

## The Outlook: July 19, 2022

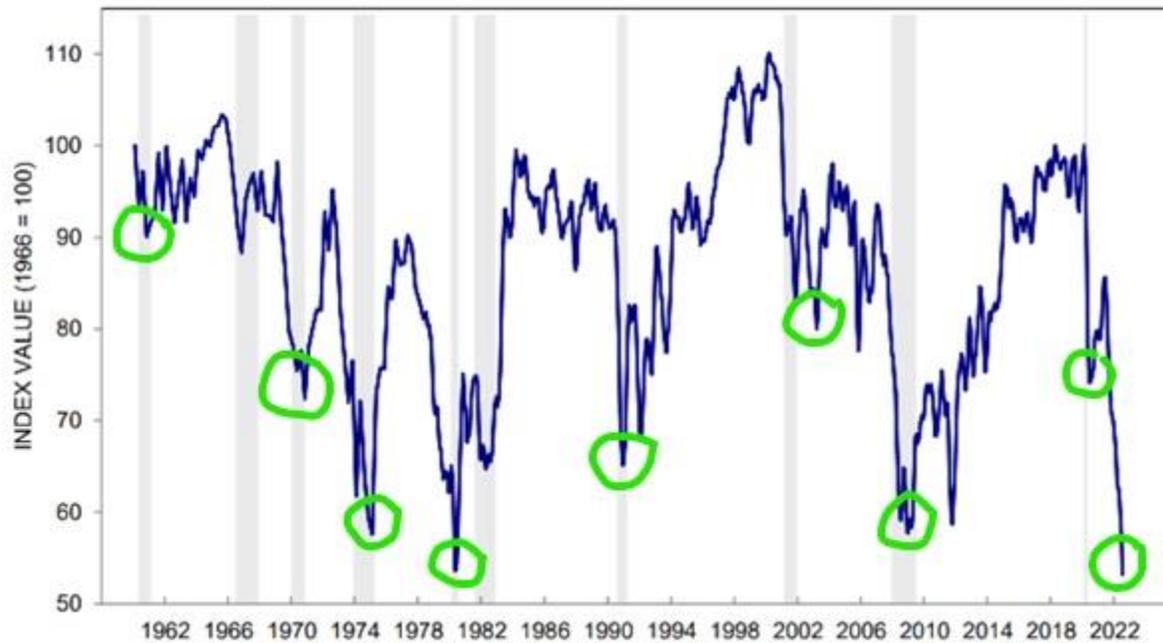
*As always, headlines and impressions lose to facts and thought . . . eventually.*

OCM Core Stock List SECURITY		Updated 16:02 EDT			Options ▼
Overview	Data	Events	Alerts	News	
Symbol ▲	Name	Price	Change	% Chg	As of (ET)
<a href="#">CAT</a>	Caterpillar Inc	179.51	+6.02	+3.47%	07/19 16:00 (x)
<a href="#">CME</a>	CME Group Inc	203.86	+3.42	+1.71%	07/19 16:00 (x)
<a href="#">CMI</a>	Cummins Inc	205.03	+7.41	+3.75%	07/19 16:00 (x)
<a href="#">COP</a>	ConocoPhillips	88.43	+3.36	+3.95%	07/19 16:00 (x)
<a href="#">FCX</a>	Freeport-McMoRan Inc	28.50	+1.08	+3.94%	07/19 16:00 (x)
<a href="#">LMT</a>	Lockheed Martin Corp	390.50	+3.22	+0.83%	07/19 16:00 (x)
<a href="#">MSFT</a>	Microsoft Corp	259.71	+5.46	+2.15%	07/19 16:00 (x)
<a href="#">MU</a>	Micron Technology Inc	62.52	+2.07	+3.42%	07/19 16:00 (x)
<a href="#">TXN</a>	Texas Instruments Inc	164.68	+5.01	+3.14%	07/19 16:00 (x)
<a href="#">XOM</a>	Exxon Mobil Corp	88.19	+2.09	+2.43%	07/19 16:00 (x)

Another Sea of Green today . . . whose most valuable message for us investors is not “maybe we’ll have another one tomorrow,” or “maybe we’re at least done with all those Seas of Red, lately.” This Sea’s deepest meaning is simply a reminder: “No matter how many Seas of Red we’ve gotten lately, and no matter how bad they make us feel . . . eventually Green will come back and take over, as always.” It’s very easy for us to say, “Well of course!” in response; but we do not feel anything like “Of course!” when we’re battered by day after day of Red.

Let’s take a look at “feelings.”

## THE INDEX OF CONSUMER SENTIMENT



The Consumer Sentiment Index comes out every month. It's just what it sounds like: a survey asking people "How do you feel, at the moment, about the economy and your financial future?" Yes . . . the daily headlines are certainly the strongest engine driving "how we feel" at the moment. And for the last couple of months the headlines have had a field day, with a remarkable list of Bad News to pick from every morning in their endless quest to draw our eyeballs like iron to magnets. One analyst, today, summed up the Bad News List this way:

- ***Supply chain issues in almost every single industry***
- ***An energy crisis (it's worse in Europe than in the US)***
- ***Geopolitical tensions in Ukraine and to a lesser extent in Asia***
- ***High inflation***
- ***Low consumer sentiment***
- ***An aggressive Federal Reserve, which is determined to suppress inflation, and is hiking interest rates to who-knows-where***

It's pretty hard to imagine telling the survey, "We feel good! The future? No problem!" in the face of all that dark news. But let's glance at that chart again, especially at all those green arrows around the worst of the Sentiment readings, over the last 60 years. What happened next?

Yup. Up. Like a rocket, every single time. Why?

At heart because our “feelings” and the headlines which often drive them—for a while—are never based on cold, hard investigation of the facts and thinking about what they really mean. They’re based on the impressions we get from the headlines, and from how “everyone else” seems to feel, at the moment. Yes . . . that also happens to be the engine driving the daily behavior of the market’s gigantic betting crowd. But in the end impressions and feelings don’t matter. In the end facts and clear thought are the only things that matter. And the facts are always a lot deeper and broader—and more cheerful—than the headlines’ version of them. That’s why that jagged Sentiment line always turns up so sharply no matter how many thousand feet of cliff-diving freefall came first.

The green circle at the far right is trying to persuade us, if our “feelings” are justified, that our future is looking blacker, at this moment, than any time for 60 years: blacker than the 2020 Virus and Lockdown Calamity, blacker than the 2009 Financial Calamity, blacker than the Dotcom Bubble Collapse, blacker than 1980’s 20% Inflation and 15% Interest Rates . . . and so on.

Oh really?

There’s a disconnect there, isn’t there? Hence the couple of Seas of Green lately. There will be many more of them—sometime. We can never know, as investors, when “sometime” is, exactly. We can know that it will be soon enough, though—if we just refuse to let the headlines and our impressions do our thinking for us.

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