

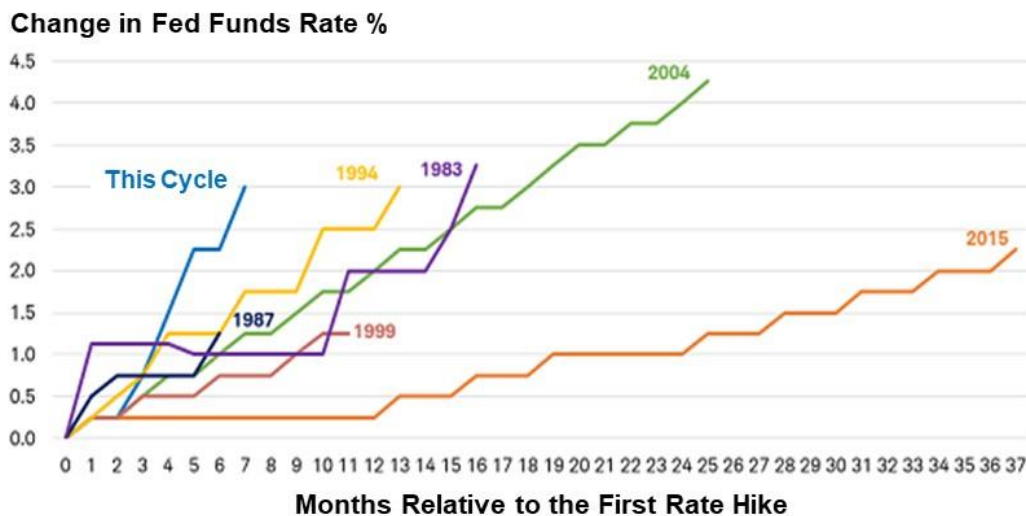
*Delta Investment Management is a registered investment advisory firm. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new turnkey asset management solution.
Delta manages portfolios at TD Ameritrade and Schwab.
Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.*

September 30, 2022

Interest Rate Blitz

The Federal Reserve is raising the Fed Funds rate at the fastest pace ever.

Fed Funds Rising at Fastest Pace Ever



Note: Data is short-term interest rate targeted by the Federal Reserve's Federal Open Market Committee as part of its monetary policy. Source: Bloomberg, Federal Funds Target Rate – Upper Bound (FDTR Index), using monthly data.

30-year mortgage rates climbed above 7% this week, up from 6.4% last week and up from the January 2021 low 2.65%.

The Barclays Aggregate Bond Index (investment grade corporate bonds) is down 16% year-to-date. The S&P 500 is back to June lows of down 24%. Stocks and bonds have been sacked by blitzing rates.

In some weird way, the markets are hoping that something breaks to allow the whistle to be blown on this play and cause the Fed to return to the huddle. If unemployment were

to jump higher, inflation to fall or some other clear sign that rates have gone too far too fast, the market would respond favorably.

Technically, the stock market is offering bullish signals. Bespoke Investment noted last week that 25% of all trading days so far this year have been declines of 1%+. The only other post-WWII years with a higher frequency were 1974 (26.6%), 2002 (28.6%), and 2008 (29.6%). If history repeats, we are approaching a market bottom.

The only years with higher volatility in stocks at this point than 2022 (178 trading days) are:

- 1930s (Great Depression, World War II)
- 2002 (Dot-Com Crash)
- 2009 (Global Financial Crisis)
- 2020 (Covid Crash)

This provides another encouraging sign that we may be approaching a bottom.

Market sentiment is near all-time lows. More than 33 million puts in the options market traded last Friday, the highest single day of put volume since data began to be collected roughly 30 years ago. The Delta Market Sentiment Indicator is well below 20 and approaching single digits for the second time this year.

But even with these positive technical indications, Fed Chair Jerome Powell seems committed to a higher interest rate playbook. "We have got to get inflation behind us. I wish there were a painless way to do that. There isn't. So, what we need to do is get rates up to the point where we're putting meaningful downward pressure on inflation, and that's what we're doing."

When uncertainty is this elevated and signals are mixed, it is best to keep with the game plan. The game plans deployed by Delta range from highly tactical approaches that greatly reduce equity exposure when market momentum turns bearish to buy-and-hold quality assets through the turbulence.

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.



"Football takes my mind off baseball."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BEARISH

THIS WEEK'S NUMBER IS

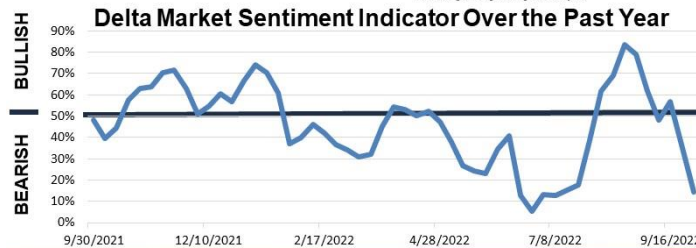
14.3

Our technical indicator decreased from 34.8 to 14.3 this week

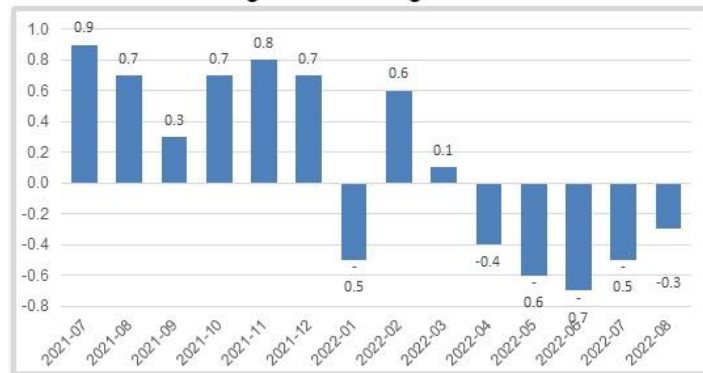
INDICATOR STATISTICS

Consecutive Bearish Weeks:	2
Cycle Inception Date:	9/23/2022
Range:	14.3 -34.80
Mean:	24.6
Bullish Weeks YTD:	15
Bearish Weeks YTD:	24
*S&P 500	-2.6%
*DJI	-2.4%
*NASDAQ	-3.0%

* Percentage change during current cycle



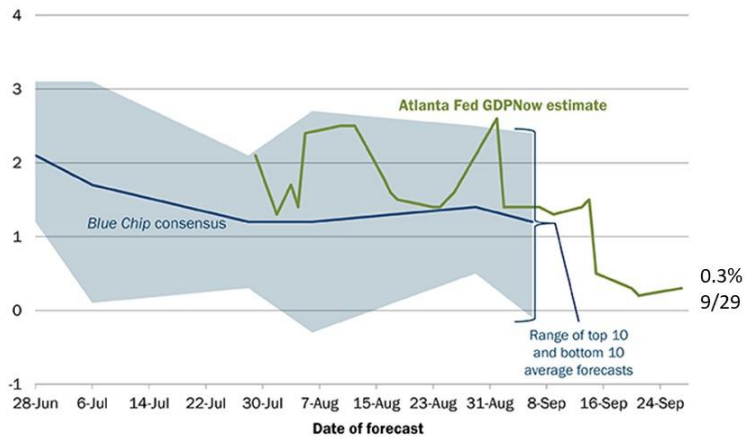
Leading Economic Index % Change Monthly August 2021 – August 2022



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

Atlanta Fed GDPNow Forecast

Real GDP Estimate for Q32022



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