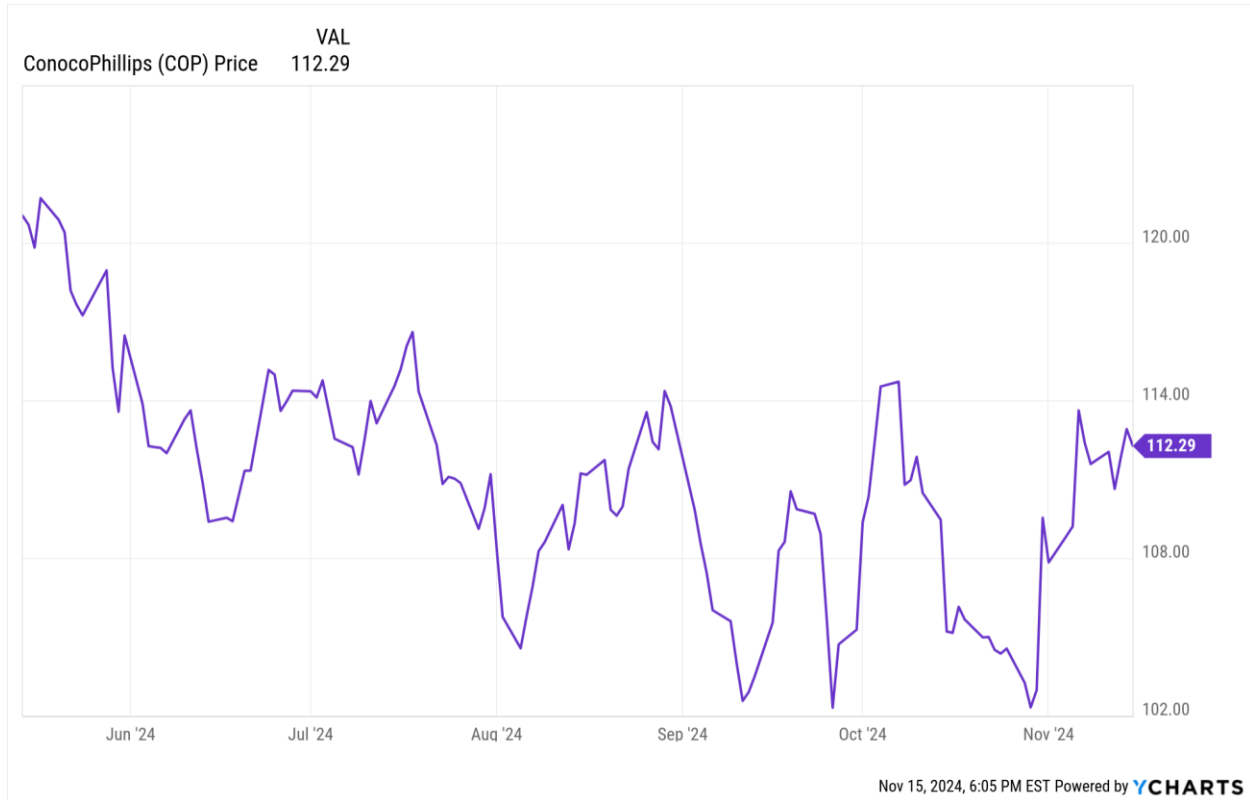


The Outlook: Nov. 15, 2024

Countless pieces of “bad news.”

Here is Conoco in two pictures . . . but it could be any of our companies. They’d look about the same, and their lessons are exactly the same.

