

The Outlook: March 25, 2022

The Big Picture: at 2 in the morning and high noon.

The Big Picture today is: “There is a lot to worry about!” Being human, we constantly worry about something; and sometimes we exaggerate the “somethings” from the trashcan fires which they really are, to a raging inferno which they really aren’t . . . but which they always tend to *feel like* at 2 in the morning. But the worries scattered around the Big Picture today are not trashcan fires. They are “911” fires, even if they’re mostly something less than raging infernos.

We have:

- **War!** (And no way of being sure how far it will go.)
- **Inflation!** (And no way of being sure how far it will go, either.)
- **Supply Chain Chaos!** (And, yup, no way of being sure when it will be fixed.)
- **Rising Interest Rates!** (And plenty of uncertainty about when and how badly the economy might falter, as a result of all the above.)

They’re not trivial worries, are they? They’re real, and serious enough to justify feeling bad at 2 AM and at high noon.

But as always, they are *not* the whole picture—only dark parts of it. There are remarkably bright parts too, as we’ve noted a few times. Three bright parts are historic financial strength in U.S. businesses and households; and shockingly high government debt whose burden for the economy, however, is historically pretty low, because of the luck of a decade of zero interest rates. Here’s a fourth bright part of the Big Picture. It’s actually the most important by far, even though it’s something we’re inclined to take for granted. It’s invention.

Since civilization began, invention has been the single most-powerful force lifting the well-being of people all over the world. The more free the society, the more invention has flourished. Being the most free society in history, American invention has driven America’s improving wealth for more than 2 centuries. The brightest part of our Big Picture today is that invention is not stagnating. It is still accelerating.

At Outlook we pay very close attention to the things our companies tell us: from quarterly earnings reports to press releases about everything under the sun . . . but quite often about companies’ research achievements. There is not one company which isn’t engaged in something pretty close to “groundbreaking, game-changing invention.” That wasn’t so true 20 or 30 years ago, but it is now—mainly because the “Tech Revolution” which began with computers is still turning the world upside down, more or less. In a nutshell, it’s giving everyone more information, faster. In track and field (and most sports) the saying is, “Speed kills!”, which just means that in almost every sport, foot speed and explosiveness turn out to be what matters most. But “speed kills” in business too; and emphatically in invention. Compared to 30 years ago, the speed and game-changing nature of what our companies (among many) are achieving in their engineering departments is jaw-dropping. The speed and depth of needed information is the tailwind behind that great change . . . and it is not slowing down.

Companies, households and whole economies can stand a lot of serious worries when, first, they are financially strong; and second, they are inventing game-changing products and services at a steady

rate. We tend to think those dramatic inventions are rare, because it always takes a few years for them to grow from “OK, that’s interesting” when they first come out, to “We *must* have it” some time later. But when just about every big company is working on such game changers, the steady release and maturing process is like the sun rising every morning, in our Big Picture. It brightens up the whole thing, no matter the dark clouds scattered around.

There is indeed “a lot to worry about” at the moment. But if we really look at the *whole* Picture, we’ll feel a little better at 2 in the morning.

© Dave Raub
Outlook Capital Management, LLC
125 S. Wilke Road, Suite 200E
Arlington Heights, IL 60005
847-797-0600

The remarks above aren’t a general recommendation to buy or sell particular securities. Such decisions should only be made in the context of an investor’s own circumstances. Stocks and bonds carry the risk of loss.