

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.

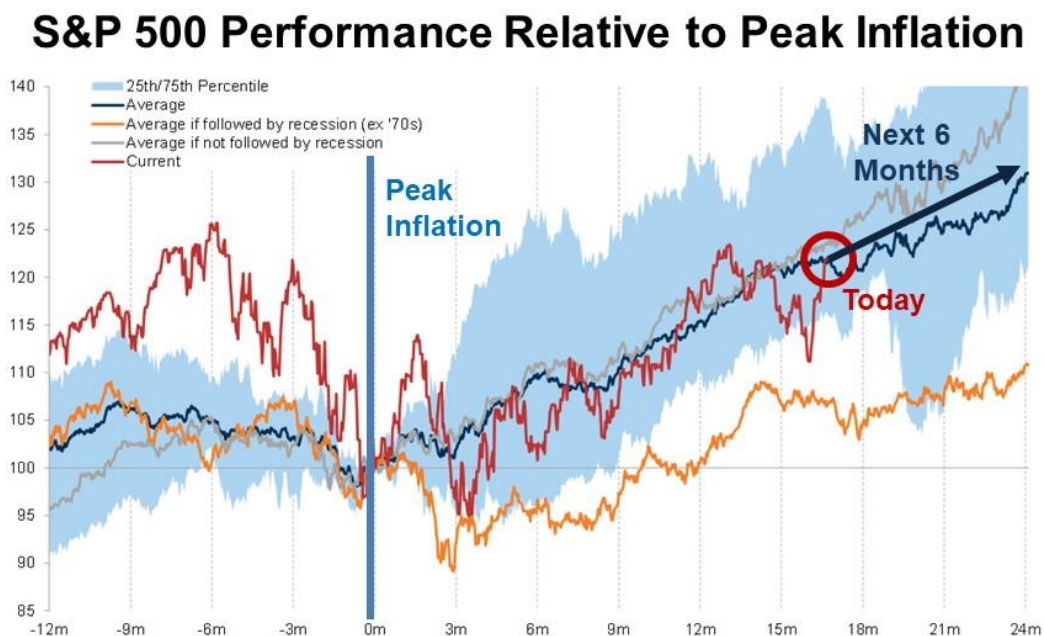
Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

December 1, 2023

Christmas Comes Early

The 10-year treasury rate has fallen from about 5% to 4.3% in the past five weeks. Third quarter GDP was revised up to 5.2% (from the advanced estimate of 4.9%). This growth occurred while inflation continues to move lower, not higher. The bullish mix of lower rates, better growth and moderating inflation helped the S&P 500 bounce off the October lows and appreciate by about 11% and NASDAQ 100 by about 13% in November. Both indexes are near 52-week highs.

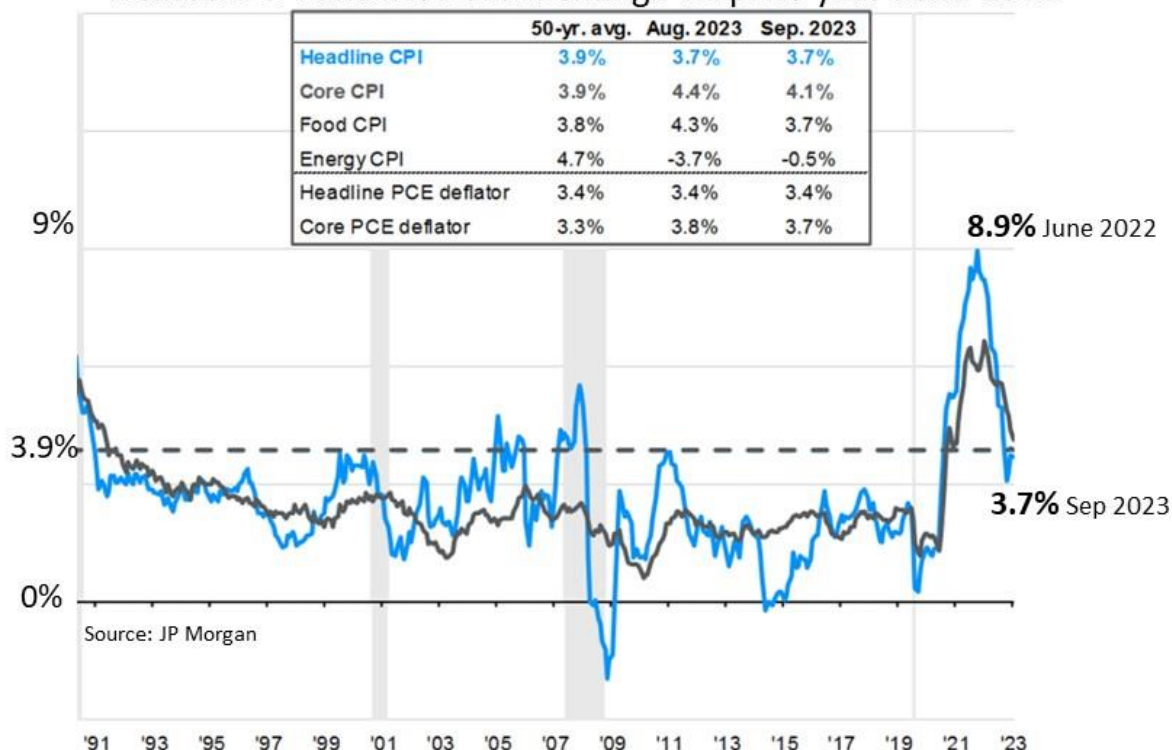
Hindsight is 20/20. In hindsight, the S&P 500 is right where it should be. The red line in the chart below shows where the S&P 500 is relative to when inflation peaked in June 2022 and what the average market performance is following peak inflation in cases when: 1. there is no recession (grey line), 2. there is a recession (orange line) and 3. the average in all cases (blue line).



