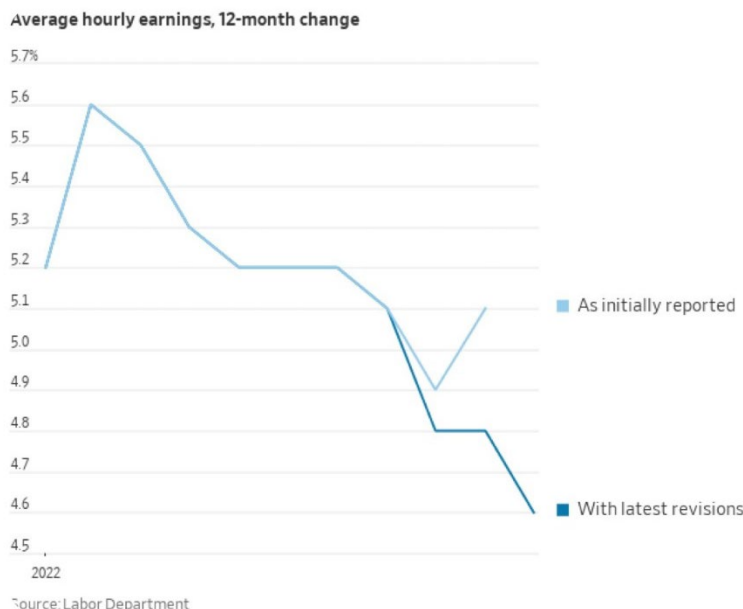


J. Michael Locke Musings

#206: Musing January 7, 2023

Market participants need to remember the imprecise nature of much of the government data. For instance, investors are very focused on wage growth to judge whether inflationary pressures are subsiding and thus the Fed will stop raising rates. The problem is that wage growth is gathered through a survey and initial estimates are often wrong and get revised later. Each month, BLS surveys approximately 131,000 businesses and government agencies, representing approximately 670,000 individual worksites to get its estimate. Investors need to be patient and not jump the gun when initial data is released. Look at this revision from November:



Good quote from Steve Jobs — *“in weak companies, politics win, in strong companies, best ideas win.”* The best ideas are becoming those generated from an analysis of voluminous information through AI. For instance, this is why our Collegis business teamed up with Google and their cloud platform. [collegis-partners-google-cloud-unlock-value-higher-education-data](#). Making data informed decisions is a key executive attribute.

Lots of people are talking about ChatGPT. This is an AI chatbot which was released for public use and has a general language processing model derived from enormous amounts of text. *“The idea behind ChatGPT was first conceived by OpenAI’s CEO, Ilya Sutskever, to create a chatbot that could converse in natural language and understand context. Since its inception, the team has been making steady progress toward the development of their vision.”* [why-the-world-is-buzzing-about-chatgpt](#) Pretty soon you aren’t even going to need me for these musings. See the ChatGPT created musings written by AI based upon my nephew Chip’s query which is below after my initials.

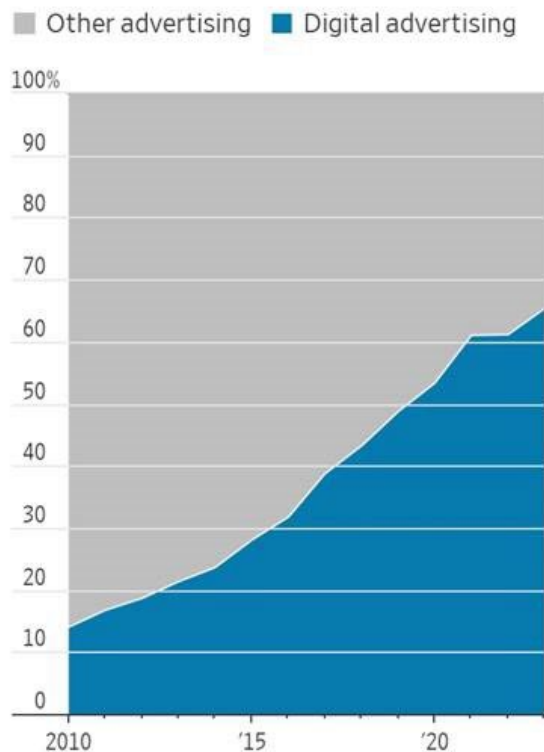
As a country, we need to redesign our healthcare and retirement systems. Our legacy systems connect these crucial benefits to employment. People stayed at a job for decades, got healthcare and earned a pension. Our labor model is now more transient. The average time in a job is now roughly four years. The ACA ("Obamacare") helped improve availability of health insurance separate from employment but not much has been done on retirement savings. 401k is just a way to minimize taxes and money set aside for retirement. We are going to have a bunch of older people struggling to make ends meet.

