

The Outlook: April 1, 2023

From the air travel business, a reminder: "Buy low, sell high."

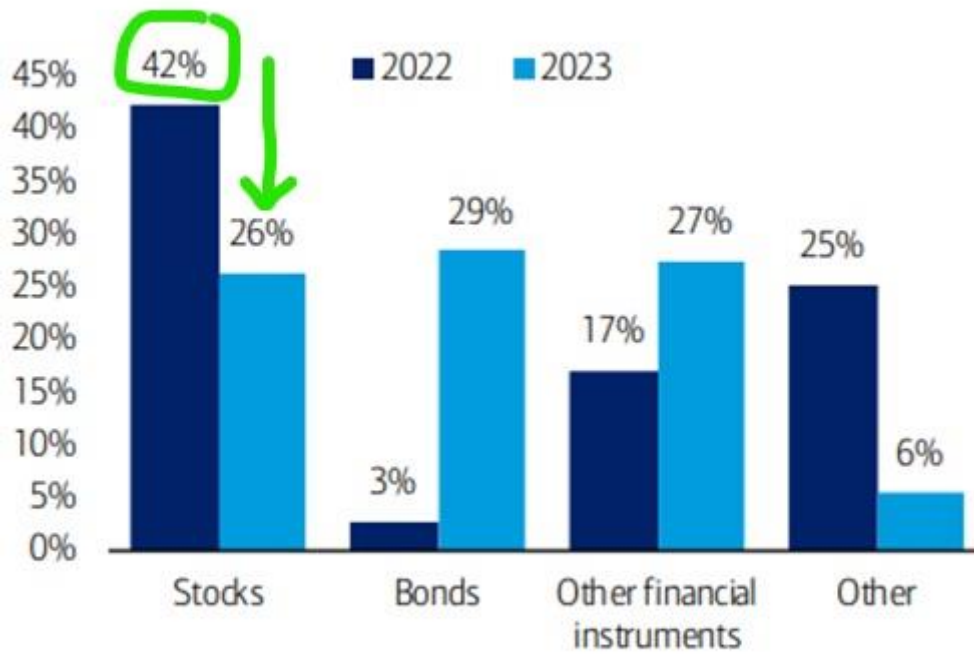
We often mention the galactic-scale gulf between the nature of Main Street and the nature of Wall Street. We keep talking about it because it's impossible to think clearly about investing unless we keep the gulf firmly in mind. Main Street is where real people and companies build for the future. Wall Street (the market) is where a giant mob of speculators endlessly tries to make a fast buck betting on what kind of impression the latest headlines might make on their fellow gamblers. Luckily the market *also* must bet on the cold cash and real achievements coming from Main Street, when they seize the headlines now and then . . . or we investors would be better off throwing our hands up and heading to the back yard to bury our cash.

The first picture below is about Wall Street. It shows that last year, 42% of investors with excess cash were thinking about using it to buy common stocks; but in 2023 it's plunged to only 26%. Why the change? That's pretty easy: last year the investment world was merely "concerned" about Nightmares like inflation, recession and war. This year the investment world is downright alarmed about them.

The market has plunged 15% to 25% since its 2022 highs. What happened to "Buy low, sell high?" Exactly the same thing that always happens: it gets ignored. "Buy low, sell high!" might just be the wisest and most-completely ignored old saying in the history of investing. The more frightened we are, the harder it is for us to think clearly.

Exhibit 9: Not much interest in buying stocks with excess cash

Q – What are the clients looking to do with excess cash?



Source: Wealth Management Marketing Research, Bloomberg, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

So that's the state of things on Wall Street. What about Main Street? Let's glance at these pictures:

TSA CHECKPOINT DATA

As of March 30, 2023 (7-Day Moving Average)



Sources: Transportation Security Administration, First Trust Advisors

GLOBAL COMMERCIAL FLIGHTS

As of March 28, 2023 (7-Day Moving Average)



Sources: Flight Radar 24, First Trust Advisors

It's a little hard to see what those green arrows are pointing at: 2023's air travel activity. They show that finally—finally!—air travel has climbed back to 2019's "normal world:" pre-Virus, pre-Lockdown. It's taken three tortured, hard-working years to get back. The big hurdles were an ocean of fear; and a swamp of political dictates rising from that fear. It is very useful to remember that back in 2020 and 2021 just about nobody thought air travel would ever return to "normal." Business travel was a dead dinosaur, they said, because the world had discovered the wonder of remote work, Zoom meetings, etc. And personal travel would struggle for years, too, because . . . everyone was obviously still scared of getting sick.

Those pictures say "Wrong." They say, "traveling and seeing people face to face—family and business—are human values, and will not be given up." They say, "We can be scared, and we can be scared way too much sometimes. But we do mostly use our heads eventually, and we get our perspective back."

That is Main Street at work. That's the kind of thing normal people do in their working and personal lives. Wall Street never gives Main Street much credit for that, even though the market gets its nose rubbed in how Main Street works, over and over again through the years. That picture on top would be upside down, if Wall Street worked with its brain instead of betting on impressions. Last year's 26% eager

stock buyers would have given way to this year's 42% (which ought to be much more) because that old saying is indeed the heart of it all for us investors. Yes, we will "Buy low, sell high." As usual, that's what Outlook is doing with all the cash we can scrape up. (Especially our oil companies, where those green arrows also happen to mean, "Buy more jet fuel, we'll need it!")

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