

The Outlook: Sept. 16, 2022

Cold water on the market nightmare, from Texas Instruments.

At Outlook we've mentioned, once or twice, that the market's short-term behavior is completely dominated by a vast crowd of daily bettors, which tries to make a living betting on the impressions created by the headlines. That would make the market unfit for human involvement except for something else: that betting crowd must also respond to facts rather than impressions, as they come along. The crowd must do that because the facts are mostly about cold cash, while the impressions are about vague fears. Cash beats impressions every time . . . eventually.

This market has been betting all year, just about, on a fairly typical "sky is falling" impression: this one centered on runaway inflation and rocketing interest rates, hence recession. Those "cash facts" from Main Street have been coming along all year; but they haven't been overwhelming enough, yet, to shake the betting crowd out of its sky-is-falling nightmare.

Texas Instruments, yesterday, offered another fact. It didn't shake the crowd out of that nightmare . . . but it certainly added to the gradually-growing weight of similar facts which the crowd will face up to . . . eventually.

Texas Instruments: 10 Years



Our company hiked its dividend 8%. Glancing above, that takes the dividend to an increase of 629% in 10 years. The stock is up 459%, even after this year's "sky is falling" fainting spell, in the market. Finally, Texas Instruments also added \$15 billion to its share-buyback program . . . on top of the \$8 billion still left from its last buyback commitment.

If these numbers sound amazing . . . they are. This is an extraordinarily strong company with truly outstanding management, which has been focused all along on enriching us investors by making an extraordinarily strong company, dominant in its industry.

Yesterday's announcement by Texas Instruments was one of those "actions speak louder than words" moments. The words coming out of the market's eminent experts and betting crowd have been a Niagara Falls of commentary on the sky-is-falling impressions, this year. TXN is in the middle of a cyclical downturn right now, as chip demand began weakening a few months ago. But yesterday's dividend and share buyback actions spoke loudly and clearly. They said, "Cyclical downturns don't matter. They end. The world's need for our chips will not end. We're as strong as can be, even in the middle of a downturn, so we're handing our investors even more cash."

That kind of action is like a bucket of cold water on someone thrashing in the middle of a nightmare. Well, more like a heavy drip of cold water. Main Street makes such cold drips all day long, all year long. And the market's betting crowd eventually gets cold and wet enough to wake up, shrug off its nightmare, and see what's really happening on Main Street.

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