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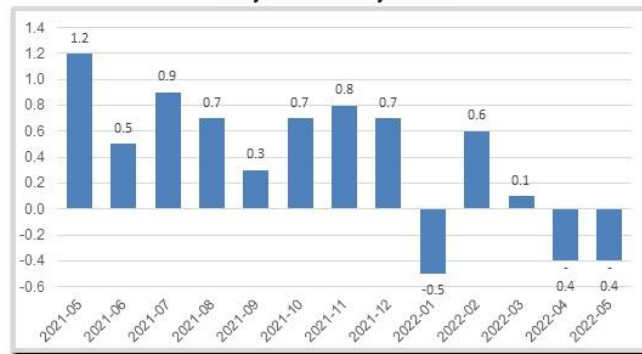
Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

June 24, 2022

LEI Trending Down

Last Friday, the Conference Board reported the Leading Economic Index (LEI) decreased by 0.4 percent in May and revised down April to -0.4% vs. -0.3% previously reported. The decline was “fueled by tumbling stock prices, a slowdown in housing construction, and gloomier consumer expectations.” The June LEI will likely decline again when reported in July given the stock sell-off in June and weak consumer sentiment. If so, the 6-month moving average will turn negative next month.

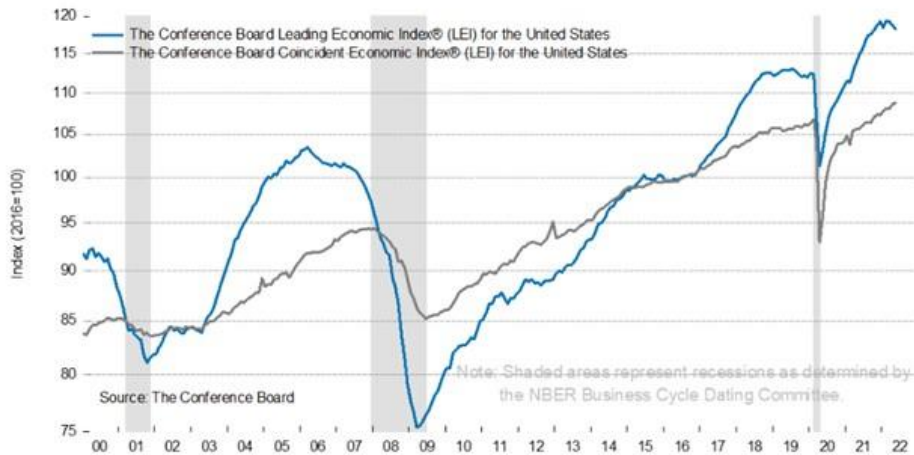
Leading Economic Index % Change Monthly
May 2021 – May 2022



Source: The Conference Board—last update 6/17/2022

“The index is still near a historic high, but the US LEI suggests weaker economic activity is likely in the near term—and tighter monetary policy is poised to dampen economic growth even further” said The Conference Board’s Senior Director of Economic Research Ataman Ozyildirim. The chart below shows the LEI rolling over from all-time highs in December. Recessionary periods have always been preceded by a declining LEI.

Leading Economic Index 2000 – 2022

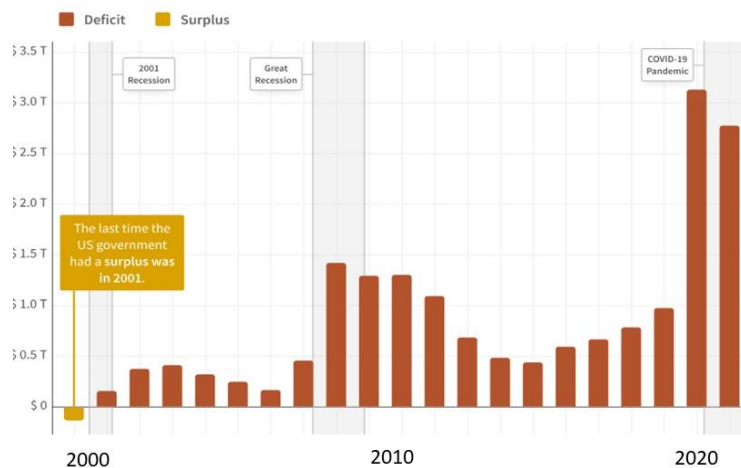


Federal Deficit Trending Down

The scale of the \$1.9 trillion Covid-19 relief plan was a macroeconomic stimulus not seen since WWII and is a major factor for the inflationary pressures facing the U.S. today. The excessive demand the U.S. is experiencing today should decline by a fast-falling federal deficit and the aggressive Fed tightening.

