

The Outlook: May 9, 2022

Wolves on Main Street today.

Here's a picture of a market—that is, of the giant crowd of daily bettors who use the market to do their betting—tossing everything out of the sleigh to lighten the load and cracking the whip in terror, glancing back every few seconds at the wolves baying through the snow just behind them.

Sea of Red

OCM Core Stock List SECURITY						Updated 16:02 EDT	Option
Overview	Data	Events	Alerts	News			
Symbol	Name	Price	Change	% Chg	As of (ET)		
CAT	Caterpillar Inc	206.35	-8.30	-3.87%	05/09 16:00	(
CME	CME Group Inc	201.65	-8.72	-4.15%	05/09 16:00	(
CMI	Cummins Inc	202.84	+1.12	+0.56%	05/09 16:00	(
COP	ConocoPhillips	97.19	-10.49	-9.75%	05/09 16:00	(
FCX	Freeport-McMoRan Inc	35.54	-2.34	-6.18%	05/09 16:00	(
LMT	Lockheed Martin Corp	439.00	-10.43	-2.32%	05/09 16:00	(
MSFT	Microsoft Corp	264.84	-9.89	-3.60%	05/09 16:00	(
MU	Micron Technology Inc	67.94	-2.41	-3.43%	05/09 16:00	(
TXN	Texas Instruments Inc	164.96	-2.49	-1.49%	05/09 16:00	(
XOM	Exxon Mobil Corp	85.24	-6.45	-7.03%	05/09 16:00	(

We can practically hear the wolves howling if we glance at those numbers: 6, 8 and 10 points down, from Conoco to Microsoft to Caterpillar. Who cares which company we're tossing out? It's S.O.S. time (Save Our Skins), when all that matters is keeping the wolves away from our personal bank accounts.

Conoco, Microsoft and CAT all told us about strong quarters recently—bursting with health, pretty much. (So did everyone else.) But that was yesterday, or maybe last week. Today the wolves of “Inflation!”, “Recession!”, “War!”, and “China Supply Chaos!” are suddenly nipping at the betting crowd's heels, and maybe chowing down on a few stragglers already. In other words, the betting crowd sensed that its own mood had swung from “Worried” to “Get out while we can!” and, being in the betting business, that meant only the word “Sell!” matters . . . today.

There are times, of course, when the betting crowd's sudden shift to a universal mood of terror or elation actually sees something real coming around the corner—a pack of wolves, or Santa's sleigh piled with gifts—and “gets it right” a little ahead of time; a little before we painstaking investors see it. They are very rare times indeed. And even when that “once in a blue moon” event shows up, the betting crowd so overdoes it—betting that by noon tomorrow Main Street will be rubble, more or less—that the right move for us painstaking plodders is to reach for our wallets and look for something to buy.

At Outlook we don't spend time wondering whether this is such a time. We never know, and the betting odds against such a guess are . . . high. Instead we ask a question: “When is the last time we got a look at what's really happening in the real world, on Main Street?” We get that look every three months, during Quarterly Earnings Season. And it happens that we're still in the middle of First Quarter Earnings Season at this moment. It's been remarkably good, as Theresa has noted with her Inside reports. Main Street is

strong, and getting stronger. If those ravening wolves turn onto Main Street, they're going to run into nothing but houses of brick, not straw or twigs. They'll all be standing after the wolves have slunk away.

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