

The Outlook: Sept. 22, 2021

Monday: “China Spirals Down Today, World to Follow Tomorrow!”

Wednesday: “Maybe Next Week!”

Monday’s “Sea of Red” was driven by this kind of headline: “Evergrande and China Collapsing! World to Follow! It’s Lehman Brothers Again!”

Today’s “Sea of Green” was driven, supposedly, by “Evergrande Makes an Interest Payment! Chinese Central Bank Hands Out Money to Calm Market! Global Collapse Postponed Until Next Week!”

OCM Core Stock List SECURITY		Updated 16:00 EDT			Options ▼
Symbol ▲	Name	Price	Change	% Chg	As of (EST)
CAT	Caterpillar Inc	191.34	+1.50	+0.79%	09/22 15:59 (x)
CME	CME Group Inc	189.31	+3.47	+1.87%	09/22 15:59 (x)
CMI	Cummins Inc	221.59	+2.05	+0.93%	09/22 15:59 (x)
COP	ConocoPhillips	62.25	+2.92	+4.92%	09/22 15:59 (x)
FCX	Freeport-McMoRan Inc	31.57	+1.09	+3.58%	09/22 15:59 (x)
LMT	Lockheed Martin Corp	341.61	+5.55	+1.65%	09/22 15:59 (x)
MSFT	Microsoft Corp	298.59	+3.79	+1.29%	09/22 15:59 (x)
MU	Micron Technology Inc	73.97	+1.83	+2.54%	09/22 15:59 (x)
TXN	Texas Instruments Inc	196.07	+3.11	+1.61%	09/22 15:59 (x)
XOM	Exxon Mobil Corp	55.17	+1.53	+2.86%	09/22 15:59 (x)

Neither the Sea of Red nor the Sea of Green should be guiding our thinking. Like every other day of market behavior, they’re the creation of the speculating mob—which is really big—as it makes its daily bets on the *impressions* created by the headlines. That mob, thank goodness, also must bet on hard facts as they eventually show up. It’s the hard facts which really drive everything over time, from the Main Street economy to the market.

It will take awhile for those hard facts to shine a clear light on what is actually going on in China. It always does take a while. Outlook’s prediction is that those facts will show us a China suffering from government blundering, starting at the very top; and they will probably show us a Chinese economy slowing down sharply or even falling into recession. We’ll have to guess about that, of course, since China uses its own economic statistics for propaganda first, and truth second—or even farther down the list.

But we’re sticking with our Monday odds at 999-to-1 against Government in China carrying out the kind of sustained blunder we saw in the U.S. and everywhere else in 2008 – 2009, as runs against the banking system and the whole credit market were allowed to rage on for 6 to 8 months. China’s banks, run by the government, can and do receive any amount of newly-printed money to fix their mistakes . . . and even pretend they didn’t happen. Being corralled by a free press and free, partisan politics, it was much harder for government in the western world to take the political heat required by stopping the runs. China has no such problems.

That brings us to the end of a short “Outlook,” with a link to a truly outstanding piece by our favorite economist, Brian Wesbury. Mr. Wesbury always hits the nail on the head; always sees to the heart of the issue. He’s done that today, on China. Let’s enjoy it.

[Microsoft Word - China Worries Unwarranted \(ftportfolios.com\)](http://ftportfolios.com)

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