

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.

July 21, 2023

Big Tech Gets Boost From Falling Dollar

The S&P 500 generates more than 35% of its revenue abroad. No sector in the S&P 500 has greater exposure to sales abroad than big tech (e.g., Amazon, Apple, Microsoft, Google, etc.) with about 56% of sales internationally derived. Big tech has an outsized impact on U.S. market cap weighted indexes like the S&P 500 and NASDAQ 100 as these are the largest companies in the index.

Every Group-of-10 currency (developed country currencies) has strengthened against the U.S. dollar over the past month. The yen rallied 4% in the past five sessions, the Swiss franc rose to the strongest since 2015, while the euro and pound reached their highest in more than a year.

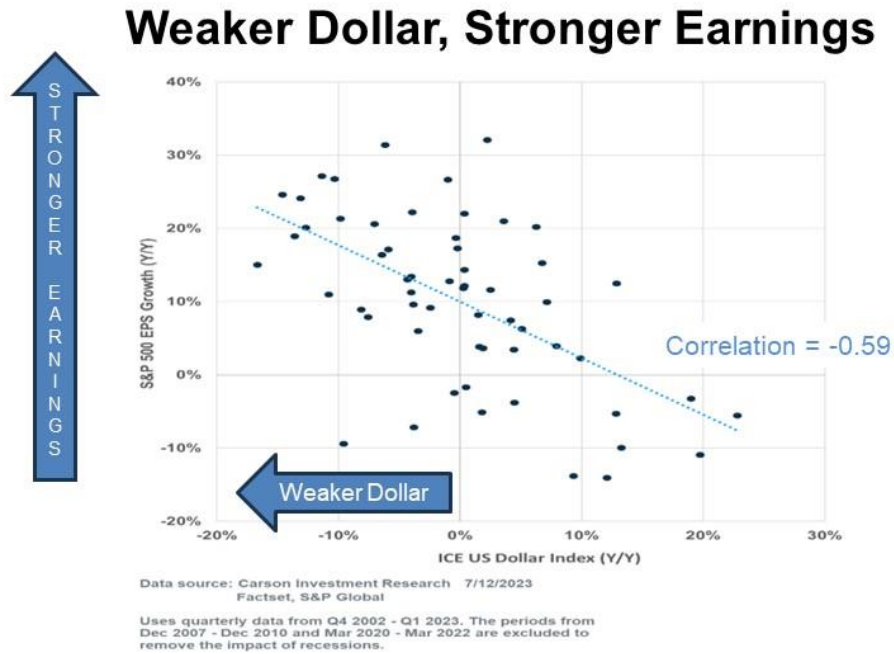
Bloomberg Dollar Spot Index



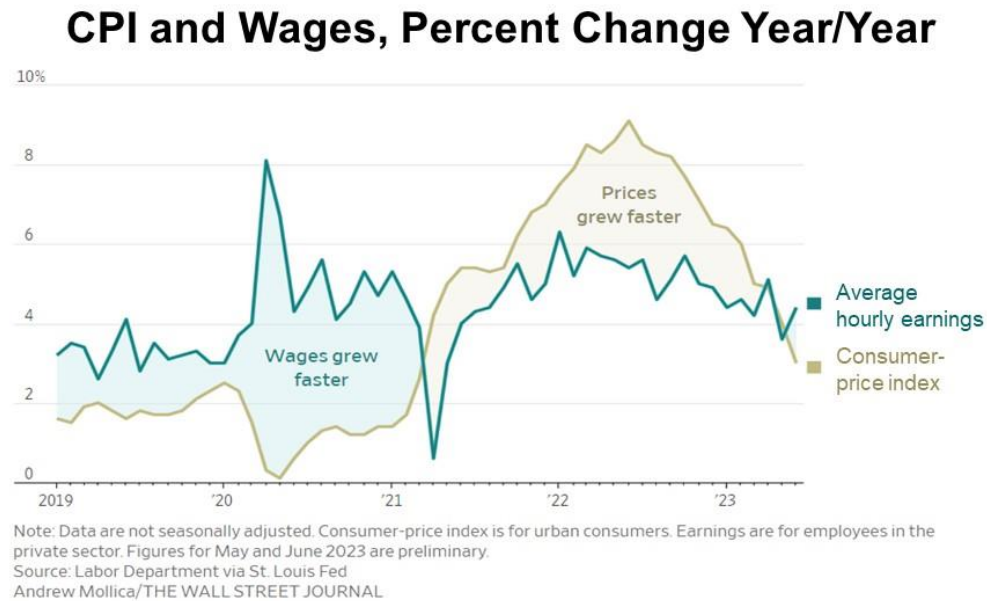
Source: Bloomberg

Bloomberg

The dollar has declined by about 12% year-to-date. Dollar weakness is correlated with earnings strength.



In addition to S&P 500 companies enjoying a weaker dollar tailwind abroad, consumers in the U.S. are spending. Wages are growing faster than inflation.



The following are examples of what we are hearing from companies about consumers so far this earnings season:

"And yes, I think the consumer continues to surprise on the upside here." - JPMorgan Chase CFO Jeremy Barnum.

"I think we see the U.S. consumer as resilient...I don't think we should be overly concerned here about the health of the U.S. consumer." - Citigroup CEO Jane Nind Fraser.

