

The Outlook: April 22, 2022

The market: in the “impressions” business, as always.

We show off our “Seas of Green” often enough. Today’s a chance to be fair and highlight a “Sea of Red.”

OCM Core Stock List SECURITY					Updated 16:01 EDT	Optic
Symbol	Name	Price	Change	% Chg	As of (ET)	
CAT	Caterpillar Inc	216.17	-16.40	-7.05%	04/22 16:00	
CME	CME Group Inc	222.97	-5.40	-2.36%	04/22 16:00	
CMI	Cummins Inc	199.20	-7.66	-3.70%	04/22 16:00	
COP	ConocoPhillips	95.95	-2.72	-2.76%	04/22 16:00	
FCX	Freeport-McMoRan Inc	41.90	-3.06	-6.80%	04/22 16:00	
LMT	Lockheed Martin Corp	445.72	+6.18	+1.41%	04/22 16:00	
MSFT	Microsoft Corp	273.98	-6.83	-2.43%	04/22 16:00	
MU	Micron Technology Inc	69.36	-1.56	-2.20%	04/22 16:00	
TXN	Texas Instruments Inc	173.33	-3.90	-2.20%	04/22 16:00	
XOM	Exxon Mobil Corp	85.20	-1.83	-2.10%	04/22 16:00	

Why so red?

The answer lies with Freeport, the copper king, which had been holding up admirably near its \$51 all-time high while the market took its recent lumps. Not anymore. There is Freeport around \$42, with a lot of the pounding triggered by this week’s quarterly earnings report.

Freeport’s report was outstanding: continuing along the strongly-rising road the company’s people have built over the last five years or more. Debt is now insignificant; copper and gold revenues are up like a rocket; production costs are still in the “rock bottom” neighborhood despite the inflationary pressures hitting the whole business world, including Freeport. But the company modestly reduced its 2 to 3-year forecast for production volumes, for reasons which came down to: “Copper mining is hard to do, with plenty of geological problems . . . and we’ve encountered a few.” The key word there, for investors and anyone else who lives on Main Street, was “a few.” Hence the modest forecast cut. If copper prices stay where they are, or keep rising over time (which is a pretty safe bet), the modest cut in ore volumes will be meaningless.

But while Main Street and genuine investors grasp what “a few” means . . . the market’s speculating mob has no interest in it. All that ever matters to that crowd is the direction any piece of news points, big or little. “Down” means “hammer the Sell button” . . . and “keep your finger poised over “Buy.” For the betting crowd, “impressions” are the daily bread, and always will be. Grasping the meaning of things is what Main Street does, not Wall Street.

“The market never stops trying to frighten us out of good positions.” Mr. Buffett was never more right than when he made that remark. It did a thousand points of frightening today; but it is still in the “impressions” business, not the “understanding” business.

Outlook Capital Management, LLC
125 S. Wilke Road, Suite 200E
Arlington Heights, IL 60005
847-797-0600

The remarks above aren't a general recommendation to buy or sell particular securities. Such decisions should only be made in the context of an investor's own circumstances. Stocks and bonds carry the risk of loss.