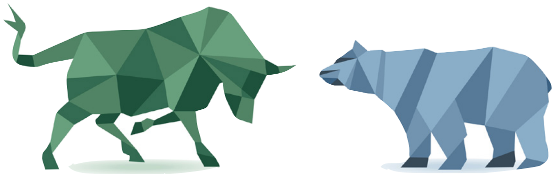
Braeburn Observations



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LOWRY'S 10/30/2020

The Lowry Analysis will monitor for any significant changes in longer-term conditions, should short-term issues persist. ...Nonetheless, investor patience is warranted until enthsiastic Demand returns to restore confidence in the intermediate-term uptrend.

U.S. MARKETS

U.S. stocks suffered their worst weekly declines since March, as the resurgence in coronavirus cases and election uncertainty weighed on sentiment. With the narrow exception of the S&P 500 index, all of the major indexes fell into correction territory, down over 10% from recent highs. The Dow Jones Industrial Average shed 1,834 points finishing the week at 26,502—a decline of -6.5%. The technology-heavy NASDAQ Composite fell for a second consecutive week, giving up -5.5%. By market cap, the large cap S&P 500 fell -5.6%, while the mid cap S&P 400 and small cap Russell 2000 fell more, -5.7% and -6.2% respectively.

INTERNATIONAL MARKETS

International markets were a sea of red this week. Canada's TSX gave up -4.4%, while the United Kingdom's FTSE fell -4.8%. On Europe's mainland, France's CAC 40 shed -6.4% while Germany's DAX plunged 8.6%. Asia markets fared better; China's Shanghai Composite declined -1.6% and Japan's Nikkei retreated 2.3%. As grouped by Morgan Stanley Capital International, developed markets ended down -5.5%, while emerging markets retreated -3.5%.

U.S. ECONOMIC NEWS

The number of Americans filing for first-time unemployment benefits slipped further in the last week hitting its lowest level since the pandemic began. The Labor Department reported initial jobless claims fell by 40,000 to 751,000 last week. Economists had expected a reading of 770,000. Continuing claims, which counts the number of Americans already receiving benefits fell by 709,000 to a seasonally-adjusted 7.76 million. Economists remain concerned that rising coronavirus cases will lead people to stay home, causing service industries to begin another round of layoffs. Furthermore, Congress went home for the presidential election without passing additional coronavirus financial relief. Ian Shepherdson, chief economist at Pantheon Macroeconomics wrote, "We think initial claims are more likely to increase over the next month than to fall further."

Home prices rose at their fastest pace in two years according to S&P CoreLogic. S&P's Case-Shiller 20-city price index posted a 5.2% annual price increase in August, up 1.1% from the previous month. The reading was in line with analyst expectations. On a monthly basis, the index increased 0.5% in August. The separate national home price index noted a 5.7% increase in home prices across the U.S. over the past year. This is the fastest pace in more than two years. Furthermore, the price increases were broad-based. All of the 19 large cities tracked by Case-Shiller posted increases in housing prices in August. Phoenix once again led all other markets nationwide with a 9.9% annual price gain in August, followed by Seattle with an 8.5% increase and San Diego with a 7.6% increase. Phoenix has been the strongest housing market for 15 months.

The housing market generally slows in the fall, but the latest data from the Census Bureau shows sales are still running well ahead of last year's pace. New home sales ran at a seasonally-adjusted annual rate of 959,000. While that number is a 3.5% drop from August, new home sales are up 32% compared to the same time last year. Last month, the government had reported that new-home sales had exceeded an annual rate of 1 million for the first time since 2006. Economists had expected new home sales to increase to a median pace of 1.033 million. By region, new homes plunged 28.9% in the Northeast, followed by smaller declines in the Midwest and the South. Comparatively, the West was the only region to experience an

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increase in sales with a 3.8% jump. The median sales price in July was $326,800, up from August's median price. The inventory of new homes was 284,000, representing a 3.6-month supply at the current pace of sales. A 6-month supply is considered the benchmark for a balanced market.

Confidence among the nation's consumers waned this month, reflecting less optimism about the jobs market and the U.S. economy in the next six months amid a new outbreak of coronavirus cases. The Conference Board reported its index of consumer confidence dipped a point to 100.3 this month. The decline was slightly bigger than Wall Street had expected. In the details, the sub-index that gauges how consumers feel right now about the economy rose to 104.6 from 98.9 in the prior month. However, another gauge that assesses how Americans view the next six months, the so-called 'future expectations index', declined to 98.4 from 102.9. The latest survey was largely compiled before the sharp upturn in coronavirus cases this month, suggesting confidence could suffer an even bigger decline in November.

Orders for goods expected to last at least three years, so-called "durable goods", climbed 1.9% in September, its fifth consecutive month of growth. The increase in orders last month easily topped Wall Street expectations. Economists had forecast a 0.2% decline. Orders for new cars and trucks increased 1.5% last month, snapping back from sharp decline in August. Outside of transportation, orders were mixed. Core orders, a category which excludes the volatile transportation and defense segments, increased 1% last month and exceeded pre-crisis levels for the second month in a row. Paul Ashworth, chief U.S. economist wrote in a note to clients, "The 1.9% rise in durable goods orders in September demonstrates that the economic recovery isn't entirely dependent on consumers, with business equipment investment recording a swift bounce back to pre-pandemic levels."

GDP rebounded by a record annual pace in the third quarter, but a resurgence of coronavirus cases threatens to derail the recovery. The Commerce Department reported GDP soared 33.1% in the third quarter as the economy began to recover from the coronavirus pandemic. The widely expected snapback in gross domestic product was given a huge assist by trillions of dollars in government stimulus. However, most of the aid has now expired and another surge in coronavirus cases threatens to force the economy back into lockdown. The increase in third-quarter GDP matched the forecasts of economists. However, economists are expecting a much weaker 4th quarter. Paul Ashworth, chief economist at Capital Economics wrote in a note to clients, "With coronavirus infections hitting a record high in recent days and any additional fiscal stimulus unlikely to arrive until, at the earliest, the start of next year, further progress will be much slower."

The Chicago Federal Reserve reported overall economic activity across the country ticked down for a third consecutive month in September. The Chicago Fed's National Activity Index ticked down 0.84 point to 0.27 last month. The index's three-month moving average, smoothed to iron-out the monthly volatility, moved down to 1.33 from 3.22 in August. A zero value of the index indicates the national economy is expanding at its historic trend rate of growth. Of the 85 economic indicators the Chicago Fed examines, fifty made positive contributions to the index. The third straight month of weaker readings fits with worries that the economy is faltering even as additional fiscal support for the economy remains blocked in Congress.

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.

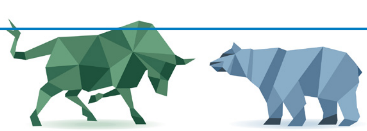
Stock Trader's Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the "January Barometer," the "Santa Claus Rally," and "Sell in May and Go Away." It includes data backing, historically proven,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