

J. Michael Locke

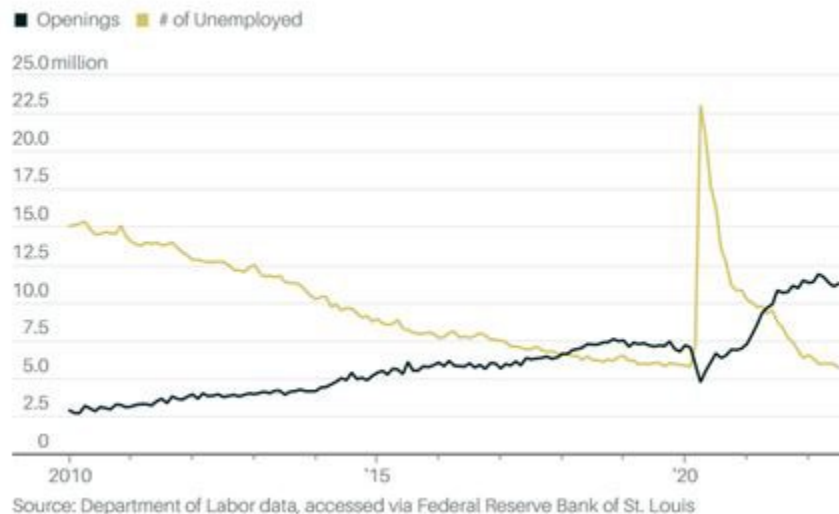
Musings

#192: Musing September 17, 2022

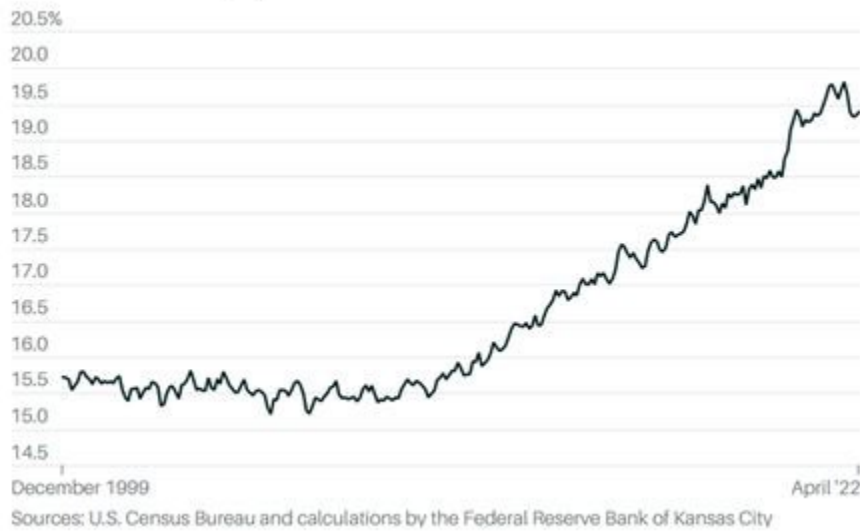
Ugly week in the stock market. Market is obsessed with the Fed and what it is doing with interest rates. New data came in showing inflation still running hot with so-called core CPI, which excludes often volatile energy and food prices, up 6.3% in August. This is an accelerating rate of inflation compared to the 5.9% in June and July so would indicate Fed tightening not working. This is leading most to think we now have another .75% or 75 basis point increase coming in rates. Hope you got your mortgage refinanced last year when rates were so much lower. Many starting to wonder if Fed is going to overshoot and drive recession (Cathie Wood, Elon Musk, Barry Sternlicht.) I think Fedex announcing weak results gives a lot of support to their concern.

Part of the conflicting metrics on health of economy is the structural labor market shortage. Economists are used to seeing job market weaken with economic deterioration but that is not happening because we are so short of workers. Here it is in three graphs from Barron's and Matt Massucci of Hirewell:

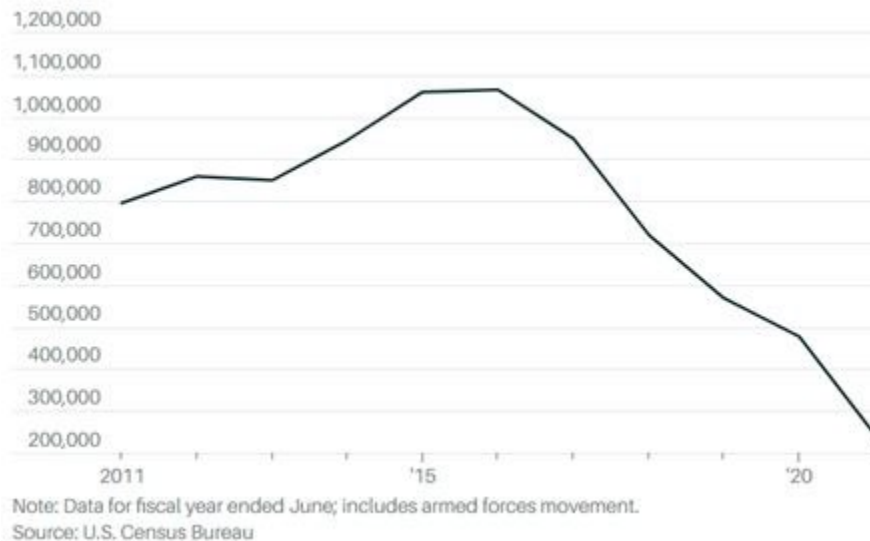
Job openings have risen.



