

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.

May 25, 2018

Stock Market “Selfies”

When evaluating the stock market, sometimes it helps to take a step back and simply observe. What we see today is encouraging.

Stocks are risk assets. They generally have higher volatility than bonds and there is no guarantee they will not trade down to zero. Large company stocks are considered less risky than small company stocks. Large companies like Apple and Exxon are not likely to fail anytime soon. Little companies are more vulnerable. When small company stocks are doing well, it suggests investors have an appetite for risk assets. This is bullish for the overall stock market. The chart below shows the Russell 2000 Index (IWM), small company stock index breaking out to the upside through a triple top.



Seventy percent of GDP in the U.S. is derived from personal consumption. The S&P 500 consumer discretionary ETF (XLY) offers a market view of the health of consumer spending. After having “wedged” for about three months, consumer discretionary stocks are beginning to make a move to the upside.

Consumer Discretionary Sector (XLY)



Healthy bull markets are characterized by having the majority of stocks advancing versus declining. After a period of consolidating for several months, the New York Stock Exchange Advance-Decline line remains above its 200-day moving average and is starting to resume its upward climb.

NYSE Advance Decline Line



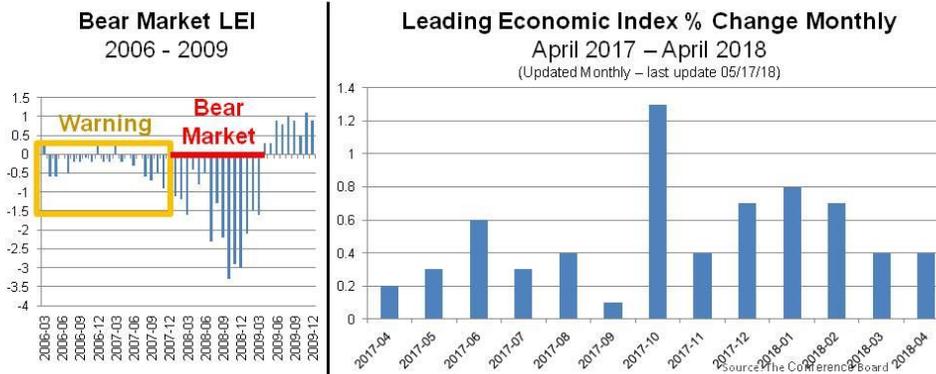
These three selfies/charts offer a simple and intuitive way to gauge the health of the stock market. The Delta Market Sentiment Indicator (MSI), an intermediate term price trend measure, is also bullish. The Leading Economic Index (LEI), a fundamental economic indicator, supports the positive price signals we are seeing. The LEI increased 0.4% in April which was the twentieth consecutive month of positive readings.

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

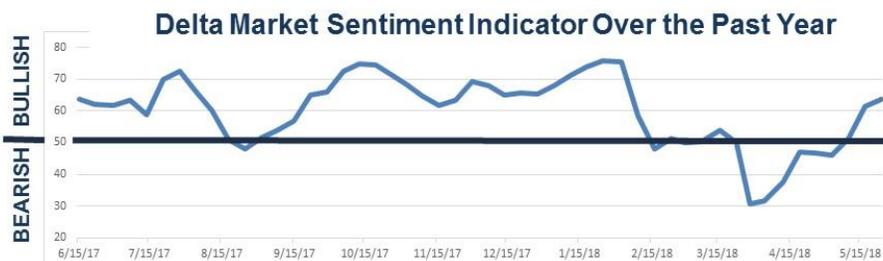
63.7

Our technical indicator increased this week from 61.5 to 63.7

INDICATOR STATISTICS

Consecutive Bearish Weeks:	3
Cycle Inception Date:	5/10/2018
Range:	21.2 – 63.7
Mean:	58.8
Bullish Weeks YTD:	15
Bearish Weeks YTD:	6
*S&P 500	-0.5%
*DJIA	-0.4%
*NASDAQ	-0.6%

* Percentage change during current cycle



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

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