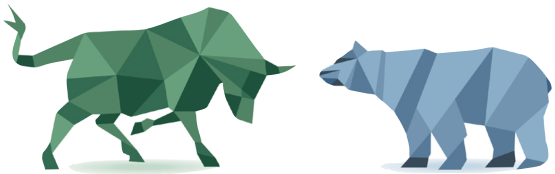
Braeburn Observations



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LOWRY'S 8/13/2021

The market has continued to show scattered signs of improvement. However, with negative divergences in place for many of Lowry's core indicators, investors should likely remain selective in their portfolios until sustained broad-based Demand reemerges.

U.S. MARKETS

U.S. markets were mixed, but the headline indices continued to gain ground as the market mostly shrugged off concerns about a renewed spread of the coronavirus. Within the benchmark S&P 500 index, value stocks outperformed their growth counterparts. The Dow Jones Industrial Average finished the week up 307 points closing at 35,515, a gain of 0.9%. The technology-heavy NASDAQ Composite ticked down -0.1% to 14,823. By market cap, the large cap S&P 500 added 0.7%, the mid cap S&P 400 gained 0.5% and the small cap Russell 2000

INTERNATIONAL MARKETS

Canada's TSX rose 0.2%, while the United Kingdom's FTSE 100 gained 1.3%. On Europe's mainland, France's CAC 40 and Germany's DAX added 1.2% and 1.4%, respectively. In Asia, China's Shanghai Composite gained 1.7%, while Japan's Nikkei 225 finished up 0.6%. As grouped by Morgan Stanley Capital International, developed markets added 1.4% but emerging markets pulled back -0.4%.

U.S. ECONOMIC NEWS

New applications for first-time unemployment benefits fell last week to close to a pandemic low, signaling that fewer people are losing their jobs despite the resurgence in coronavirus cases. The Labor Department reported initial jobless claims dropped by 12,000 to 375,000, matching the consensus forecast. New claims had fallen to a pandemic low of 368,000 last month before a temporary increase that was likely tied to seasonal swings in summer employment. New claims were little changed in most states. Claims fell the most in New Mexico while California and Michigan posted the biggest increases. Meanwhile, continuing claims, which counts the number of people already receiving benefits slid by 114,000 to 2.87 million. Continuing claims are also now at a pandemic low.

It truly is a job-seeker's market. The number of job openings in the United States rose to a record 10.1 million in June, the Labor Department reported - the fourth consecutive all-time high. Economists had expected job openings to rise 9.3 million. The data is proof the labor market is firming and businesses continue to seek workers. Also in the report, for the first time in six months, the rate of hiring outpaced the rate of job opening increases. The number of people hired rose by 697,000 to 6.7 million. Some economists are starting to anticipate the strong labor market data will allow the Federal Reserve to start tapering its bond purchases this fall. T.J. Connelly, head of research at Contingent Macro, wrote in a note, "This report might offer the first sign that headwinds like generous unemployment benefits and childcare issues for parents might finally be abating."

Optimism among the nation's small business owners retreated in July after hitting the highest level since the November election last month. The National Federation of Independent Business (NFIB) reported its index dropped 2.8 points to 99.7. The survey found business owners are losing confidence in the strength of the economy and expect a slowdown in job creation. Owners expecting better business conditions over the next six months fell eight points to a

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net negative 20%. Still a net 27% of the owners planned to create new jobs in the next three months, only down one point from a record-high reading in June. Turning to inflation, a net 46% of small business owners reported raising average retail prices. The NFIB said in its statement, “This is inflation, the question is for how long.” A net 38% of owners reported raising compensation for workers, down 1 point from June’s record high. A net 27% expect to raise compensation in the next three months, a 48-year record high reading.

The consumer price index climbed 0.5% in July, matching the consensus forecast. The reading was down from a 0.9% gain in June. Over the past 12 months, the rate of inflation remained at 5.4% for a second straight month—a 20-year high. However, the measure that eliminates the often volatile food and energy categories, so-called “core inflation”, rose a lesser 0.3%. That measure decelerated to an annual rate of 4.3% from 4.5%, which had been a 29-year high. The key driver in the moderation of core CPI was used car prices, which rose just 0.2% after surging 30% from March to June. Federal Reserve officials are remaining patient and view the surprising surge of inflation as “largely transitory.” Most economists seem to agree but uncertainty remains.

Prices at the wholesale level surged again, rising sharply in July for the sixth month in a row and offering no evidence that the increase in inflation is near its crest. The Bureau of Labor Statistics reported its Producer Price Index (PPI) jumped a whopping 1% last month. Economists had forecast only a 0.6% advance. In the report, most of the increase was concentrated in services such as airline tickets and hotel rooms amid the surge in travel this summer. Wholesale auto prices have also risen sharply due to strong demand and because carmakers have been unable to maintain production levels amid shortages of key components. The pace of wholesale inflation over the past 12 months moved up to 7.8% from 7.3%. That’s the highest level since the index was reconfigured in 2010, and likely one of the highest readings since the early 1980s.

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.

BRAEBURN Wealth Management