Retirees as a % of the population has climbed.



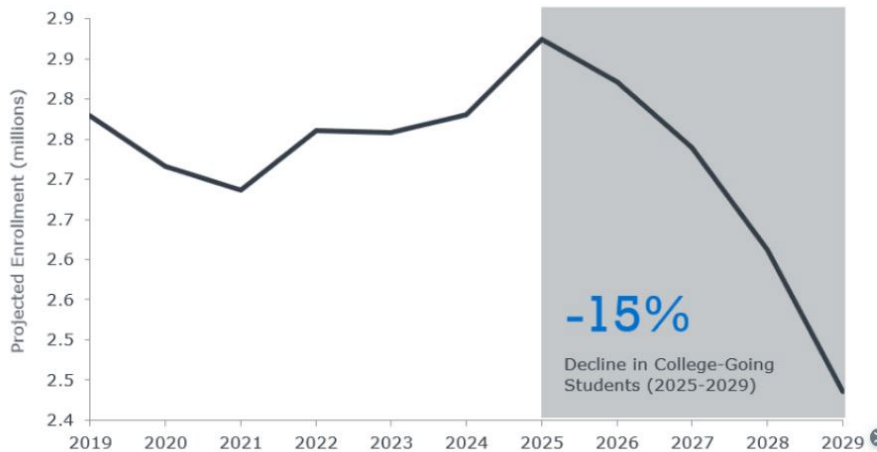
Immigration to the U.S. has declined.



We need more babies! Encourage everyone you know to have more kids. Higher education leaders are really worried about the demographic cliff. Look at this graph on high school graduate numbers by year of graduation:

Enrollment Projected to Drop Sharply After 2025

Forecasted Number of College-Going Students in the U.S. (millions), by Year of High School Graduation



Capitalism works because incumbents get used to their position and new entrants disrupt them. LIV is doing this to the PGA. Now turns out the PGA commissioner (who no one can name) gets private air travel for his family, just built a new \$81mm headquarters and makes over \$7mm a year in a job thousands of people could do.

You have to admire people who “walk the walk” on their beliefs. Whether I agree with someone or not, I respect people most who are genuine and not posing. Count the founder of Patagonia in that group. From CNBC: *“Patagonia founder Yvon Chouinard, his spouse and two adult children are giving away their ownership in the apparel maker he started some 50 years ago, dedicating all profits from the company to projects and organizations that will protect wild land and biodiversity and fight the climate.”* Their ownership position is worth roughly \$3 billion. [patagonia-founder-donates-entire-company-to-fight-climate-change](#)

Incredible stat: people spend 197.8 million hours **a day** watching TikTok according to WSJ.

People in Wisconsin are doing a lot of drinking as they watch TikTok. *“More than half of Wisconsin counties landed on a recently published list of the “drunkest” counties in the United States. In fact, the Badger State had over four times as many counties listed in the Top 50 (41) than all other states combined. Going down the list, Badger State counties filled the top 11 spots on the list and 90% of the top 30 counties. The [survey](#), conducted by 24/7 Wall St., ranked each county by their excessive drinking rates, which included adults who either binge drink or drink heavily. It defined binge drinking as four drinks for women or five drinks for men in a single session, while an average of a drink a day for women or two per day for men is considered heavy drinking. Using those metrics, the author found 41 Wisconsin counties placed in the top 50 of the 3,143 counties (or their equivalent) in the United States.”* [top-11-drunkest-counties-us-are-all-wisconsin](#)

Is America really dumbing down (maybe killing brain cells)? Less than half of Americans can name the three branches of government per the 2022 Annenberg Constitution Day Civics

Survey.

Two Americana experiences recently which helped me get “regrounded”: High school rivalry football game (congrats LT) and high school teacher open house. Turn off your TV and stop looking at social media and go to a high school football game. It is good for the soul.

RIP the inventor of two-buck Chuck wine Fred T. Franzia. I think the whole fancy wine thing is way overrated.

jml