

## The Outlook: July 27, 2022

### ***Not much worry about shadows at Freeport, Microsoft and Texas Instruments***

“Yes, we’re very aware that the markets have been obsessed with the “coming recession.” The trouble is, at Freeport we just aren’t seeing it. Our customers aren’t acting scared; they’re buying copper as usual.”

That, roughly, was Freeport CEO Richard Adkerson this week. We are right smack in the middle of “Reality Season,” also known as Quarterly Earnings Season, when we investors get the sharpest and clearest look at what is really happening on Main Street around the world . . . compared to what has been happening inside the excitable minds of the market’s betting crowd. After Mr. Adkerson, along came Microsoft and Texas Instruments: both of which have been stomped upon for months, by that crowd, in its endless attempt to persuade each other that the sky must surely be falling. The vertical spike below, circled in green, tells us what those companies had to say.



Microsoft and TXN are a galaxy away from Freeport—chips and software versus copper mining—but they said the same thing, basically: “Ah, we know you all are saying the sky is falling . . . but we’re not seeing it. Business has been pretty strong (with minor pockets of weakness) and *it sure looks like it’ll stay that way in the months ahead.*”

That last bit was rocket fuel on the fire, for the market crowd. During Earnings Season most CEO’s make a short-term forecast of results for the next quarter or so: called “guidance.” We’ve seen a good many companies, so far, tell us business was strong from April to June . . . but they’re worried about the next

few months. (After all, when so many people say the sky is falling, how can they all be wrong?) But Freeport, Microsoft and Texas Instruments didn't go along. They all said, basically, "Who knows? Might happen. But we plan to keep building the company. If we're wrong we can't be hurt much. We think our futures are too strong and too certain to justify taking fright and cutting back because we might stub our toes every once in a while."

Of course, that is how Main Street behaves. It is for Wall Street—the markets' vast betting crowds—to jump at shadows. Once in a great while there's something dangerous lurking in such shadows . . . but never dangerous enough to paralyze Main Street with fright, even when the shadow deserves a double-take. We can't know for sure, just yet, whether today's "Recession!" shadow has teeth, or is the usual foggy nightmare. But this week's "Reality Reports" from three outstanding companies tell us that Main Street is still at work with its head down, not very worried about whether the shadow has teeth or not.

© 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.*