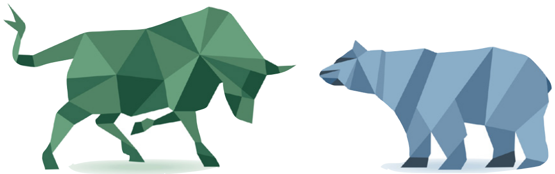
Braeburn Observations



Michael A. Poland, CFA®
Wealth Advisor / Portfolio Manager

LOWRY'S 9/11/2020

There has been little tangible evidence of an end to the consolidative period. From this perspective, short-term oversold conditions followed by a surge of renewed Demand are the ordered ingredients for a sustainable market rally following a drawdown. These buying opportunities are most reliably marked by the appearance of 90% or consecutive 80% Upside Days along with the quick registration of a Lowry conventional short-term buy signal.

U.S. MARKETS

U.S.stocks pulled back further from recent highs in a shortened but highly volatile trading week. The technology-heavy NASDAQ Composite index fared the worst, declining -4.1% and ending the week in correction territory—down 10% or more from the all-time high it reached on September 2nd. The Dow Jones Industrial Average shed 467 points finishing the week at 27,665, a decline of -1.7%. By market cap, the large cap S&P 500 retreated -2.5%, while the mid cap S&P 400 index and small cap Russell 2000 indexes declined -2.3% and -2.5%, respectively.

INTERNATIONAL MARKETS

Canada's TSX ticked up 0.03%, while the United Kingdom's FTSE 100 rallied 4.0%. On Europe's mainland, France's CAC 40 rose 1.4%, Germany's DAX added 2.8%, and Italy's Milan FTSE tacked on 2.2%. In Asia, China's Shanghai Composite retreated -2.8%. Japan's Nikkei finished the week up 0.9%. As grouped by Morgan Stanley Capital International, developed markets rose 0.4% while emerging markets declined -0.9%.

U.S. ECONOMIC NEWS

The number of Americans filing first-time unemployment benefits remained higher than expected in early September for the fourth consecutive week, signaling that the gradual improvement in the labor market over the summer has stalled. The Labor Department reported initial jobless claims remained unchanged at an upwardly revised 884,000 last week, above the consensus of 850,000. While it was the lowest number of initial claims in nearly six months, it was still higher than in any recession since 1967, highlighting the devastation the pandemic has inflicted on the economy. Continuing claims, which counts the number of Americans already receiving benefits, rose 93,000 to 13.385 million. That was its first increase in five weeks.

The Labor Department reported the number of job openings rose again in July, a sign that labor demand is firming. The Labor Department reported job openings rose by 617,000 to 6.6 million in July. For comparison, the number of jobs available were running around 7 million a month before the pandemic hit. There were notable gains in retail trade, health care, social assistance, and construction jobs. Hires, however, sank by 17.0% to 5.787 million, led by a significant decline in accommodation and food service jobs as that industry remains under severe pressure from COVID-19. On the positive side, layoffs fell to 1.721 million—its lowest level since March of last year.

Optimism of small business owners

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111 W. Western Avenue
Muskegon, Michigan 49442
231.720.0743 Main
866.577.9116 Toll free
info@braeburnwealth.com

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picked up in August, its third increase in the last four months. The National Federation of Independent Business (NFIB) survey rose 1.4 points to 100.2. The reading is a marked improvement from the pandemic low in April, boosted by Paycheck Protection Program loans and other fiscal help. Still, the reading remains 4.3 points below its level in February. Seven of the ten NFIB components improved last month, led by the earnings trend. Current inventory satisfaction was at its highest level since February 1997, while current job openings and hiring plans for the next three months both picked up.

For the second consecutive month, consumers increased their borrowing for big ticket items like vehicles and college tuition. In the latest report from the Federal Reserve, the use of credit rose in July after slumping from March through May. Outstanding consumer debt rose by $12.3 billion in July from the prior month, marking a 3.6% increase. Credit rose at a revised 3.3% annual clip in June. The use of credit had sunk nearly 20% in April during the worst of the pandemic. Revolving credit, such as credit cards, fell in July at a 0.4% annual rate—its fifth straight decline. Non-revolving credit, typically auto and student loans, climbed by 4.8% and rose for a third month in a row. Non-revolving credit is more stable and less prone to sharp swings like the use of credit cards.

Prices at the wholesale level ticked up a seasonally-adjusted 0.3% in August. The rise follows a 0.6% increase in July. Economists had expected a 0.2% increase. Ex-food and energy, so-called "core PPI" increased 0.4%--also above expectations. The increase in producer prices was led by services, which advanced 0.5%, the same as in the previous month, resulting in the biggest back-to-back jump since data began in 2009. Year-over-year, PPI for final demand was off -0.2%, its fifth consecutive decline, while core PPI edged up 0.6%. Neither measure is indicating any significant inflationary momentum.

At the consumer level, prices firmed slightly rising 0.4% in August, its third consecutive gain. Analysts had expected an increase of 0.3%. Core CPI, which excludes food and energy, also rose 0.4%. The increase was primarily attributed to a surge in the price of used cars and trucks, which jumped 5.4%, their biggest increase since March of 1969. The increase in used vehicle prices was responsible for 40% of the rise in core CPI. There were also notable price gains in recreation, apparel, car insurance, and airline fares. Year-over-year, the CPI increased 1.3%, while core rose 1.7%. Both have firmed over the past four months from near-deflation territory, but continue to show subdued price pressures and remain well-below the Federal Reserve's inflation target of 2.0%. Both producer and core CPI reports suggest that Fed policy will continue to remain accommodative for the foreseeable future.

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.

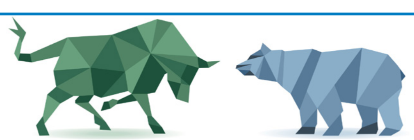
Stock Trader's Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the "January Barometer," the "Santa Claus Rally," and "Sell in May and Go Away." It includes data backing, historically proven,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