

*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](mailto:info@deltaim.com) or 415-249-6337 to learn more.*

June 11, 2021

## **Raise the Roof**

Stocks rise as far as earnings growth, interest rates and investor risk appetite will allow. If these metrics are moving in the wrong direction, it can place a ceiling on stock valuation. Through March of this year, interest rates were rising and investor risk tolerance was flat to up. Earnings growth has been good but is not expected to accelerate. The S&P 500 traded sideways.

It's time to raise the roof. The 10-year treasury has been trending lower for the past couple of months and has broken below 1.5%. Lower interest rates translate into a lower stock earnings discount rate and higher valuations.

## **10-Year Treasury Yield**

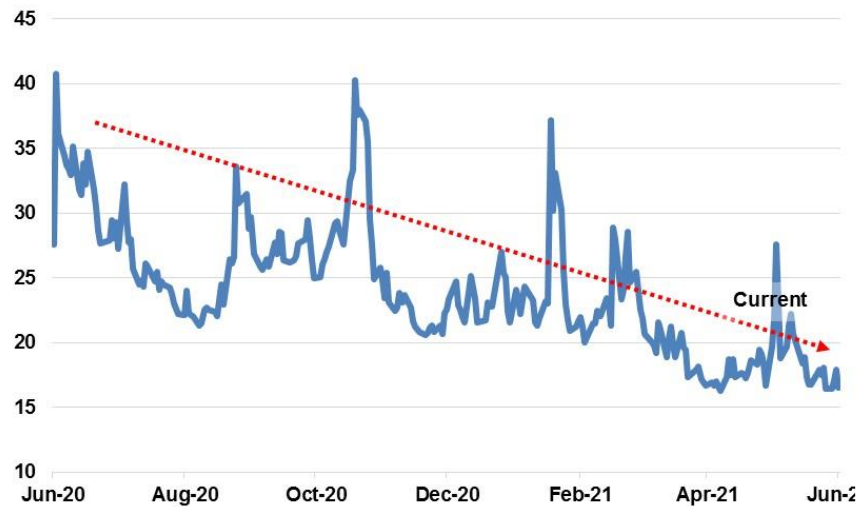
Past 12 Months



Investor risk appetite is expanding as measured by the CBOE Volatility Index (VIX). The VIX is an indication of put option buying (downside protection) being bought by investors on the S&P 500. The lower the number, the greater the risk appetite.

# CBOE Volatility Index (VIX)

Past 12 Months



We will know more about earnings growth in roughly 30 days when the second quarter earnings season begins. From all indications, earnings growth should at least meet consensus expectations in aggregate.

Given the inputs of lower interest rates, rising risk appetite and solid earnings growth, it is no surprise that the S&P 500 is reaching new all-time highs this week.

# S&P 500

Past 12 Months



The stock market is behaving in a rational and expected manner given its current inputs. This is not always the case. It is easy to become complacent when gains are enjoyed in a steady and sizable manner. However, this may be the best time to consider how you will respond during future market periods when the price action is choppy or trending lower. We recommend thinking this through carefully and having a well-conceived investment plan in place to manage through whatever the future may bring.

### Let Us Help You Position Your Portfolio – 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](http://www.deltaim.com) or email us at [info@deltaim.com](mailto:info@deltaim.com).



*“The good news is that a delicious stick of jerky is still a very affordable seventy-five cents.”*

