

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.

August 3, 2018

A New Bull Market Record!

Since reaching an all-time-record high of 2,872.87 on January 26th, the S&P 500 has spent the past six-plus months correcting, consolidating, trading sideways. From the January 26 high to the low on February 5, the index dropped 11.8%. Through the beginning of April, stocks hovered -10% from the high and -3.5% on the year and retested the February low. Strong economic growth coupled with great corporate earnings have lifted stocks. The index is grinding higher and is now less than 2% from making new highs.

S&P 500 Index Year to Date



Source: StockCharts.com

Since World War II, there have been 12 bull markets (14 if we count the two short ones at the end of 2001 and 2008 that interrupted longer bear markets and can be considered short term dead cat bounces).

A bull market is characterized by an advance without a 20% correction. A 20% decline is considered a bear market. As mentioned above, we are technically still in a drawdown, so the January 26th high would mark the end date *if* it wasn't able to

establish a new high and the market went bearish (length would be 3,245 days and a gain of 325%). That is a big IF.

Don't tell anyone, but if/when the S&P 500 reaches a new high and it happens on or after August 21, it will mark the longest bull market since WWII. As of today, we are 3,434 days off the March 9, 2009 bottom. The current record is 3,452 days.

Bull Markets Since World War II (ranked by length)

<u>Start Date</u>	<u>End Date</u>	<u>Days</u>	<u>Start Value</u>	<u>End Value</u>	<u>Gain</u>
10/11/1990	3/24/2000	3452	295.46	1527.46	417%
3/9/2009	??*	??*	676.53	??*	??*
6/13/1949	8/2/1956	2607	13.55	49.74	267%
10/3/1974	11/28/1980	2248	62.28	140.52	126%
8/12/1982	8/25/1987	1839	102.42	336.77	229%
10/9/2002	10/9/2007	1826	776.76	1565.15	101%
10/22/1957	12/12/1961	1512	38.98	72.64	86%
6/26/1962	2/9/1966	1324	52.32	94.06	80%
5/26/1970	1/11/1973	961	69.29	120.24	74%
12/4/1987	7/16/1990	955	223.92	368.95	65%
10/7/1966	11/29/1968	784	73.2	108.37	48%
5/19/1947	6/15/1948	393	13.77	17.06	24%
9/21/2001	1/4/2002	105	965.8	1172.51	21%
11/20/2008	1/6/2009	47	752.44	934.7	24%

* The current bull market end date, days, end value and gain are still not determined

The average bull market before the current one lasted 53 months and gained on average 138%. Including this bull market, the averages push up to 58 months and 160% gains. This bull market is roughly twice as long as the averages. One of the most frequent questions/concerns we hear and subjects written about is the length of this bull market and how “we are due for a bear market.” This is music to our ears as markets are healthiest when they climb the wall of worry.

