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Sadoff Investment Management is an independent investment advisor. That means we strategize the best path to your most important goal, and we're not distracted by the need to sell specific products. What makes us truly different is our strategy to protect your investment in the downtimes. At every step, we promise to be dependable and easy to work with. Our family is looking out for yours.



Bryan, Ronald and Michael Sadoff

This report provides insight into the decision making process that supports the company's time tested investment strategy.

For more information please check us out at www.sadoffinvestments.com

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Sweet Spot For The Economy and Stocks

The two most bullish factors influencing the economy and stock market are:

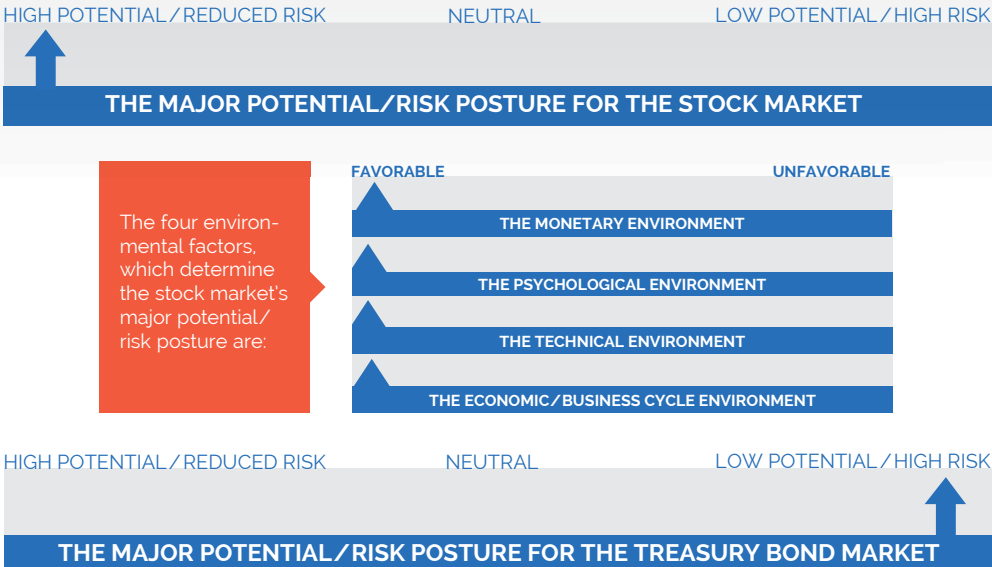
- 1) the level and direction of interest rates and
- 2) government spending such as the \$1.9 trillion covid relief package and the proposed \$2.0+ trillion infrastructure spending bill.

Accordingly both the economy and stock market are in a "sweet spot."

Federal Reserve Chairman, Jerome Powell, commented the economy appears to be at

an inflection point with output and job growth poised to accelerate in the months ahead as long as the Covid-19 pandemic retreats. He added "we feel like we're at a place where the economy's about to start growing much more quickly and job creation coming much more quickly."

Many forecasters expect economic output to expand 6.4% this year (the fastest growth rate since the early 80's) and private sector payrolls to rise by 7 million.



For descriptions of the "environments" listed above, please visit us on the web at www.sadoffinvestments.com/disclosures

Interest Rates Will Remain Low

The Fed Chair also added “we’ve been living in a world of strong disinflationary pressure around the world really for a quarter of a century and we don’t think a one time surge in spending leading to a temporary price increase will disrupt that.” He further noted that the recovery is far from complete and needs continued support “for as long as it takes.” He added there would have to be substantial progress in the labor market before the Fed considers raising interest rates and that price increases resulting from the economy reopening and people spending big will be temporary.

Fed member, Randal Quarles, added the central bank will deliver an overshoot of its 2% inflation target.

These factors are important for our well disciplined investing strategy because bull markets generally have remained intact until short term interest rates rise dramatically for an average of 1 year 10 months. Conclusion: interest rates will remain low and subsequently this bull market will extend for quite some time.

An interesting approach to forecasting the interest rate trend is to monitor the spread between the yield for high grade and junk bonds. Currently this differential is historically quite compressed: very bullish.

