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Three Super New Moons (#28)

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Sentiment & Statistical Indicators +Three Super New Moons (Item #28)



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Some indicators offer guidance. None is perfect. All stimulate thinking. Here's a sampling about economics, financial markets, health, climate, politics, and, yes, even a forecast from astrology. We've saved that for last (#28).

1. The misery index is a long-established statistic. It is simply adding two numbers: the inflation rate and the unemployment rate. Here's a link to its half-century history: <https://www.brookings.edu/opinions/the-brookings-institutions-arthur-okun-father-of-the-misery-index>.
2. InflationData.com developed a longer discussion of the misery index, including graphics of a century of political outcomes. They reconstructed it back to the World War 1 era. They also offered some modifications to enhance the index's forecasting power. A few minutes spent examining the paper may be thought-provoking for readers. Here's the link: <https://inflationdata.com/articles/misery-index>. Readers can find the charts showing all presidential elections from Truman to Trump.
3. Not one of these years had a publicized pandemic impact like Covid. The 1917–18 Spanish flu hit in a midterm election period, so its influences were arguably residual by the time the 1920 election cycle arrived. Niall Ferguson developed that history lesson (see <https://www.advisorperspectives.com/articles/2020/06/22/ferguson-americas-dumb-reopening>). He argues that Covid and past Asian flu pandemics have many similarities, both in regard to their evolution and the level of fatalities. He notes that the 1957–58 government's response was limited, as the Eisenhower Administration developed a vaccine to protect the military and otherwise ignored the public health issues. Ferguson notes that the Asian flu killed "about 116,000 in the US (the estimates of excess mortality vary widely), which would translate to about 215,000 deaths in 2020," roughly what Ferguson "expects the final US COVID-19 death toll to be."
4. We've cited Brent Donnelly's work on the 1968 pandemic ("Echoes of 1968," <https://www.cumber.com/cumberland-advisors-market-commentary-echoes-of-1968/>). There are many similarities between 1968 and 2020. In '68, the misery index forecasted a national political change would occur. It did.
5. Here is the link to the World Happiness Report: <https://worldhappiness.report/news/its-a-three-peat-finland-keeps-top-spot-as-happiest-country-in-world>. Note that the date is March 2020, so that the compiling of the index precedes the global pandemic surge. One could argue that only Hubei Province in China contributed to the global "happiness" perception when this annual compilation

was made. We can only speculate what this index will say in a few months. Please note that America was ranked 18th in the pre-pandemic list.

6. America's image has dramatically deteriorated as seen from the rest of the world. Here's Pew Research Center on this matter:

