

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.

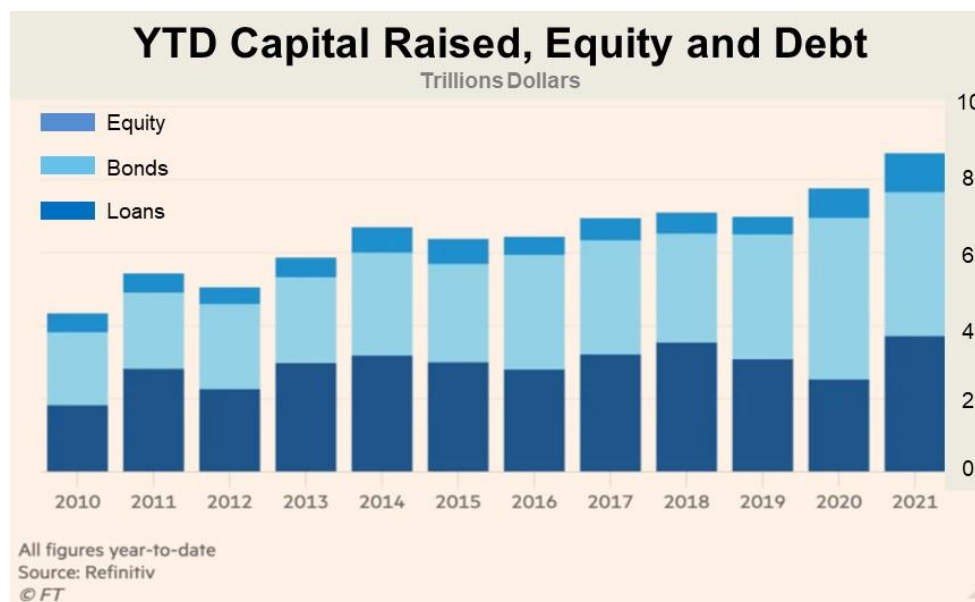
Delta manages portfolios at TD Ameritrade and Schwab.

Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

October 8, 2021

Global Market Warming

The capital markets have never been this hot. The stock market is near all-time highs and interest rates are low. Companies are issuing equity and borrowing money at a record rate this year. Year-to-date, more than \$1 trillion worth of equity and nearly \$4 trillion of bonds have been sold. When you add loan deals, a total of roughly \$8.7 trillion has been raised.



Money raised by corporations generally ends up supporting stock prices. Companies use cash to buy back stock, increase dividends, invest in high return-on-equity businesses, and pay off more expensive debt. Easy and low-cost access to capital is an important component of the foundation of a long-term bull market.

In the short and intermediate term, stock market price weakness over the past five weeks [partly caused by: 1. uncertainty regarding the impact of supply chain constraints,

2. federal government negotiations on managing debt payments and infrastructure spending, 3. higher labor costs, 4) higher inflation (including oil prices) leading to higher interest rates and 5) China growth slowdown] has clouded the outlook. From a technical perspective, the Delta Market Sentiment Indicator (MSI) turned Bearish this week.

Third quarter earnings season begins next week. Analysts have revised down both earnings and GDP estimates for the third quarter with the expectation of a deceleration of growth quarter/quarter. 3Q GDP growth is expected to be roughly 4%, down from 6.7% in 2Q. Much of the longer-term bull case is that demand not satisfied today will be pushed out to the fourth quarter and into 2022. If this assumption is correct, company management teams should offer positive earnings guidance. If supply chain issues are worse than expected, guidance may disappoint and the stock market may pull back further. In the near term, one way to manage this risk is to reduce equity exposure going into the 3Q earnings season.

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 or email us at info@deltaim.com.



Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

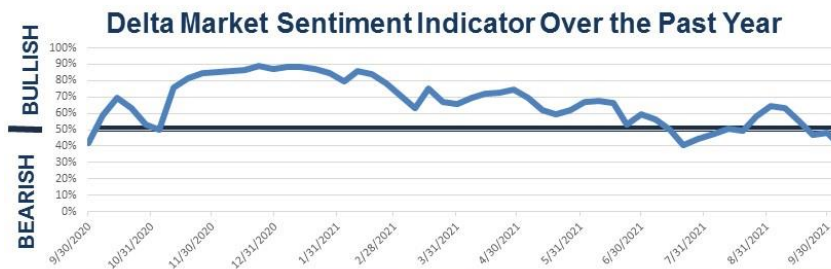
39.5

Our technical indicator decreased from 48.0 to 39.5 this week

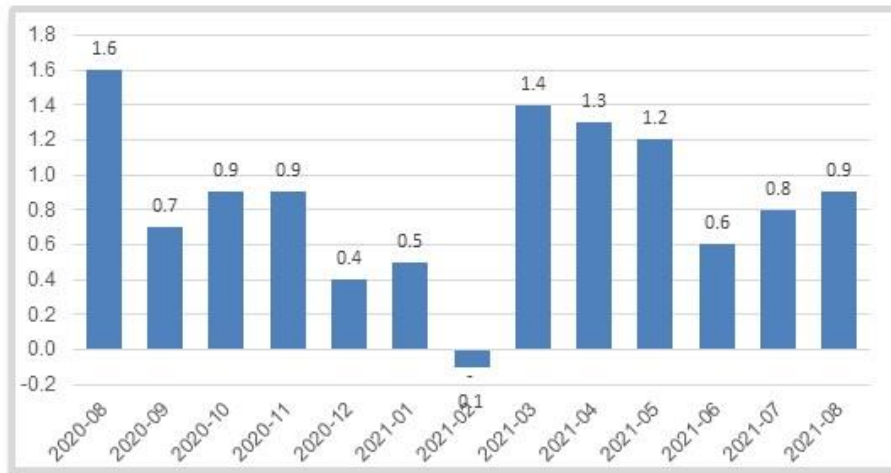
INDICATOR STATISTICS

Consecutive Bearish Weeks:	1
Cycle Inception Date:	10/7/2021
Range:	39.5
Mean:	39.5
Bullish Weeks YTD:	36
Bearish Weeks YTD:	4
*S&P 500	NA%
*DJIA	NA%
*NASDAQ	NA%

* Percentage change during current cycle



Leading Economic Index % Change Monthly August 2020 – August 2021



Source: The Conference Board – last update 09/23/2021

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