

*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.*

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November 1, 2019

## Feeling Bear, Looking Bull

Many investors feel bearish. Only 27% of money managers who responded to *Barron's* fall 2019 Big Money Poll are bullish over the next 12 months. This is down from 49% in the spring survey and 56% a year ago. It is the lowest reading of bullishness by the *Barron's* poll in more than 20 years.

Google Trends shows interest in searched words. We searched how frequently the word “recession” has been searched from October 2007 forward. Numbers on the vertical axis in the chart below represent search interest relative to the highest point on the chart. A value of 100 is the peak popularity for the term.

### Google Searches “Recession”

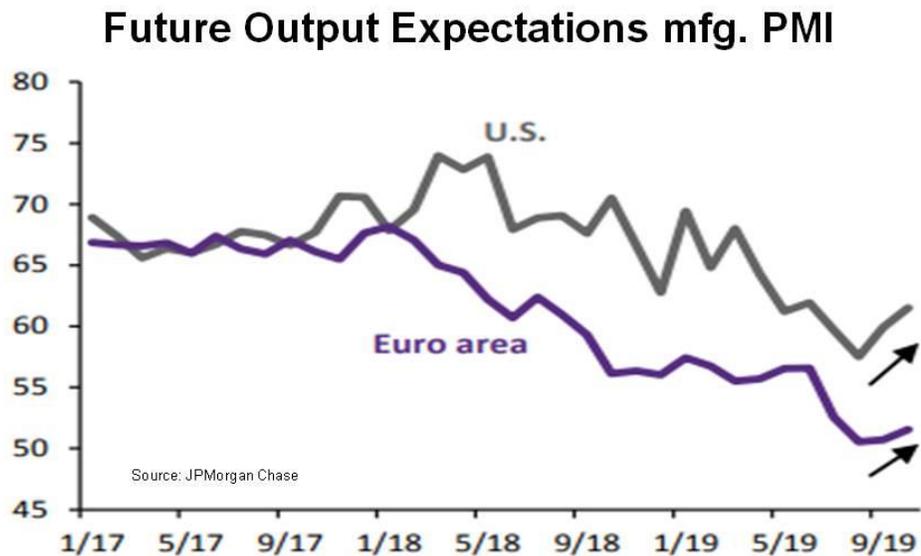


Since the 2008 recession ended, the word “recession” has never been a more popular Google search until August 2019. Over the past ten years, there have been several recession scares. For whatever reason, the recession scare of August 2019 motivated far more searches than the other recession scares of the past several years.

Bearish feelings are elevated and so is the stock market. The S&P 500 reached all-time highs his week. Although investors may feel bearish, the stock market and recent economic trends are looking bullish.

In last week's *Delta Insights: An Uptick*, we noted that the Philly Fed's State Coincident Index was rising. The Flash manufacturing PMIs (early read on the PMI) released last week showed some signs that manufacturing weakness may be nearing a turning point.

In the U.S., the flash reading inched higher to 51.5, the firmest reported since April. Elsewhere, the Euro area was slightly higher relative to the final September reading at 45.9. Although readings below 50 indicate contraction, the future manufacturing output expectations subcomponent in both the U.S. and Euro area are trending higher suggesting growing optimism.



The Federal Reserve cut the Fed Funds rate by 25 basis points this week to a range of 1.5-1.75%. The one-month treasury rate is now at 1.61%, down from 1.89% a month ago and 2.17% a year ago. The 15% decline in the “risk-free” rate in the past month is a boost for stock valuations.

The last time *Barron's* Big Money poll showed this level of bearishness, it was the mid-1990s. From 1996 through 1999, the S&P 500 returned by year sequentially 20.26%, 31.01%, 26.67% and 19.53% without dividends. Bull markets often climb a “wall of worry.”

## Give Us a Call Today

We have unique and sophisticated investment methods that seek to capture the stock market's gains while minimizing drawdowns in bear markets. If you would like to learn more about how we manage money, we invite you to give us a call at **(415) 249-6337**, visit [www.deltaim.com](http://www.deltaim.com) or email us at [info@deltaim.com](mailto:info@deltaim.com).



*"You remember my son—formerly a Wall Street pit bull?"*

## Delta Stock Market Dashboard

MARKET SENTIMENT IS

**BULLISH**

THIS WEEK'S NUMBER IS

**61.4**

Our technical indicator increased  
this week from 57.4 to 61.4

### INDICATOR STATISTICS

Consecutive Bullish Weeks:	2
Cycle Inception Date:	10/25/2019
Range:	57.4 - 61.4
Mean:	59.4
Bullish Weeks YTD:	28
Bearish Weeks YTD:	18
*S&P 500	0.7%
*DJIA	0.7%
*NASDAQ	1.2%

\* Percentage change during current cycle



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

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