

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.

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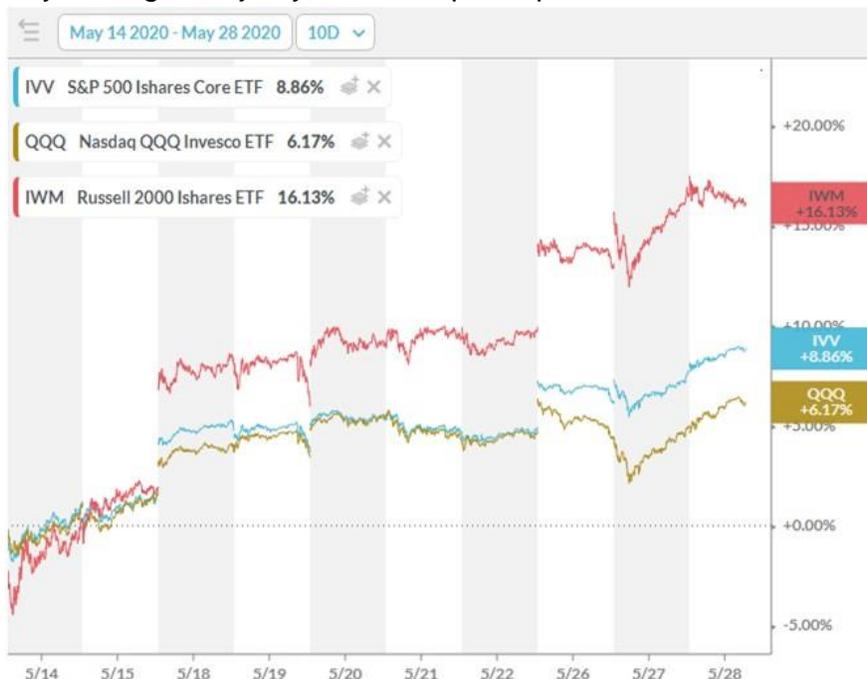
May 29, 2020

Technically Even Stronger

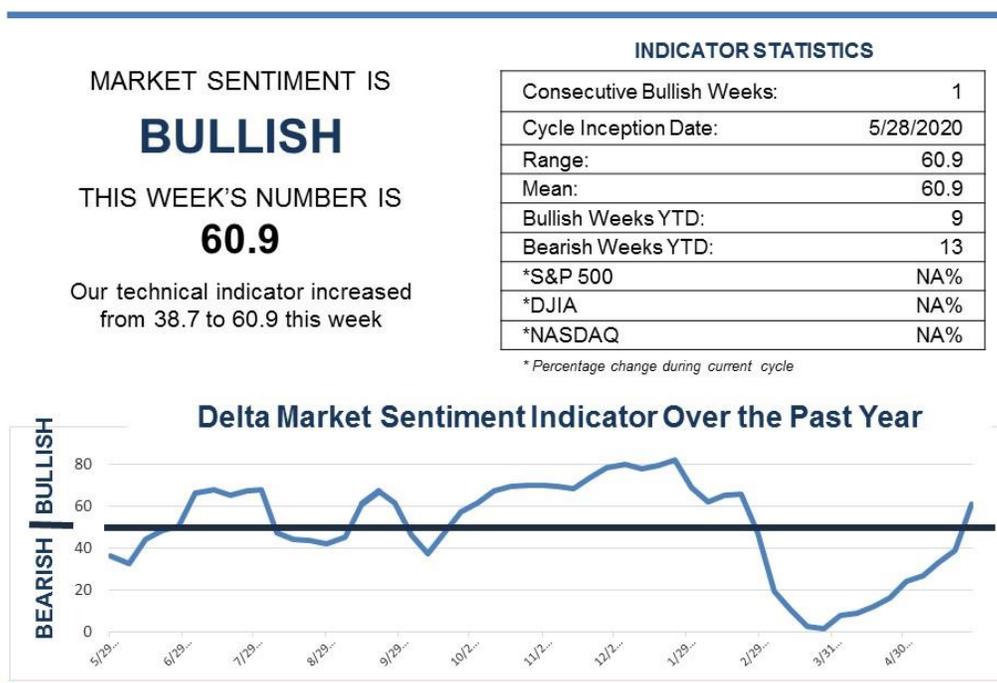
Last week, the *Delta Insights* newsletter highlighted the building technical strength of the stock market. The S&P 500 gained strength this week and is now above its 200-day moving average. Momentum usually has persistence and a crossover above the 200-day moving average is a widely used positive momentum indicator.

