

The Outlook: Nov. 4, 2025

At last, a Sea of Red.

It feels like quite a while since we've seen one of these: red in every direction, as far as the eye could see . . . with poor Micron seemingly floating toward oblivion on a river of blood.

Sea of Red

OCM Core Stock List				
Overview	Data	Events	Alerts	
SYMBOL	NAME		LATEST	\$ CHG % CHG ▼
MSFT	Microsoft Corp.		514.59	-2.44 -0.47%
^DJI	Dow Jones Industrial Average		47,085.24	-251.44 -0.53%
LMT	Lockheed Martin Corp.		484.89	-3.05 -0.63%
COP	ConocoPhillips		87.89	-0.68 -0.77%
^SPX	S&P 500		6,771.55	-80.42 -1.17%
TXN	Texas Instruments Incorporated		159.36	-2.10 -1.30%
CMI	Cummins, Inc.		428.82	-8.89 -2.03%
NVDA	NVIDIA Corp.		199.20	-7.68 -3.71%
CAT	Caterpillar, Inc.		547.48	-23.11 -4.05%
FCX	Freeport-McMoRan, Inc.		39.42	-1.76 -4.29%
MU	Micron Technology, Inc.		218.01	-16.69 -7.11%

The media didn't get quite that splashy, today, but this headline was typical, along with its story, which came down to "Get out while you can! The money's all been made in stocks, nothing but lousy performance for the next few decades!"

Famous Method of Valuing Stocks Is Pointing Toward Some Rough Years Ahead!

We wonder, naturally, "Did something happen today?" The answer is, "No, nothing important." Palantir, an "AI" company and stock which has been treated by the market betting crowd—until today—like a tree which is guaranteed to grow to the sky, announced its quarterly earnings . . . which were great, a home run. The market crowd promptly clobbered the stock . . . which is still trading at 400 times last year's earnings and 200 times next year's. Poor Micron got the same treatment . . . even though it trades at, yes, 13 times earnings.

But as Outlook's clients have heard pretty often, such facts never get in the crowd's way on any particular day, week, month or more. When most everyone in the betting crowd begins to feel the rest of the crowd is primed to jump on a bandwagon . . . a bandwagon will show up, and the crowd will jump on it, for a day, week, month etc. But hard facts will keep showing up, too (like Micron's nearly-certain explosive profits and its rock-bottom valuation) and they'll eventually make the crowd jump on the "up" bandwagon instead of the "down."

Two more pictures for perspective.

Tech Stocks: that was a bubble; this is not.



The red arrow is the Dotcom Bubble in big tech stocks. They had been performing nicely for 10 years until 1995 came along . . . then the betting crowd treated them like trees sure to grow to the sky. The green arrow is the Big Techs today. Despite the scattering of Palantir's in that crowd, we can see that nothing like the Dotcom Bubble has happened to the Techs as a whole . . . yet, at least. The group's stocks have done well, in line with their solid profits, growth and financial strength . . . which were hardly part of the Dotcom picture. Last picture:

Margins Continue To Improve



S&P 500 Net Income Margin and Average by Decade
Since 1991



Source: Ritholtz Wealth Management, data via Bloomberg Finance L.P.

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Ritholtz

Like most truly long-term charts, this one hits home. Over 35 years, Main Street's profit margins have ridden a roller coaster up and down . . . but the long-term trend is just plain up: impressively up. As Outlook has noted, if there is one thing alone which is certain about Artificial Intelligence, it's that it will make all of Main Street more productive and profitable. That long profit-margin arrow is going to keep tilting up, quite possibly even more steeply, so it will keep shoving cold facts in front of the market betting crowd which, as always, will have to pay attention to them eventually.

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