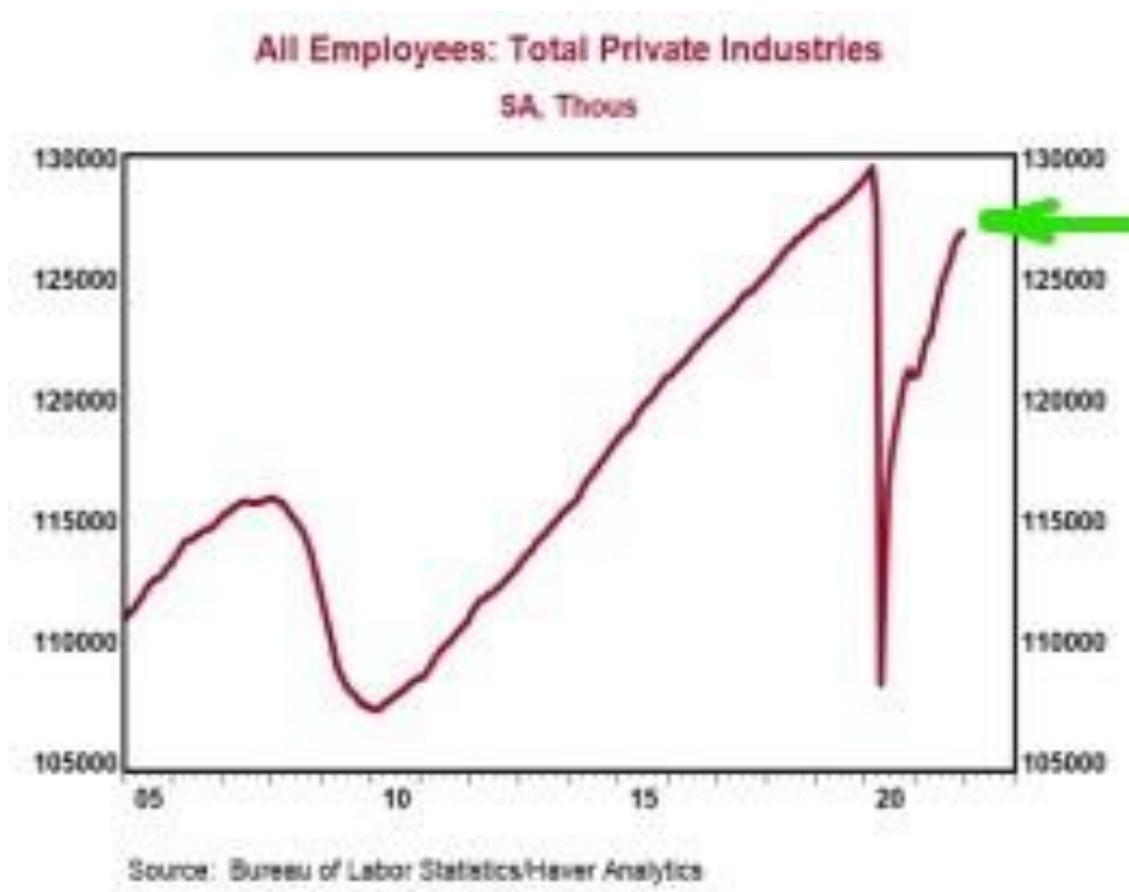


The Outlook: Jan. 7, 2022

Impressions are no match for Main Street, as always.

This day began with a wonderfully bad “impression” from the headlines: a December gain in nonfarm jobs of “only” 199,000, not within screaming distance of the experts’ collective guess that it would be 450,000. Impressions are the daily bread for the market’s giant speculating crowd—and it acted perfectly in character, knocking the market down a hundred points or so right out of the 8:30 am blocks. But by noon the betting mob had given up and gone home, apparently, as the market shrugged off the bad impression.

Thanks to economist Brian Wesbury, as usual, we know this morning’s bad impression was as misleading as usual. The typical revisions to past months added a couple of hundred thousand jobs to the total. But here is the headline picture.



This picture really shines a light on the actual “Big Picture” of what’s going on. That amazing, accelerating red line from 2009 – 2020 made American history. Total jobs and the unemployment rate got to numbers which had been considered “impossible” by the country’s best economists, for decades. Then came the Virus and Lockdown Calamity; the equally-historic cliff-dive in jobs as U.S. (and world) governments did something never seen in history, with the Lockdowns; and the equally-unexpected rocket rise in jobs and in the economy in general.

The important things about all this aren't really the dramatic lines, plunging and rising. What this picture reminds us is that Main Street—where businesses and individual consumers and workers get on with their lives, rebuilding from calamities when they must—is the engine driving everything that matters . . . not Wall Street, not that betting mob and its obsession with daily impressions. The long, 11-year acceleration in jobs after the last “Calamity” in 2008 – 2009 was unbelievable to that crowd because it did see the mountain of problems which Main Street had to overcome after the Panic of 2009. It understood the problems . . . but it did not understand Main Street.

It still doesn't. That rocket rise in jobs after March 2020 happened despite an even more incredible mountain of problems. It's still happening, as today's jobs report made perfectly clear, no matter the gap between the experts' 450,000 guess, and this morning's 199,000 first report. We investors know it takes very little to panic the market's betting crowd with a bad impression. And we also know that when the crowd acts like that, it's almost always handing us money for nothing, to some degree. As usual, we're holding and buying, whenever we can.

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