Year-to-date, the strength in the market has been predominately with large capitalization technology stocks. The NASDAQ 100 Index (QQQ) is positive on the year and crossed above its 200-day moving average a month and a half ago. By contrast, until the past week or so, the average stock has languished.

In the past ten trading days, the Russell 2000 Index (IWM) is up by about 16% versus the QQQ being up by about 6%. The rally is gaining breadth. Bull markets are characterized by having a majority of stocks participate.



On an intermediate term basis as measured by the Delta Market Sentiment Indicator (MSI), the average stock has bullish momentum. This week, the Delta MSI jumped from 38.7 to 60.9. Delta's Mike Kress says, "This is the greatest one week advance he has ever seen." Mike has been working with intermediate technical signals similar to Delta's MSI since the early seventies.

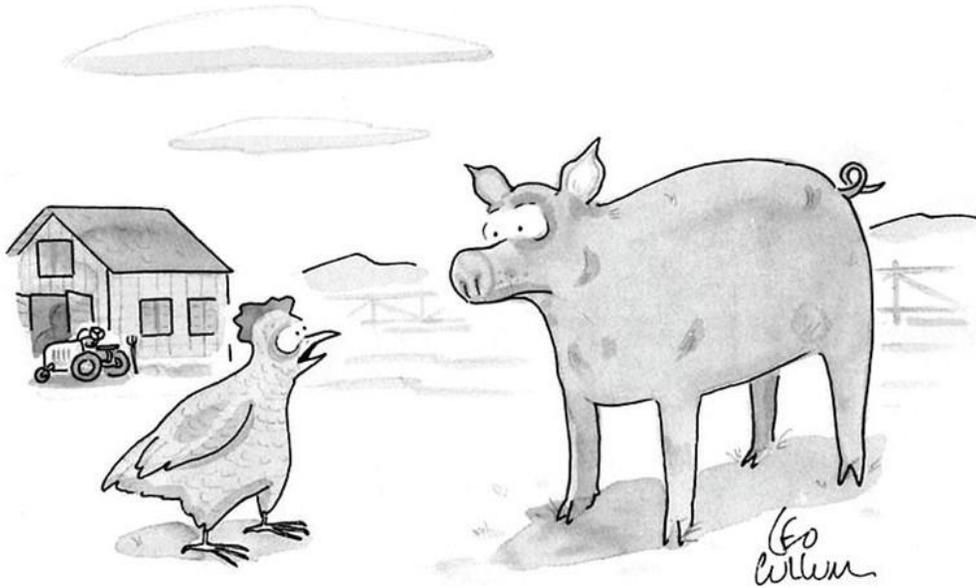


The Great Recession was officially recorded as lasting from December 2007 through June 2009. The S&P 500 bottomed on March 6, 2009, roughly three months prior to the official end of the recession. The COVID recession most likely began in March 2020 and is likely to end sometime in July 2020. Consensus expectations are for positive GDP growth in the third quarter after negative growth in the first and second quarters. A March 23 low is consistent with a stock market bottom roughly three months prior to the official end of the recession.

Many investors may be in a state of disbelief that the market recovered so strongly as the economic fundamentals have been abysmal. The COVID recession is setting all sorts of speed records for both changes in economic and stock market conditions. What is absolutely different this time is how fast the investment landscape is changing. Since the inception of COVID-19, the probable future market path has been hard to predict. Technically, all of the signs today say the worst is behind us and the risk/reward balance of the stock market is attractive on an intermediate term basis.

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.



"You know you have my support on pork and beans, but where do you stand on chicken and dumplings?"

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