"We're seeing overall very, very good consumer behavior, especially when it refers to our categories and that's why we raised guidance on our top line and because of the first factor, we raised guidance on the second - on the bottom line as well." - PepsiCo CEO Ramon Laguarta

As of today, consensus earnings estimates for 2023, 2024 and 2025 have not been raised substantially. Of the companies that have reported earnings so far, roughly 80% have exceeded estimates. When earnings season concludes in about three weeks, we expect earnings estimates to be revised higher providing further fundamental support for the stock market's recent run.

Charles Schwab's conversion of TD Ameritrade Institutional accounts is scheduled to occur over Labor Day weekend.

- Make sure your accounts are up-to-date. Beneficiary, standing letters of authorization to move money, address, phone numbers, etc. should be checked.

We expect it will be easier to update your information today than it will be after the transition takes place when Schwab is flooded with client service requests. All client information at TD Ameritrade will port over to Schwab if updated prior to August 18. Call us if you have any questions.

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

Bullish

THIS WEEK'S NUMBER IS

77.1

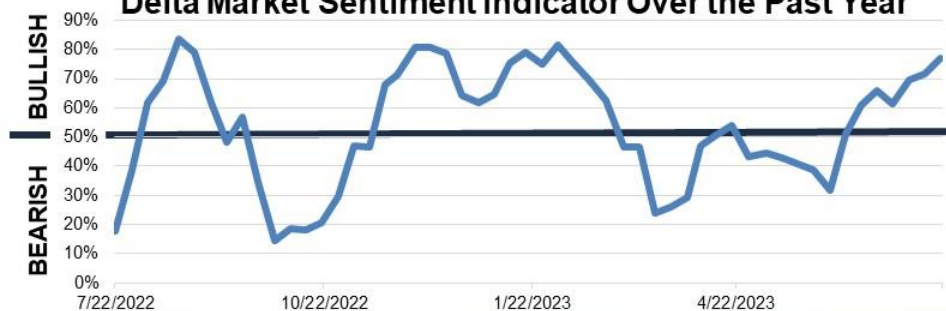
Our technical indicator increased
from 71.6 to 77.1 this week

INDICATOR STATISTICS

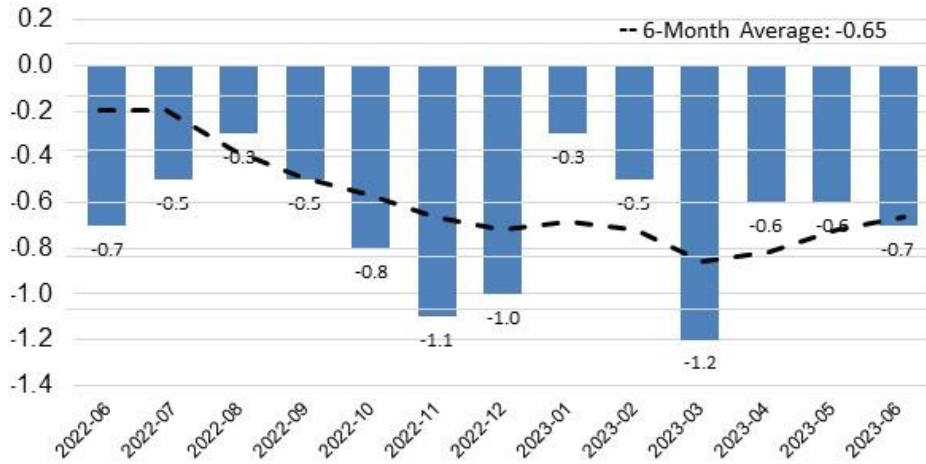
Consecutive Bullish Weeks:	7
Cycle Inception Date:	6/9/2023
Range:	51.2 – 77.1
Mean:	65.3
Bullish Weeks YTD:	17
Bearish Weeks YTD:	12
*S&P 500	5.4%
*DJIA	4.3%
*NASDAQ	6.6%

* Percentage change during current cycle

Delta Market Sentiment Indicator Over the Past Year

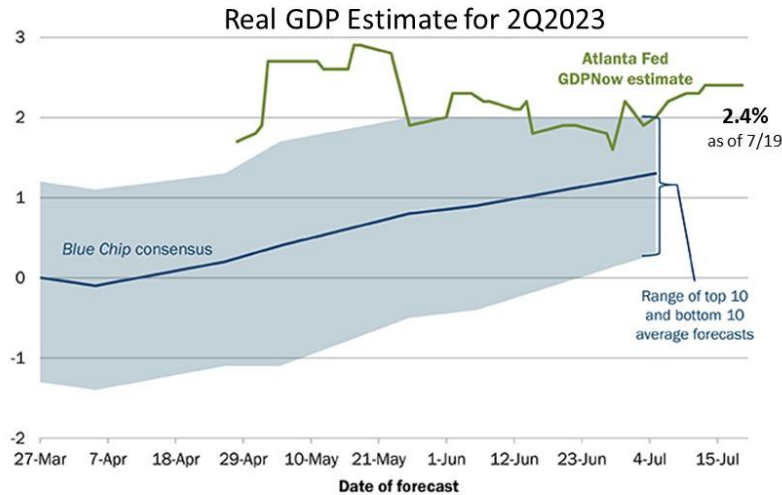


Leading Economic Index % Change Monthly June 2022 – June 2023



Source: The Conference Board – last update 7/20/2023

Atlanta Fed GDPNow Forecast



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

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