

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.

September 7, 2018

50-Year Record Set!

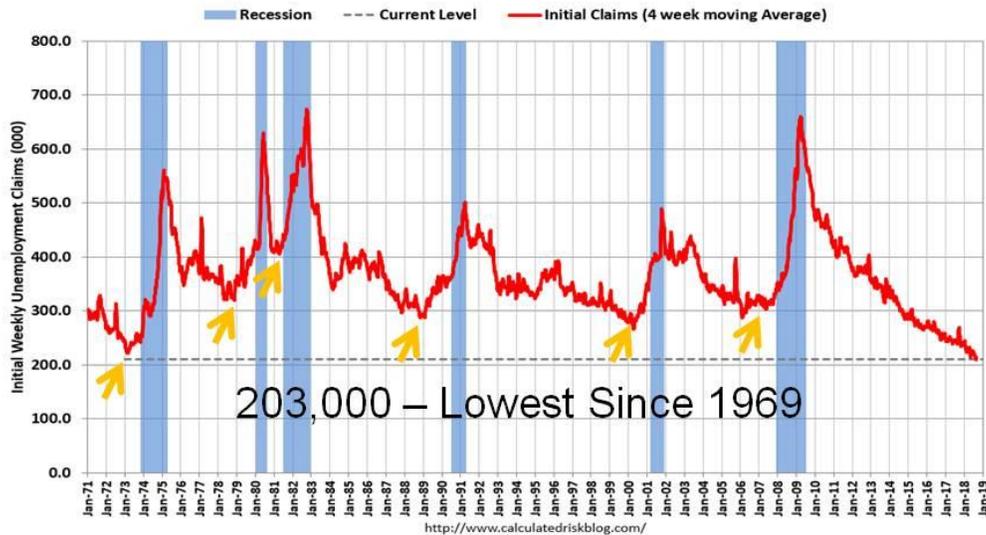
Last week, the S&P 500 and NASDAQ reached new all-time highs. The S&P 500 advanced by about 3.2% in August and the NASDAQ appreciated 5.9%. These gains followed gains in July of 3.7% and 2.2%, respectively. The strength can be attributed to strong earnings and a red-hot Apple – and we are not talking about the heat at the U.S. Open in New York. The largest company on the planet appreciated 20%+ from the end of July to the beginning of September.

As market participants returned from the long weekend, stocks gave back some of these gains. On a short-term basis, segments of the market were somewhat overbought. Overbought markets are vulnerable to profit taking, especially when headline news raises investor anxieties.

Twitter and Facebook testified before the Senate raising fears of increased government regulation of mega-cap tech. Emerging markets returned to lows driven this week by a worsening financial crisis in Argentina. According to the Financial Times, Franklin Templeton funds lost \$1.23 billion in the past two weeks on just three of its biggest Argentine debt positions. On the trade front, Canada and the U.S. failed to reach an agreement in the wake of their meeting on Wednesday and the U.S. is scheduled to impose tariffs on another \$200 billion worth of Chinese imports this week.

What is not in the headline news is that initial weekly unemployment claims have fallen to their lowest level since 1969. Rising and falling unemployment claims have been a good early indicator of pending recession. The chart below shows initial claims trending higher well in advance of all recessions since the early 1970s. The trend currently is down.

Initial Weekly Unemployment Claims

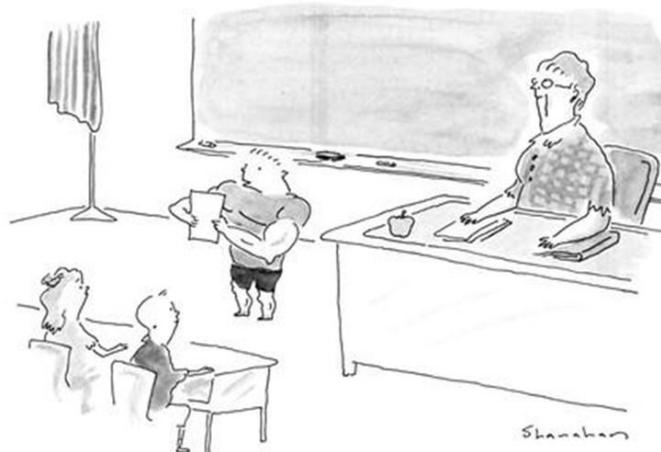


In July of this year, Berkshire Hathaway's board of directors eased restrictions on the company buying back its stock. Since then, Warren Buffett has used his new authority to buy back shares. It is no surprise that Buffett is a buyer with attractive valuations, strong fundamentals and news/noise that helps create better valuations.

If you would like to buy stocks on weakness but are unsure of how you will protect your portfolio going forward, give us a call to discuss how this can be achieved in a disciplined, non-emotional manner.

Looking for help managing your investment portfolio?

Give us a call at **(415) 249-6337** or email us at info@deltaim.com to set up a time to talk if you have questions about how we can assist you in managing your investment accounts. Our disciplined approach to invest in the strongest areas of the market and a focus on capital preservation is how we help clients.



"What I Did on My Summer Vacation."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

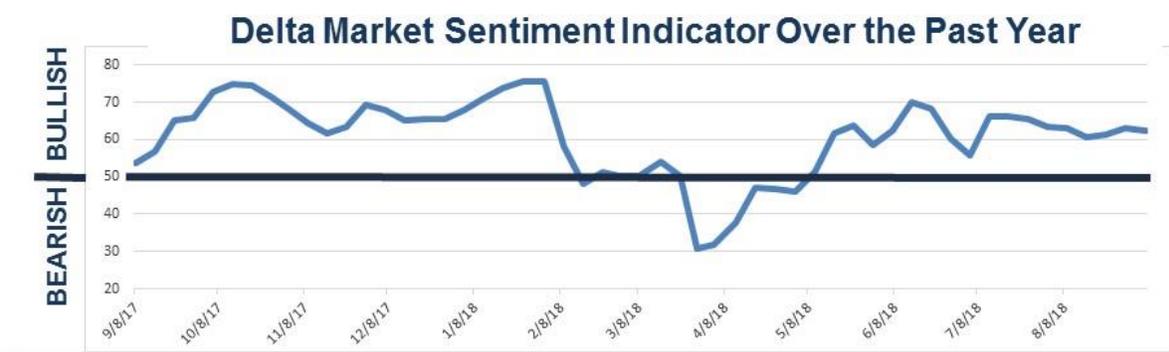
62.3

Our technical indicator decreased
this week from 63.2 to 62.3

INDICATOR STATISTICS

Consecutive Bullish Weeks:	18
Cycle Inception Date:	5/10/2018
Range:	51.2 – 69.9
Mean:	62.4
Bullish Weeks YTD:	30
Bearish Weeks YTD:	6
*S&P 500	4.9%
*DJIA	3.7%
*NASDAQ	6.5%

*Percentage change during current cycle



(Delta MSI is published 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.