

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.

September 23, 2022

Running Up Hill

The Federal Reserve is now projecting a terminal Fed Funds rate of about 4.6%. This is up from about 3.8% over the past month. On August 1, the 10-year US treasury was about 2.6%. Today, it is 3.7%.

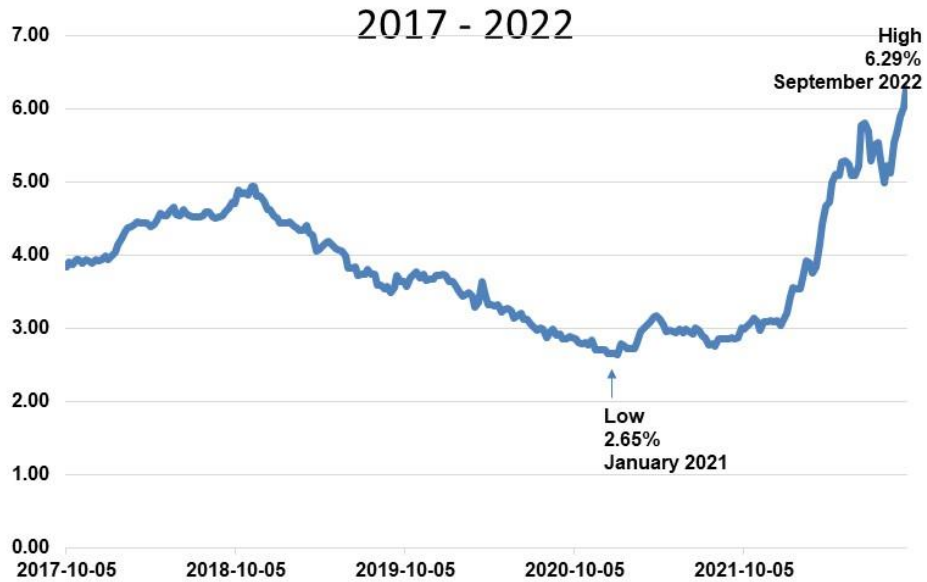
10-Year U.S. Treasury Rate



The greater than 40% increase in the 10-year rate places a significant braking force on the economy and stock market. One example is the housing market.

30-year mortgage rates are now greater than 6% for the first time since November 2008 and 137% greater than the low (2.65%) set in January 2021.

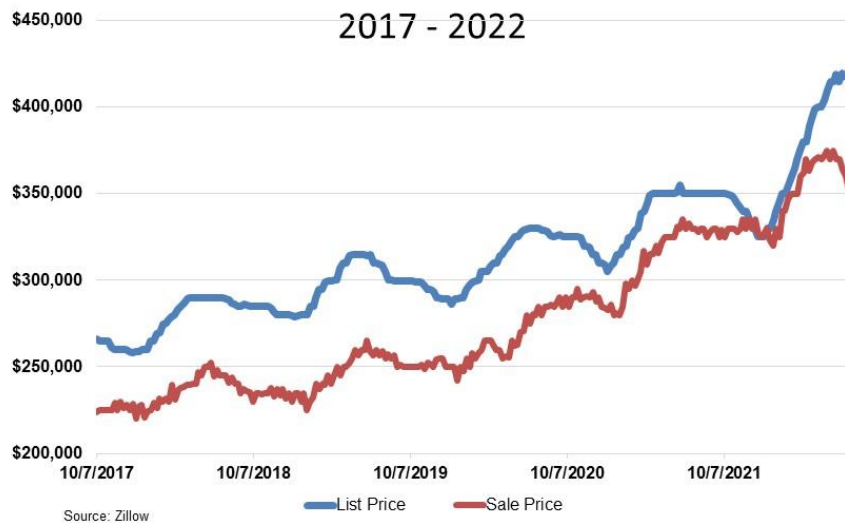
30-Year US Mortgage



Higher rates are putting pressure on housing prices which are rolling over.

Home Prices

National Median List and Sale Price



The total monthly payment on a median single-family home has jumped 50% from \$1,660 in January 2021 to \$2,500 today (includes mortgage payment, property tax and insurance).

