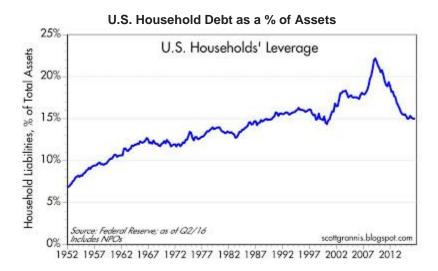
## The Outlook: Sept. 16, 2016

## One picture: 7 years of determination.

It's a good principle to treat ourselves to any available scrap of good news, as a typical schizophrenic week on Wall Street comes to an end. Courtesy of outstanding economist Scott Grannis, here is this week's treat.



## And here is Mr. Grannis' clear-eyed comment:

The ongoing accumulation of household wealth (in the U.S.) is <u>not</u> a house of cards built on a bulging debt bubble either, regardless of what you might hear from the scaremongers. The typical household has cut its leverage by over 30% (from 22% to 15%) since early 2009. Households have been prudently and impressively strengthening their balance sheets over the past seven years. Unfortunately, our Federal government has more than doubled its debt burden over that same period, as I noted in a post earlier this week.

That's the American consumer. And we find a strikingly similar pattern of financial strengthening in corporate America.

People, when running their personal lives or their businesses, fix their problems and protect themselves from extreme danger . . . especially when they've been badly burned and terribly frightened by that danger, as they were in the Calamity and Panic of 2008 – 2009. This is a profoundly important, very obvious fact about human behavior—which is simply ignored, most of the time, by eminent authorities forecasting the end of the world as we know it, or at least a week of rain.

That behavior, with its striking success at strengthening corporate and consumer America, is precisely why the U.S. economy has stubbornly kept growing for the past 7 years—not growing fast, but trudging ahead, with no lasting damage from several global economic "scares" and countless forecasts of doom. And that stubborn growth, plus the market's recurring spells of sharp anxiety, are precisely why the Bull Market has stubbornly remained alive these 7 years—despite the slaughter of the energy and commodity sectors within the market since 2014, which would surely have tipped the economy into another recession if not for the remarkable financial strengthening noted above.

One picture is sometimes actually worth a thousand words. The Calamity of 2008 – 2009 hurt terribly, but also brought out a great deal of determination within the human beings who make up the U.S. economy. Despite plenty of problems, that determination is why the economy and the market are still on their feet today, still aiming to keep trudging ahead.

© 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.