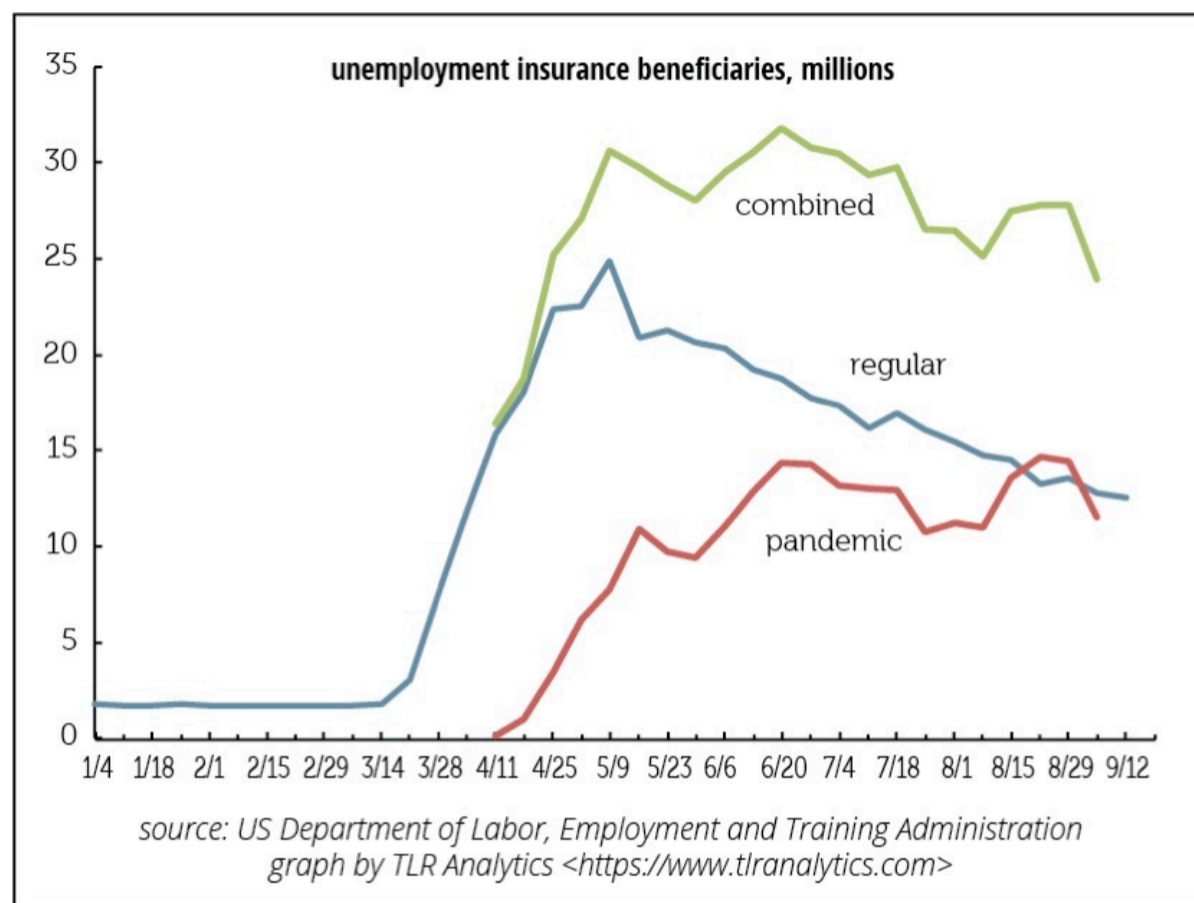
"U.S. Image Plummets Internationally as Most Say Country Has Handled Coronavirus Badly,"

<https://www.pewresearch.org/global/2020/09/15/us-image-plummets-internationally-as-most-say-country-has-handled-coronavirus-badly/>. Our reputation declined precipitously this year among many key allies and partners. The implications are serious. Any country that wants to create alliances with other countries needs to be accepted and trusted. America scuttles or belittles America's traditional geopolitical and economic alliances, including NATO and the scuttled Trans-Pacific Partnership (TPP). Our allies develop their own paths forward without consulting the United States.

7. The Economic Policy Uncertainty Index gauges global and country-level sentiment. The EPU team compiles indexes from three underlying components: newspaper coverage of policy-related economic uncertainty, the number of federal tax code provisions set to expire in future years, and disagreement among economic forecasters as a proxy for uncertainty. See

<http://www.policyuncertainty.com/methodology.html>.

8. "Total unemployment beneficiaries & the gig economy," Philippa Dunne, TLRAnalytics (chart used with permission)



9. "A city in Brazil where covid-19 ran amok may be a 'sentinel' for the rest of the world,"

<https://www.technologyreview.com/2020/09/22/1008709/brazil-manaus-covid-coronavirus-herd-immunity-pandemic/>. Manaus, Brazil, with a COVID-19 infection rate of between 44% and 66% of the population, may have attained herd immunity, but at a high cost of death and suffering. Now, however, infection and death rates have plummeted there.

10. "SARS-CoV-2 vaccines in development," <https://www.nature.com/articles/s41586-020-2798-3>. This article summarizes the status of some 180 vaccines in various stages of development around the world. It suggests that effective and safe vaccines might become available within months rather than years.

