

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.

April 22, 2022

Unstoppable Spending Meets Historic Pessimism

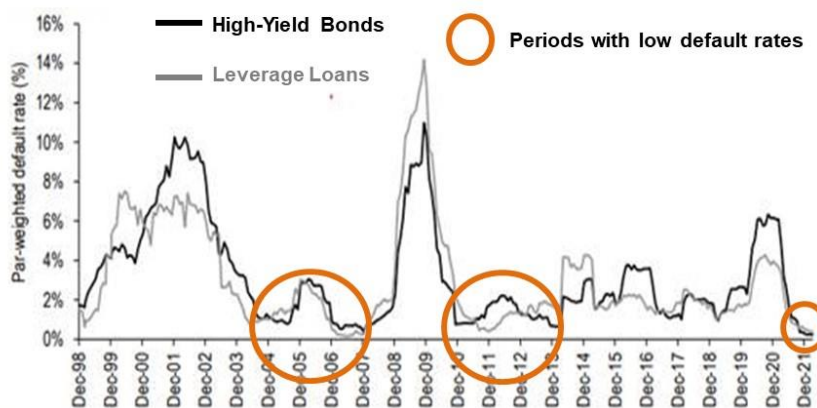
First quarter 2022 earnings season has begun. In the first days of earnings season, most major banks report. We learned from JPMorgan Chase, Wells Fargo, Bank of America, Citigroup etc. that consumers are spending their accumulated excess \$2 trillion held in savings and checking accounts. Businesses used Covid to refinance their debt and they generally have strong income statements and balance sheets.

Jamie Dimon, CEO of JPMorgan went so far as to say the strong underlying growth is not stoppable. "What I have pointed out in my letter is very strong underlying growth, right now, which will go on. **It's not stoppable.** The consumer has money. They pay down credit card debt. Confidence isn't high, but the fact that they have money, they're spending their money." - JPMorgan (JPM) CEO Jamie Dimon. Wells Fargo separately reported credit card spending up 33% from a year ago.

With strong consumer demand, manufacturing is strong. The New York Fed Empire State manufacturing index came in last week at the second highest level ever. Capacity utilization surged to 78.3% in March, up from 77.7% in prior month and now at strongest since January 2019. Higher capacity utilization is good for margins and overall profit growth.

Robust revenue trends are keeping corporate bond default rates low. Analysts expect high-yield default rates on corporate debt of 0.75% this year and 1.25% in 2023. This is well below the long-run average in excess of 3%. The low default rate resembles the 2010-2013 and 2004-2007 time periods, both of which enjoyed bull stock markets.

High-Yield Bond and Loan Default Rates



The above bullish news is met with historic bearish sentiment. It was reported last week that the American Association of Individual Investors sentiment survey showed a bullish reading of just 15.8%, which was the lowest since 1992. Markets tend to make their biggest moves when investors are surprised with positive or negative news. The current surprise is the economic fundamentals are better than expected which is causing many negatively positioned investors to chase positive performance.

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.



SIPRESS

"It's National Poetry Month, Marion, and by God we're gonna read some poetry."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

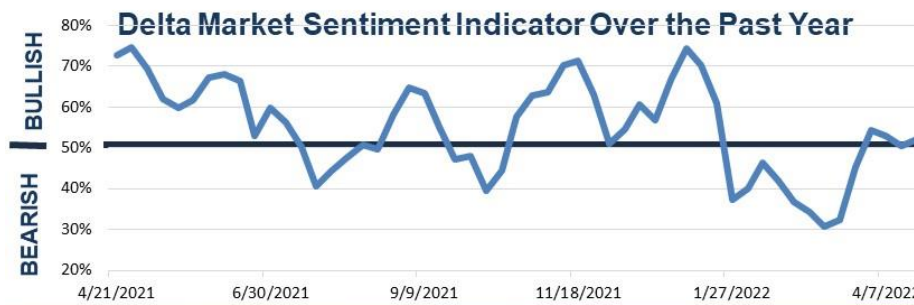
52.1

Our technical indicator increased from 50.4 to 52.1 this week

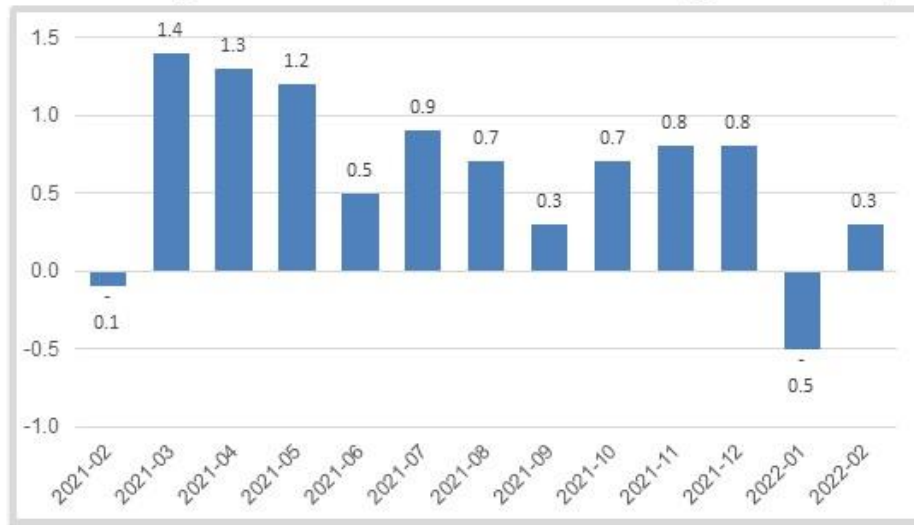
INDICATOR STATISTICS

Consecutive Bullish Weeks:	4
Cycle Inception Date:	3/31/2022
Range:	50.4 - 54.3
Mean:	52.5
Bullish Weeks YTD:	7
Bearish Weeks YTD:	9
*S&P 500	-2.3%
*DJIA	0.7%
*NASDAQ	-6.1%

*Percentage change during current cycle



Leading Economic Index % Change Monthly



Source: The Conference Board – last update 3/18/2022

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