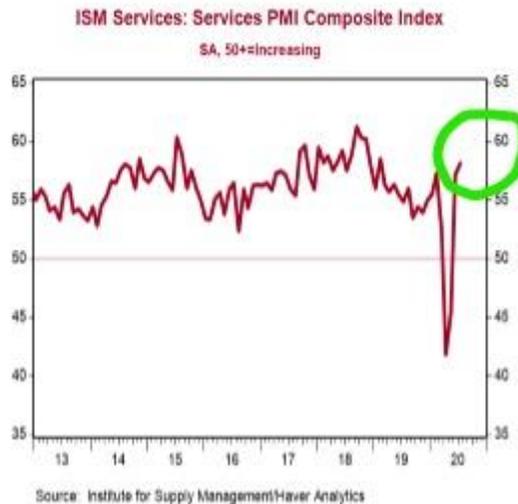


## The Outlook: Aug. 11, 2020

*Off the map in 2020 . . . with monsters but miracles too, maybe.*



More than once, since March, we've commented that "We're off the map. There be monsters here." That old line from *Pirates of the Caribbean* wins hands down, in the competition for "Best headline for this terrifying year of 2020." We've been shocked by monster after monster, beginning with the fairly unbelievable Global Economic Shutdown, as politicians and the media treated the Virus very much as if it was indeed the Black Death of the Middle Ages. We've watched in horror as U.S. and worldwide economic performance fell apart faster and deeper than in the Depression. That chart up there—which is roughly the business performance of the dominating service sector of the economy—can stand in for a fearfully long list of similar economic and business measurements, with the jaw-dropping plunge at the right copied over and over again in almost every other measurement.

Yes . . . there be monsters here. But we are just beginning to wonder if there might be miracles here, too. That rocketing spike upward in services activity was confirmed last week (in the green circle) with another startling reading for July. It was just one of many measurements—from manufacturing to general employment—which are logging equally remarkable surges, *not just once but month after month, now.*

Those signs of Main Street plowing ahead could never have happened if Main Street shared Wall Street's mood: which has been a mix of "We're just doomed!" and "Maybe not, but we'll be in the hospital for years." But Main Street rarely shares Wall Street's mood for more than a few weeks or months, thank goodness. As we've also noted a few times, at Outlook, Main Street is Roosevelt's "man in the arena." Wall Street is his carping critics on the sidelines, hooked on making endless nervous bets on next week or month.

Wall Street (the market) acts with one mind sometimes . . . almost always when something unexpected and frightening has happened, and the Street's mood is about like the crowd hearing "Fire!" in a theater. But events that "unexpected and frightening" just don't happen very often. In between, the market makes its endless nervous bets in both directions at the same time, like any other crowd of people dealing with an uncertain future. That is exactly what's been going on for 3 or 4 months now . . . and the result has been a market climbing one of the biggest "walls of worry" of all time.

Markets do that, when strong companies led by good people are fixing problems, and when those companies are not already valued at silly (high) levels. That's the Big Picture right now. Main Street is acting like itself, and Wall Street is finding it impossible to ignore the near "miracles" which are showing up, off the map though 2020 may be.

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