11. "Positive about flying? Airlines look to COVID tests that give results in minutes," <https://www.reuters.com/article/us-health-coronavirus-airlines-testing-f-idUSKCN26E0RS>. European airlines are working with Swiss drug maker Roche to deploy so-called antigen tests that would deliver results on the spot and help restore passengers' confidence in flying.

12. "Pandemic slashes worldwide income from work by a tenth: ILO," <https://www.reuters.com/article/us-health-coronavirus-ilo/pandemic-slashes-worldwide-income-from-work-by-a-tenth-ilo-idUSKCN26E1SM>. Income earned from work worldwide dropped by an estimated 10.7%, or \$3.5 trillion, in the first nine months of 2020, compared to the same period a year ago, the International Labour Organization (ILO) said on Wednesday.

13. "Molecular Architecture of Early Dissemination and Massive Second Wave of the SARS-CoV-2 Virus in a Major Metropolitan Area," <https://www.medrxiv.org/content/10.1101/2020.09.22.20199125v1>. A large US study finds that SARS-CoV-2 continues to mutate, with one mutation in particular that makes that strain more contagious and therefore now more prevalent.

14. "Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S.,"

https://ir.citi.com/NvIUklHPilz14Hwd3oxqZBLMn1_XPqo5FrxsZD0x6hhil84ZxaxEuJUWmak51UHvYk75VKeHCMI. From the study: "If racial gaps for Blacks had been closed 20 years ago, U.S. GDP could have benefitted by an estimated \$16 trillion. If we close gaps today, the equivalent add to the U.S. economy over the next five years could be \$5 trillion of additional GDP, or an average add of 0.35 percentage points to U.S. GDP growth per year and 0.09 percentage points to global GDP growth per year."

15. "Poll: 9 in 10 voters say American needs additional coronavirus relief aid," <https://www.pgpf.org/infographic/new-poll-9-in-10-voters-say-america-needs-additional-coronavirus-relief-aid>. From the summary: "The poll released on September 22, reveals public sentiment on a range of national issues, including financial wellbeing, schools reopening, and voting in the 2020 election, which the majority of voters plan to do without heading to the polls on Election Day."

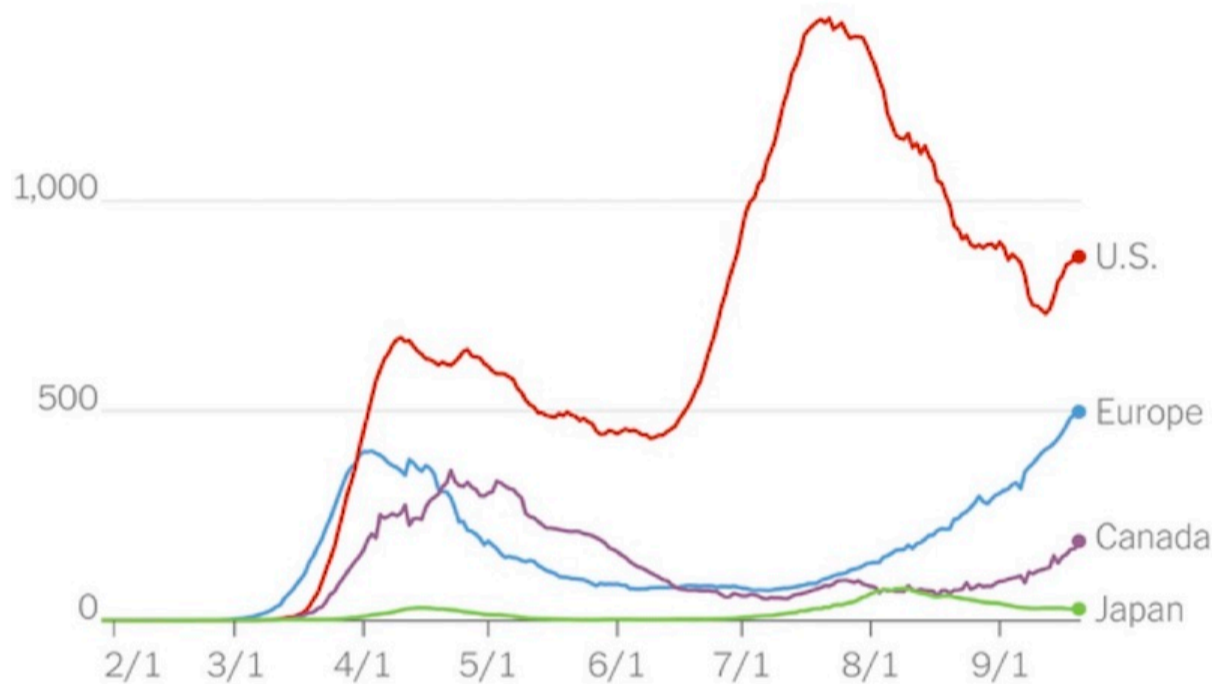
16. "Tracking covid-19 excess deaths across countries," <https://www.economist.com/graphic-detail/2020/07/15/tracking-covid-19-excess-deaths-across-countries>. The official COVID-19 death tolls in many countries are probably undercounts, for a range of reasons explained here.

