

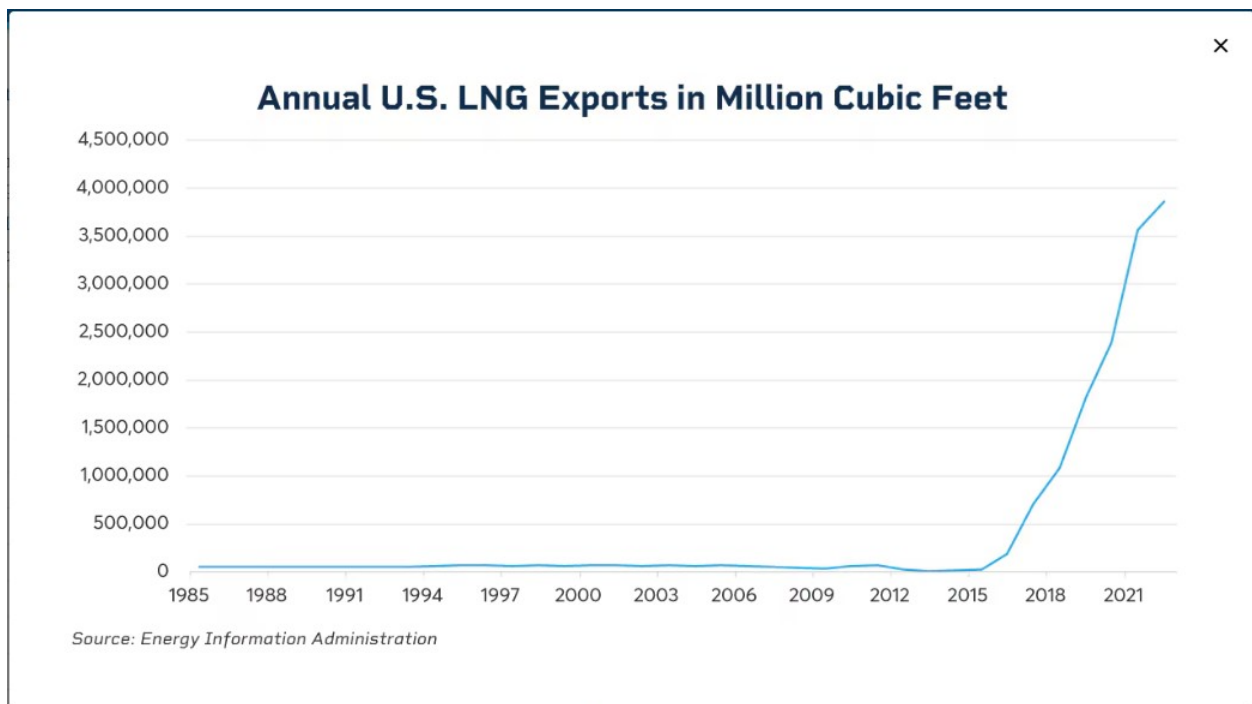
## The Outlook: March 19, 2024

### *Two fun pictures . . . two different kinds of fun.*

Here are two dramatic pictures. One of them tells us something interesting and useful about Main Street. It's worth thinking about. The other tells us something, well, "normal", about Wall Street. It's not worth thinking about. Let's take a very brief moment to ponder the reasons why.

The picture below shows us the absolute explosion in LNG (liquified natural gas) exports from the U.S. to the rest of the world, beginning around 2016 . . . when such exports were finally "legalized." The cost of clean natgas power in the U.S. was low indeed, thanks to the shale miracle. The cost of power in most of the rest of the world, especially in Europe, was very much higher. The Energy Industry on Main Street had been pleading for permission to export the gas so desperately wanted overseas, and finally it go it. LNG exports exploded, and kept exploding. Main Street had been building LNG processing plants on the Gulf Coast for a little while, betting a fair amount of money that the legalization would happen, sometime. It took a chance, as Main Street very often does . . . and it paid off. It paid off not only for Main Street USA but for Main Street Europe and elsewhere, too. When "War in Ukraine!" arrived in 2022, and European energy prices went crazy, it was US LNG exports which let Europe know the ending would not be a depression, but adaptation and a chance to start growing again.

