
Source: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2020



There are high quality energy companies with conservative balance sheets which currently pay dividends of 5%-10%. With the world oil markets coming back into balance, an energy investor today may benefit from both a high dividend payment and principal recovery in the worst performing industry sector of the S&P 500. Maintaining portfolio diversification, particularly during the COVID-19 year 2020, may be key to arriving a favorable year-end investment results.

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.



"Now promise me you will all be very careful."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

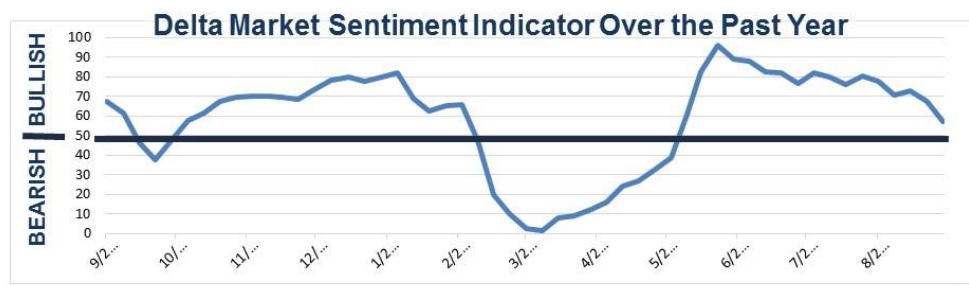
57.2

Our technical indicator decreased
from 67.6 to 57.2 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	17
Cycle Inception Date:	5/28/2020
Range:	60.9 – 96.2
Mean:	77.7
Bullish Weeks YTD:	25
Bearish Weeks YTD:	13
*S&P 500	10.5%
*DJIA	9.4%
*NASDAQ	15.8%

* Percentage change during current cycle



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