<u>**The Outlook: Jan. 24, 2024**</u>

Half-full cups, around the world.

Here's a truly interesting picture courtesy of the investment firm, Risk Hedge.

Stocks Hitting Records All Over the Place

Source: Optuma

For that huge "cup is always half-empty" crowd (which we talked about last week) this picture closes the argument. They rest their case. "Japan, India, Britain and Germany: think of the splitting economic headaches crippling those four countries! Yet their market loonies just keep bidding stocks up—just like ours are doing over here! Why, it's like 1929 all over again; or 1999. If you're a sane investor, sell everything, buy canned goods and head for the hills!"

There's only one way, as always, to handle the Half-Empty Crowd's message: glance at a few more facts; look at a little history; in short, try to see more of the <u>whole</u> picture rather than the darkest corners.

- Just like Main Street USA, those four places have headaches, all right. In Germany and Britain it's almost-stagnant economic growth, and inflation taking its sweet time to follow America's downward-plunging path. In Japan it's "Stagnation Forever!" In India there's certainly growth . . . but it always looks too slow compared to the desperate needs of the vast country's poor population.

- But not one bit of all that is the slightest bit new or surprising. Those economic headaches are like migraines: inflicting suffering year after year—especially since the chaos triggered by the

Virus and Lockdowns Calamity—but somehow never stopping the sufferers from trudging on, making a little progress every day, inventing new things (or using America's inventions, quite often.) Those four markets have been rising month after month and now year after year, *right through the pain*. They have not been rising because those four Main Streets have been partying like 1929 or 1999, greeting each new day with a chorus of "What, us worry?"

- Naturally, they've also been rising because the past years of intense pain and worry have made their betting crowds value their stocks with emphatic caution. They're cheap; they're bargains. They're not Celebrity Tech silliness. None of those four markets have the slightest thing like Wall Street's domination by a handful of Big Tech stocks. They're much more like the "other 493 stocks" in our S&P 500: financially strong, valued pretty reasonably and sometimes downright cheaply.

That's why our picture looks like that—with "New Market Records! Watch Out Below!" headlines almost every day—and it's why those global pictures look the same.

1929 and 1999 did happen . . . and the jaw-dropping silliness of those ancient betting crowds will certainly show up again one day. But the combination of financial weakness and insanely optimistic valuations which dominated the whole picture back then is not part of the picture today. That simple fact is exactly why the betting crowd's every attempt to "try fear on for size," these past few years, has failed after a few days, weeks or months of terrifying plunges. The market roller-coaster always plunges on its long climb up the mountain. Those plunges are a fact of life in the investment world. But those plunges are not "falling right off the track." The media will never quit suggesting that they are, because that's what it needs to do; but we investors make money by refusing to believe it.

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