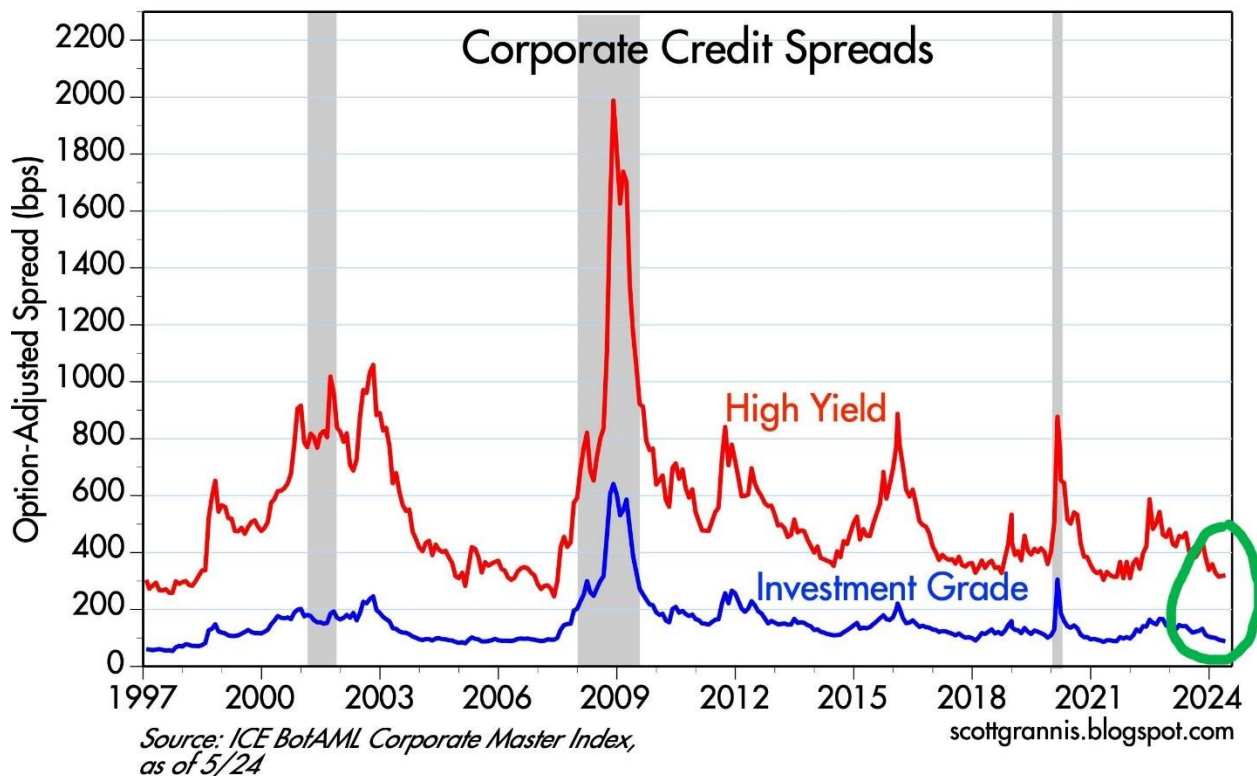


## The Outlook: June 6, 2024

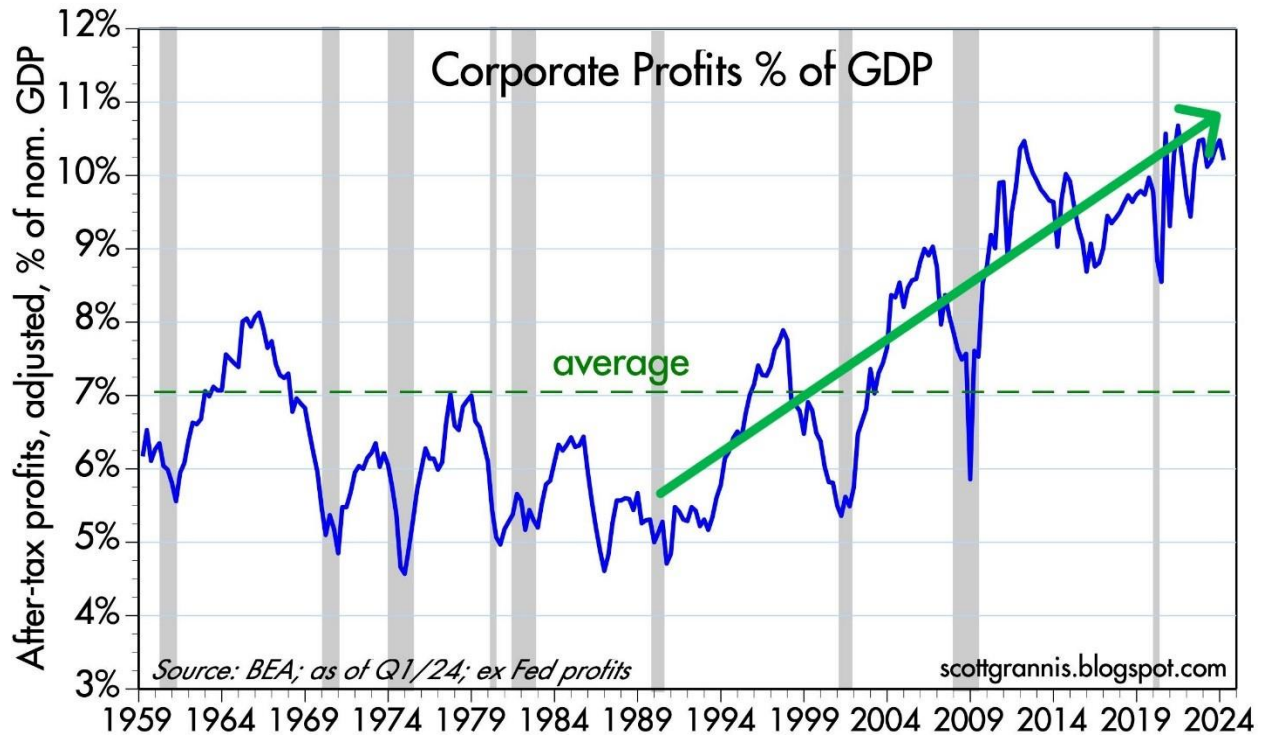
### *Dr. Jekyll, Mr. Hyde, Dr. Freud . . . and the rest of us.*

The stock market's "Dr. Jekyll and Mr. Hyde" personality always lurks close to the surface . . . which helps explain why a century of history tells us that the balance between "up" days and "down" days is just about 50/50. The "split personality" thing about that is crystal clear when we simply ask ourselves, "How much has the market gone up, in that 100 years?" Of course the *answer* is, "By a galactic, incomprehensible amount of money," and the *reason* is, "Because Main Street USA has performed endless miracles of invention and growth." So Dr. Freud, if the market were his patient lying on the couch, would certainly say, "One hundred straight years of economic miracles and you still change your mind every other day, do you? I can't help you! Get out! You're nuts!"

Of course it's not really that the market's daily betting crowd is nuts—it's really that they've chosen their path. The chance to make a new bet every day, and hope for a new killing every day, seems more important to them than understanding some deep truths about Main Street, and what those truths mean for investors who can bring themselves to be patient. Let's glance at a couple of deep truths, courtesy of economist Scott Grannis.



The truth behind this first chart is simply that despite all the turmoil, panics, and downright calamities of the last 15 years, right up to this day, Main Street's moneylenders (bond buyers) are less worried than they've ever been, just about. They aren't whistling past the graveyard. Main