17. "U.S. Coronavirus Death Toll Tops 200,000," <https://www.wsj.com/articles/coronavirus-latest-news-09-22-2020-11600750066>. The data for this report comes from the Johns Hopkins COVID-19 Dashboard, which can be accessed here: <https://coronavirus.jhu.edu/map.html>.

18. The Morgan Stanley Global Economics Factbook documents the massive monetary and fiscal stimulus undertaken by G4 central banks in response to the coronavirus: "G4 central bank balance sheets have expanded by 17% of GDP in the last six months, compared to 7% over the same period in the Great Financial Crisis. The Fed's balance sheet has expanded by 14% of GDP over this period (versus 7% in the GFC). The G4 plus China fiscal deficit is expected to rise by 11.3pp of GDP (to 16.8% of GDP) compared to an increase of 6.5pp of GDP (to 10.2% of GDP) during the GFC." Source: Morgan Stanley Global Economics Factbook, September 22, 2020. (This document is behind a paywall.)

19. The beginning of the autumn surge or wave in COVID-19 spans the Northern Hemisphere. Note how poorly prepared we are, comparatively speaking, in the United States.

New coronavirus cases per million residents, previous seven days



Europe includes all countries that do not stretch into another continent, regardless of E.U. status.

20. "The Fall Surge Is Here," <https://www.nytimes.com/2020/09/22/briefing/schools-supreme-court-china-your-tuesday-briefing.html>. The number of new daily confirmed COVID-19 cases in the US jumped more than 15% in mid-September.

21. "A Young Kennedy, in Kushnerland, Turned Whistle-Blower," <https://www.newyorker.com/magazine/2020/09/28/a-young-kennedy-in-kushnerland-turned-whistle-blower>. Excerpt: "On his first day, he showed up at the headquarters of the Federal Emergency Management Agency and joined around a dozen other volunteers, all in their twenties, mostly from the finance sector and with no expertise in procurement or medical issues. He was surprised to learn that they weren't to be auxiliaries supporting the government's procurement team. 'We were the team,' he said. 'We were the entire frontline team for the federal government.' The volunteers were tasked with finding desperately needed medical supplies using only their personal laptops and private e-mail accounts.

22. "The N95 shortage America can't seem to fix," <https://www.washingtonpost.com/graphics/2020/local/news/n-95-shortage-covid/>. America still fails on PPE, at great cost to human life. Excerpt: "The patient exhaled. She lifted her tongue for a thermometer. She raised her finger for a blood sugar test, and that's when she started coughing. One cough can send 3,000 droplets into the air, one droplet can contain millions of coronavirus particles, and now some of those particles were heading for the face of emergency department nurse Kelly Williams."

