

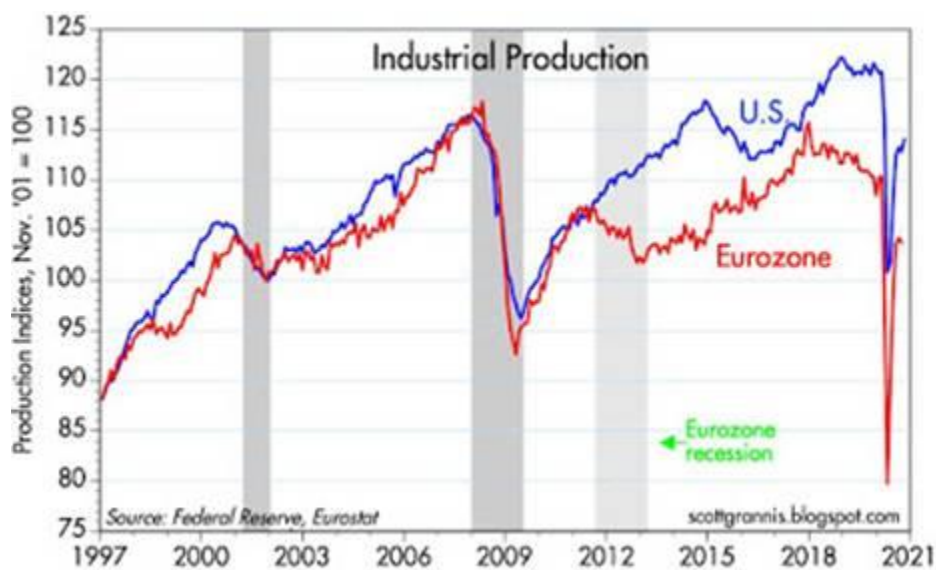
The Outlook: Feb. 5, 2021

Gold Facts Float By.

A never-ending river of information flows past the market's eyes every day. The river is filled with all kinds of floating objects which draw the gaze of the speculating mob: news items, that is. Most of these items either glitter in the sun, as if they might be valuable; or float half-submerged and dark, as if they might be mines primed to blow up. And just about all of both categories are neither valuable nor threatening, just good for making a quick impression: mostly fearful, sometimes cheerful. But always among the passing flotsam are bits of floating gold, so to speak: cold, hard facts about business performance or the economy. The speculating mob sees those, too . . . and the impression made by the floating gold hits the mob harder and lasts longer than the rest of the passing junk.

Today's jobs report was a perfect example of the "floating gold" which has been passing by more and more often since last summer. Employment grew 49,000 jobs. That reversed last month's job losses, but 49,000 isn't a spectacular number. But as economist Brian Wesbury pointed out, the details beneath the headline were more impressive than the headline itself, showing widespread gains in hours worked and wage income. In other words, despite the endless commotion about everything from new virus variants to more lockdowns to politics, Main Street USA has its nose to the grindstone and is rebuilding.

At Outlook we've remarked a few times about the energy and determination of the U.S. business sector and the speed-of-action of its leadership. It's the best in the world, by far, in those crucial qualities. Let's end the week with some perspective on that:

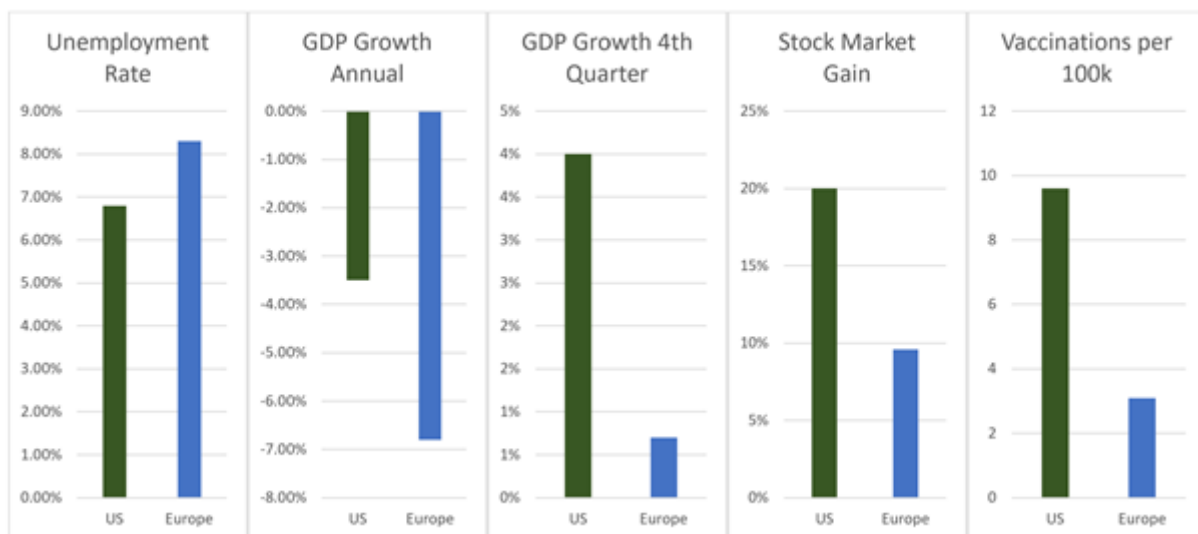


We've glanced at this before. That big gap between the blue American line for industrial production since 2009, and the red European line, is remarkable. Both economies were hammered to the ground in 2008 – 2009. But the European economy did a 10-year, slow stumble upwards over the next 11 years. The US economy ran uphill. Then, at the far right, we see the Virus and Lockdown Calamity—with its stunning difference in the depth of the collapse, between the US and Europe.



America ran. Europe trudged at best, and often stumbled. Running is much better than trudging. The picture above shows the tremendous payoff to American investors.

Virus and Lockdown Recovery: US versus Europe



Now we look at today. The green bars are the US, recovering from last spring's calamity. They are Main Street USA, nose to the grindstone, rebuilding at a run. The blue bars are Europe, trying to do the same . . . but trudging again, at best, just like 2009 – 2019.

The only thing which can hobble Main Street's run, for the next year or two, is extreme tax hikes coming out of Washington DC. Forecasting politics is never a certainty, but at Outlook we're betting most politicians' action lists do not place "extreme tax hikes" near the top, regardless of their parties. We own outstanding companies which are in the very act of showing off the speed and strength of their recoveries, last quarter. We'll keep owning them.

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