

## The Outlook: Feb. 6, 2024

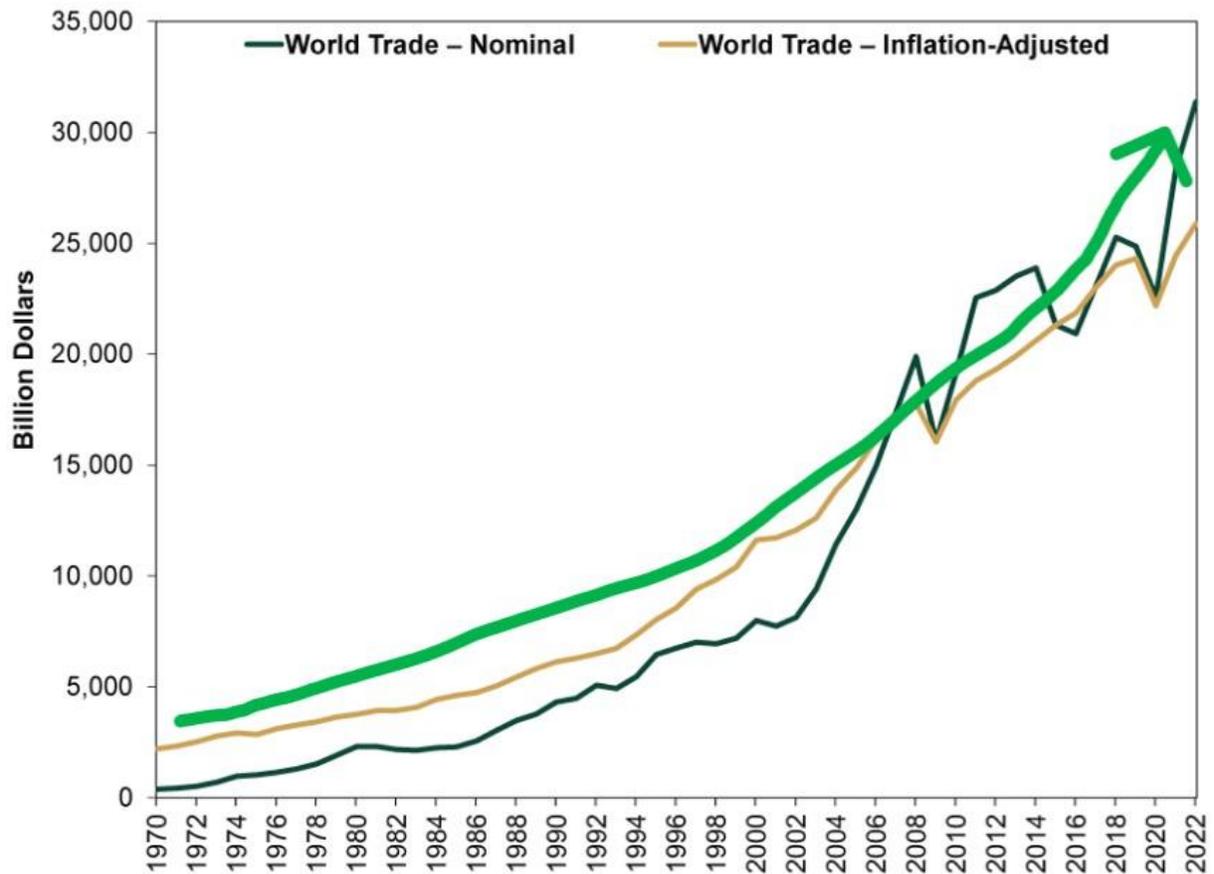
### *Looking for “the bright side” . . . and being right.*

The world out there has its troubles all right: a longer list than usual, and maybe even worse, too. We investors hear about those troubles around the clock; and the closer we pay attention to the details, the harder it is to keep believing “It’ll all turn out OK.” That’s because most of the people supplying “the details” absolutely *don’t* believe “It’ll all turn out OK.” They think they are experts—and a good many are—and the deeper they dig for information, the gloomier it seems.

During the 46 years of Outlook’s career, they have been mistaken. It took a lot of those 46 years to really understand why: because most of us, being human, reach the conclusion we feel like reaching . . . not the conclusion supported by the whole picture of all the facts, weighed calmly and fairly. Here’s one more way of saying it. If we’re inclined to be pessimistic, or worried, or scared—and by heaven it’s easy to be all those things—it’s very hard for us to avoid concluding, after trying to dig for facts and weigh them, that we darned well should be pessimistic, worried and scared.

That’s why “professional worry-debunkers” like Fisher Investments’ economists are so delightful. Take a look below.

Exhibit 2: Value and Volume of World Trade Continues Rising



Source: World Bank, as of 1/26/2024.