Street Business's financial strength, as Outlook has noted once or twice, is off the historical charts, pretty much. Main Street's CEO's have reacted to 15-25 years of Calamities by making sure their companies won't be sunk by the next one. One more picture.



If this picture doesn't point to a "deep truth," nothing does. Sometime in the last couple of decades, Main Street Business kind of "got religion" about something: doing more with less. Just the other day we noticed how Main Street's Big Tech companies are seeing sales and profit dollars washing through their front doors like the Mississippi River . . . but they're constantly cutting costs anyway. Tech is very far from the only sector reading from that Book: so is Heavy Industry, Energy, Mining, Non-Celebrity Tech, Diesel Engines, you name it.

So that green arrow began pointing "up" around 1999 . . . and hasn't quit. More and more of each dollar of national product is being converted to profits on Main Street. And the "Artificial Intelligence Boom," or "Craze" or whatever we choose to call it . . . will certainly be the engine pushing that green arrow higher and higher in the next decade or two. "AI" might be a lot of interesting things and might bring a lot of interesting benefits . . . but it will let companies keep doing more with less.

So, as always, we'll watch the market's endless "Dr. Jekyll and Mr. Hyde" days taking turns. Dr. Freud was right: that will never change. We'll keep owning and understanding exceptional companies, being

patient, and making “galactic, incomprehensible amounts of money” . . . or at least, enough to get on with.

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