

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.

February 7, 2020

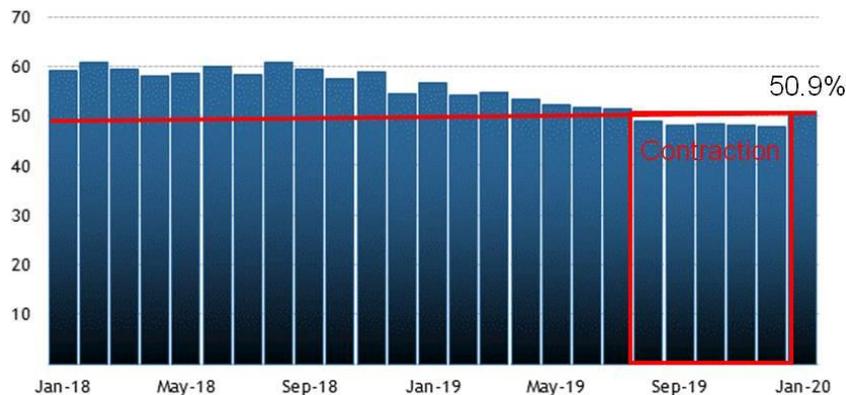
Signs of Life

1. Manufacturing

In the fourth quarter of 2019, GM reopened 30 factories after a month-and-a-half strike. On January 15, the U.S. and China signed a Phase One trade deal. This week, China announced it will reduce tariffs by 50% next Friday on \$75 billion worth of imported goods from the U.S.

After five months of contraction in the manufacturing sector, the ISM Manufacturing Index for January jumped to 50.9% which reflects expansion.

ISM Manufacturing Index



Source: Institute for Supply Management; updated 02/03/20

The new orders index rose to 52.0% from 47.6% and the production index increased to 54.3% from 44.8%.

We highlight this positive development as a follow-up to our *Delta Insights* note from last week suggesting that we expected to see an upturn in manufacturing and a

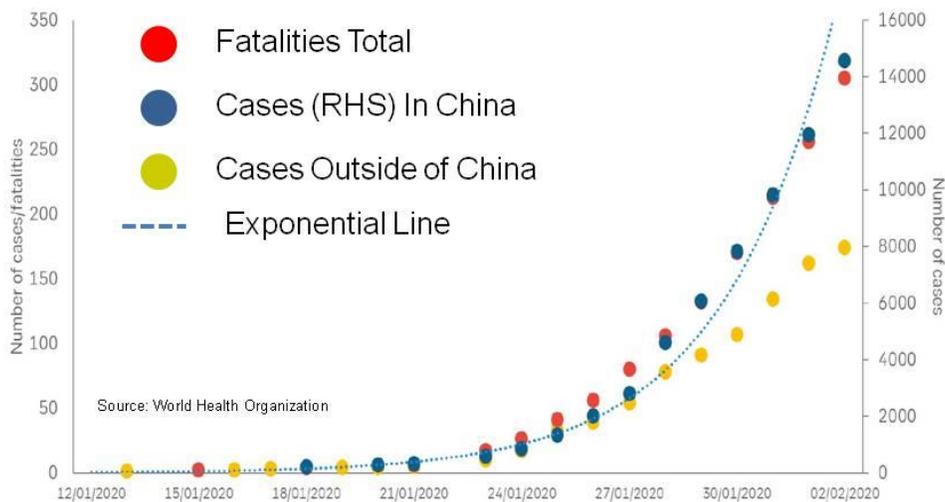
corresponding improvement in the Leading Economic Index (LEI). The next LEI report is scheduled for February 20.

2. Coronavirus

On Friday January 17, the S&P 500 closed on 3,329.62. Over that weekend, we learned that there had been six deaths in China from the Coronavirus. From January 21 through the end of the month, the S&P 500 declined by 3.5%. On Wednesday of this week, the S&P 500 closed at 3,334.69. As far as the U.S. stock market is concerned, the Coronavirus worry is over.

The possibility of a contagion threat from Coronavirus is diminished as cases inside of China are not growing exponentially and cases outside of China are slowing.

Coronavirus



The stock market is back to where we started before Coronavirus. We return to looking at valuation, earnings, discount rates and macro-economic information to guide our buy and sell decisions. Delta remains bullish this week.

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.



"Shall I mark you absent or present today?"

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

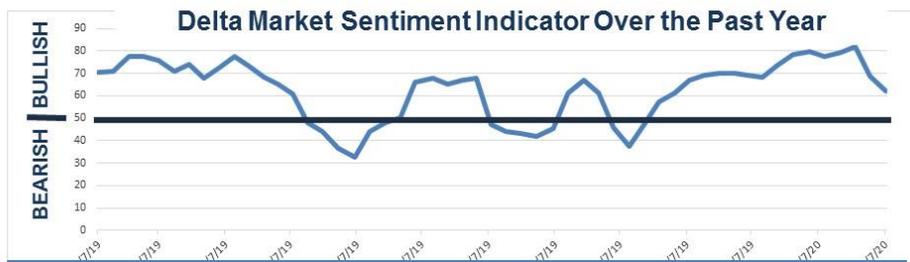
62.2

Our technical indicator decreased from 68.8 to 62.2 this week

INDICATOR STATISTICS

Consecutive Bullish Weeks:	15
Cycle Inception Date:	10/25/2019
Range:	57.4 – 81.9
Mean:	70.9
Bullish Weeks YTD:	5
Bearish Weeks YTD:	0
*S&P 500	11.2%
*DJIA	9.6%
*NASDAQ	16.9%

* Percentage change during current cycle



(Delta MSI is published every week in *Barron's*)

Pursuant to the provisions of Rule 206(4)-1 of the Investment Advisors Act of 1940, we advise all readers to recognize that they should not assume that recommendations made in the future will be profitable or will equal the performance of past recommendations. This publication is not a solicitation to buy or offer to sell any of the securities listed or reviewed herein. The contents of this letter have been compiled from original and published sources believed to be reliable, but are not guaranteed as to accuracy or completeness. Nicholas Atkeson and Andrew Houghton are also principals of Delta Investment Management, a registered investment advisor. Clients of Delta Investment Management and individuals associated with Delta Wealth Adviser may have positions in and may from time to time make purchases or sales of securities mentioned herein.

THIS NEWSLETTER IS PROTECTED BY COPYRIGHT LAW. UNAUTHORIZED DISTRIBUTION AND/OR REPRODUCTION BY PHOTOCOPY OR ANY OTHER MEANS IS STRICTLY PROHIBITED AND PUNISHABLE BY A FINE OF UP TO \$25,000.