

# Braeburn Observations



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## LOWRY'S 9/17/2021

With an unfavorable balance of Supply and Demand and a Safety Control in place, playing it closer to the vest with a measured deployment of cash and greater selectivity is prudent until Demand reasserts itself.

## U.S. MARKETS

U.S. stocks ended the week mostly lower as investors weighed positive economic reports with concerns over global supply chains and an inevitable tightening in monetary policy. The small-cap Russell 2000 managed a slight gain, but the rest of the major indexes finished the week lower. The Dow Jones Industrial Average ticked down 0.1% to 34,585, while the technology-heavy NASDAQ Composite fell a half percent to 15,044. By market cap, the large cap S&P 500 gave up -0.6%, the mid cap S&P 400 fell -0.3%, and the Russell 2000 rose 0.4%.

## INTERNATIONAL MARKETS

The vast majority of major international markets finished the week down as well. Canada's TSX declined for a second week, down -0.7%, while the United Kingdom's FTSE 100 retreated

-0.9%. On Europe's mainland, France's CAC 40 and Germany's DAX ended down -1.4% and -0.8%, respectively. In Asia, China's Shanghai Composite reversed most of last week's gains falling -2.4%, but Japan's Nikkei finished the week up 0.4%. As grouped by Morgan Stanley Capital International, emerging markets shed -2.1%. Developed markets fell -0.8%.

## U.S. ECONOMIC NEWS

The number of Americans filing first-time applications for unemployment benefits rose last week, one week after hitting a pandemic low. Initial jobless claims rose 20,000 to 332,000 in the week ended September 11th. Economists had expected new claims to total 318,000. This latest report is the first since the extra federal benefits for the unemployed expired on September 6th. Meanwhile, the number of people already collecting benefits, known as "continuing claims", fell by 187,000 to 2.67 million. That number is currently at a pandemic era low. Other than taking into account Hurricane Ida analysts were at a loss for the slight uptick in claims. Thomas Simons of Jefferies LLC wrote in a note, "Demand for labor remains extremely strong, so

there is no fundamental reason why we would see claims move higher."

Small businesses continue to struggle with major shortages of both labor and supplies according to a closely-followed survey. The National Federation of Independent Business (NFIB) reported small-business owners were a bit more optimistic about the economy last month, but record shortages of materials and workers are having a significant impact on sales and profits hindering the economic recovery from the pandemic. The NFIB reported its optimism index rose 0.4 point to 100.1. Economists were expecting a reading of 99.0. The lack of supplies stems from major disruptions in global trade tied to clogged ports and rail stations coping with large backlogs. While the supply bottlenecks are expected to ease, the labor shortage could prove to be a more difficult issue. Half of all small-business owners said they could not fill open positions—the highest level in the 48-year history of the survey.

The recent surge in prices at the consumer level leveled off in August, however analysts don't believe Americans are going to get much relief from higher prices anytime soon. The Bureau of Labor Statistics reported its index of consumer prices climbed 0.3% last month. Economists had estimated

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**BRAEBURN**  
Wealth Management

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a 0.4% rise. Over the past year, the rate of inflation stands at 5.3% in August—down a tick from July. It was the first slowdown since last October. Aside from the brief oil-driven spike in 2008, consumer prices have risen this year at the fastest pace in three decades. Another closely watched measure of inflation that omits food and energy, so-called “core inflation”, rose just 0.1%. That was the smallest increase since February.

Sales at U.S. retailers rose sharply in August, a sign that consumers continued to spend despite the media reports of an uptick in the spread of the ‘delta-variant’ coronavirus. The Census Bureau

reported retail sales increased 0.7% last month. The consensus forecast was for a -0.7% decline. Sales advanced in almost every major retail category in August, and they rose an even stronger 1.8% if autos are excluded. Compared to the same time last year, retail sales were up 15%. Some analysts were quick to point out that part of the increase reflects the higher prices consumers are paying, particularly for groceries and building materials. Chris Low at FHN Financial summed up the report noting, “All in all, this was a solid showing by U.S. consumers, expected by no one, suggesting the economy continued to hum in August.”

Business activity in the New York-region soared this month according to the New York Federal Reserve. The NY Fed’s Empire State business conditions index surged 16 points to 34.3 the regional bank said this week. Economists were expecting a reading of only half that. The new orders index jumped 18.9 points to 33.7, while the shipments index soared 22.5 points to 26.9. Both prices paid and prices received were at or near record highs in September. And business leaders expect the strength to continue. The sub-index of what the business leaders expect for the next 6 months also came in very positive.

## About Our Research Sources

**Barron’s** – Since 1921 Barron’s has provided investment analysis and insight in its weekly publication and, in recent times, it’s continuously updated web site. Barron’s provides a wide range of perceptive, expert analysis and interviews with financial and investment professionals.

**Investor’s Business Daily (IBD)** – A daily newspaper designed for the individual investor. All of its products and features are based upon the CAN SLIM Investing System developed by its founder William J. O’Neil. This system identifies the seven common characteristics what winning stocks display. For more on this see his book “How to Make Money in Stocks.”

**Lowry’s** – Based out of Miami, Florida, Lowry’s is the oldest continuously published Technical Investment Advisory service in the US. Their work, which gives insight into the underlying supply and demand dynamics of the market, is based upon a daily examination of all stocks on the New York Stock Exchange and Nasdaq Stock Market. Lowry’s has pioneered work in the statistical analysis of upside and downside volume statistics including their exclusive measure of buying and selling pressure.

**Mauldin Economics** - Best selling author, analyst and financial writer, John Mauldin, taps into his network either directly or through the reams of high-level research he’s privy to on a regular basis, to assist in identifying the smartest investments for today’s markets; then carefully screened and evaluated by a team of ace analysts.

**Stock Trader’s Almanac** – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the “January Barometer,” the “Santa Claus Rally,” and “Sell in May and Go Away.” It includes data backing, historically proven, cyclical and seasonal tendencies.

**The Fat Pitch** - an acclaimed blog that the Business Insider ranks on their annual list of the Top Finance People to Follow. The blog is written by Urban Carmel who has had a long career in financial markets. This blog discusses trends he sees and the business of managing money.

**The Sherman Sheet** - published by W. E. Sherman and Co., of St. Louis MO. Bill Sherman is a long-time professional money manager who developed an in-depth expertise in computerized analysis and statistical measurements over the years, and is a recognized expert in several areas of the investment universe.

**Value Line** – Founded in 1931, Value Line is an unbiased research firm providing intuitive investment research on companies, industries, markets and economies. Value line provides astute fundamental research, trending information and historical data that allows for shrewd decision making.

**Zacks** – Founded in 1978 by Len Zacks, PhD. MIT, Zacks is an investment research firm pioneering work in the area of corporate earnings estimate revisions and stock performance. Zacks believes, and Braeburn agrees, that Earnings Estimate Revisions are the most powerful force impacting stock prices.

