

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.

Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

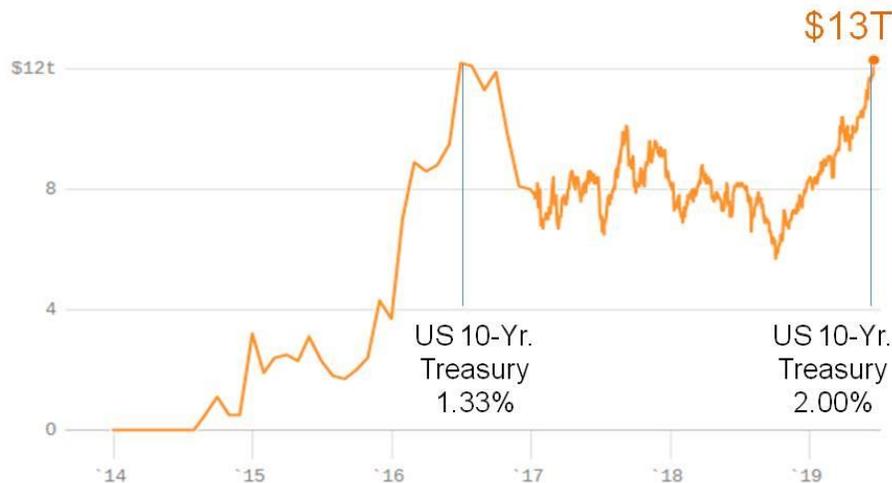
June 28, 2019

A Group of Elephants Sitting on Interest Rates

The benchmark 10-year bond yield is negative in Germany, the Netherlands, Switzerland and Japan. It is very close to going negative in France.

Despite having to pay interest to own these bonds, institutions own \$13 trillion worth of negative yielding bonds. Half of all European government bonds have a negative yield. This is an all-time high. This represents over 20% of the Bloomberg Barclays Global Aggregate Index which includes government, corporate and securitized debt.

Market Value of World's Negative-Yield Debt



The last time negative-yield debt holdings were near this level was mid-2016. The U.S. 10-year treasury rate in 2016 reached a low of 1.3%, falling 41% over the prior six months. Today, at the new peak in negative yields, the 10-year treasury rate is roughly 2.0% and has fallen 36% over the past six months.

10-Year Treasury Yield



Foreign buyers of debt who would rather receive interest than pay interest are buying U.S. treasuries. This is partly the reason why 10-year U.S. treasury yields have fallen from about 3.2% to 2.0% since last December. The 10-year treasury rate is lower than the 1-month rate of about 2.1% and lower than the Fed Funds rate of 2.4%.

Long-term interest rates are mostly set by market forces. If there is high demand for a bond, the yield can be lowered. Conversely, if there is little demand for a bond, the borrower has to offer more yield to attract buyers. The market is setting the price and the price is lower.

Mortgage loans in the United States often follow the 10-year U.S. treasury rate -- but not always. In the years following the 2008 financial crisis and while real-estate prices trended lower for a couple of years, many banks were either unwilling to make any loans or kept loan rates high because there was little competition. Today, major home mortgage lenders like Wells Fargo are receiving so much demand for home loans because rates are low they have begun to stop moving rates down.

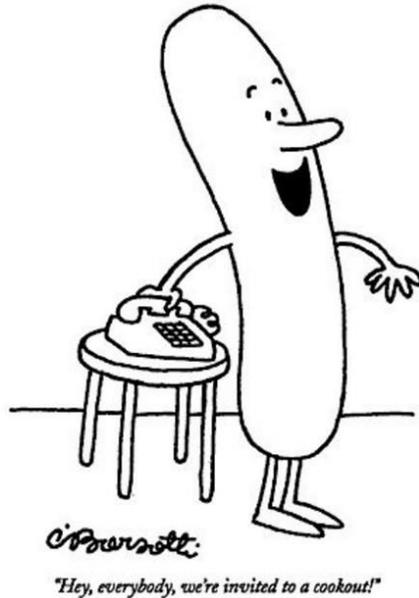
Falling interest rates mixed with rising earnings and an expanding U.S. economy is a positive for stocks. The resilience of the U.S. stock market right now is in large part due to falling rates and the anticipation of lower rates in the future.

Some worry that falling interest rates may be signaling slowing global growth and an end to the current expansion cycle. To date, leading economic indicators and corporate earnings growth have softened but remain positive. As long as this holds true, falling

rates should continue to help lift stock valuations. This week, the Delta Market Sentiment Indicator (MSI) turns Bullish.

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

50.3

Our technical indicator increased this week from 48.2 to 50.3

INDICATOR STATISTICS

Consecutive Bullish Weeks:	1
Cycle Inception Date:	6/27/2019
Range:	50.3
Mean:	50.3
Bullish Weeks YTD:	17
Bearish Weeks YTD:	9
*S&P 500	NA
*DJIA	NA
*NASDAQ	NA

* Percentage change during current cycle



(Delta MSI is published every week 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.