DELTA
FINANCIAL ADVISORS
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Market Comments

Most of the headlines are the same since June 30th, but the stock market managed to turn in some impressive numbers at the September 30 close. For the third quarter end, the S&P 500 was 8.93% higher for the three-months and 5.57% above the beginning of the year levels. However, it was not exactly a smooth ride. The month of August and the first couple of days of September were dominated by the bulls. This quickly turned into an emotional selloff that was not really supported by reported good fundamentals and improving economic numbers. In fact, most economic indicators in August and September showed encouraging signs. The economy is recovering faster than most expected, albeit in large part due to substantial fiscal aid. The Fed also helped by making it very clear that easy monetary policy was going to remain in place for the foreseeable future. For the moment, the short-lived September sell down seems to be just good old-fashioned profit taking which was soon replaced by willing buyers.

At this point, the "Pandemic Recession" and the brief but painful bear market may be over. So far, widespread bankruptcies have been avoided. The debate over a V shaped or a K shaped recovery is still ongoing, primarily among politicians. While cases for either can be made, each actually has different implications for the future. Despite higher income levels (skewed by fiscal aid) being reported now versus earlier this year, the fact is that some people can work in the current environment and many cannot. Consumers are spending far less lately, but savers are putting aside far more (approx. $2 trillion annualized in August alone.) The increase in savings is likely due more to concern about the future and may not translate to future spending. Holiday sales numbers will be watched closely, but it is obvious that many people are struggling. Most people would agree that more aid is needed in the right places. Despite persistent teasing by politicians, even as this is written, many now doubt that any new aid will be announced before the election.

	Close	Month	YTD	1 Year
Dow	27,781.70	-2.18%	-0.91%	5.70%
S & P 500	3,363.00	-3.80%	5.57%	15.15%
NASDAQ Comp.	11,167.51	-5.16%	24.46%	39.61%

	Quarter end yield	Prior Year end yield	Yield 1 year ago
10 yr. U.S. Treasury	0.677%	1.895%	1.675%

Looking Ahead

Currently, the election outcome is one of the two biggest unknowns. The election is now less than one month away. Are the polls reliable? When will the outcome actually be determined? Regardless, this will soon be resolved, and planning will move forward. We do believe that once the election is over more fiscal aid will soon be forthcoming. Without additional aid, the recovery could be in jeopardy. Secondly, when will viable approaches for COVID-19 be widely available to the world? Steady progress seems to be happening regarding the virus. We do anxiously await forthcoming treatments and/or a vaccine to lift the parts of the economy that have been stymied by the shutdown. Investors do not like uncertainty, so progress on both fronts should be well received. Continued market volatility is expected until these unknowns are resolved.

The Fed seems to be happy with the recovery. Inflation, depending on how you define it, is currently low and does not present a threat. This allows the Fed to remain aggressive with keeping interest rates near 0%. Employment numbers are improving, even though they still have a long way to go. Additionally, both new and existing home sales have been strong. Durable and non-durable spending are also better than expected, so there are many reasons to remain optimistic.

The longer-term uptrend for the stock market remains intact. There will continue to be periods of strong volatility, no doubt, but we view any corrections as buying opportunities for stocks. The fixed income environment continues to be difficult. Finding attractive investment options in the corporate bond market remains challenging. Recently, however, we have found some reasonable comparative returns in the taxable muni market but continue to focus on credit quality. We continue to search diligently for good places to re-invest maturing or called bond money.

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