The full impact of rate increases on the overall economy will not be felt for months. Given the speed at which rates have risen, it is somewhat surprising how well stocks have held up. The low in the S&P 500 index in 2022 year-to-date was in mid-June at 3637 with the 10-year treasury at 3.4%. Today, the S&P 500 is 3% above its low with interest rates higher.

The stock market is been pulled by opposing forces. On the downside, the current interest rate environment is substantially worse likely leading to a more significant economic slowdown and increased pressure on P/E multiples. On the upside, investors are anticipating the end of rate hikes and an eventual reduction in rates. At the moment, the market projects a rate hike peak in the Spring of 2023.

Unfortunately, the stock market will remain volatile until there is more clarity on how far inflation and rates will go. The recent price depreciation and volatility has caused the Delta Market Sentiment Indicator (MSI) to turn bearish for the intermediate term.

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.



"I know—let's call this one Operation Lowered Expectations."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

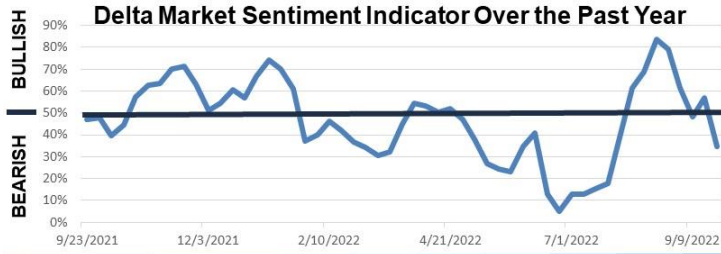
34.8

Our technical indicator decreased from 56.7 to 34.8 this week

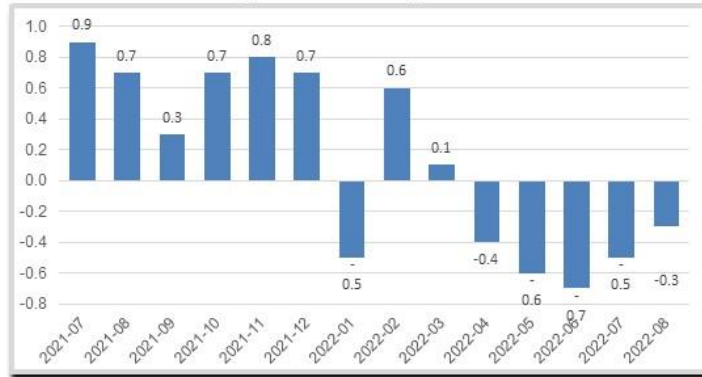
INDICATOR STATISTICS

Consecutive Bearish Weeks:	1
Cycle Inception Date:	9/22/2022
Range:	34.8
Mean:	34.8
Bullish Weeks YTD:	15
Bearish Weeks YTD:	23
*S&P 500	NA%
*DJIA	NA%
*NASDAQ	NA%

* Percentage change during current cycle

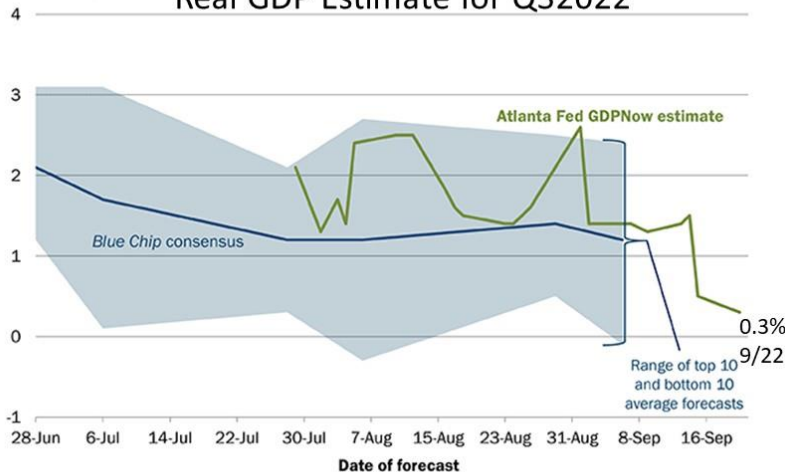


Leading Economic Index % Change Monthly August 2021 – August 2022



Source: The Conference Board – last update 9/22/2022

Atlanta Fed GDPNow Forecast Real GDP Estimate for Q32022



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

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