While Alabama didn't have their best year in college football, I am really impressed by Nick Saban. Good quote from him: *"mediocre people don't like high achievers and high achievers don't like mediocre people."*

Social media is literally wiring our children's brains differently. *"For youth who habitually check their social media, the brain is changing in a way that is becoming more and more sensitive to social feedback over time," said lead study author Dr. Eva Telzer, assistant professor of psychology and neuroscience at the University of North Carolina at Chapel Hill. "And this is setting the stage for how the brain continues to develop into adulthood."* [social-media-checking-teen-development-wellness](#) If this continues, we will have to adjust our employee management systems to increase positive feedback and created dopamine releasing events.

Amazing how Madison Ave. completely missed how its industry was going to change. Digital advertising now controls almost 2/3 of company ad spending from a nothing start 15 years ago.

Estimated U.S. ad spending share



Source: GroupM

However, this shift will likely decelerate as pushback on the assault on privacy and user control got a big boost in Europe. The EU (which tends to lead the US on these topics) ruled that Facebook/meta can't do behavioral ads which are targeted based on the users activity. Apple had already dealt a huge blow to tracking across apps and now the EU says you can't require users to allow tracking within the app (i.e. the terms of service can't require it and users need to be given an opt-out.)

For all the crap that Elon Musk receives, let's acknowledge that the provision of Starlink service (his satellite communication company) for free is playing a key role in Ukraine's ability to fight Russia surprisingly well.

Does a "damp" January count for anything?

Good luck TCU!

Jml



Help me write a newsletter. It is a personal newsletter, sent primarily to people I know who work mostly in business. The topics are my thoughts on the headlines, markets, and social trends. The tone should be informal and not verbose.

The first paragraph should recap how the S&P 500 performed this year against the DOW. The second paragraph should discuss the diminishing adoration of big tech and include Elizabeth Holmes' sentencing. The third paragraph should discuss TikTok's affect on the New York Times Best seller list. And the fourth paragraph should outline Southwest Airlines recent issues with flight cancellations.



Hello! Here is a newsletter draft based on the topics you provided:



Hey there!

I hope this newsletter finds you well. I wanted to share some thoughts on some of the headlines and trends that have caught my attention recently.

First up, the stock market. This year, the S&P 500 has outperformed the DOW, with a return of around 17% compared to the DOW's 12%. While both indices have seen solid gains, it's worth noting that the S&P 500 is considered a broader measure of the market, as it includes 500 large-cap stocks representing various industries, whereas the DOW is made up of just 30 large blue-chip companies.

Next, let's talk about the diminishing adoration of big tech. It seems like the shine has worn off for some of the tech giants in recent years, with increased scrutiny from regulators and the public. This was exemplified by the recent sentencing of Elizabeth Holmes, the founder of Theranos, who was convicted of fraud and conspiracy. This serves as a reminder that even seemingly successful companies can be built on shaky foundations.

On a lighter note, TikTok has had a big impact on the New York Times Best Seller list. The app, which allows users to create and share short videos set to music, has spawned a number of viral trends and challenges that have driven up book sales. For example, the "TikTok effect" has been credited with boosting sales of the book "The Four Winds" by Kristin Hannah, which rose to the top of the list after a user posted a video discussing the book on the app.

Finally, Southwest Airlines has recently had issues with flight cancellations due to a shortage of available pilots. This is a reminder of the importance of proper planning and resources in the transportation industry, and the potential impact on travelers when things don't go as expected.

That's all for now. Thanks for reading and I hope you found this newsletter informative!

Regenerate response