

The Outlook: Dec. 26, 2024

The Armadillo Market.

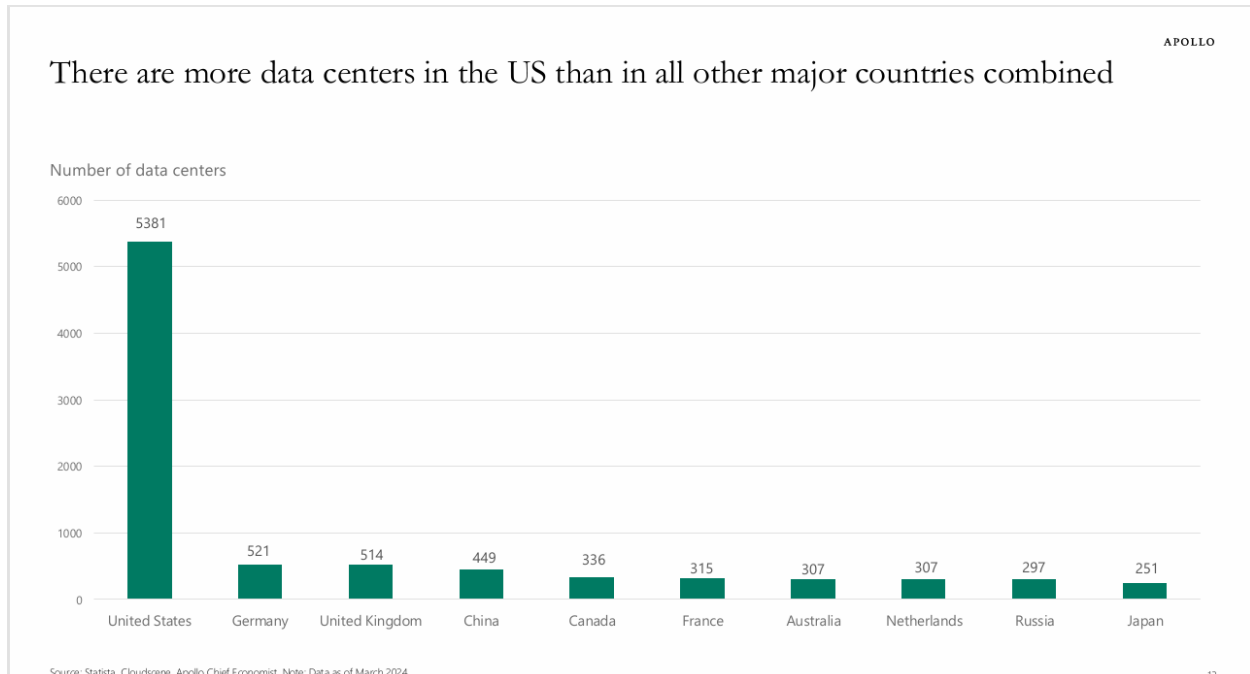
Some time ago a vacationing investment manager, driving with his family along the back roads of Texas' Hill Country, came upon an armadillo. It had waddled across the road and was meandering up a hill. Out climbed the family, fingers to lips, moving slowly, to watch the strange animal as it proceeded. There was its armored shell . . . obviously it could absorb some hard knocks. There were its funny-looking tail and its small head, wagging back and forth an inch from the ground. It was in no hurry whatsoever, pausing to sniff the ground every few seconds, lumbering ever so slowly in a crooked line, climbing up the hill as if it really didn't care when it might get to the top.

"What an odd, slow-moving turtle of a beast!" thought the family. "It's a good thing it's armored, with speed that slow surely it's an easy lunch for the next coyote that comes along!"

Then someone stepped on a twig with a "crack!" . . . and the armadillo jumped about four feet into the air, and disappeared into the brush like Usain Bolt in the Olympic Final. For a human being, it would have been a high jump of around 30 feet. (World record: 8 feet.)

Of course Outlook's clients know where we're going. We must never think, because the market has been meandering around aimlessly "forever", that it won't do anything else in our lifetimes, or anyway until we've developed ulcers waiting and worrying about it. Just about when we feel like giving up and trudging back to the car, because waiting for the market to do something impressive is like watching paint dry . . . a twig cracks somewhere on Main Street, the armadillo sets a new vertical-jump world record, and disappears like a flash up the hill . . . leaving us open-mouthed and stunned, but mighty glad we hung onto our good positions.

We might have suffered less frustration while waiting, of course, if we had made ourselves armadillo experts, so that we wouldn't be surprised by what the funny-looking creature could do. If we had, we'd have known those short, waddling legs were actually steel springs, and we only had to wait for the animal to feel like showing them off. Here's a picture (among hundreds) of Main Street's "steel springs."



It's not an armadillo, but that picture left us at Outlook kind of stunned. The U.S.: 5,400 data centers. Germany: 500 data centers. The "rest of the world" combined: 3,400 data centers (including a paltry 450 in the supposed powerhouse of China.)

It is very easy and very human to worry about the seemingly endless list of problems facing Main Street. That list has been endless since 1977, when a young investment analyst was fresh out of grad school, and it has always had its share of "Big" problems to add spice to the long list of "Medium" and "Small" problems. We worry so easily about "the problem list" because the media so rarely calls our attention to the tremendous strengths on Main Street: strengths which, like that unbelievable data center tower, are simply the result of what Main Street does for a living: all day, every day, year 'round. It invents. It builds. It improves. That is exactly why "the armadillo market" must display its steel springs every now and then . . . and climb higher up the hill.

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

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