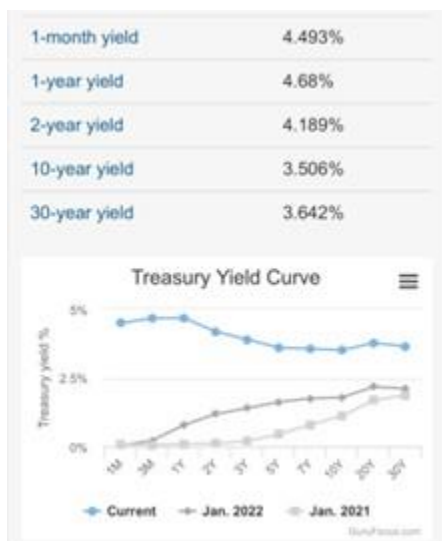


J. Michael Locke

Musings

#209: Musing January 28, 2023

Interesting to see what the bond traders think is happening with the economy. The “yield curve” which shows the how much you make based on a bonds maturity (term) is determined by the buying and selling of bonds everyday (not by the Fed). As bond prices go up (and they have an interest rate assigned to their face value), their yield goes down and vice versa. Right now, the yield curve is really inverted meaning it slopes down. You can borrow money for 10 years at a materially lower rate than 2 years. This shows traders think the economy is softening, inflation is coming down and rates will be decreasing as we enter 2024.



I think the bond traders have it right. Personal consumption is decelerating. The housing market is in a free fall. Almost all measures of inflation were lower in December than November. The only sticking part is labor shortage which will keep wage increases going.

I strongly encourage folks to pay attention to this ChatGPT “story.” Thanks to Travis Hughes for first highlighting it for me. AI tools like it are on the verge of fundamentally changing work and school. Humans will need to focus on what makes us human. For example, my brother radiologist is focusing on patient interaction and the communication of diagnostic results as IBM Watson and other AI tools get more proficient on reading X-rays and MRIs. Here is an NPR story on the guy working on the tool to identify something written by AI vs a human. [this-22-year-old-is-trying-to-save-us-from-chatgpt-before-it-changes-writing](#)

One researcher had ChatGPT take the tests which are required to become a doctor and it passed! “We evaluated the performance of a large language model called ChatGPT on the United States Medical

Licensing Exam (USMLE), which consists of three exams: Step 1, Step 2CK, and Step 3. ChatGPT performed at or near the passing threshold for all three exams without any specialized training or reinforcement. Additionally, ChatGPT demonstrated a high level of concordance and insight in its explanations. These results suggest that large language models may have the potential to assist with medical education, and potentially, clinical decision-making." [usmle](#) Thanks Chip Locke.

Good quote on ChatGPT: "A personal calculator for words".

Managerial reminders from Chuck Feltz: *"make certain you are strong in these baseline employee expectations:*

- 1. Your daily work environment is not toxic; employees are respected and know what the cultural expectations are and that they are respected and followed*
- 2. Your leaders and managers provide regular honest, developmental feedback to employees that moves them along a career trajectory they can see*
- 3. Your employees feel they are both heard and listened to. They feel that no matter what the direction, their perspective is respected*
- 4. You employees feel "in the know" – what the most important things are that are going on and why. They do not feel they are outside trying to look in to a black box*
- 5. Their roles are clear enough to understand how what they do each day matters in the larger vision and what successful performance looks like for their roles in that context. And they have leaders who guide/coach them on that pathway*
- 6. Your teams feel you take the time to understand their career aspirations and support and provide development opportunities that help them achieve them"*

Like most things – Elon Musk goes to extremes but the fact that he laid off 2/3 of the employees of Twitter and the business and software is still functioning is really telling. More companies are going to look around and realize how much extra expense they have. Just because someone is doing an activity doesn't mean that activity has to be done and the company is getting an ROI on that resource. Watch for more aggressive cost cutting and a redefinition of what is "essential" as we enter a recession.

The price war in electric vehicles is on which will delight consumers. After losing share in 2022 (Tesla's US market share dropped from 72% in 2021 to 65% in 2022), Tesla aggressively cut prices by as much as 20%. This will have an accelerating effect on demand as the lower prices also create more eligibility for tax credits. Tesla already has scale / healthy margins and those just getting into the business are going to burn lots more capital with lower pricing.