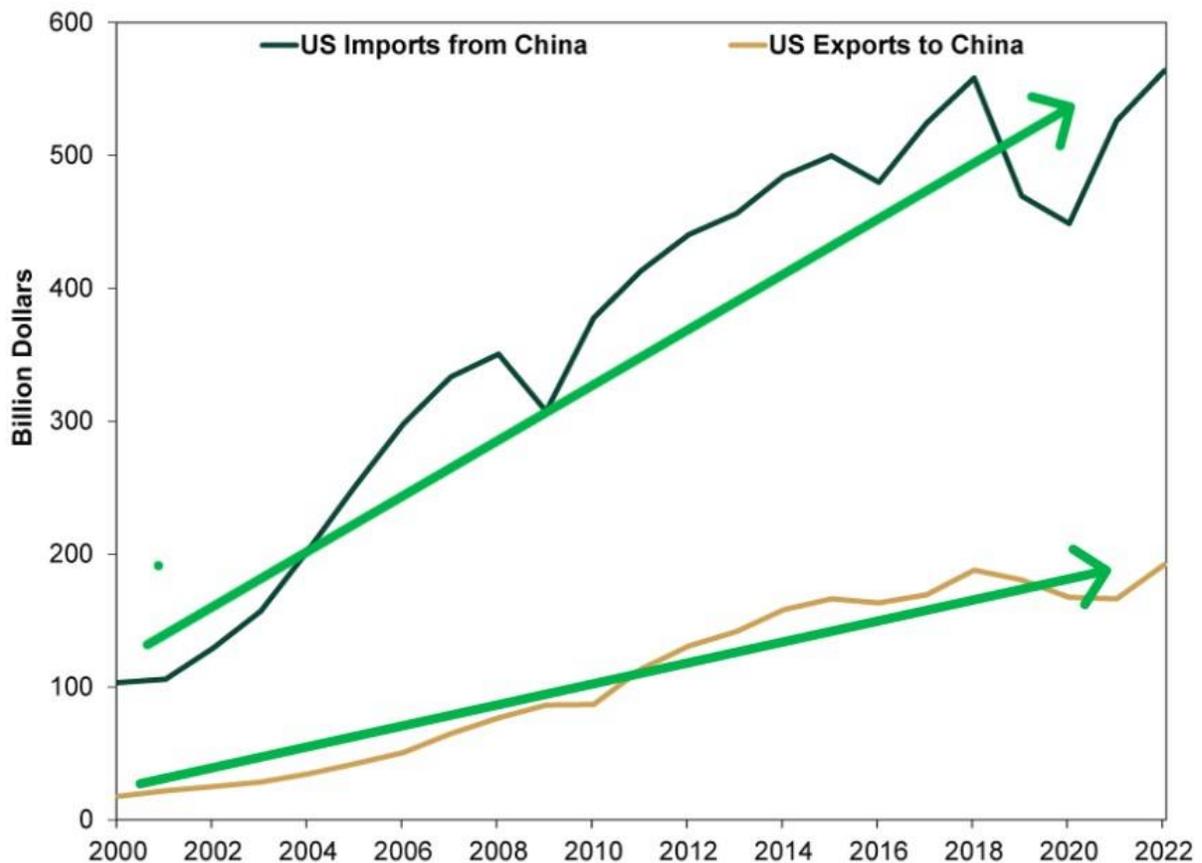
The chart's last year is 2022, but the arrows actually kept rising through 2023. This message is profound and simple. We have two wars, terrorist attacks on global shipping, political attacks on trade . . . and the rest of the world's long list of more-normal economic burdens. Any investor would gather the impression that global trade has surely stumbled hard lately, maybe even shot in the foot. Nope. With all the headaches it's just kept climbing by and large, recovering from every disruption.

Trade among nations is really, really important. Trade is both a sign of economic growth, and it actually creates it. The biggest collapse in world trade in history came in the 1930's, with the Depression and especially with its political attacks on trade which seemed (to some people, who were unfortunately dead wrong) like a solution to the Depression problem. With the world's current list of Troubles we've seen plenty of political attacks on trade—a good many of them completely understandable, where War is involved. But the picture above is just plain good news. Despite the Troubles, despite the attacks, Main Street World has found ways to adjust . . . ways to keep trading with one another.

The folks at Fisher put it very well: "Political attacks on trade almost never eliminate trade . . . they simply divert it in other directions."

Here's our last picture.

Exhibit 3: US Goods and Services Trade With China Still Rising



Source: US Bureau of Economic Analysis (BEA), as of 1/26/2024.

This picture surprised even “Look for the bright side” types like us at Outlook. Now, we must never be mistaken about China. It is not a friend to the USA, to Europe, to the whole free world . . . at least, not under its current dictator. It’s more like a threat . . . how sharp and how imminent being hard to tell. But this chart reminds us that Main Street China is much too big and too complicated for a dictator to control. Mr. Xi has made many hostile noises, these last several years: hostile to America, the free world, and especially to his own people—the billion Chinese who had been given a chance to better themselves since 1980 or so and went all-out taking advantage of the chance. So no matter the many hostile speeches and political actions, Main Street China has kept trying to improve itself . . . and Main Street USA has kept trying to sell to willing Chinese buyers, and buy from willing Chinese sellers. That’s “Trade,” and despite the disruptions it hasn’t come close to falling apart.

At Outlook we are indeed “Look at the bright side” types. Maybe we’re that way just because we feel like being that way to begin with. But we doubt it. We worry and scare as easily as everyone else, when those dark first impressions, courtesy of the media, first hit our eyeballs. But we have found over 46 years that almost all the time, digging for facts and weighing them calmly supports “the bright side” of things, not the gloomy side.

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