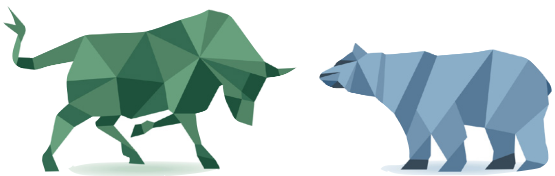
Braeburn Observations



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LOWRY'S 7/23/2021

...inconsistencies reflect a lack of commitment on the part of buyers that makes for a mixed body of evidence. Probabilities still appear to favor elevated volatility despite short-term improvement in some indicators.

U.S. MARKETS

U.S. stocks ended the week higher, rebounding from a sharp sell-off on Monday. The advance was somewhat narrow, with much of the gains concentrated in technology and internet-related giants. The Dow Jones Industrial Average finished the week up 374 points to 35,062—a gain of 1.1%. The technology-heavy NASDAQ Composite powered ahead 2.8% to 14,837. By market cap, the large cap S&P 500 rose 2.0%, while the mid cap S&P 400 and small cap Russell 2000 each rose 2.1%.

INTERNATIONAL MARKETS

Canada's TSX added 1%, while the UK's FTSE 100 rose for the first time in four weeks adding 0.3%. On Europe's mainland, France's CAC 40 and Germany's DAX gained 1.7% and 0.8%, respectively. Major markets were mixed in Asia; China's Shanghai Composite added 0.3% while Japan's Nikkei declined -1.6%. As grouped by Morgan Stanley Capital International, developed markets rose 1.1%, while emerging markets declined -2.0%.

U.S. ECONOMIC NEWS

The number of Americans filing first-time unemployment claims jumped to a nine-week high as automakers shut down manufacturing plants to retool for the latest models or, in many cases, due to chip shortages. The Labor Department reported initial jobless claims surged by 51,000 to 419,000 last week. Economists had expected just 348,000 new claims. Analysts noted the increase was concentrated in the few states heavily engaged in automaking and probably doesn't reflect a broader slowdown in the U.S. economy. The biggest increase took place in Michigan, where autoworkers are eligible for benefits when manufacturing plants are briefly shut down each summer to retool for the latest models. Kentucky and Texas - both big auto-manufacturing states - also reported large increases in new claims. The number of people already collecting state jobless benefits, meanwhile, fell by 29,000 to a seasonally adjusted 3.24 million. These so-called "continuing claims" are consistently falling to new pandemic lows.

Confidence among the nation's homebuilders continues to wane as shortages of both raw materials and skilled workers continue to hamper construction projects. The National Association of Home Builders (NAHB) reported its monthly confidence index declined 1 point to 80 in July. Economists had been expecting a reading of 81. Robert Dietz, NAHB's chief economist, said in the report "Builders are contending with shortages of building materials, buildable lots and skilled labor as well as a challenging regulatory environment." "This is putting upward pressure on home prices and sidelining many prospective home buyers even as demand remains strong in a low-inventory environment," he added. In the details of the report, the index that gauges the traffic of prospective buyers saw a pronounced decline, dropping six points to 65. Another index, which measures current sales conditions, fell one point to 86, while the index of sales expectations over the next six months actually increased two points to 81.

The U.S. Census Bureau reported its measure of home construction activity continued to improve last month, but homebuilders are facing a challenging market. U.S. home builders started construction on homes at a seasonally-adjusted annual rate of 1.64 million in June, representing a 6.3% increase from the previous month's downwardly-

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revised figure, the U.S. Census Bureau reported. Compared with June 2020, housing starts were up 29%, though the year-over-year comparison is skewed by the effects of the COVID-19 pandemic and subsequent lockdowns. However, of concern going forward, the pace of permitting for new homes dipped again in June. Permitting for new homes occurred at a seasonally-adjusted annual rate of nearly 1.6 million, down 5% from May. By region, the Northeast and Midwest both saw declines in housing starts, while the West and South saw gains. The West in particular saw housing starts surge to the highest level since February, with a 13% monthly increase.

After surging higher in the second quarter the U.S. economy cooled a bit, according to data from analytics firm IHS Markit. Markit reported its preliminary composite output index for the U.S. fell to a four-month low of 59.7 in July. That's down four points from June's reading. Chris Williamson, chief business economist at IHS Markit stated, "The provisional PMI data for July point to the pace of economic growth slowing for a second successive month, though importantly this cooling has followed an unprecedented growth spurt in May." IHS Markit said its flash survey of U.S. manufacturers rose slightly to 63.1 in July from 62.1 in the prior month. A similar survey of service-oriented companies — banks, restaurants, retailers and the like — dipped to a five-month low of 59.8 from 64.6 in June. The report noted inflation and short-term capacity issues remain major sources of uncertainty among businesses. Of concern, business optimism about the year ahead fell to the lowest level seen so far this year.

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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