Good quote from Adam Grant: *"The most valuable participant in the room is not the person who talks the most. It's the person who says the most with the fewest words. The best way to contribute more is not to take up more airtime. It's to increase your ratio of insight to airtime."*

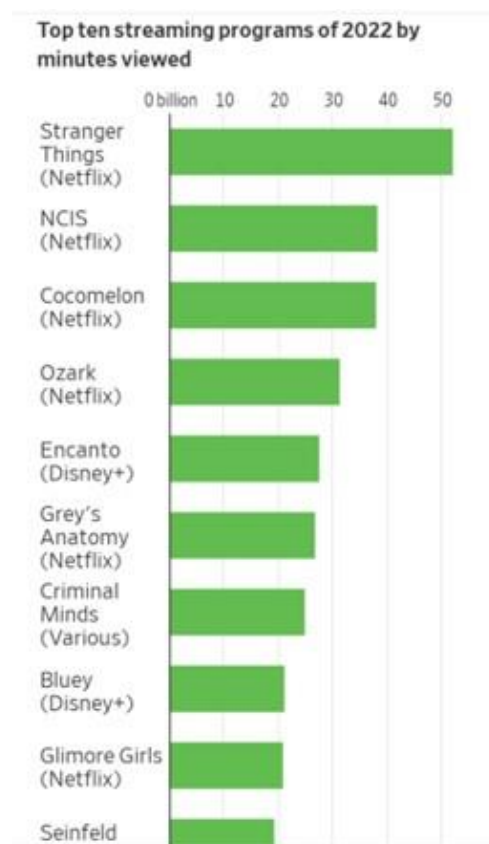
We need more doctors! I have innumerable examples of talented young men and women who can't get into med school yet most of our society is going without a primary care physician. The American Association of Medical Colleges operates as a trade guild keeping a tight supply by not accrediting too many new med schools so the supply of doctors doesn't keep up. Add on top of that the high hurdles we put on foreign-trained doctors and you see why people are going to Walgreens for their primary care. [why-does-the-us-make-it-so-hard-to-be-a-doctor](#)

Interesting Oped by Leslie Bienen on how our government systems are leading to an over counting of Covid. *“Public-health experts are increasingly acknowledging what has long been obvious: America is overcounting hospitalizations and deaths from Covid-19. Hospital patients are routinely tested for Covid on admission, then counted as “Covid hospitalizations” even if they’re asymptomatic. When patients die, Leana Wen notes in a Washington Post column, Covid is often listed on their death certificates even if it played no part in killing them. Government programs create incentives to overestimate Covid’s toll, and poor data make it difficult to pinpoint who’s still at risk and how effective boosters are.”* [the-vicious-circle-of-covid-boondoggles-and-bad-data-fema-cdc-states-death-certificates-overcounting](#)

We might be on the precipice of a breast cancer vaccine. *“News of a groundbreaking vaccine via The Happy Broadcast: Over seven million women suffer from breast cancer, making it one of the deadliest cancers across the globe. A team of researchers at the University of Washington School of Medicine (UWSM) has been working on a breast cancer vaccine for over the last 20 years. In their recently published study, they finally revealed the results of the phase one human trials of their breast cancer vaccine...During the phase one trials, the experimental breast cancer vaccine has proved to be safe and highly effective in preventing the growth of human epidermal growth receptor 2 (HER2) cancer tumor cells [which] are responsible for causing the most complex, aggressive, and rapidly spreading type of breast cancer in women.”*

On another cancer, Dr. Milan Chedda at Washington University in St. Louis is having good outcomes using the Zika virus to attack the stem cells on a bad brain tumor called Glioblastoma. Stay tuned.

Interesting to see what people are streaming from Nielsen:



RIP my friend Jerry McBride. Jerry was a role model in “how to age” building relationships with folks like me a generation younger and taking on new passions like paddle tennis. He was always the first to volunteer and always was there to support others. He will be sorely missed.

jml