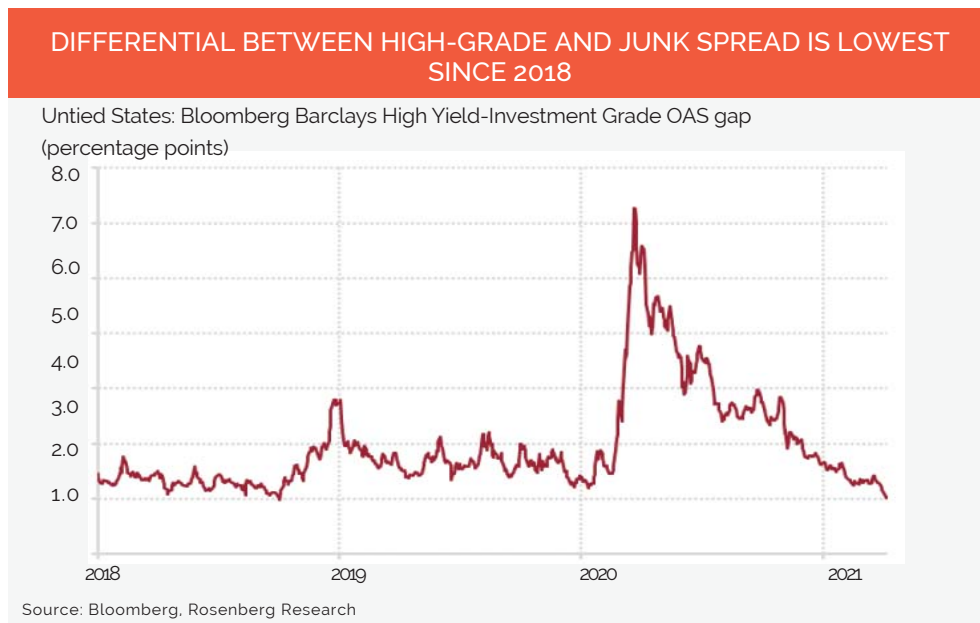


Chart courtesy of Rosenberg Research



Translation: the yield for both quality and junk bonds is low and narrow: excellent environment to help power economic growth.

Our Improving Economy

After being quarantined for nearly a year consumers are now on a spending spree to shop, dine out and travel. The vaccine program is off to a successful start. Several components of our economy are extremely positive. The backlog of the orders index is at a very high level while inventory levels are quite low. Retailers need to restock their shelves which in turn means manufacturers must play catch up.

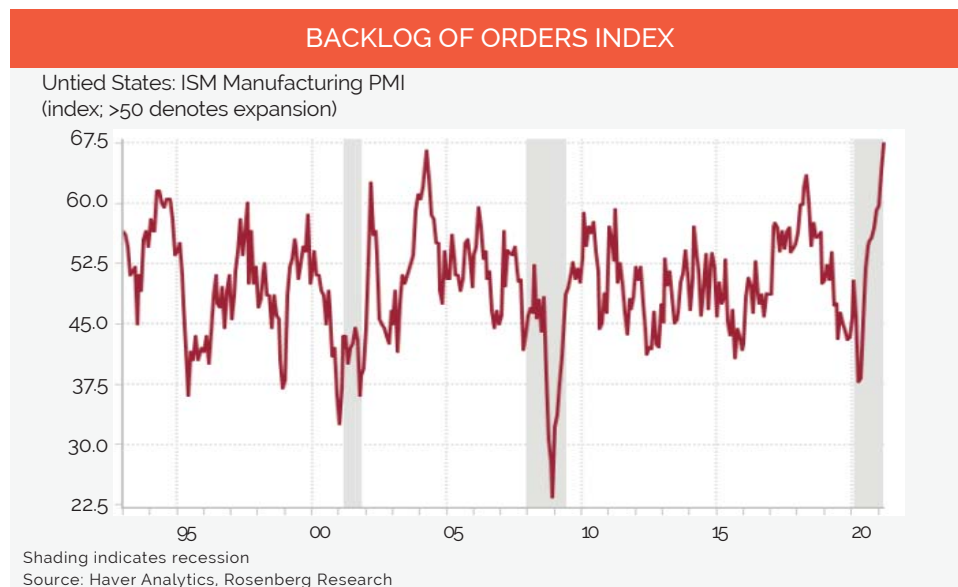


Chart courtesy of Rosenberg Research



Chart courtesy of Rosenberg Research

Packaged together, these 3 charts (backlog of orders, customer inventories and new orders index) confirm the economy will strengthen.

Meanwhile shortages are widespread which have resulted in several price spikes and production delays. For example, computer chips, essential for laptops, phones, wireless networks and autos, are on backlog causing production delays and backups. The auto manufacturers have temporarily closed factories while they await the necessary computer chips. Simply put, manufacturers and retailers don't have many of the products which customers want.

NEW ORDERS INDEX

United States: ISM Manufacturing PMI
(index; >50 denotes expansion)

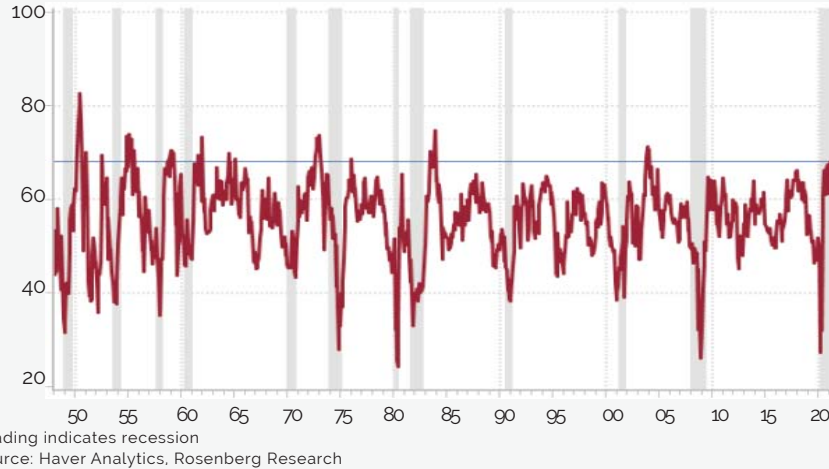


Chart courtesy of Rosenberg Research

The Suez Canal ship blockage and severe Texas storms worsened the delays. The semiconductor companies cut back on manufacturing during the pandemic. Many employers, especially in the restaurant and service industry are facing labor shortages despite the 6% unemployment rate.

