

## **The Outlook: January 19, 2022**

### ***General Slim's Golden Rule . . . and Fastenal.***

*"The actual situation is never as bad or good as the first reports suggest."*

General William Slim: Burma, 1942 – 1945.

The man who said that might have been World War Two's most uncelebrated military leader . . . and also the best. His memoirs of his British army's 3-year campaign in Burma—beginning with total defeat and ending with total victory—would be an education to any CEO in the world, showing them that inspiring people to do the impossible can be done by leaders who park their egos at the door. Having lived through very many battles, General Slim believed completely that "The actual situation is never as bad or good as the first news suggests."

It does remind us investors of the right way to deal with headlines, doesn't it? We spent the month of December waking up to daily catastrophes, or at least deadly threats: from "Omicron Surges, Economy Falter!" to "China's Property and Debt Crash!" to "Russia Ready for War in Ukraine!" In the investment world such "first reports" paint the picture pretty black, most of the time. We have to wait, pretty often, for "Quarterly Reality Season" (earnings reporting season) to find out what the "actual situation" really is.

How nice it was, then, when a good company named Fastenal (which makes thousands of manufacturing components and parts) reported this week. Let's glance at a key picture from Fastenal. We might call it "Shining a spotlight on the actual situation."

**Fastenal Company and Subsidiaries (Fastenal)**  
(Dollar amounts in thousands)

	2021	2020	Change
Net sales	\$ 475,974	428,840	11.0%
Business days	20	21	(4.8%)
Daily sales	\$ 23,799	20,421	16.5%
Impact of currency fluctuations	(0.2%)	0.4%	

  

			Historical*
Daily sales in January	\$ 22,398	21,039	
Change in daily sales since January	6.3%	(2.9%)	(4.4%)
Daily sales last month	\$ 24,960	22,051	
Change in daily sales since last month	(4.7%)	(7.4%)	(7.4%)

  

Daily sales growth by geography			
United States	15.4%	7.7%	
Canada/Mexico	22.1%	14.4%	
Rest of World	25.6%	34.4%	
Total Company	16.5%	9.3%	

  

Daily sales growth by end market			
Manufacturing	25.8%	4.6%	
Non-residential construction	13.5%	(8.6%)	

In a nutshell, those green squares tell us that Fastenal's daily sales (almost \$24 million) were up 16%. The middle green squares tell us the whole world's factories were buying. The bottom square says construction companies were strong buyers, but factories were running all out, clamoring with fistfuls of cash at Fastenal's door.

It looks as if the black headlines—those “bad first reports” suggesting an economic world with good reason to freeze or at least slow to a crawl—didn't just overstate the actual situation . . . they got it 100% wrong. In General Slim's world, it would be as if the headlines blared “Japanese Army Conquers Burma!” when the truth was, “Japanese Army Destroyed in Burma!”

We don't usually get such “180-degrees wrong” first reports . . . but we almost always get “45 to 90-degrees wrong” ones, or even sharper deviations from what is actually happening on Main Street around the world. Since early 2020, the many Nightmares which the media and the market's betting crowd thought should terrify Main Street . . . have not. The “actual situation” has been Main Street shrugging off nightmare after nightmare, and marching ahead. It looks like it still is.

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