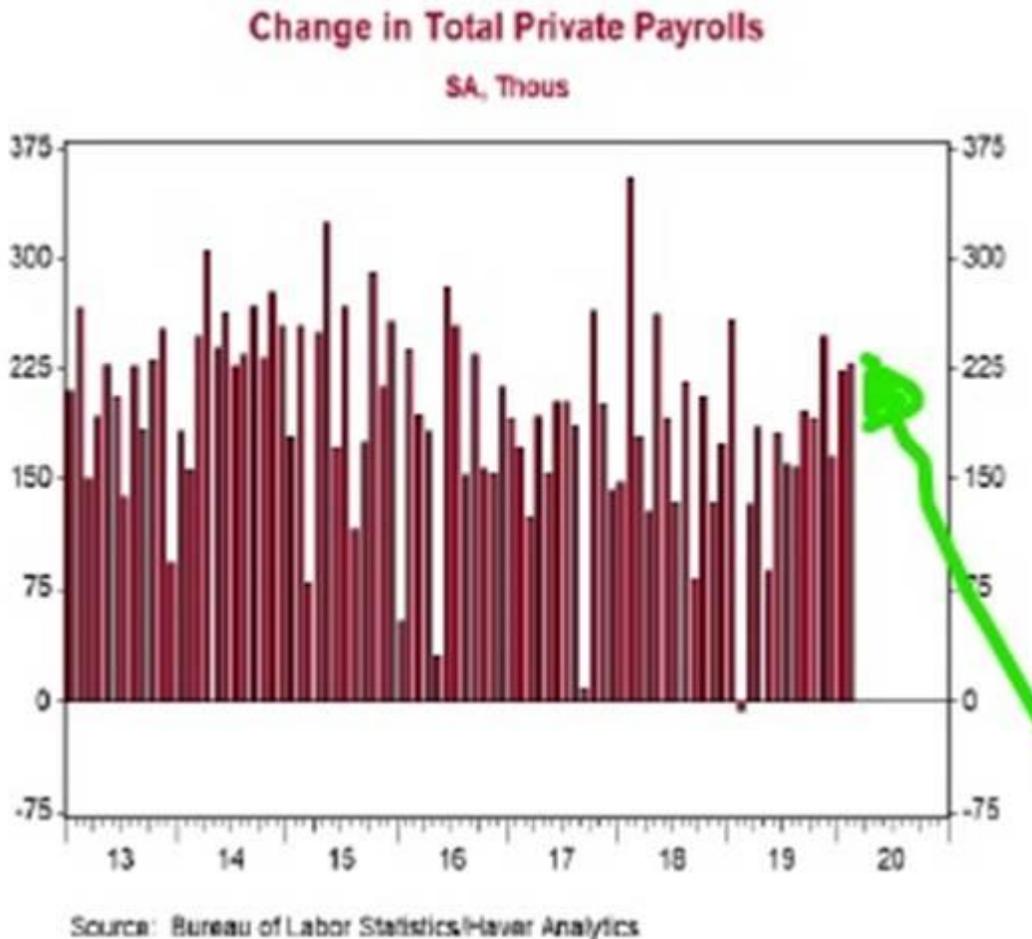


The Outlook: March 6, 2020

A dull chart versus an excited market.

Here's a very dull chart, on a day which badly needs something "dull" to remind it that the sun will actually rise tomorrow, no matter how many "Trillions of Dollars Wiped from Global Wealth!" to quote a typical headline.



Along with the dull chart we get an upward-pointing green arrow, also just to remind us that there are such things as arrows pointing up—and in fact they always follow arrows pointing down, eventually.

This chart, of course, tells us something about Main Street USA: that jobs grew 273,000 in February, annihilating the "consensus economists'" forecast of 175,000. It completely supports Wednesday's picture of Main Street USA, which reported an almost-as remarkable boom in February in America's service sector, in everything from sales to hiring. Both facts about Main Street were remarkable, of course, because February was dominated by "Coronavirus Pandemic" headlines and market anxiety, especially as the month drew toward its end. As we noted Wednesday, apparently Main Street spent its time, last month, doing something more useful than gazing in horror at the headlines or wondering about the meaning of panic in the stock market.

Two days ago we noted the “Missing Word” in the headlines and in a great deal of the news and analysis of “Coronavirus Pandemic.” The Missing Word is “temporary.” It’s a good word—and a hugely valuable word for us investors, because the market and the headlines pay no attention to it, most of the time. Now is the time to use it. The economic ripple effects of “Coronavirus Pandemic” will be temporary. The virus itself will be temporary. And the “Trillions of Dollars Wiped from Global Wealth” by a market behaving in its speculative character . . . will be temporary. When we are naturally wondering how many weeks of bottled water we should stock up on—and finding, as we stare at empty shelves, that we’ve been beaten to the punch—we don’t feel like giving the word “temporary” the value it deserves. But that word’s tremendous value exists whether we “feel” like recognizing it or not. Exactly the same truth applies to the tremendous value of the companies we own.

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