We first published this chart seven months ago (Delta Insights 4/28/2023 *Bad Attitude*). Who knew how predictive this chart would be? It is hardly ever “different this time” when it comes to investing. If you agree with the prior sentence, you should expect the S&P 500 to trend higher over the next six months. Below is a chart of inflation since 1990 and highlights the improvement since the peak in June 2022.

Inflation

Headline CPI and core CPI % change vs. prior year since 1990



On November 10, we published our **2024 Outlook**. We are modestly bullish and believe there is a good chance the S&P 500 will trade back up to its all-time high during 2024. Our enthusiasm is moderated by the inverted yield curve and the persistently negative Leading Economic Index which have both been excellent predictors of recession in the past. Because of distortions caused by Covid financial and monetary stimulus, we are allowing for the possibility that it will be different this time when it comes to recession indicators and recession in 2024.

S&P 500 Factoid: Since 1999, the S&P 500 index has replaced 295 stocks. The steady migration of the index towards the most successful companies and away from fading enterprises helps explain the positive index performance over time.

Delta Investment Management

Who we are:

- An SEC Registered Investment Advisor
- We manage accounts for individuals with the assets held at Charles Schwab in the client's name.
- We are a fiduciary -- Delta does not receive commissions from any source.
- We are wealth managers.
- We have decades of experience in mitigating portfolio downside risk.
- We are an independent, high-service organization.
- We offer top-notch tax loss harvesting investment programs.
- We can help recommend a CPA tax planning and preparation service.

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

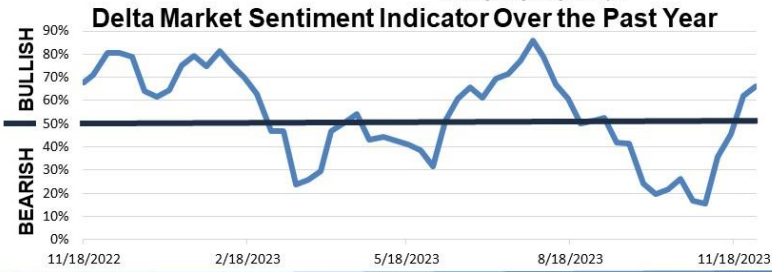
62.2

Our technical indicator increased from 66.2 to 66.2 this week

INDICATOR STATISTICS

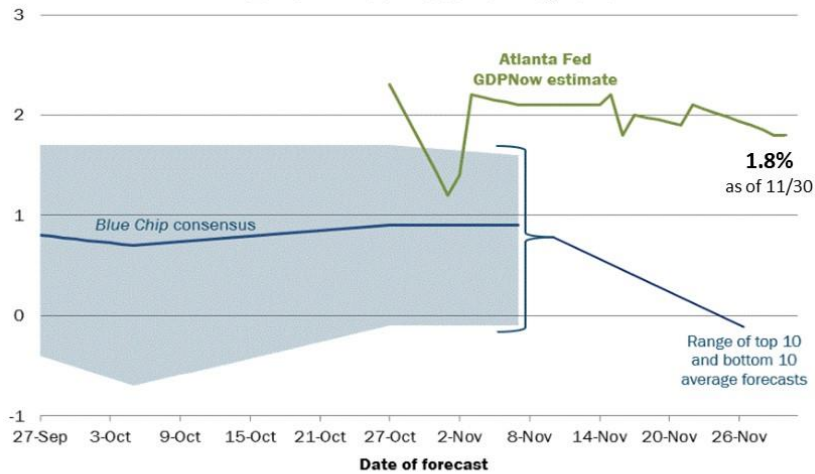
Consecutive Bullish Weeks:	2
Cycle Inception Date:	11/23/2023
Range:	62.2 – 66.2
Mean:	64.2
Bullish Weeks YTD:	26
Bearish Weeks YTD:	22
*S&P 500	0.2%
*DJIA	2.0%
*NASDAQ	-0.3%

* Percentage change during current cycle



Atlanta Fed GDPNow Forecast

Real GDP Estimate for 4Q2023



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Leading Economic Index % Change Monthly

October 2022 – October 2023



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