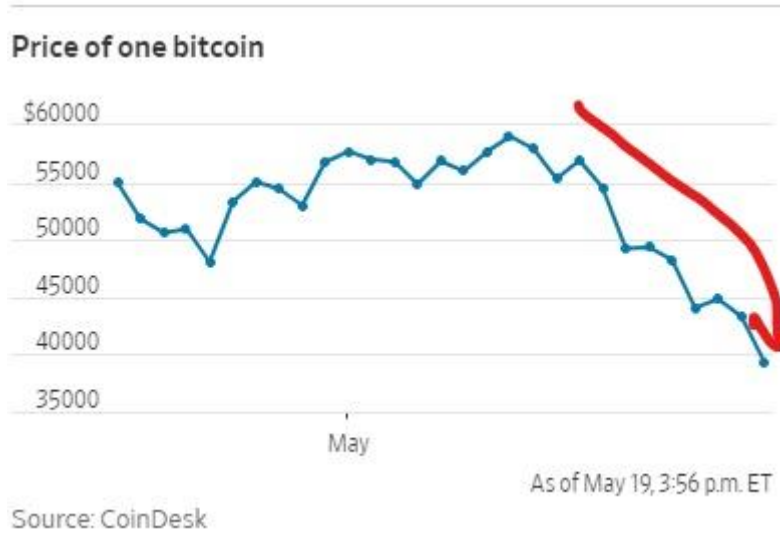


The Outlook: May 19, 2021

Bitcoin or Rail Cars? We Know the Answer, as Usual.

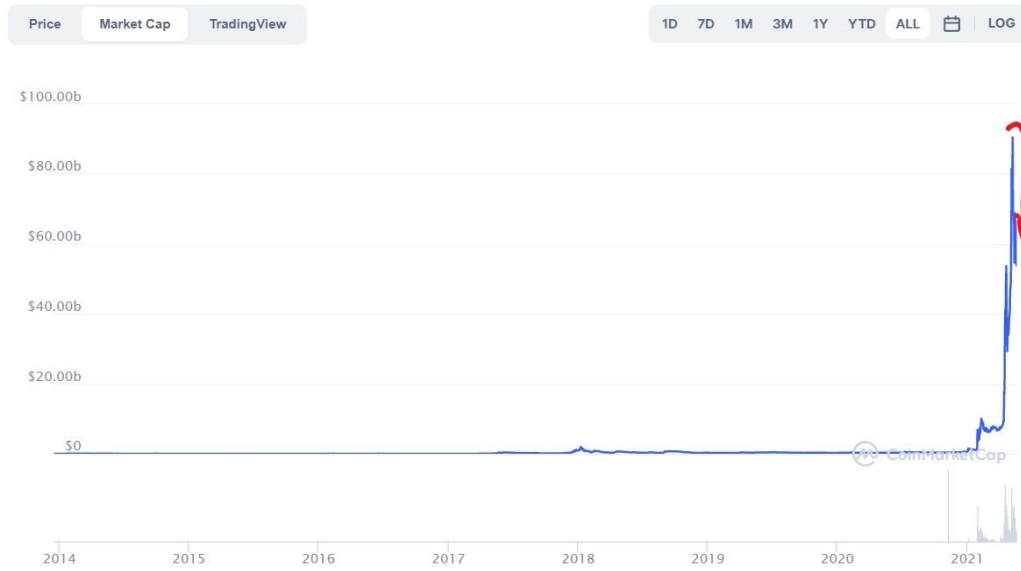
This morning's very first fright, courtesy of the media as the market dropped five or six hundred points, was the picture below:



“Market Gets Cold Feet! Flees from Everything Beginning with Bitcoin!” was the explanation, and as usual the market heartily supported the morning fright with a sea of red. The red ink especially washed over energy, copper and other stocks which have been hot lately, due to the growing sense that economic recovery has legs, here and around the world.

That Bitcoin chart pictures a 35% plunge in 10 days or so, from \$59,000 per coin to \$39,000 or so . . . leaving the cryptocurrency only another \$38,990 points to decline, or so. (No, at Outlook we aren't true believers.) Here's the picture of another cryptocurrency craze:

Dogecoin Chart



If we wonder what “Dogecoin” is, let us not be concerned about our ignorance. We only need know that current events are backing up the eternal truth that many people—especially younger people, but they’re not alone—will make very foolish judgments with their money if a crowd of other people seems to be making the same judgment.

The Big Question for the rest of us is: “Does that speculating mob know something which we don’t? Is the gradually accelerating economic recovery something fragile, or even already broken?”

Let’s answer with more pictures. Notice the green arrows, this time.



STEEL PRODUCTION (NET TONS)

As of May 17, 2021



Sources: Bloomberg, American Iron and Steel Institute, First Trust Advisors

TSA CHECKPOINT DATA

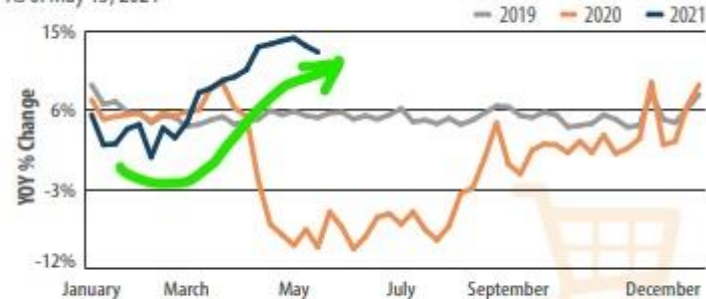
As of May 17, 2021 (7-Day Moving Average)



Sources: Transportation Security Administration, First Trust Advisors

WEEKLY RETAIL SALES

As of May 15, 2021



Sources: Bloomberg, Redbook Research, First Trust Advisors

Those green arrows answer this question: “How do we stand, right now, compared to the 2019 norm and the 2020 calamity?” The arrows’ answer is: “Not bad at all. Catching up, and looking pretty strong.”

So the \$64,000 Question for investors, as usual, is: “What shall we believe in? Those terrified speculators, fleeing nonsense assets and valuations? Or Main Street at work, clearly building itself back up, brick by brick?” We do know the answer, don’t we?

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The remarks above aren't a general recommendation to buy or sell particular securities. Such decisions should only be made in the context of an investor's own circumstances. Stocks and bonds carry the risk of loss.