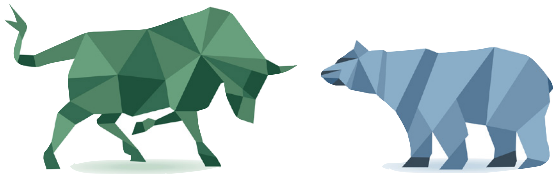
Braeburn Observations



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

LOWRY'S 3/26/2021

No market offers a perfect array of evidence so the weight of the bullish and bearish sides must be considered. With that said, the primary uptrend is healthy, but it could be temporarily sidetracked by market gyrations and short-term uncertainty.

U.S. MARKETS

The major indexes finished the week mixed, as investors seemed to continue weighing optimism over a full economic reopening against inflation and interest rate concerns. Small-cap stocks lagged for a second consecutive week, signaling a potential pause in their recent market leadership. The Dow Jones Industrial Average added 445 points finishing the week at 33,072, a gain of 1.4%. The technology-heavy NASDAQ Composite shed -0.6% to 13,138. By market cap, the large cap S&P 500 and mid cap S&P 400 added 1.6% and 0.5%, respectively, while the small cap Russell 2000 ended down -2.9%.

INTERNATIONAL MARKETS

International markets finished the week mixed as well. Canada's TSX gave up -0.5%, while the United Kingdom's FTSE added 0.5%. On Europe's mainland, France's CAC 40 ticked down -0.2%, while Germany's DAX rose 0.9%. In Asia, China's Shanghai Composite rebounded 0.4% following four weeks of consecutive declines. Japan's Nikkei closed down -2.1%. As grouped by Morgan Stanley Capital International, developed markets rose 0.2%, while emerging markets ended the week down -1.5%.

U.S. ECONOMIC NEWS

The number of Americans filing for first-time unemployment benefits fell last week hitting its lowest level since the pandemic began. The Labor Department reported initial jobless claims fell by 97,000 to 684,000 in the week ended March 20. Economists had forecast new claims would fall to 735,000. New claims fell the most in Illinois, Ohio, and California. Massachusetts. The only states with notable increases were Virginia and Nevada. Meanwhile, the number of people already collecting benefits fell by 264,000 to 3.87 million. That's the lowest level since last spring.

Sales of existing homes fell in February following two consecutive months of gains. The National Association of Realtors (NAR) reported existing-home sales dropped 6.6% from January to a seasonally-adjusted annual rate of 6.22 million. Still, home sales were up 9.1% from the same time last year. Lawrence Yun, chief economist at the National Association of Realtors, noted "Despite the drop in home sales for February — which I would attribute to historically-low inventory — the market is still outperforming pre-pandemic levels." By region, home sales decreased the most in the Midwest (-14.4%), followed by the Northeast (-11.5%). Sales increased in the West by 4.6%. The median existing-home price in February was $313,000—nearly 16% higher than the same time last year.

Spending at the consumer level posted its biggest decline in almost a year in February, predominantly due to a bout of harsh winter weather and a delay in government stimulus payments. The Bureau of Economic Analysis reported consumer spending sank 1% last month—the biggest drop since the onset of the coronavirus pandemic. The reading matched economists' forecasts. Americans reduced spending on an array of goods and services in February, particularly drugs, recreational items

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

and takeout food, more than offsetting increases in outlays on housing, health care, utilities and gasoline.

Orders for goods expected to last at least three years, so-called ‘durable goods’, fell in February for the first time since last spring. The Census Bureau reported orders for durable goods fell 1.1%, far below economists’ estimates for a 0.6% increase. The decline in orders last month was broad based. Orders in every major category fell except for commercial passenger planes. Auto makers reported the biggest drop in orders—down -8.7%. If transportation is excluded, durable-goods orders slipped a smaller 0.9% in February. One major concern is the shortages of many key materials used in the production of goods ranging from lumber to computer chips. Stephen Stanley, chief economist at Amherst Pierpont Securities stated, “The primary driver of the drop was the disruptions in the auto industry, as chip shortages have sharply curtailed production.”

The U.S. economy contracted in February for the first time since the worst phase of the coronavirus pandemic, according to a nationwide economic survey. The Chicago Federal Reserve reported its National Activity Index fell to -1.09 from a revised 0.75 in January. The Chicago Fed index is a weighted average of 85 economic indicators. In the details, only 34 of the 85 indicators made positive contributions. Production-related indicators dragged the index down the most, subtracting -0.85 from the index, down from a positive 0.37 in January. The personal consumption and housing categories also contributed -0.29, down from positive 0.27 in January.

Sentiment among the nation’s consumers is the most upbeat since the onset of the pandemic, a recent survey showed. The University of Michigan reported its consumer sentiment index of March rose 1.9 points to 84.9 in March. Richard Curtin, chief economist of the survey stated, “Consumer sentiment continued to rise in late March, reaching its highest level in a year due to the third disbursement of relief checks and better than anticipated vaccination progress.” However, the index remains about 16 points below its pre-pandemic peak. Still, the attitude of Americans right now about their own personal finances and the broader economy is at a one-year high. Associate economist Mahir Rasheed of Oxford Economics wrote in a note to clients, “We expect attitudes will continue to rebound as the pandemic wanes and economic activity normalizes over the coming months.”

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.

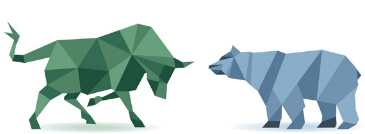
Stock Trader’s Almanac – A unique annual publication created by Yale Hirsch in 1967. The almanac is a treasure trove of insightful research originating such important phenomena as the “January Barometer,” the “Santa Claus Rally,” and “Sell in May and Go Away.” It includes data backing, historically proven,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