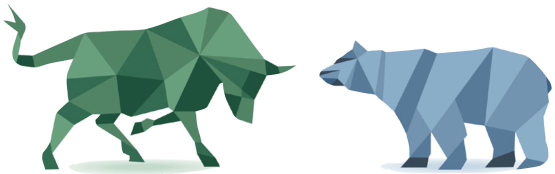
Braeburn Observations



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LOWRY'S 9/10/2021

Investors are best served by remaining nimble and not dwelling on market-wide short-term fluctuations at this time, at least not until there is greater clarity in the balance of Supply and Demand. Should the Safety Control register, then more defensive actions, including trimming lagging positions and raising more cash, should be employed. Even if it does not register, the focus should remain on stocks that are still performing. In the current market, that means large-cap quality stocks, including those that have the added cusion of reasonable dividends.

U.S. MARKETS

The major U.S. indexes retreated over the holiday-shortened week; the small cap Russell 2000 index fared the worst among the indexes following two weeks of outperformance. The Dow Jones Industrial Average shed 761 points to finish the week at 34,608—a decline of -2.2%. The technology-heavy Nasdaq Composite gave up 248 points to 15,115—a decline of -1.6%. By market cap, the large cap S&P 500 retreated -1.7%, while the mid cap S&P 400 and Russell 2000 declined 2.7% and -2.8%, respectively.

INTERNATIONAL MARKETS

Except in the Far East, international markets were mostly down for the week. Canada's TSX retraced last week's gain ending down -0.9%. In Europe, the United Kingdom's FTSE 100 retreated -1.5%, France's CAC 40 shed -0.4% and Germany's DAX declined -1.5%. However, in Asia, China's Shanghai Composite surged 3.4% and Japan's Nikkei vaulted 4.3%. As grouped by Morgan Stanley Capital International, developed markets ended down 1.1% and emerging markets gave up -1.2%.

U.S. ECONOMIC NEWS

The number of Americans filing for first-time unemployment benefits fell sharply this week to its lowest level since the pandemic began. The Labor Department reported initial jobless claims fell by 35,000 to 310,000. Economists had forecast new claims would total 335,000. Claims have fallen steadily since mid-July. Analysts state the reading is a sign businesses remain confident about the future. Meanwhile, the number of people already collecting benefits, known as continuing claims, slid by 22,000 to 2.78 million. That number is also at a pandemic-era low.

The number of job openings in the U.S. hit another record high in July—the fifth consecutive all-time high. The Labor Department reported job openings hit a record 10.9 million in July. Economists had forecast 10.1 million openings. For the first time in history, the ratio of people unemployed to job openings fell to less than 0.8:1. Not all sectors were impacted equally. Openings fell in construction, trade, transportation and utilities. Of note, the "quits rate", rumored to be the Federal Reserve's preferred measure of the labor market as it assumes one would only quit a job in favor of a more lucrative one, ticked up to 3.1%. Labor market analysts don't expect the demand in hiring to slow anytime soon. Lydia Boussour, economist at Oxford Economics wrote in a note to clients, "Given red-hot labor demand and rising wage growth, the jobs recovery seems unlikely to go into reverse. We expect the pace of hiring will reaccelerate modestly this fall as the delta coronavirus wave recedes and labor constraints start to ease."

Prices at the producer level rose again in August following a big jump in July. The Bureau of Labor Statistics reported the U.S. producer price index rose 0.7% in August. Economists had

Continued on page 2

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Continued from page 1

expected a 0.6% advance. From the same period last year, producer prices were up 8.3%--its largest gain since the data was first collected in 2010. Core prices, which exclude food and energy, were up 0.3%. Inflation remains well above the Federal Reserve's 2% annual target. Producers are still struggling with shortages, bottlenecks and transportation difficulties in the wake of the coronavirus pandemic.

The Federal Reserve's 'Beige Book'—a collection of anecdotal economic reports from each of its member banks—reported economic growth is slowing as the 'delta variant' hits tourism and restaurants. The worsening situation surrounding the COVID-19 pandemic prompted a pullback in dining out and travel, the Fed reported. Notably, businesses reported they weren't encountering difficulty in raising prices to consumers to account for the higher costs they were incurring. Some businesses suggested Americans could see 'significant hikes' in prices in the coming months. Businesses remained optimistic, although concerned, about continuing supply disruptions and labor shortages, especially in the West and Midwest.

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