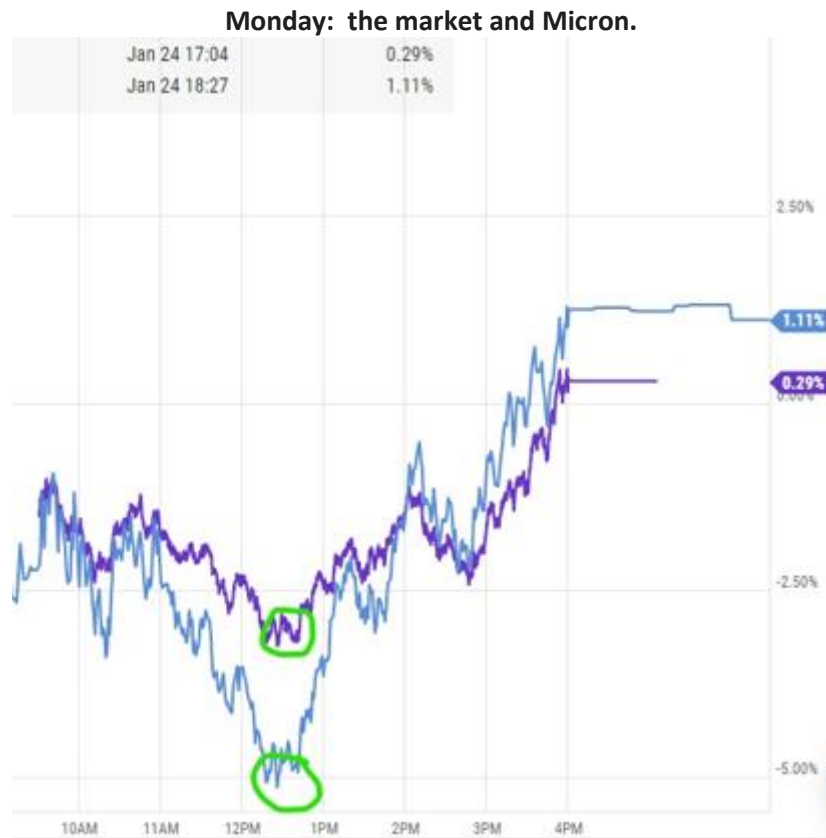


The Outlook: January 24, 2022

Panic and financial strength: the disease and the vaccine.

It was a Manic Monday for the market . . . more manic than usual, anyway. Around noon (green circle below)

it had reached 1000 points of cliff-dive, which is enough to get our attention no matter how used to the roller-coaster we may be. Here's the picture, along with Micron Technologies, which is an Outlook company with a long-term future as good as anything we might imagine . . . and financial strength as solid as anything we might wish for.



Micron, while the morning's mania was in full cry, jumped from higher and went deeper than the market. At 1000 points the market was down 3% or so—pretty startling even for a roller coaster. But Micron bottomed at negative 5% as the noon whistle went off. If we investors were in the habit of letting the market do our thinking for us, we'd say, "Ah. The market is telling us something. Micron must have been torpedoed under the waterline. Better push the "Sell!" button before it's too late."

But up there at the top right we can track the market's keen, continuing analysis, as the afternoon wore on. When the bell finally clanged at 4 pm Eastern, the market was up a hundred points (only three-tenths of a percent, but remember gift horses and mouths) but Micron was up 1.1% . . . a nice day anytime.

What is the meaning of this?

Early on, today, a veteran economist named Ed Yardeni got to the heart of it. “This is the market’s 73rd panic attack since March, 2009—when the longest Bull Market in history began.” It’s nice that somebody’s been counting.

As Outlook has mentioned a few times, since that terrified low in 2009 Main Street USA has built a historic economic miracle. The 2008 – 2009 Financial Panic made businesses and consumers behave just like the human beings we all are. We were deeply shocked and scared, and we reacted by building Rock of Gibraltar financial strength—month by month for 13 years—because we never again wanted to feel that find of fear. Financial strength is like the best of vaccines. It lets us endure the worst of economic diseases—not without feeling sick, but without ever getting really sick.

That is exactly why the Virus and Lockdown Calamity of March 2020 gave us the steepest cliff-dive in history (for the market and the economy) . . . and then gave us the shortest recession and the fastest rocket-recovery in history. Financial strength is always the fresh breeze which blows away the fog of panic. Without that strength, panic can slow down or even stop Main Street for a while. With financial strength, panic has a hard time sticking around very long. We haven’t the faintest idea, as usual, what tomorrow will bring . . . but this 73rd panic since 2009 will have a hard time coping with the Financial Strength Vaccine, as usual.

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