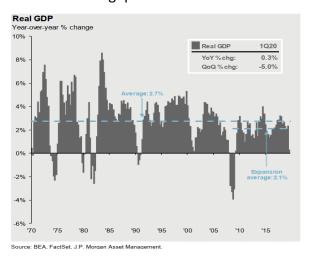


I want to prepare you for tomorrow. Tomorrow we will get the real GDP report for the second quarter and it is going to be hugely record setting, but not in a good way.

Currently it looks like the US economy shrank at a -35% annual rate in the second quarter (April – June). To put that in perspective you can see below that we have not seen anything worse than -4% since 1970, a -10% in 1958 (at a time of the Asian Flu) and the worst since the great depression. This will be a record shattering quarter.



Yet, the US economy has already started recovering and is expected to have a strong report for the third quarter.

Therefore, if retail sales, industrial production, and housing starts are unchanged in July, August and September, meaning we basically are flatlined from where we were in June though-out the third quarter, real GDP will grow at a +15% rate. While this will not be full recovery, we have already seen the worst of the crisis. The US economy will take a couple years to fully recover from the shutdown, but a recovery has already started.

Businesses, large and small, have adapted and made the best of an awful situation which includes a virus and massive government overreach. None-the-less the economy recovers, and the stock market is less than 5% from setting a new record high.

Now, if I am wrong and the economy doesn't shrink by a -35%, remember we are still on the recovery side and better days are headed our way.

Feel free to reach out to me if you want to talk further.

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