

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.

August 4, 2023

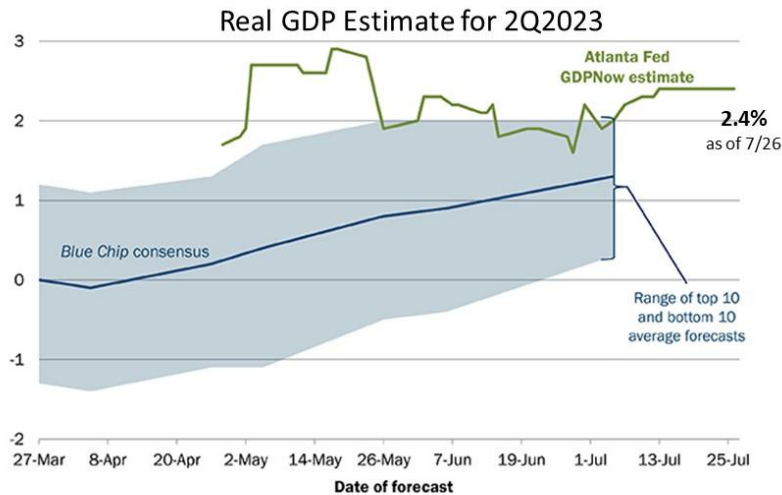
GDPNow Nails It, Again

The lifeblood of the investment business are financial forecasts. Wall Street analysts and investment managers drive their models, allocations and investment decisions on forecasts. For the big picture, one of our favorite forecasts is the Atlanta Fed's GDPNow real GDP estimate for the upcoming quarter.

GDPNow is a forecasting model developed by the Federal Reserve Bank of Atlanta in 2014 to provide real-time estimates of the U.S. gross domestic product (GDP) growth. It offers a current snapshot of the economy based on available data up to the present moment. The main objective of GDPNow is to provide policymakers, businesses, and the general public with more up-to-date information compared to the traditional quarterly GDP releases. We include the most recent revision every week at the end under Delta Stock Market Dashboard.

Last week, according to the "advance" estimate released by the Bureau of Economic Analysis, real gross domestic product (GDP) increased at an annual rate of 2.4% in the second quarter in-line with the Atlanta GDPNow estimate and well above the Blue Chip consensus estimate which was last just above 1% and no growth at the beginning of the quarter. GDPNow estimates are shown relative to the Blue Chip consensus - a survey polling America's top business economists. Knowing where the herd stands can help predict the potential surprise. The chart below shows the GDPNow estimate consistently higher through the quarter and the Blue Chip consensus lagging and significantly lower.

Atlanta Fed GDPNow Forecast



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

The predictive accuracy of GDPNow, like any economic forecasting model, can vary over time and depending on the economic conditions. As with all forecasting models, there are inherent challenges and limitations to accurately predicting economic growth. Below is a table of Real GDP quarterly percentage change with initial consensus and GDPNow estimates and final Bureau of Economic Analysis (BEA). Please note that the 2Q2023 BEA 2.4 is preliminary and there will be two more updates.

<u>Period</u>	<u>Consensus</u>	<u>GDPNow</u>	<u>BEA</u>
3Q2022	1.2	2.1	3.2
4Q2022	0.4	2.6	2.6
1Q2023	-0.5	0.8	2.0
2Q2023	0.2	1.8	2.4
3Q2023	0.8	3.5	

Bottom line: we like the length of the forecast and real time updates. The longer the forecast the greater room for error - GDPNow is only the current quarter. The older the forecast, the usefulness diminishes – GDPNow updates sometimes a couple times a week. For the third quarter, GDPNow’s initial estimate for Q3 was 3.5% last week. As of August 1, the model notched up to 3.9%, well above the consensus estimate ~1%. We expect the consensus to l

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.



"I found this stuck in the sand right next to some sleeping people."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

Bullish

THIS WEEK'S NUMBER IS

79.1

Our technical indicator decreased from 86.1 to 79.1 this week

INDICATOR STATISTICS

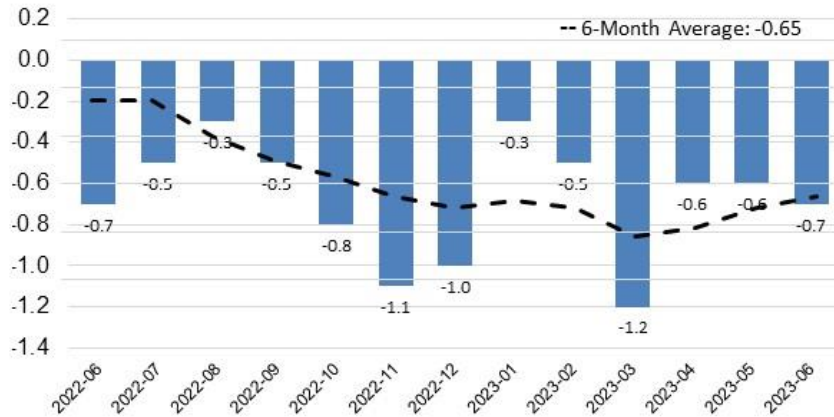
Consecutive Bullish Weeks:	9
Cycle Inception Date:	6/9/2023
Range:	51.2 – 86.1
Mean:	69.2
Bullish Weeks YTD:	19
Bearish Weeks YTD:	12
*S&P 500	4.5%
*DJIA	4.1%
*NASDAQ	5.4%

*Percentage change during current cycle



Leading Economic Index % Change Monthly

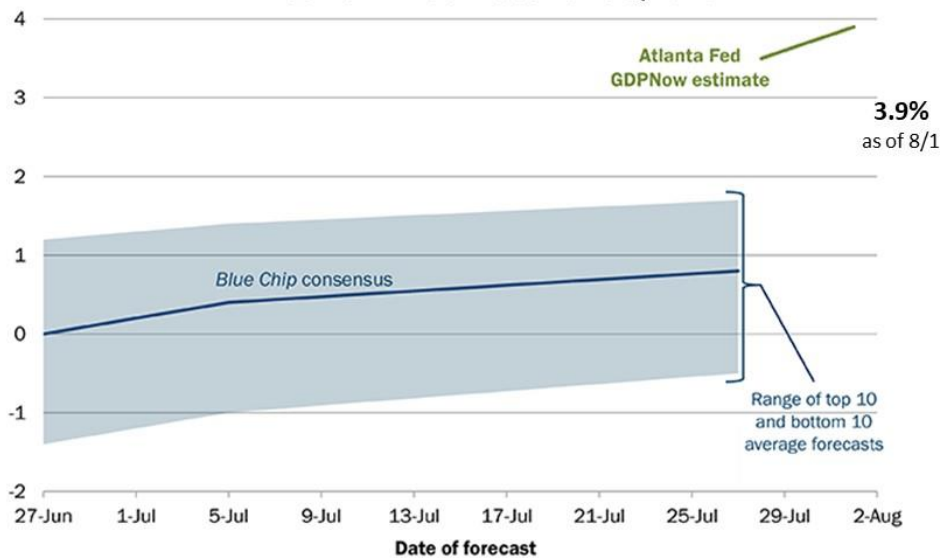
June 2022 – June 2023



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

Atlanta Fed GDPNow Forecast

Real GDP Estimate for 3Q2023



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

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