23. "Animated Maps: California Wildfires 1910–2019 (ESRI)," <https://youtu.be/o58Te06fOkw>. This video constitutes a succinct indicator with regard to fire risk, animating a century of California wildfires in just two minutes. Where are the 20 Senators and all the House members who represent the 10 states impacted by wildfires? I thank Jim Ringold for sending the link.

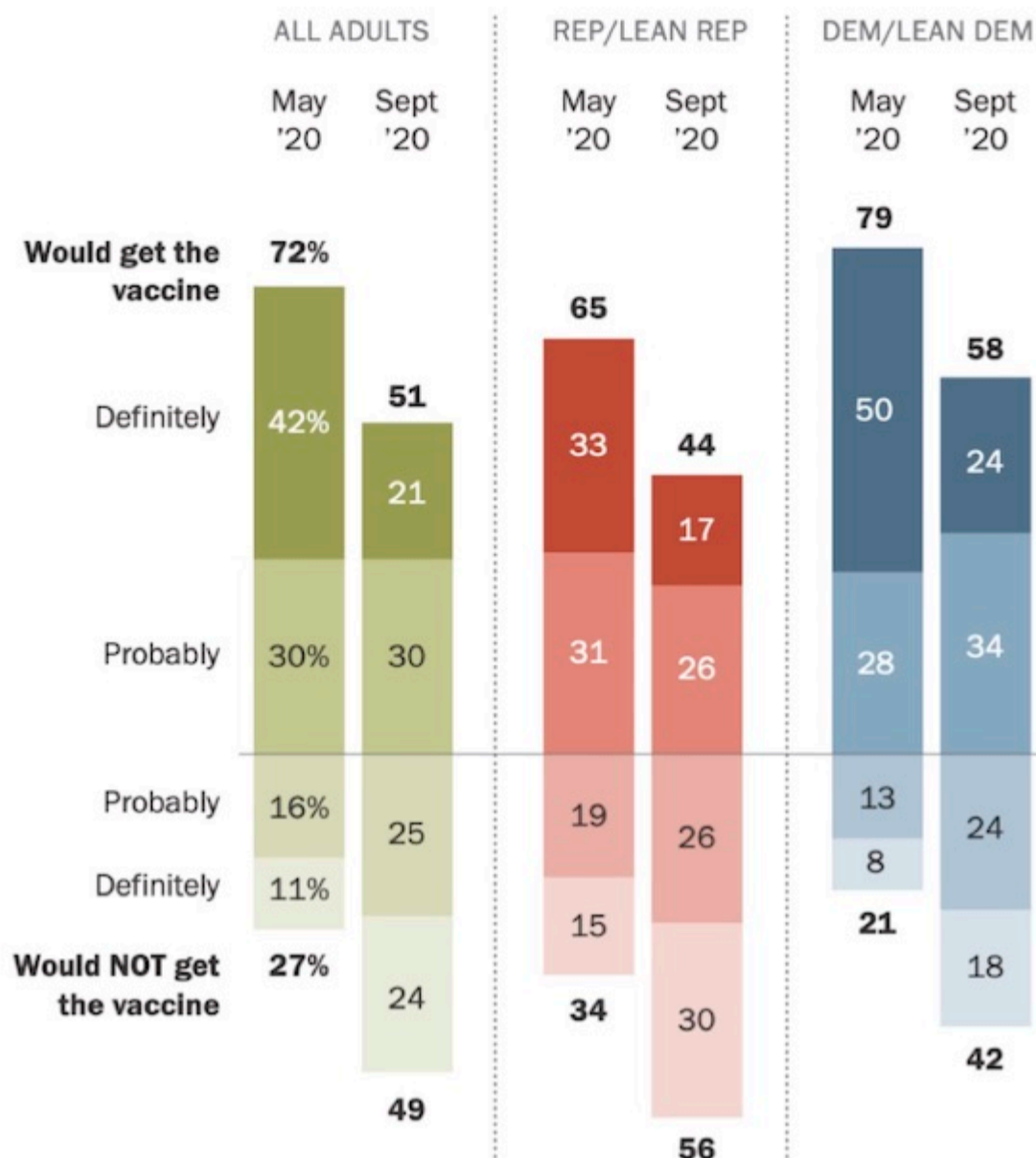
24. "This New Rule To Identify Recessions Could Give Investors An Edge," <https://www.forbes.com/sites/randybrown/2020/01/09/this-new-rule-to-identify-recessions-could-give-investors-an-edge/amp/>. This is the Sahm Rule: Economist Claudia Sahm [found that](#) if the unemployment rate's three-month moving average exceeded the

