

Braeburn Observations



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

LOWRY'S 3/12/2021

Focusing on the shiny object of a sharp down draft in the perennially leading Technology Sector has distracted investors from the bigger picture. Looking objectively at the data reveals a stock market that is experiencing Demand growth and is in good health, poised to continue higher.

U.S. MARKETS

U.S. stocks moved broadly higher for the week, lifting most of the major benchmarks to new record highs. The Dow Jones Industrial Average rallied almost a thousand points finishing the week at 32,778, a 4.1% gain. The technology-heavy NASDAQ Composite added 3.1% closing at 13,319. By market cap, the large cap S&P 500 added 2.6%, while the mid-cap S&P 400 and small-cap Russell 2000 rose by 5.3% and 7.3%, respectively.

INTERNATIONAL MARKETS

International markets finished the week predominantly to the upside. Canada's TSX gained 2.6%, while the United Kingdom's FTSE 100 added 2.0%. On Europe's mainland, France's CAC 40 and Germany's DAX rose by

4.6% and 4.6%, respectively. In Asia, China's Shanghai Composite fell for a third consecutive week giving up 1.4%, while Japan's Nikkei added 3.0%. As grouped by Morgan Stanley Capital International, developed markets rose 2.2% and emerging markets added 0.3%.

U.S. ECONOMIC NEWS

The number of Americans filing for first-time unemployment benefits fell sharply the first week of March to its lowest level since last November. The Department of Labor reported initial jobless claims fell by 42,000 to 712,000 in the week ended March 6. That's near the lowest level of claims since the pandemic took hold. Economists had expected claims to fall to 725,000. Meanwhile, the number of people already collecting benefits, so-called "continuing claims", fell by 193,000 to 4.14 million. This is the lowest level of "continuing claims" since last March. Ian Shepherdson, chief economist at Pantheon Macroeconomics believes this is just the start for the improvement in the labor market. In a research note Shepherdson wrote, "A sustained, strong downward trend in claims is just beginning." He expects

claims to fall to 500,000 or less by the end of May.

The number of job openings in the U.S. rose to 6.92 million in January, up from a revised 6.75 million in the previous month the Labor Department reported. Economists had expected job openings to rise to just 6.7 million. In the report, the highest numbers of job openings were in the education, services, and recreation sectors. In addition, the "quits rate", closely watched because it's assumed that a workers would only quit a position for a more lucrative one, ticked down to 2.3% in January from 2.4% in the prior month.

The National Federation of Independent Business (NFIB), a small-business lobbying group, found small business owners were more optimistic in February--but the recovery has been uneven. The NFIB reported its index rose 0.8 points to 95.8 in February. The reading fell short of the median forecast of 96.5. In the report, companies said finding enough qualified workers was their biggest problem--even more than taxes or regulatory costs. More than half of the small businesses surveyed said they either hired or tried to hire workers last month, but many could not find suitable workers. Of note,

Continued on page 2

The *Braeburn Observations* is our means of sharing with clients and interested parties what it is we are reading in our research. These are research items, news and statistics that are being considered as we make investment decisions for our clients. Items noted do not necessarily drive an investment decision in and of itself. We are trying to make the best decisions we can given all that we are looking at. We also highlight key financial metrics that will provide a "point in time" glimpse of how the financial markets are behaving. Again, it is often the trend in these metrics and/or anticipated movements that drives our decision making in our clients' portfolios. All observations are taken at a point in time and should not be used to infer our opinion or to rely upon as a matter of fact that we are currently acting upon.

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



BRAEBURN
Wealth Management

Continued from page 1

the biggest share of small businesses in 12 years reported they are raising prices--a potential harbinger of coming inflation.

The cost of goods and services at the consumer level rose last month at its fastest pace in 6 months, predominantly due to higher prices at the gas pump. The Bureau of Labor Statistics reported the Consumer Price Index advanced 0.4% in February, matching estimates. The rate of inflation over the past year ticked up to 1.7% from 1.4%. Economists are now expecting inflation to match or exceed its pre-pandemic level of

2.3% by the middle of the year as the U.S. recovery continues to gather momentum. The separate "core" measure of inflation that strips out the often-volatile food and energy categories, edged up a smaller 0.1%. The core rate has increased a more modest 1.3% in the past year, down from 1.4% in the prior month.

Prices moderated at the wholesale level after a big jump in January, but momentum remains to the upside. The Labor Department reported its Producer Price Index (PPI) for final demand rose 0.5% in February. The gain was in line with analysts'

forecasts. Wholesale inflation had jumped 1.3% in January, its biggest gain since 2009. The gain in February was driven by higher prices for energy, which climbed 6%. In the 12 months through February, the PPI accelerated 2.8% after rising 1.7% in the prior month. The core PPI index rose 2.2% over the past 12 months, up 0.2%. Some economists anticipate the recent burst of government spending will cause the economy to overheat. Fed Chairman Jerome Powell has said he thinks the rise in prices will be "temporary"--and that it will take until the summer to know whether this is the case.

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 realms 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.