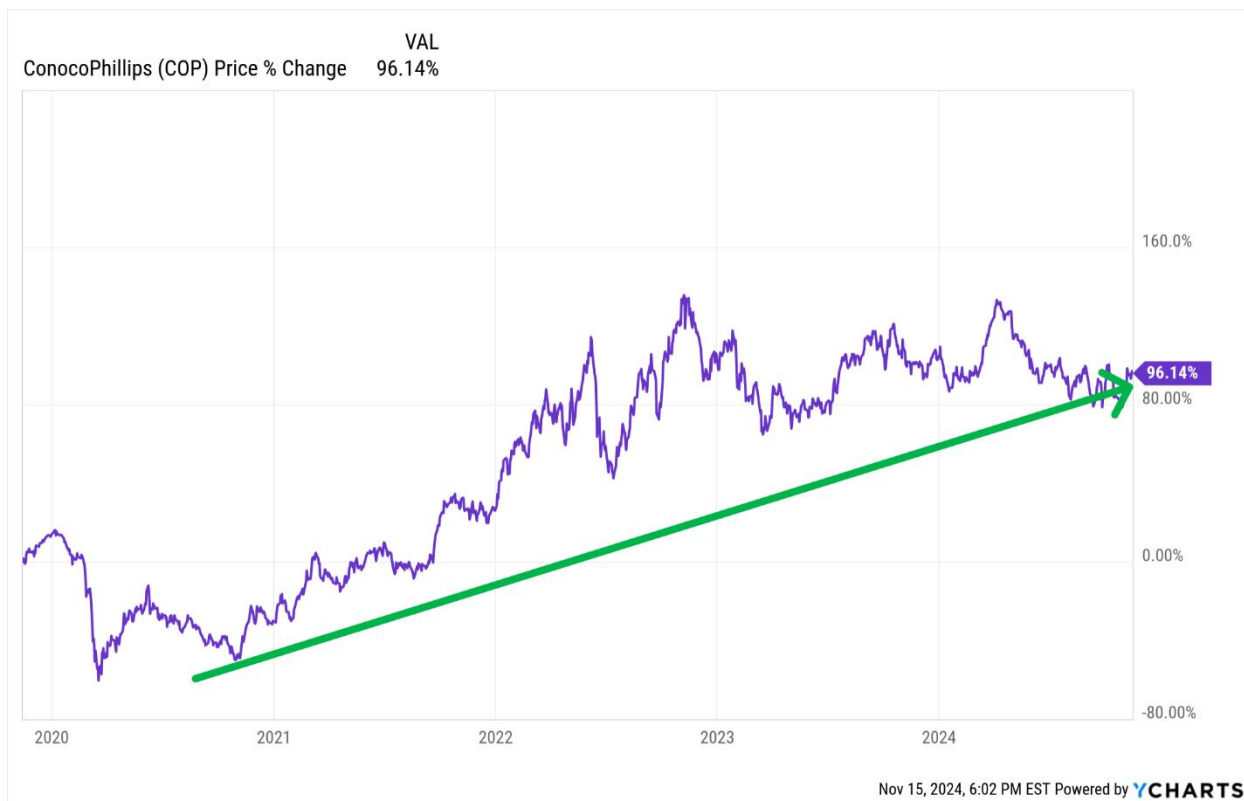
Conoco: 6 Months



That picture pretty much sums up how we’re inclined to *feel* these days, doesn’t it? That is a lot of 15% moves packed into 6 short months . . . and Conoco’s roller coaster has been trending down, this year, rather than the sure-as-sunrise “up” that Outlook’s always talking about.

Every single one of those jagged plunges has come with “bad news” for Conoco: usually “bad news” about the price of oil. There’ve been countless stories and headlines about China’s hopeless economy, or Europe ditto, or too much supply coming from Texas or OPEC, or too many barrels of inventory over here, or the Green Revolution dooming global oil demand, and on and on. There has been so much of this that it’s pretty surprising that any of those 15% up-spikes happened at all. When they did happen, it was usually hard to find a news story or headline to explain it. Yes . . . when the subject is oil—or anything else in the wide world—bad news sells, and good news is usually too boring to sell papers or get clicks. Last picture.

Conoco, 5 Years . . . and 96%.



The nice thing about this picture is that even though we’ve zoomed out to 5 years, we can still see those “countless” spikes and plunges. And what about the bad news stories and headlines? We don’t really need to ask, do we. They have been just as countless: for the last 5 years . . . 10 years . . . 20 years.

Theresa’s latest “Inside” report on Conoco mentioned something CEO Ryan Lance said in response to a question. “You guys are investing a ton of money in new LNG (liquified natural gas) projects,” said the Wall Street type. “So are some of your competitors. Aren’t you worried that there will be too much LNG supply, as a result, and prices will crash?”

Mr. Lance’s reply was, well, classic. “We’d be worried if we ran our business for the next couple of years,” he said. “But we don’t. We run it for the next 20 to 40 years. Of course there will be an LNG crash, sometime. Then it’ll turn back up again. When the crash happens, we’ll shrug it off because we’re pretty strong (an understatement) and we’ll make a lot of money on the long-term upside for LNG, which we’re sure about.”

That’s why Conoco’s 5-year chart looks like that, and why its 10-year and 20-year charts will look even better, when we get there and look back. That top chart is the daily life of Main Street: countless challenges, countless items of “news” which matter only to the market’s daily betting crowd: Wall Street. It’s the bottom chart that tells the truth about Main Street: problems fixed, challenges overcome. And that’s why when we find a company like Conoco—which is something special—we buy it and hang on, buying more when the market’s betting crowd gives it away.

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