minimum from the last 12 months by at least 0.5%, then a recession was in play.”

25. “U.S. Public Now Divided Over Whether To Get COVID-19 Vaccine,” <https://www.pewresearch.org/science/2020/09/17/u-s-public-now-divided-over-whether-to-get-covid-19-vaccine/>

Drop in share of Americans who say they would get a COVID-19 vaccine if it were available to them today

% of U.S. adults who say if a vaccine to prevent COVID-19 were available today, they ...

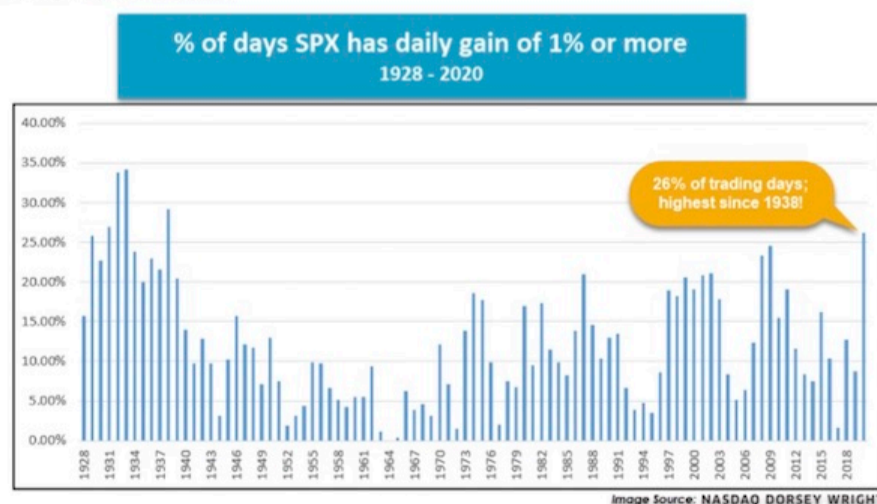


Note: Respondents who did not give an answer are not shown.
 Source: Survey conducted Sept. 8-13, 2020.
 “U.S. Public Now Divided Over Whether To Get COVID-19 Vaccine”

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26. Hat tip to Cumberland’s Matt McAleer for this chart:

In a year of rarities, we have recently had another uncommon market occurrence. So far this year, we have seen the S&P 500 index (SPX) produce a daily gain of 1% or more in 26% of trading days (48 instances out of 183 trading days). This is the highest percentage in a year since 1938! On the flip side, the SPX has dropped 1% or more in 21% of trading days this year, which is the highest percentage since 2009. The graph below shows the percent of days the SPX has gained 1% or more for each year, going back to 1928.



27. “Is the Stock Market Rooting for Trump or Biden?” <https://www.nytimes.com/2020/09/21/opinion/stock-market-trump-biden.html?referringSource=articleShare>. Conclusion: “Neither. Wall Street is not as partisan as you think.”

28. Astrologers assert that a major change is evolving right now. We are in a three-month period of “super new moons” and a moon “wobble.” These are supposedly highly unusual forces with powerful effects on the psyche. For a discussion of what this all means, see “Prepare For Heightened Energies And Instability During The Virgo New Moon,” The Wild Child, <https://thewildchild.co.za/virgo-new-moon/>. Enjoy.

Please be safe and have an interesting Sunday.

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