

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.

November 6, 2020

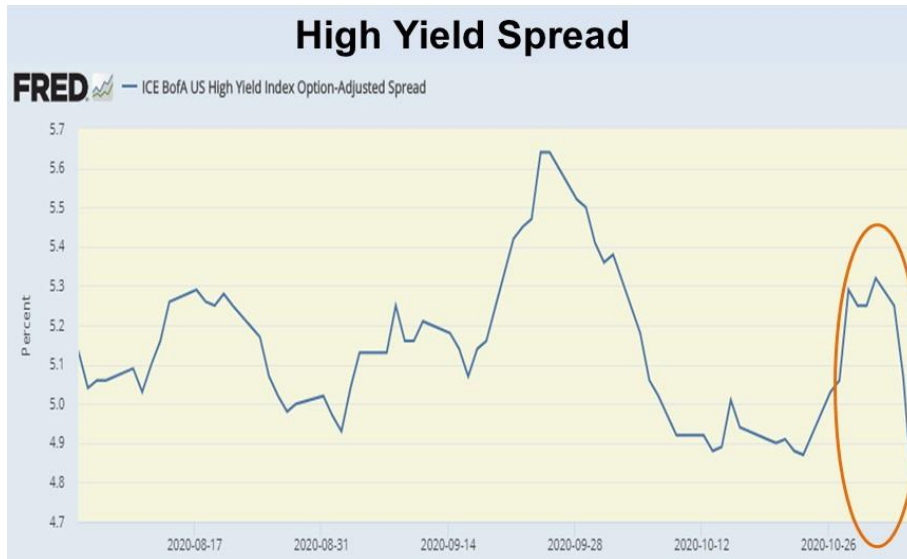
Election Results

From an investment perspective, the election results are in.

Uncertainty and volatility collapsed. In advance of the election, many investors were anxious and bought insurance (via put options on the S&P 500) to protect their stock portfolios. Apparently, fear may have been overblown and the insurance protection is being unwound. Technically, unwinding put option insurance creates buying pressure. Fundamentally, less anxious investors are more willing to own risk assets.

CBOE Volatility Index (VIX)





10-year Treasury Rate Falls: This appears to be in reaction to divided government (Republican Senate, Democrat House) whereby government spending is less robust than it might have been under a single political party. Lower rates generally are a positive for stock values.

10-Year US Treasury Rate



Growth Stocks Fly: The NASDAQ 100 is up roughly 9% since market close, November 2. This appears to be the result of 1) lower interest rates causing out-year earnings estimates to have greater value, 2) less than expected regulation because of divided government and 3) an expectation for continued economic expansion.

NASDAQ 100 ETF (QQQ)



Marijuana High: The Alternative Harvest ETF (MJ) is up roughly 12% since the November 2 market open. Four more states (AZ, NJ, SD, MN) passed legislation to legalize cannabis putting the number of states at 15. MJ is factoring in this news and a higher probability for the legalization of marijuana nationally.

Marijuana High (MJ)



Delta Market Sentiment Indicator (MSI) is positive. From October 12 through the end of the month, the S&P 500 depreciated by about 8% on rising uncertainty primarily caused by the presidential election. Had the market not enjoyed the powerful post-election rally, the MSI would have been technically bearish. From a price momentum standpoint, the election caused the intermediate term outlook to remain bullish.

Dividing government is like placing a mute in a trumpet. We can hear the sound but at a lower volume and with an altered timbre (tone quality). For investors, we should see another round of stimulus albeit smaller than had the Senate flipped. We may also not see tax increases to the extent we may have with a Democrat controlled federal government. In any event, the uncertainty of who is president is nearly resolved and reduced uncertainty is a boost for stocks.

Give Us a Call Today

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.



Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

50.0

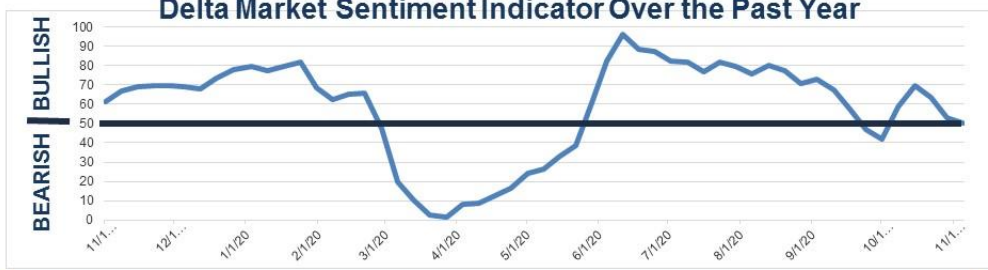
Our technical indicator decreased from 53.0 to 50.0 this week

INDICATOR STATISTICS

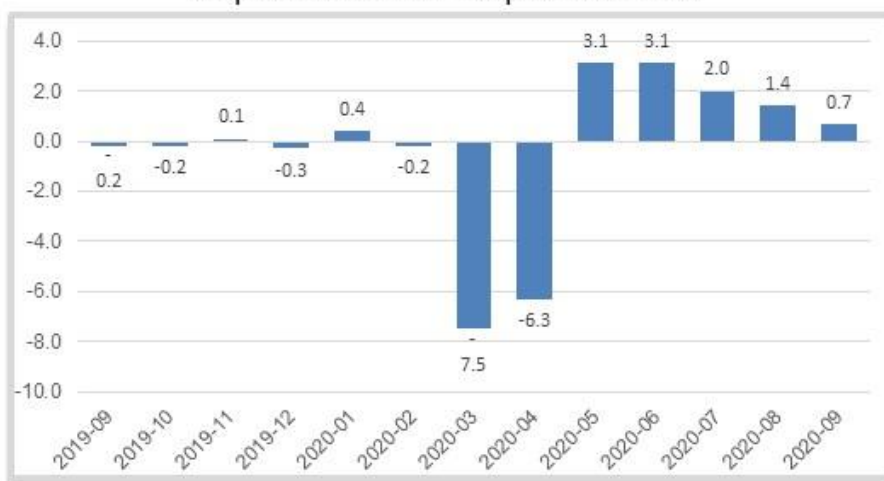
Consecutive Bullish Weeks:	5
Cycle Inception Date:	10/8/2020
Range:	50.0 – 69.5
Mean:	58.9
Bullish Weeks YTD:	30
Bearish Weeks YTD:	15
*S&P 500	1.9%
*DJIA	0.3%
*NASDAQ	3.9%

* Percentage change during current cycle

Delta Market Sentiment Indicator Over the Past Year



Leading Economic Index % Change Monthly September 2019 – September 2020



Source: The Conference Board, updated monthly – last update 10/22/2020

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