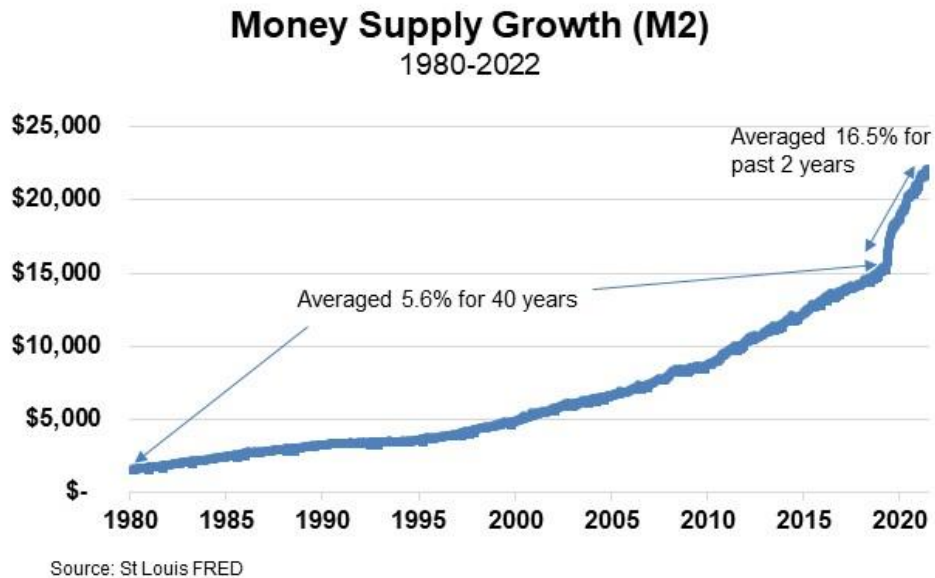
According to the latest Congressional Budget Office estimates, the federal deficit could fall from \$2.8 trillion or 12.4% of GDP in fiscal 2021 to just \$1.0 trillion or 4.2% of GDP in fiscal 2022. This would mark the single largest decline in the budget deficit relative to GDP since 1947 and reflects an end to a host of government benefits, many of which were particularly significant for low- and middle-income consumers.

Federal Deficit (and Surplus) 2000 - 2021



Slower Money Supply Growth the Key

Money supply grew on average of 5.6% from 1980 to 2020. During the pandemic (the past two years), money supply grew 16.5%. First Trust's economist Brian Wesbury argues the Fed needs a targeted and persistent reduction in M2 growth. Wesbury says "It is the rapid growth in the money supply that got us into the inflation mess and it will be slower growth in M2 that will get us out."



The S&P 500 is down roughly 21% year-to-date and reflects tightening financial conditions and slowing consumption. Markets tend to surprise investors both on the upside and downside. The macroeconomic indicators are starting to confirm a recession outlook and a patient approach near-term is appropriate. Longer term, valuations are attractive and many of the secular growth trends in the shift to a digital, information-based economy remain firmly in place. Market drawdowns offer opportunities for new wealth creation going forward.

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.



“Oh, come on!”

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

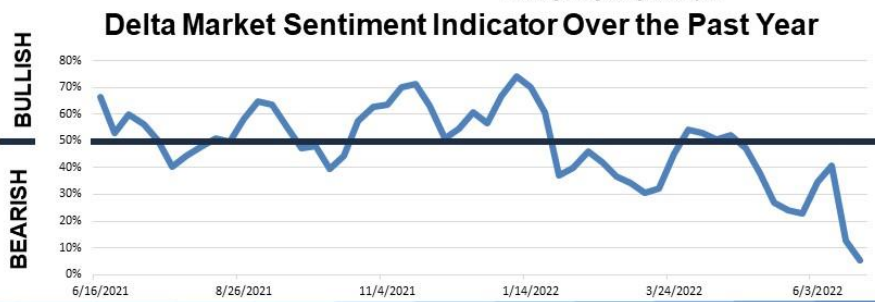
5.2

Our technical indicator decreased
from 12.6 to 5.2 this week

INDICATOR STATISTICS

Consecutive Bearish Weeks:	8
Cycle Inception Date:	5/4/2022
Range:	5.2 – 40.8
Mean:	25.7
Bullish Weeks YTD:	8
Bearish Weeks YTD:	17
*S&P 500	-11.8%
*DJIA	-9.8%
*NASDAQ	-112.2%

* Percentage change during current cycle



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