---

# Delta Stock Market Dashboard

MARKET SENTIMENT IS

**BULLISH**

THIS WEEK'S NUMBER IS

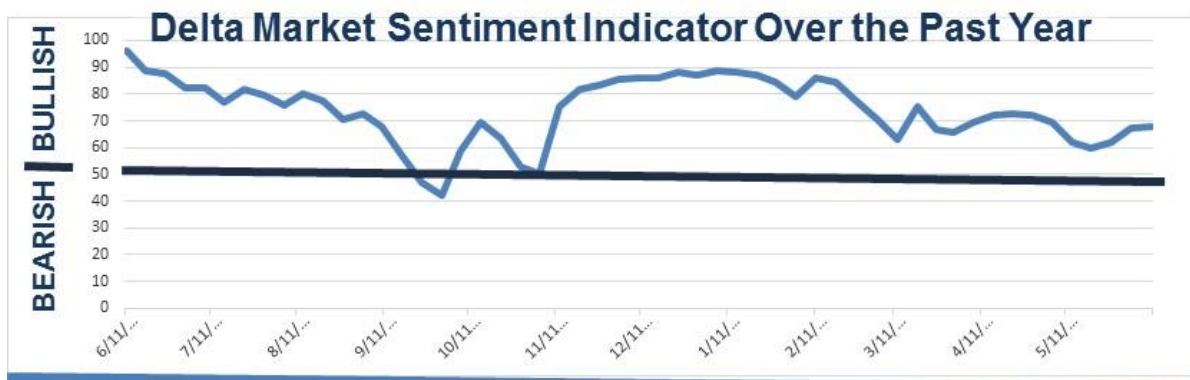
**67.9**

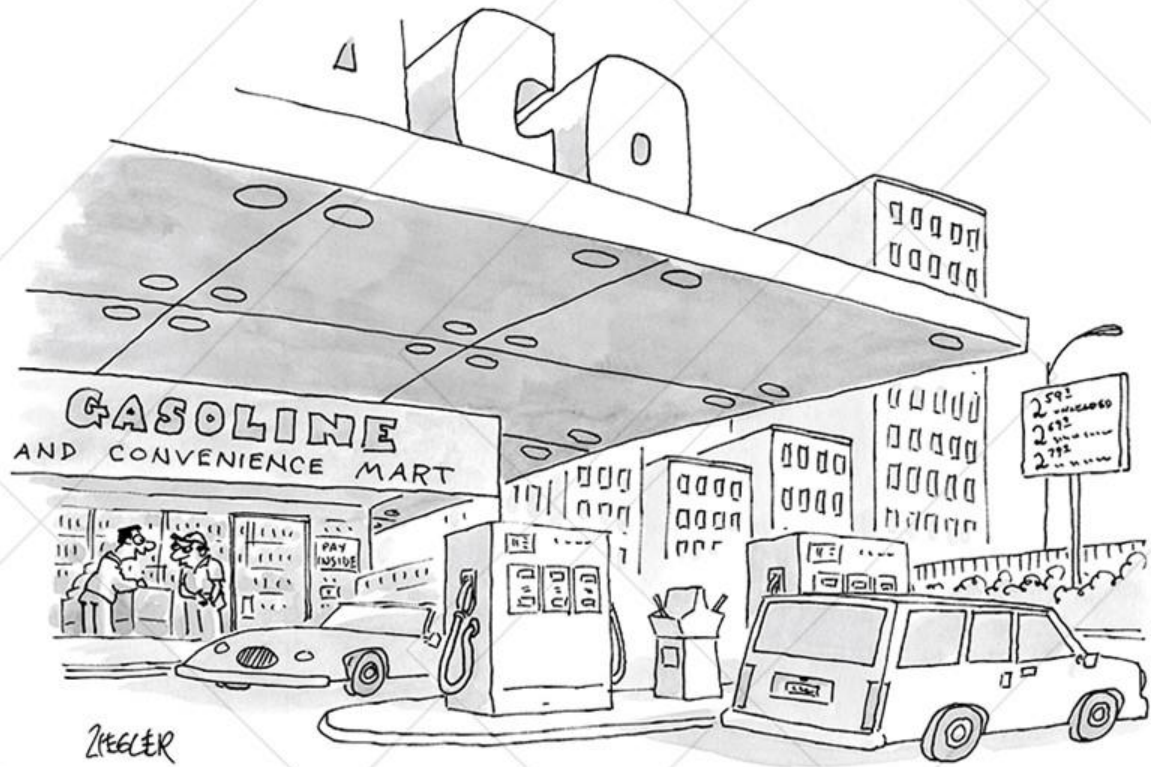
Our technical indicator increased  
from 67.3 to 67.9 this week

**INDICATOR STATISTICS**

Consecutive Bullish Weeks:	36
Cycle Inception Date:	10/8/2020
Range:	58.6 – 88.6
Mean:	73.9
Bullish Weeks YTD:	23
Bearish Weeks YTD:	0
*S&P 500	23.1%
*DJIA	21.7%
*NASDAQ	22.7%

