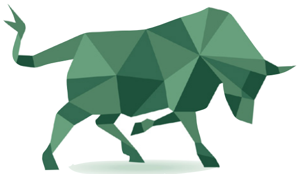
Braeburn Observations



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

LOWRY'S 3/19/2021

While there is a short-term gyration in the balance of Supply and Demand, likely due to Sector rotation, the overall weight of evidence still portrays a healthy market with probabilities favoring new highs in the months ahead.

U.S. MARKETS

The major indexes continued to hit record highs early in the week, but lost ground as bond yields reached their highest levels in over a year. The Dow Jones Industrial Average shed 150 points finishing the week at 32,627—a decline of -0.5%. The technology-heavy NASDAQ Composite declined a slightly steeper -0.8%. By market cap, the large cap S&P 500 retreated -0.8%, while the S&P 400 mid cap index and Russell 2000 small cap index declined -1.2% and -2.8%, respectively.

INTERNATIONAL MARKETS

International equity markets were mixed for the week. Canada's TSX ended the week essentially flat, while the United Kingdom's FTSE 100 ended down -0.8%. On Europe's mainland, France's CAC 40 also finished down -0.8%, while Germany's DAX rose 0.8%. In Asia, China's Shanghai Composite fell for a fourth consecutive week giving up -1.4%. Japan's Nikkei ticked up 0.2%. As grouped by Morgan Stanley Capital International, developed markets and emerging markets each added 0.2%.

U.S. ECONOMIC NEWS

The number of Americans filing first-time unemployment benefits rose to a one-month high last week, according to the Labor Department. Initial jobless claims increased by 45,000 to 770,000 in the week ended March 13. Economists had forecast new claims would fall to a seasonally-adjusted 700,000. Combined state and federal jobless claims totaled 1.02 million last week. They've yet to fall below 1 million since the onset of the pandemic last year, underscoring the massive damage to the U.S. economy caused by the coronavirus. The number of people already collecting traditional unemployment benefits, meanwhile, slipped a mild 18,000 to a seasonally adjusted 4.12 million. That's the lowest level since last spring.

Sales at U.S. retailers fell 3% in February the Census Bureau reported, but analysts expect the decline to be short-lived as the government begins sending stimulus checks to most Americans. Economists had forecast a small decline of just -0.1% in retail sales. In the report, sales fell in every major retail group except for groceries and gasoline, two major household staples. Sales at gas stations climbed 3.6% last month, largely due to higher prices at the pump. U.S. economist Andrew Hunter of Capital Economics wrote in a note, "With the next round of even larger stimulus checks already being sent out, we expect spending to see a renewed surge in March."

Confidence among the nation's home builders dipped to its lowest level since late last summer as concerns grow about the rising cost of building materials and higher interest rates. The National Association of Home Builders (NAHB) reported its monthly confidence index dropped two points to 82 in March—its lowest reading since August. Robert Dietz, chief economist at the NAHB said in the report, "Builder confidence peaked at a level of 90 last November and has trended lower as supply-side and demand-side factors have trimmed housing affordability." Sentiment

Continued on page 2

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

declined across most parts of the country. The index fell in the West, Midwest, and Northeast, but remained flat in the South.

Manufacturing activity in the New York region hit an eight-month high this month, according to the latest data from the New York Federal Reserve. The New York Fed reported its Empire State Manufacturing Index rose 5.3 points to a reading of 17.4 in March. The result beat the consensus forecast of 15. The index sits at its highest level since last July and recorded its ninth consecutive reading above zero. In the details, the new orders index slipped 1.7 points to 9.1, while shipments surged 17.1 points to 21.2. Of note, the prices paid index rose 6.6 points to 64.4 in March—its second consecutive month of hitting a 10-year high.

The Federal Reserve announced its intention to remain in a holding pattern this week, saying it didn't anticipate raising interest rates until the end of 2023—despite signs of stronger economic growth and a pick-up in inflation. In its forecasts, the Fed sees GDP growth this year of 6.5% annual rate and said core inflation would rise slightly above its 2% target. In its assessment of appropriate monetary policy, seven of 18 Fed officials have penciled in a rate hike in 2023, up from 5 at the last "dot-plot" in December. Four officials expect a rate hike in 2022, up from one member in the December forecast. The Fed projections see inflation slowing to 2% in 2022 before picking up slightly to 2.1% in 2023. The central bank has said it will tolerate inflation slightly above target to make up for the years inflation has been below 2%.

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.

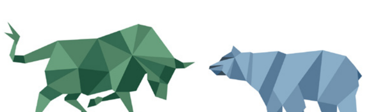
Stock Trader's Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the "January Barometer," the "Santa Claus Rally," and "Sell in May and Go Away." It includes data backing, historically proven,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

Bull and Bear Paperfold by: © Norbert Buchholz.Dreamstime.com