

The Outlook: Dec. 18, 2024

Sea of Red!

OCM Core Stock List

Overview	Data	Events	Alerts	
SYMBOL ▲	NAME		LATEST	\$ CHG % CHG
CAT	Caterpillar Inc		363.81	-12.00 -3.19%
CMI	Cummins Inc		350.91	-10.32 -2.86%
COP	ConocoPhillips		95.81	-2.45 -2.49%
FCX	Freeport-McMoRan Inc		38.69	-1.93 -4.75%
LMT	Lockheed Martin Corp		482.95	-7.66 -1.56%
MSFT	Microsoft Corp		437.00	-17.46 -3.84%
MU	Micron Technology Inc		103.84	-4.76 -4.38%
TXN	Texas Instruments Inc		184.83	-3.30 -1.75%
XOM	Exxon Mobil Corp		106.39	-1.62 -1.50%
^DJI	Dow Jones Industrial Average		42,383.32	-1,066.58 -2.45%
^SPX	S&P 500		5,884.15	-166.46 -2.75%

The number of “Seas of Red” Outlook has seen, over the years, is as the stars in the night sky, the grains of sand on the beach, the “Doomed! Run for the Hills!” headlines on the front pages . . . we get the idea. But today’s Sea of Red was a pretty good one, more a deep shade of crimson than a pale red: yup, blood in the street. As so often in the past, today’s trigger was the betting crowd’s endless fascination with the Federal Reserve, its endless willingness to holler “Beware the Fed! Bow Down to the Fed! The Fed knows all, sees all, tells all!”

If Main Street USA—and the stock market—were actually at the mercy of an all-knowing, all-powerful Federal Reserve Bank and its interest rate actions . . . we would be back in the world of 1913 (when the Fed got rolling), driving Model T’s, nothing but candle-light for rural and even small-town households, factory workers struggling to put bread on the table, one tractor for every ten farms . . . and so on. In the century since then, the Fed’s interest-rate and inflation mistakes (and a few colossal blunders) have been as the stars in the sky . . . well, not that many, but plenty. During that century Main Street has shrugged off every single thing the Fed has done, right or wrong, because Government—even Central Banking Government—is not the engine driving us forward. Those engines are free markets, intense competition, total leadership responsibility for results, and endless invention.

But those things never make good headlines: too slow, too hard to sum up in four or five words. And the betting crowd needs fearful headlines like fish need water. Today’s headline sums up as: “No More Rate Cuts!” (Or pretty close.) It just doesn’t matter how many times careful debunkers like Fisher Investments

(and others) show us that, historically, both Main Street and the market thrive on rising rates, falling rates, and stable rates, no matter. Any time the Fed does *anything* which sounds negative, it is good for a betting run. Today's 1000-point Sea of Red is not very uncommon.

Here's a picture about Main Street.



This picture looks back at the last 10 years, and shows us a starting jump in the profitability of Main Street's 500 big companies. The Big Question is: "When it's the year 2034, and we look back 10 years, what will we see?"

Will we see that profitability stagnating . . . or even plunging, never again to reach today's 13.7% high? Outlook's answer, of course, is "Nope." We'll see it followed the usual rollercoaster, but as usual, the ride pointed up over time. This last couple of years, the fantastic profitability of those "Celebrity Tech" giants has been the engine making the whole 500 companies look good, taken as a group. The engine will change. It will become a big chunk of the other 490 or so—using Artificial Intelligence (among plenty of other things) to keep cutting the costs behind each dollar of revenue they bring in.

Outlook's clients (via Theresa's Inside reports) have seen Outlook's companies doing this year after year for 10 years . . . without the help, yet, of "Artificial Intelligence." They won't stop, and "AI" will do them more and more good.

The last word. When we take a step back, we can remind ourselves that "Seas of Red" are good things, not bad. When the market crowd goes too long and too far without them . . . watch out. But when Seas of Red regularly interrupt our progress toward heaven, our trip up the long but bouncing road tends to last longer . . . a lot longer. That's the heart of what's going on today, this year, next year . . . and beyond.

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