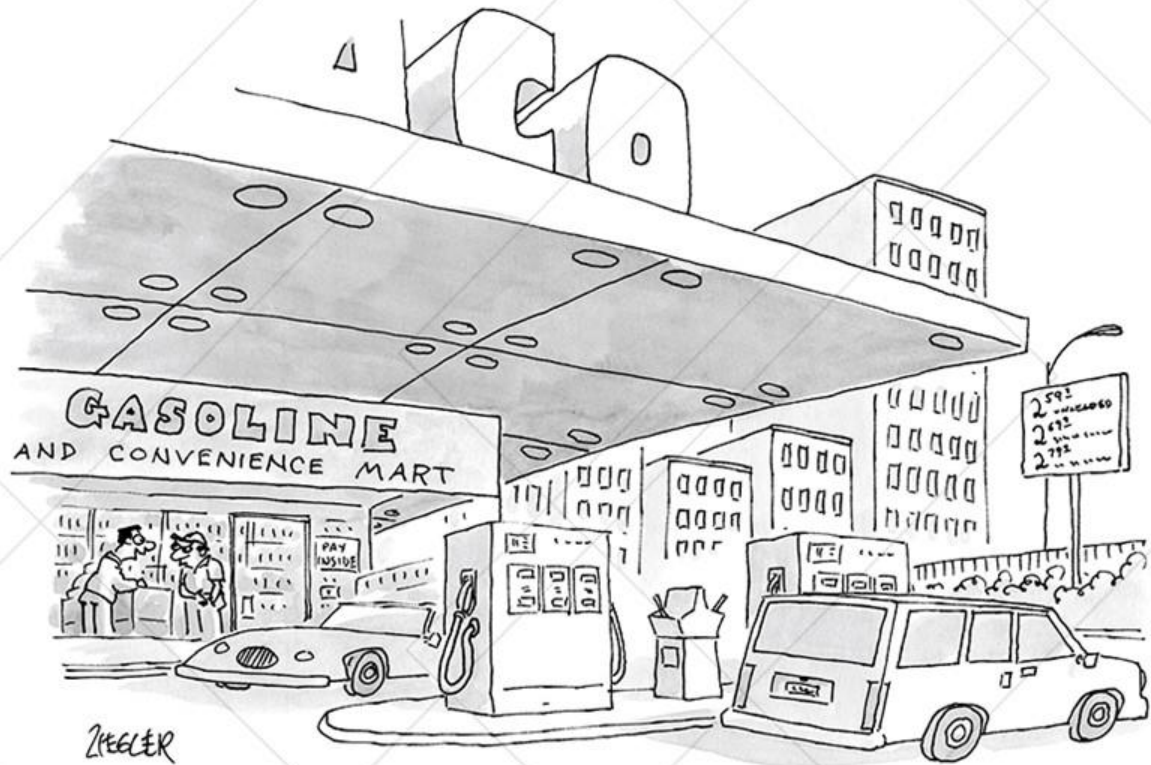
*\*Percentage change during current cycle*





*"The good news is that a delicious stick of jerky is still  
a very affordable seventy-five cents."*





*"The good news is that a delicious stick of jerky is still  
a very affordable seventy-five cents."*

---

Pursuant to the provisions of Rule 206(4)-1 of the Investment Advisors Act of 1940, we advise all readers to recognize that they should not assume that recommendations made in the future will be profitable or will equal the performance of past recommendations. This publication is not a solicitation to buy or offer to sell any of the securities listed or reviewed herein. The contents of this letter have been compiled from original and published sources believed to be reliable, but are not guaranteed as to accuracy or completeness. Nicholas Atkeson and Andrew Houghton are also principals of Delta Investment Management, a registered investment advisor. Clients of Delta Investment Management and individuals associated with Delta Wealth Adviser may have positions in and may from time to time make purchases or sales of securities mentioned herein.

THIS NEWSLETTER IS PROTECTED BY COPYRIGHT LAW. UNAUTHORIZED DISTRIBUTION AND/OR REPRODUCTION BY PHOTOCOPY OR ANY OTHER MEANS IS STRICTLY PROHIBITED AND PUNISHABLE BY A FINE OF UP TO \$25,000.