

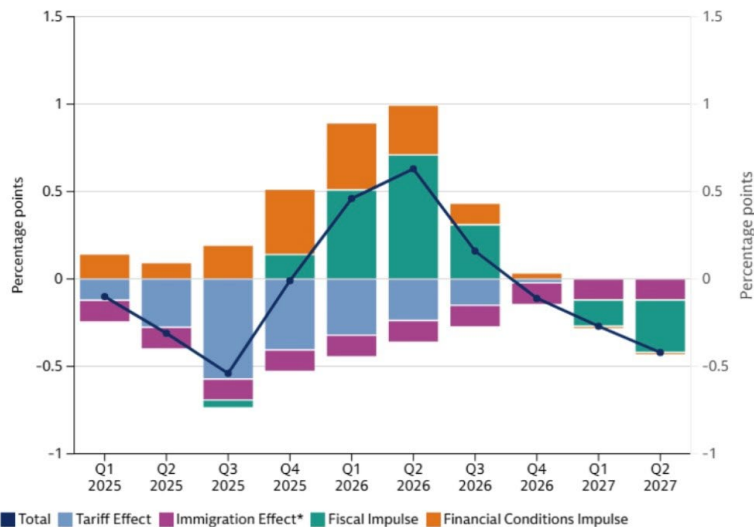
J. Michael Locke Musings

#276: Musing January 25, 2026

I am becoming a believer in the strong economic growth argument for 2026. The confluence of fiscal stimulus (provisions in the one big beautiful bill), monetary stimulus (Lisa Cooke won't be fired but Powell term up and a Kevin goes in and rates come down), and AI infrastructure investment mean the GDP will continue its recent 4% plus rate or even accelerate. Here is a chart from Goldman Sachs (notice the growth rate is sequential for the quarter and not year over year):

Goldman Sachs Research expects somewhat stronger growth in 2026 as the tariff drag gives way to a fiscal boost

Impact on quarter-over-quarter annualized GDP growth



Source: Goldman Sachs Research

*Impact of current immigration rate relative to the average pre-pandemic rate of about 1 mn per year.

Goldman
Sachs

I am not sure what the “global elite” that gathered in Davos think because everything got overwhelmed by Trump’s pursuit of Greenland and Macron’s sunglasses. Candidly, I don’t care what that crowd thinks. Somewhere through the Covid experience, I have become “anti” the ruling class. Not sure anyone would ever call me a “rebel” but I think the Ivy League, NY/DC/CA coastal crowd is pretty out of sync with the majority of our country. Good quote I heard “boos in Davos generally correlate to applause in Davenport.” Buc-ee's should host a summit. That I would care about.

I have even started buying some crypto. I never thought the powers that be would let that market develop to rival government-controlled currency but it has. It is becoming mainstream. JP Morgan is going to allow its institutional equity clients to trade it. 401(k)s can now buy it. Should have listened to our son Graham who wanted me to buy Bitcoin at \$12,000.

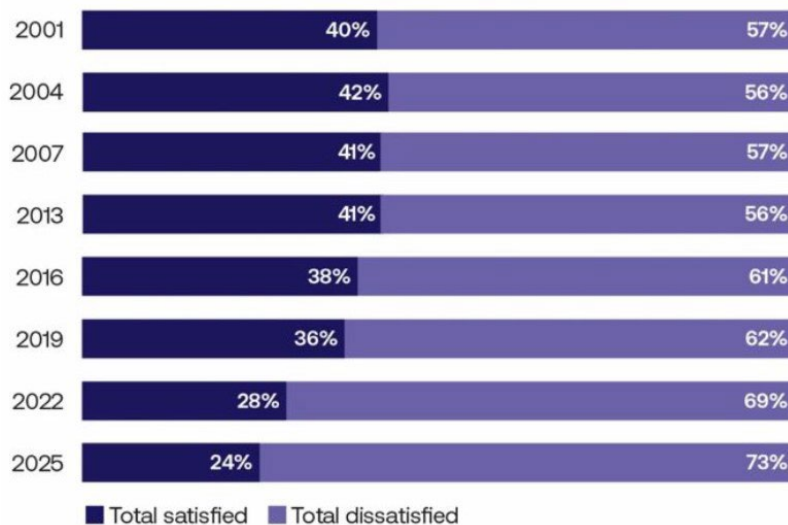
We are looking to join the migration out of “big government” states with shaky fiscal situations. I don’t

see how places like Illinois, New York or California ever fix their finances without really heavy taxation of higher income residents and even wealth taxes like those being discussed in California. The unfunded pension obligations are overwhelming and my understanding is states can't declare bankruptcy (cities can). Unfortunately, I think you are going to see a "segmenting" of our country with those with more money moving to "small government / low tax" states. This will only magnify the downward trajectory of the big government states. A reverse Beverly Hillbillies.

Another institution losing trust is colleges. Look at this graph on public confidence in higher education:

FIGURE 1
Satisfaction with Public Education Reached an All-Time Low in 2025

HOW SATISFIED OR DISSATISFIED ARE AMERICANS WITH THE QUALITY OF PUBLIC EDUCATION?*



*This question was omitted from Gallup's "Mood of the Nation" survey in 2009 and 2010.

Percentages may not equal 100% due to rounding.

Source: Gallup, "Mood of the Nation"

The derivative impacts from mass adoption of GLP-1s seem endless. According to CNBC, drugs like Ozempic could save airlines hundreds of millions of dollars annually through reduce fuel costs because the total passenger weight is reduced.

Amazing to me how car dealers have become car service centers. The sale of the car is just a low profit customer acquisition to get the services business. Services side of the dealership is now a Starbucks with a nice waiting room etc. I have never seen a dealer's financials but I think they are making all of their money on service.

Lets bring back chivalry. While born out of a sexist history, it does not imply inequality between the sexes. Guys – open the door to the car, get the door to the building (you go first if it is a revolving door so your female companion doesn't have to push), walk on the street side (so puddles don't hit her), carry her bag. Just being nice. I was saddened when sitting in a crowd (at a car service center) and someone sneezed and no one said bless you or Kuzuntite. (actually it is the German word Gesundheit which means health so you are wishing them good health to prevent from getting ill – thanks Gemini).

Interesting stat. Spotify pays 60% of revenue in royalties to the content creator. Interesting how that value chain works. Seems like there are endless talented musicians (can you really tell the difference in Nashville between the hungry beginner and the big star?) The power is in the distribution and the curation.

Don't do the latest Apple operating system update. Not a good user experience.

Finally, congrats to the Indiana Hoosiers. Lots of great lessons from this one. Coach Cignetti is obviously a good leader – relentlessly focused on execution, never take a play off, don't accept sloppiness. While the quarterback may be somewhat "robotic" in his communication, you have to love his commitment to a system, embracing of his team and lack of ego. Then there are the parents. Love that the dad stays seated so he can celebrate with the mom who has MS and can't stand. Great to see the public embracement of faith as well. I think religion (especially the Catholic church) is making a comeback. People don't want to exist in a Trumpian world of chaos but rather want grounding and a foundation.

jml