

<b>Market Outlook:</b>
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**All economics is local**

In the throes of a Presidential election here in the US, many of us are familiar with the phrase "*all politics is local*". But did you also know that many municipalities have their own unofficial market basket/economic monitor that tracks the rise and fall of local businesses or stocks located within their domain? These informal indices serve as important mileposts/talking points about not only the vibrancy of the local community and the health of the stock market overall but also the psychological and emotional well-being of the citizens. Semiconductors in Silicon Valley, travel and tourism in the Southeast, agriculture in the Midwest, coal mining in Appalachia, oil production in the Southwest are industries obviously not uniquely confined to those regions, but which have a kind of self-evident connection to these communities and territories in the country.

From these examples, and others, one also might reasonably say that "*all economics is local*". Of course, no axiomatic phrase is meant to apply in all cases. They are simply for instructive purposes. To the contrary, I argue that globalism and technology have made all economics *universal*. This *local versus global* conversation has broader meaning because a case can be made that the stock market's rally is really a mirage of sorts, a deception which belies the hardships of those who are falling behind versus those who are thriving.

Yes, I understand that if you are an investor in the stock market there is no denying that you are doing well...it's kind of hard not to!! However, not everyone is invested nor has the means to do so. That means that in spite of superior numbers being posted by the Dow Jones, a local index of stocks...shops on main street, the neighborhood mall, or environs....might be in deep distress. This kind of dichotomy between the market (and the daily profusion of business news) and your local economy is what I have frequently called "*a parallel disconnect*".

Again, no one is disputing the market's fantastic performance recently nor the abundance of wonderfully positive economic news. Consider, though, how one justifies medical pandemics, homelessness, hunger, climate catastrophes, and regional warfare in the face of such incredibly strong global economic data? Wouldn't a truly universal economic boom eradicate or address some of the inattentiveness or disregard that many have towards the disaffected in our communities?

**Is It all about you?**

Thus, "*all economics is local*" becomes a figure of speech for "*I'm fine, you're not...and that's no concern of mine*". When you are comfortable in your personal life and enjoying modest good fortune in your pocketbook, you become too skeptical about taking on many other issues outside your four walls. Scores of governments and provincial politicians are starting to adopt cultural purity. One's well being, it appears, has become a condition of their location of birth and financial circumstance more so than any empathy or compassion that the well-to-do feel towards the unfortunate. **I strongly believe that geopolitical issues and a diminishing interest in "how the other guy is doing" is the trend that has the potential to eviscerate the valuation gains the markets have made in the last decade.**

Last week's activity in stocks was a continuation of more of the same... "Coronavirus" volatility; low interest rates leading to "default" stock purchasing; high consumer confidence causing sales figures to increase; better than expected earnings affecting the energy and tech sector; and moderate GDP, which is "just fine" according to Federal Reserve Chairman Powell. It is almost as if the laws of physics, gravity, mathematics, and economics themselves have been suspended for a moment to placate the fervent equity shoppers of the world. Money makes money when no other alternatives are presented.

Sector-specific analysis and micro managing one's portfolio daily gains have become a fixation for some. Every little detail has become compartmentalized. Tech stocks are a proxy for technological innovation and computerization; travel and leisure stocks are a proxy for discretionary spending and savings; oil stocks are a proxy for industrial capacity (and vehicular manufacturing); defense stocks are a proxy for conflict and warfare. Be aware for the future that automation and artificial intelligence are forming the underpinning for an economic configuration in which medicine, transportation, agriculture, and engineering derive from a whole new global nexus and regional identity...yet to be determined.

Every industry, every category has its "homeland" of origin. The next time you hear that the Dow Jones Average has made a new high, do two things: (1) walk into your local town center and observe whether or not there are shuttered storefronts, and (2) thank your lucky stars that you are one of the "local" beneficiaries of the market's current largesse.

Finally, I would strongly urge you to open your aperture of awareness and take the long view about investing.

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