

## The Outlook: Nov. 23, 2021

### *As usual, Main Street shrugs off Wall Street's latest nightmare.*

The most recent Nightmare, for the market, was an announcement by the government of Austria: the return of fairly extreme lockdowns, complete with the closing of “non-essential businesses.” Germany looks ready to copy Austria, and who knows how fast and far this latest chapter in the “Virus and Lockdown Calamity” might spread around the world. That’s been the market’s Nightmare since March of 2020, and it’s been frightening enough for the market to wake up in a cold sweat, so to speak, pretty often over the past 20 months.

It’s the nature of the market to “wake up in a cold sweat” pretty regularly. How lucky we are that it’s not the nature of Main Street to do that. Main Street, where determined people and businesses work around the clock to better themselves and fix their problems, is much harder to scare than Wall Street. So it will help, as we ponder how the government of Austria thinks, to look at a few pictures which bring home exactly what Main Street has been doing for 20 months.



The invaluable economist Brian Wesbury gives us these. He tracks many other items—steel production, rail car traffic, consumer spending, jobless claims, etc.—but the 2 pictured above were among the most “hopeless” corners of Main Street, back in 2020, when it came to their chance to recover from the Virus and Lockdown Calamity. Maybe steel production would come back, figured even the optimists—but who on earth would crowd into airplanes again, especially with the arrival of the Zoom business meeting?

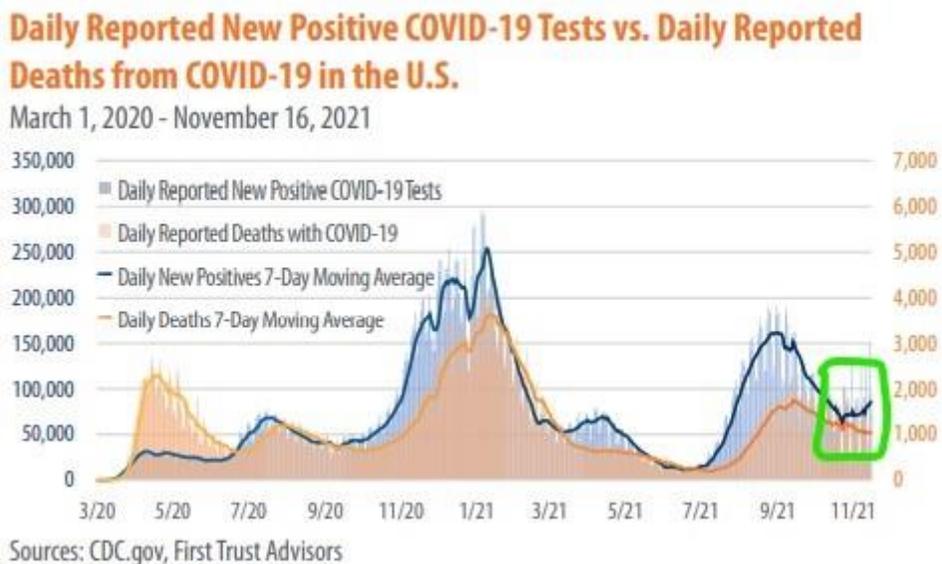
In those green circles, the solid blue line is 2021 air travel. Gray is the “normal” 2019. Orange is the disastrous 2020. That “hopeless” corner of the Main Street economy has been clawing its way back, hasn’t it? It’s trudged ahead slowly, and fallen back repeatedly . . . but it’s never quit, and look where we stand today: far above 2020’s disaster levels, and not all that shy of 2019’s “normals.” Apparently taking the trouble to see people face-to-face matters quite a lot to individuals and businesspeople alike.

Air travel (and hotel occupancy, another supposedly “hopeless” corner of Main Street) have clawed their way back with unforeseen strength. Here’s just one picture to stand for a host of others: the “non-hopeless” corners of the economy which have mostly come *roaring* back, rather than “clawing” back. Like many others, steel is “back to normal,” or better.



The market’s Nightmare, though, isn’t about to slink away, shamefaced, in the face of such evidence. The Nightmare asks, “What about the next variant? What happens when deaths start rocketing up again?”

The only answer to that question is: “We can’t know until that happens, if it’s going to happen.” But (thanks again to Mr. Wesbury) here’s a picture with a little perspective.



That green square at the right highlights something important: for the first time in 20 months, deaths have kept falling even though cases are swooping up again. And of course, the total numbers of deaths have stayed much lower than before. Why? Common sense suggests “vaccinations and better treatments.” Some of those “better treatments” have literally just taken the stage, with no chance to affect the statistics yet. But the lesson of this picture, on top of those above, is this: “If Main Street wasn’t frightened into paralysis by any of the Virus’ swoops and plunges of the last 18 months . . . it’s a good bet it won’t be paralyzed by the next one.”

For the last 20 months the Big Picture has shown Main Street trudging ahead, helped greatly by its financial strength, and even more greatly by its nature: to work, not cower under Nightmares. That’s why Outlook has carried out one strategy all this time: to hold hard, and buy more at every chance. It has been the best possible strategy. It won’t change.

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