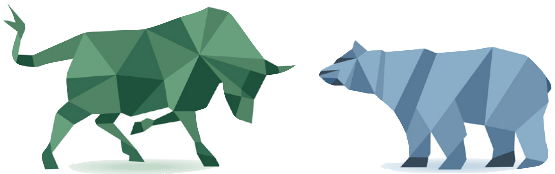
Braeburn Observations



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LOWRY'S 9/18/2020

Before sounding the "all clear," the Lowry Analysis will wait for the return of enthusiastic Demand. At the same time, it will be on the lookout for a significant rise in Selling Pressure, or breakdowns in the relative performances of the small- and mid-cap stocks, as well as in the NASDAQ Comp. Index.

U.S. MARKETS

U.S. equities finished the week mixed with merger news and renewed COVID-19 vaccine optimism offsetting worries that the Federal Reserve's monetary policy was becoming less effective in supporting the recovery. The Dow Jones Industrial Average ended the week down just 8 points to 27,657. The technology-heavy NASDAQ Composite fell a steeper -0.6% to 10,793. By market cap, the large cap S&P 500 declined -0.6%, while the mid cap S&P 400 and small cap Russell 2000 gained 0.6% and 2.6%, respectively.

INTERNATIONAL MARKETS

Most major international markets were also mixed. Canada's TSX declined -0.1% along with the UK's FTSE 100 which gave up -0.4%. France's CAC 40 and Germany's DAX finished down -1.1% and 0.7%, respectively. Japan's Nikkei ticked down -0.2%, while China rose 2.4%. As grouped by Morgan Stanley Capital International, developed markets rose 0.5% while emerging markets added 1.3%.

U.S. ECONOMIC NEWS

The number of Americans filing first-time unemployment benefits fell last week, but the economy is still suffering from an extreme level of layoffs. The Labor Department reported initial jobless claims fell to 860,000. Economists had expected 870,000 new claims. The decline was the first in five weeks. As a reference, initial claims had been averaging around 200,000 in the weeks leading up to the coronavirus outbreak. Continuing jobless claims, which counts the number of people already receiving benefits, fell by 916,000 to a seasonally-adjusted 12.63 million. That's the lowest level since April 4th when most of the U.S. economy was shut down.

Home builders are more confident about the state of their industry than ever before, according to research from a builder trade group. The National Association of Home Builders (NAHB) reported its monthly confidence index rose 5 points to 83 this month. The reading was the highest on record in the 35-year history of the data. Robert Dietz, chief economist for the NAHB stated, "The suburban shift for home building is keeping builders busy, supported on the demand side by low interest rates." Regionally, the Midwest index signaled the biggest increase, rising nine points to 78, followed by the South's six-point increase to 85. The regional index for the West dropped one point to 87.

Sales at the nation's retailers climbed in August for the third straight month, the Commerce Department reported. Despite the end of federal aid, U.S. retail sales rose 0.6% last month. Economists were expecting a 0.7% rise. Analysts note the pace of sales has slowed from earlier in the

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summer, when the economy reopened and many retailers experienced a sharp rebound in customer traffic. Sales gains are likely to be harder to come by in the months ahead, especially after the end of generous federal aid for the unemployed and businesses. Overall retail sales are about 2% higher now compared to pre-pandemic levels in February.

The Federal Reserve revealed its latest outlook on the economy and monetary policy, stating it sees interest rates remaining near zero until the end of 2023. It also reiterated that it intends to keep rates at zero until inflation is on track to exceed 2% for some time and will continue its purchases of Treasuries and mortgage-backed securities. While analysts like Seth Carpenter, economist at UBS, said the Fed guidance was "vague", Fed Chair Jerome Powell defended the guidance as "powerful" and "durable". There were two dissents to the Fed forward guidance. Dallas Fed President Rob Kaplan seemed to favor the prior guidance and wanted the Fed to retain greater flexibility once the economy was on track to meet its two goals. Minneapolis Fed President Neel Kashkari proposed a much more streamlined guidance that the Fed would maintain rates close to zero until core inflation has reached 2% on a sustained basis.

Factory activity in the New York region rebounded in September, reversing August's decline. The New York Federal Reserve reported its Empire State business conditions index rose 13.3 to points to 17. Economists had expected a reading of only 6. This is the third consecutive positive reading in the index. In the details, the new orders index climbed 8.8 points to 7.1, while shipments rose 14.1. Optimism about the six-month outlook rose 6 points to 40.3. The New York index is the first look at manufacturing conditions in September.

The Philadelphia Federal Reserve reported business activity in its region dipped earlier this month. The regional Fed bank's index fell to 15 from 17.2 in August. This is the index's fourth consecutive positive reading. Economists had expected a reading of 13. However, analysts note that the components of the index were actually stronger than the headline number. The barometer on new orders rose to 25.5 in September from 19. The shipments index surged to 36.6 in September from 9.4 and the measure of the business outlook for the next six months rose 18 points to 56.6.

Industrial output slowed in August following strong gains earlier in the summer. The Federal Reserve reported U.S. industrial production rose 0.4% last month. The increase followed a 3.5% gain in July and a 6.1% gain in June. Wall Street had expected a 0.5% gain. The index is still 7.3% below its pre-pandemic level in February. Capacity utilization, which measures the percentage of full manufacturing limits of the nation's factories, mines and utilities, rose to 71.4% in August. Given that the initial rebound following widespread shutdowns appears to be waning some analysts believe growth will be slower through the rest of 2020 and into 2021. Gus Faucher, chief economist of The PNC Financial Group stated, "There were big increases in output in the spring and early summer as factories reopened, but with demand throughout the U.S. and global economies still down substantially from early 2020, it will be more difficult to eke out near-term gains."

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 perceptives, 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.

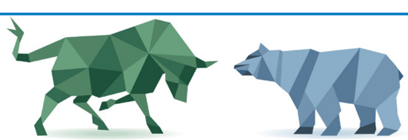
Stock Trader's Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the "January Barometer," the "Santa Claus Rally," and "Sell in May and Go Away." It includes data backing, historically proven, 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 prefessional money manager who developed an in-depth expertise in computerized analysys 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.



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