

Market Outlook:

Here they come

Day after day the market spirals upwards, then downwards, by hundred of points, seemingly incapable of making up its mind as to which trend to pay allegiance. Last week, for example, it wasn't unusual for the naysayers to point to potential interest rate increases as justification for the end of the bull market rally. Then, within hours, the equity averages surged because wages and jobs data showed continuing improvement.

By the way, could a default in Greece affect milk prices in Nebraska...?

Such is the craziness of intraday global market analysis.

All of these anxiety producers have caused me to shake my head and ask whether anybody still subscribes to a discipline in which more *permanent*, secular information defines one's perspective?

While big price moves are to be expected in "risk markets", they are becoming more pervasive, I believe, because technology....or, more specifically, a *focus upon* technology.....impedes the observer from looking at the world in a "big picture" way rather than nanosecond to nanosecond, and almost *forces* us to respond to a multiplicity of minutiae and exogenous events, quid pro quo.

I also see these volatility episodes scaring away average investors who, I believe, would love to come back to participating in the markets, with an altruistic meaning of equity ownership, in order to build net-worth and security for their future.

Thus, volatility causes volatility. Certainly, we cannot eliminate risk and fluctuation from "gambling endeavors" (investing). But neither can we afford to alienate the consumers that we seek who are vital to keeping the game (money flow) in balance.

In a way, uncertainty and volatility feed off themselves, becoming self-fulfilling prophecies. Perhaps our obsession with economic weakness and statistical permutation actually *cause* corporate and municipal capital expenditures from occurring (?)

Ground up

The past few years have been a slow recovery from the abyss of financial near-collapse. I think it is unlikely that we will return to another great recession-type era in the near future. Too much effort has been put into the rebuilding process. But we also know that there is an undercurrent of mistrust and aftershocks that are causing the market to gyrate in fits and starts.

We need to start looking at the macro, big picture to derive suggestions about how to move capital effectively and efficiently.

Rather than waiting for a "hero" sector to emerge, we should play a proactive role in reading the tea leaves about certain conditions that buttress all global economics. If, in fact, the recovery is happening, we need to be aware of pricing power, supply chains, and the demand curve. I have written extensively, and shall continue to do so, about concurrent vectors in agriculture, potable water, and commodities prices. Top-down macro trends are pointing to a diminution in arable farmland across the globe. A sophisticated economic infrastructure cannot rely solely upon capricious weather patterns to support its population's food needs.

For now, in my role as portfolio manager, I would suggest investors focus not so much on the daily business news television channels as on their civic responsibilities and their moral compass.

Good health, good schools, good food, good communities, good infrastructure, good science.....

....good Earth.

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