

Delta Investment Management is a registered investment advisory firm headquartered in San Francisco. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new partner. Delta manages portfolios at TD Ameritrade and Schwab. Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

January 5, 2018

Power of Positive Thinking

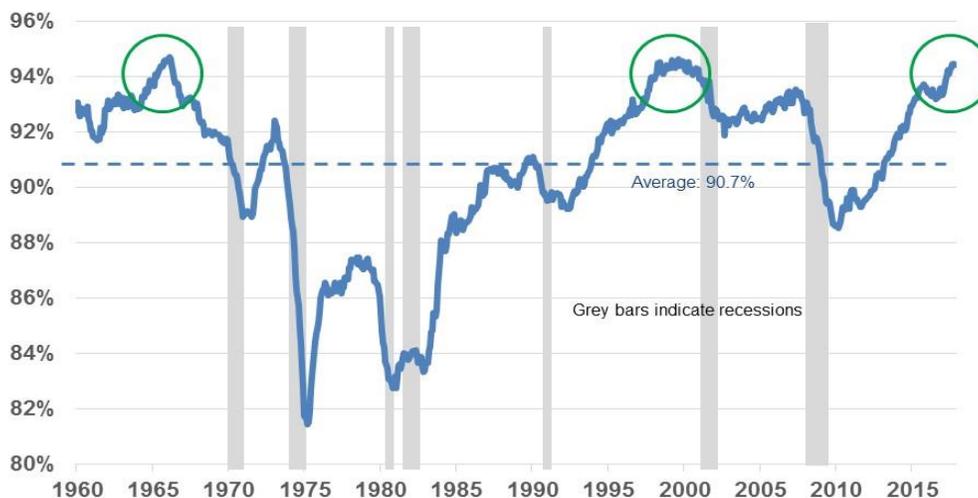
All else equal, the optimist lives on average seven years longer than the pessimist. My 14-year-old son did not believe me at our dinner table discussion. I was actually glad to get the pushback – independent thinking. I enlisted a scientist friend who worked in the labs at University of California, Berkeley to convince my adolescent son with some science. There have been several studies showing positive thinking can extend our telomeres.

Telomeres are the protective caps on the ends of the strands of DNA. The longer our telomeres are and the slower they shorten, the longer we live. Telomeres respond well to positive thinking.

Delta's Comfort Index

A couple months ago, we wrote about the Misery Index (unemployment plus inflation). The lower the Misery Index, the better the stock market performed. Instead of shooting for a lower level of misery, let's think positively and subtract the Misery Index from 100 and root for a higher level in our Comfort Index.

Delta's Comfort Index



Source: Federal Reserve: Personal Consumption Expenditures for Inflation and Unemployment

In the chart above, the Comfort Index level is at levels last experienced in the mid-60s and late-90's. These were excellent periods to be stock investors. All-time highs were recorded February 1966 and August 1999 at 94.7%.

This morning, the Bureau of Labor Statistics reported unemployment at 4.1%. The Fed is forecasting a 3.9% unemployment rate in 2018. As mentioned before in our 2018 forecast, we would not be surprised to see unemployment reach 3.5%.

Inflation measured by the Personal Consumption Expenditure excluding Food and Energy for November was 1.5%. The Fed is forecasting 1.9%. With inflation in check, the Comfort Index could stay above 94% for some time.

Delta Chart Book 4Q2017 and Conference Call Next Week – Join Us!

We update the Delta Chart Book quarterly and offer readers a live conference call to review the charts. The next update is Wednesday, January 10th at 12:00 PM ET.

If you would like to subscribe to our quarterly chart book, please call or email so we can add you to the list. There is an annual processing fee of \$30 to receive the chart book and participate in the live conference calls. This service is complimentary for clients.

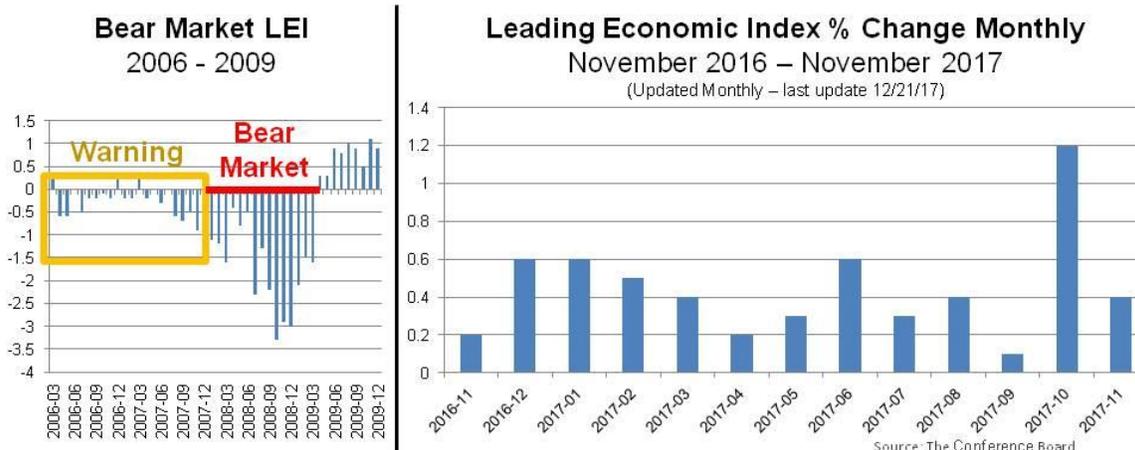
Our wealth management services are devoted to the task of building and protecting client wealth using rules-based, non-emotional tools and our experience.

Give Us a Call Today

We invite you to give us a call at **(415) 249-6337**, visit www.deltaim.com or email us at info@deltaim.com if you have questions about how we can assist you in managing your investment accounts.



Delta Stock Market Dashboard



MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

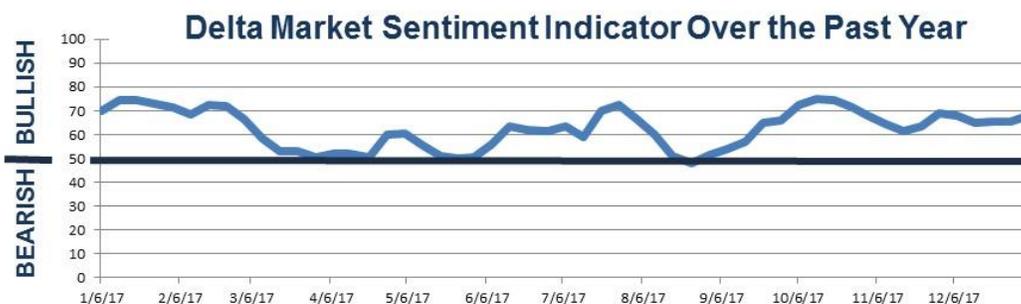
67.8

Our technical indicator increased this week from 65.4 to 67.8

INDICATOR STATISTICS

Consecutive Bullish Weeks:	60
Cycle Inception Date:	11/15/2016
Range:	47.9 – 74.9
Mean:	62.9
Bullish Weeks YTD:	1
Bearish Weeks YTD:	0
*S&P 500	24.7%
*DJIA	32.9%
*NASDAQ	33.0%

* Percentage change during current cycle



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

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