Bottom line: going forward the unwinding of these shortages will help boost the economy.

An Excellent Stock Market Momentum Indicator

The Coppock Guide, a composite of several stock market momentum tabulations, reflects the early stage for this bull market. Notice the excellent record of the buy signals over the past seventy years.

COPPOCK GUIDE

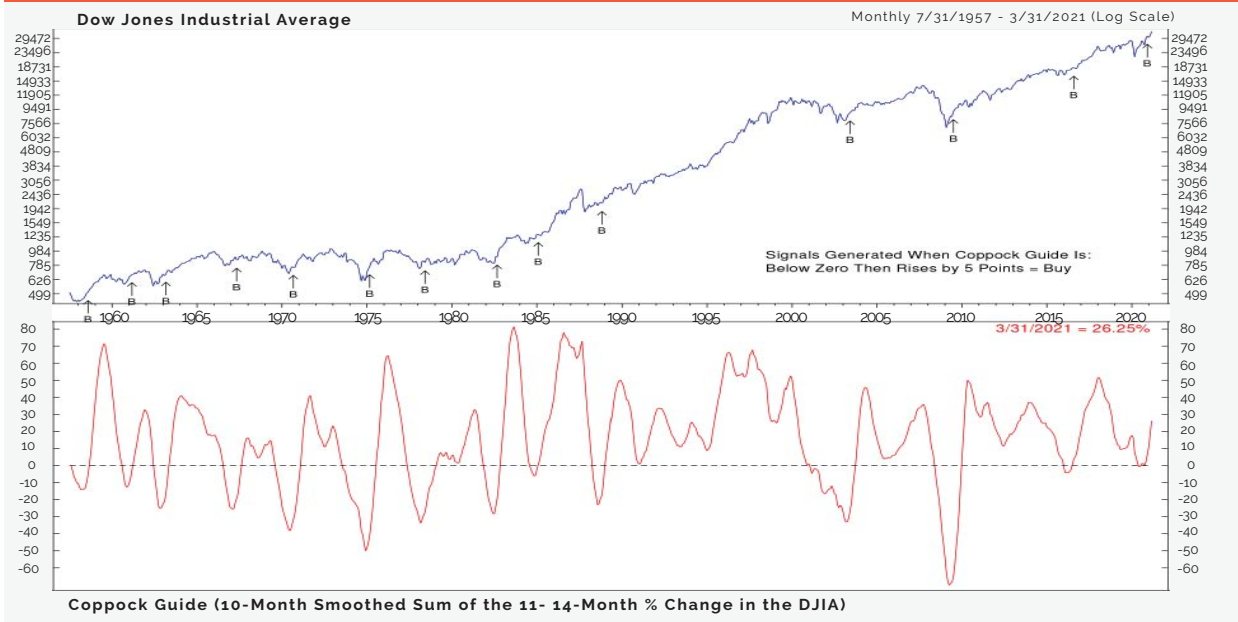


Chart courtesy of Ned Davis

On A Personal Note...

Michael Sadoff

I hope you and your families have been doing well and staying healthy. Our family spent time hunkered down together at home last spring and summer. Thankfully before the pandemic we took one of our favorite family trips to South Africa visiting Cape Town, Victoria Falls and going on safari. Last year I played a record amount of golf as it was one of the best activities for social distancing. It was fun to see my wife and kids all play a lot of golf as well.



Elephant Camp - Zimbabwe



Cape of Good Hope - Cape Town, South Africa

This fall we will have another child heading off to college. Our daughter Jordan will be moving out to Los Angeles to attend UCLA majoring in business economics. We are excited to be spending more time in Los Angeles and hopefully attending some Lakers games as well as UCLA basketball and football games.

Our son Justin is finishing up his sophomore year at University of Colorado Boulder studying marketing. We are all hoping to attend the UCLA - Colorado football game in Los Angeles in November. So far my kids are following my college recommendation by going to colleges that are fun places to visit.

Our youngest Samantha, will be getting a lot of attention as the only child at home for the next three years. I know she can't wait to get her driver's license. Life is starting to feel back to normal now that the Milwaukee Bucks and Brewers are allowing fans back into games with social distancing. I have been getting out to golf a bit even though it is only 50 degrees here most of the time.



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