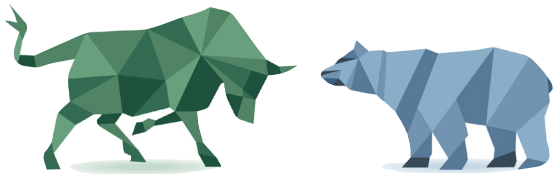
Braeburn Observations



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LOWRY'S 5/28/2021

With fresh all-time highs in both the NYSE all-issues and OCO Adv-Dec Lines recorded on May 27, and short-term buy signals registered in recent days, the more bearish scenario is starting to fade. Once current uncertainties are cleared, probabilities favor an eventual resumption of the bull market advance.

U.S. MARKETS

U.S. stocks recorded solid gains for the week, bringing the benchmark S&P 500 Index nearly back to its all-time highs. The Dow Jones Industrial Average gained 322 points to close at 34,529, a rise of 0.9%. The technology-heavy NASDAQ Composite had its second week of gains, adding 2.1%. By market cap, the large cap S&P 500 rose 1.2%, while the mid cap S&P 400 and small cap Russell 2000 indexes added 1.4% and 2.4%, respectively.

INTERNATIONAL MARKETS

The number of Americans applying for first-time unemployment benefits fell to new pandemic lows as the U.S. economy continued to recover and companies to hired more workers. The Labor Department reported initial jobless claims sank by 38,000 to 406,000 in the week ended May 22. That was the fewest number of compensation claims since the onset of the pandemic nearly 15 months ago. Economists had forecast new claims would total a seasonally-adjusted 425,000. New requests were down sharply from the nearly 900,000 readings seen in early January. Meanwhile, the number of people already collecting benefits, so-called "continuing claims", fell by 96,000 to a seasonally-adjusted 3.64 million. That reading is reported with a one-week delay.

U.S. ECONOMIC NEWS

Home prices continued to accelerate in March, rising at their fastest pace since 2005. Analytics firm S&P CoreLogic Case-Shiller reported the index of home prices across 20 large cities increased at an annual pace of 13.3% in March. Among the 20 cities that the index tracks, Phoenix again saw the largest increase with a 20% jump, followed by San Diego (up 19.1%) and Seattle (up 18.3%). On a monthly basis, home prices were up 1.6%. Craig Lazzara, managing director and global head of index investment strategy at S&P DJI stated, "The market's strength is broadly-based: all 20 cities rose, and all 20 gained more in the 12 months ended in March than they had gained in the 12 months ended in February." Separately, the national home price index, which measures home prices across the country, rose a similar 13.2% over the past year. The latest reading is the highest annual gain since December 2005.

Sales of new homes fell in April by nearly 6% as affordability constraints begin to weigh on home buyers. The U.S. Census Bureau reported new residential sales occurred at a seasonally-adjusted annual rate of 863,000. Despite the lower reading, new home sales were still up 48% compared to the same time last year. The median forecast of economists polled was 959,000. Analysts noted the decline in mortgage demand could be a reflection of both buyers' and builders' concerns about affordability, as mortgage rates have risen this year alongside home prices. The market for new homes is seeing price pressures not just due to the high demand for housing but also because of rising material costs that are driving construction expenses substantially higher.

For the first time in six months, the confidence of American consumers slipped as they grew more worried about the rising cost of living and future job prospects. The Conference Board reported its closely followed survey of consumer confidence slipped 0.3 point to 117.2 in May.

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Economists had forecast a reading of 119.5. All three major surveys of consumer confidence declined in May even as states loosened or eliminated altogether restrictions put in place during the pandemic. Nonetheless, the reopening of the economy combined with massive federal stimulus has unleashed a surge in pent-up demand. That demand has pushed the cost of many goods and services to record highs, increasing worries of inflation. The part of the survey that asks how consumers feel about the economy right now surged again to 144.3 from 131.9--a new pandemic high. However, the measure of how Americans view the next six months sank to 99.1 from 107.9—a three-month low.

A key measure of inflation rose again last month hitting a 13-year high, reflecting the broad surge in consumer prices as the U.S. fully reopens for business. The Personal Consumption Expenditures Index climbed to 3.6% in April from the same time a year earlier, hitting its highest level since 2008 and well above the Federal Reserve's stated 2% goal. A separate measure of inflation that strips out food and energy also rose to its highest level since 1992. Still, the Federal Reserve insists inflation will fade to its 2% target by next year, once the economy is on firmer footing and the pandemic is well behind us.

Orders for goods expected to last at least three years, so-called "durable goods", fell last month for the first time in a year. The Census Bureau reported orders for durable goods slipped 1.3% in April. Economists had expected a 0.9% increase. The decline stemmed almost entirely from a big drop in orders for new cars and trucks. Automakers have plenty of demand, but they can't fill new orders fast enough because of an ongoing global shortage of computer chips. These shortages are likely to drag on for months until bottlenecks created by the pandemic are eliminated and pent-up demand is filled. Excluding transportation, new orders rose a healthy 1.1% in April. The best news in the report was a 2.3% increase in business investment. Companies are now investing more than they did before the pandemic and it's likely to keep going up, economists say.

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.

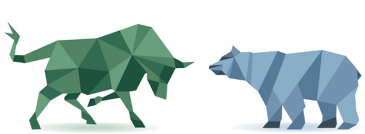
Stock Trader's Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the "January Barometer," the "Santa Claus Rally," and "Sell in May and Go Away." It includes data backing, historically proven,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