

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.

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This Recession Was Different

There is a high probability the 2020 COVID-19 economic shock will be officially sanctioned as a recession by the National Bureau of Economic Research (NBER). But being awarded this title does not mean it was similar to previous recessions.

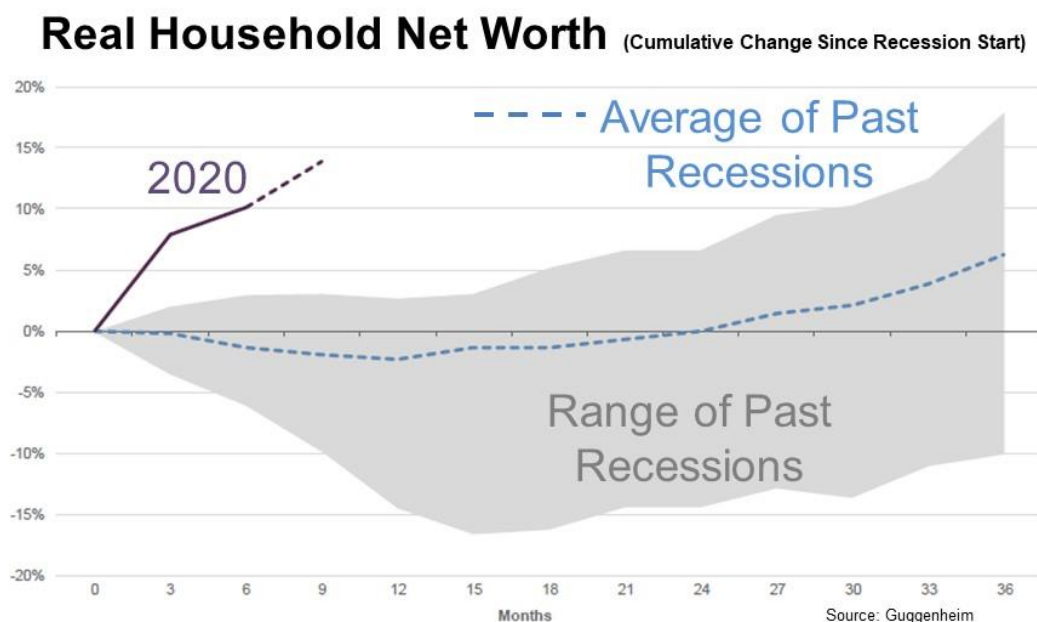
In 2020, there was a significant decline in economic activity spread across the economy, lasting more than a few months, visible in real GDP, real income, employment, industrial production and wholesale-retail sales. Bata bing, bata boom, recession.

On the other hand, the personal savings rate jumped from 7.2% in December 2019 to 12.9% in March 2020. By April 2020, the savings rate topped 33%. The savings rate has never been higher dating all the way back to the start of 1959.

Personal Savings Rate



Many individuals and businesses have been adversely impacted by the COVID-19 recession. In aggregate, however, real household net worth climbed during this recession as a result of strong housing and stock markets and distributions of government aid.



The magnitude and speed of the government's financial response to this recession is unprecedented. Global asset manager, Guggenheim Investments, is forecasting another 5.6% of GDP of fiscal stimulus will be passed this year. Investment bank, Goldman Sachs, increased its U.S. GDP forecast twice already this year from 5.9% to 6.4% to the current 6.6% driven by President Biden's \$1.9 trillion stimulus plan.

Many prior recessions involved financial structural issues like prolonged, restrictive monetary policy and/or financial imbalances (asset bubbles) that took years to unwind. The 2020 COVID-19 recession was different. The economy was generally in good shape just prior to the recession. The recession was caused by mass business shut-downs. As the economy reopens, the expectation is the economy will recover at a rapid pace as structural issues do not need to be resolved. Two examples of this are the capital markets never shut down allowing distressed, large businesses to access capital and there was never a concern we might experience major bank failures.

We are just beginning earnings season. So far through January 19, 56 companies in the S&P 500 have issued positive earnings guidance. This is the highest number of S&P 500 companies issuing positive earnings guidance since FactSet began tracking this data in 2006.

The Delta Market Sentiment Indicator (MSI) is Bullish this week. In the near and intermediate-term, the unusually rapid recovery from this different recession remains in place.

Let Us Help You Position for Your Portfolio – Give Us a Call Today

Give us a call or send an email if you would like to schedule an annual account review. If you do not currently have an investment account with Delta, we invite you to contact us to schedule your free portfolio review.

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.



"It's lotto fever."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

87.3

Our technical indicator decreased
from 88.1 to 87.3 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	16
Cycle Inception Date:	10/8/2020
Range:	58.6 – 88.6
Mean:	77.0
Bullish Weeks YTD:	3
Bearish Weeks YTD:	0
*S&P 500	11.7%
*DJIA	9.7%
*NASDAQ	18.0%

* Percentage change during current cycle



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