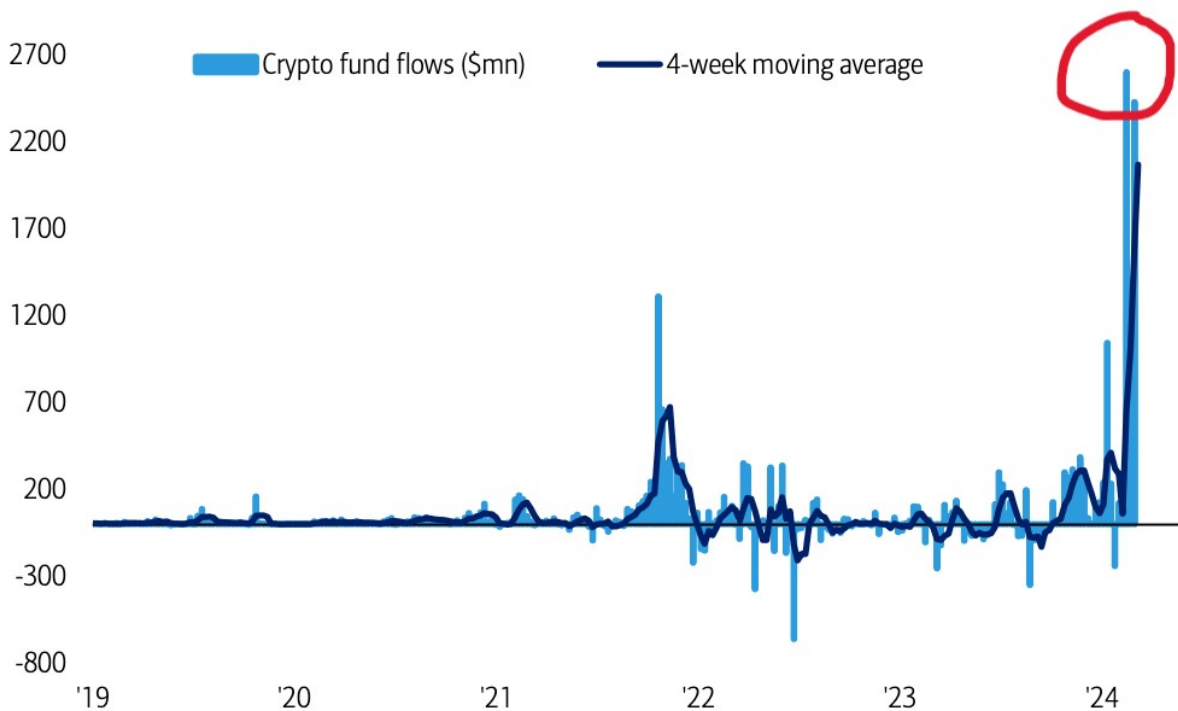
In sum, that's a picture of Main Street doing what it always does: think, risk some money, build and invent, and (usually) reap the rewards.



Here's our second picture: another dramatic explosion.

## Chart 10: Record 4-week inflow to crypto funds

Crypto fund flows (weekly & 4-week moving average)



Source: BofA Global Investment Strategy, EPFR

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This explosion, however, tells us nothing about investing money for future gain by building things or inventing them. It only tells us what one of the betting mobs on Wall Street has been up to, lately: namely, taking a massive flyer on crypto currency. Why? Well, this explosion happened when the SEC said it was OK to peddle crypto mutual funds to the public. Until then it was a real headache for most betting types to gamble on crypto; after the SEC action it became as easy as picking up the phone and hollering “Buy!”

The following explosion in crypto “investments” tells us one thing only, which we all knew anyway: “There are a very great many people, all over the world, with the desire to get rich quick, and with the money to bet on those desires.” That’s the “betting crowd” which Outlook mentions all too often, no doubt: the crowd whose fast bets on the day’s or hour’s impressions do indeed drive the markets up and down every day. And here is the single important thing to understand about that crowd. A good chunk of it is the investment world’s professionals, who’ve survived by knowing perfectly well that most “impressions” are nonsense . . . but being willing to “ride the nonsense” from hour to hour or day to day, fingers poised over the “Sell!” button. And the rest of the crowd are, well, amateurs: people who convince themselves they’ve found the key to fast wealth, and that key often means buying whatever has already rocketed up in price . . . because obviously it’ll keep rocketing up.

We investors find ourselves facing the choice every week of our careers, pretty much. Shall we insist on placing our own bets only on real things on Main Street? On building things, and inventing things, which might pay off in the long run? Or shall we persuade ourselves, when we see pictures like that “crypto

explosion,” that surely somebody must know or understand something that we don’t . . . and we’d better get in on it.

Outlook’s clients know our answer of course. But there is something more. Betting on crypto (or whatever’s fashionably hot on Wall Street) and making 100% in a month or two would certainly be fun—no doubt about it. But actually understanding what we own, and appreciating the incredible patience, hard work and ingenuity shown by the people who run and work in our companies, on Main Street, is a very different kind of fun: deeper, and enduring. We’ll stick with it.

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