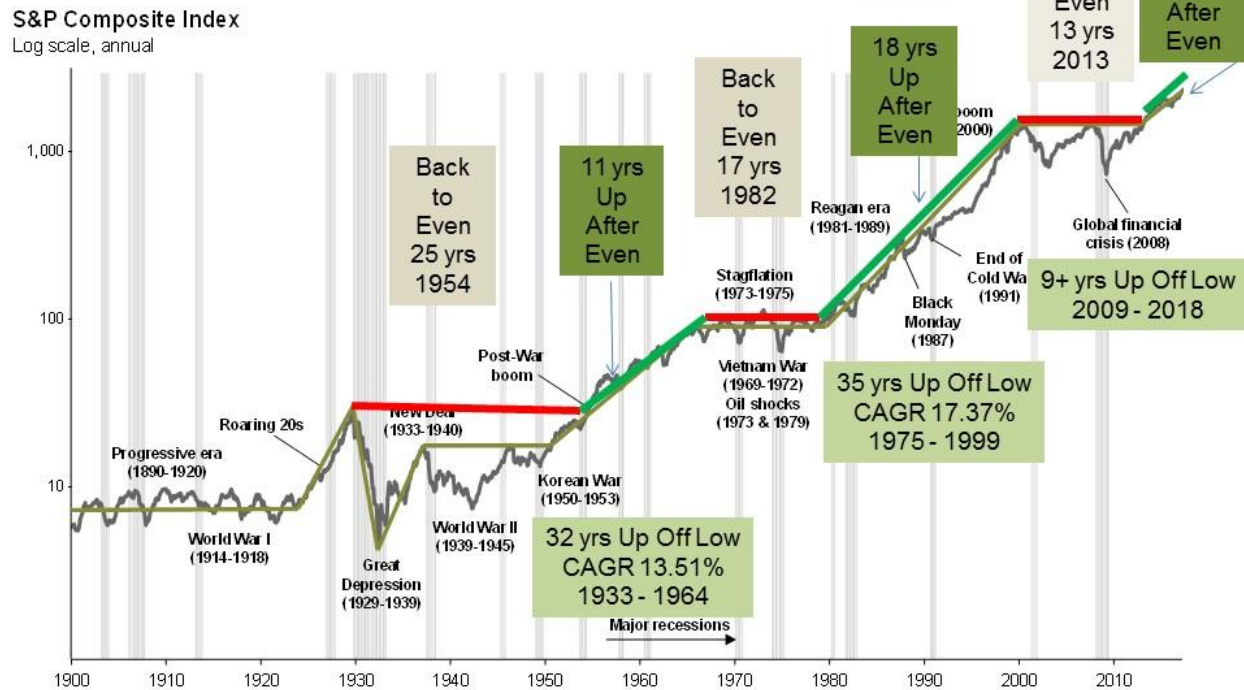
Another View, Higher Up

If we look at the market going back to 1900, one can make the argument that this bull has legs and room to run. We often use the chart below (Up Years After Breakeven) to demonstrate how the market has historically stair-stepped higher (please note, we are talking about longer term trends).

The market has traded sideways for years (highlighted by the red bars) where there has been significant downside. After climbing back to even (reaching new highs), the market has had long periods of growth higher (green bars). After getting back to break even, the market has gone on two long runs: 11 and 18 years (highlighted in the green boxes).

Up Years After Breakeven

S&P Index Since 1900



Although this bull market started in March 2009, we did not get back to even (reached a new highwater mark) until 2013 – above the level we saw in 2000 and 2007. Five years have passed since breaking out to new highs. If we ran out of steam and went into a bear market now, it would mark the shortest period of gains.

Although we are mindful of history and appreciate all data (we are a data driven firm), we think one should drive one's investments looking forward and with only an occasional glance on the rearview mirror. When it comes to investing and planning one's finances for the future, one's time horizon and risk tolerance is truly individual.

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.

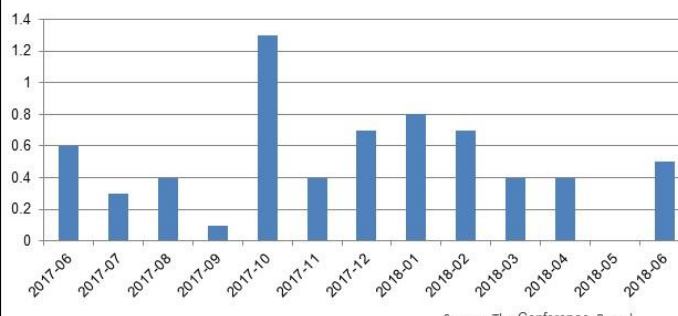


Delta Stock Market Dashboard

Bear Market LEI
2006 - 2009



Leading Economic Index % Change Monthly
June 2017 - June 2018
(Updated Monthly - last update 07/19/18)



Source: The Conference Board

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

63.4

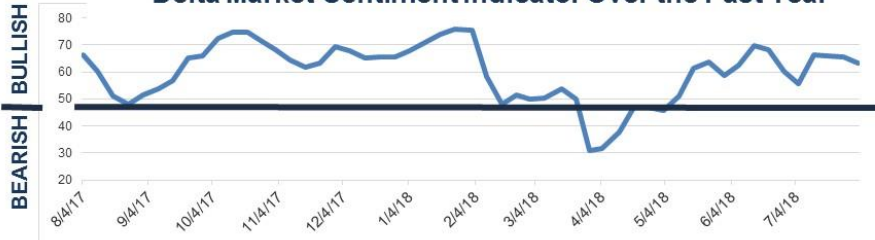
Our technical indicator decreased
this week from 65.5 to 63.4

INDICATOR STATISTICS

Consecutive Bullish Weeks:	13
Cycle Inception Date:	5/10/2018
Range:	51.2 - 69.9
Mean:	62.6
Bullish Weeks YTD:	25
Bearish Weeks YTD:	6
*S&P 500	3.1%
*DJIA	1.8%
*NASDAQ	4.2%

* Percentage change during current cycle

Delta Market Sentiment Indicator Over the Past Year



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

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