Curb Your Enthusiasm

> *"I am a walking, talking enigma. We are a dying breed."?-* Larry David, "Curb Your Enthusiasm"?

The Bear Cave has become a lonely place; like the dodo bird, bears are an endangered species. And so has the contrary, non-consensus view become endangered. Like Larry David, I am candid and can be neurotic, but I am generally disposed to pursuing what I perceive to be the right investment course! At times like this, when the pendulum of investor optimism has?moved to the right?and some valuations have moved to the 95th percentile as every dip is being purchased, it is the best of times to consider the value of contrarian opinions, as I did in this early 2016 column:

> *"If past history was all there was to the game, the richest people would be librarians."?-* Warren Buffett

There's a broad market bias that's geared toward both consensus and the bullish thinking often delivered by Wall Street, the business community and the financial media. I understand that there's a certain comfort in crowds, as well as a distrust of the remnants of individual opinion. I suppose that's a function of the human condition, human spirit and human nature. But in today's interconnected world, all market, business and economic cycles arguably change with greater rapidity at any other time in human history. So, smart investors must be adaptive, anticipatory and stay on the alert. Let's look at some of the problems that we as investors face in doing so:

Business TV

> *"I never knew the game of baseball was so easy until I entered the broadcasting booth."?-* Mickey Mantle

Let me start by sharing that the following is not meant as an indictment of all of the business media. **But like most investors, business TV networks are often reactive.** The media all too infrequently provide a platform for bearish views when stocks are robust, and all too infrequently provide a platform for bullish views when stocks have been battered. **Guests delivering *"the contrary"* are in the minority and often considered as investment pariahs. And when they do appear, they're sometimes even bitterly criticized by commentators.** Of course, there are exceptions to this rule. I recently had an exchange with an old pal who hosts a popular CNBC show and who purposely tries to present guests with the *"contrary."* He doesn't suffer bullish fools lightly. **The reasons for the generally bullish bias are clear:**

- *There's a gravitational pull over history toward higher stock prices.*
- *The long-investment community dominates the landscape. Like the dodo bird, shorts are scarce (and have gotten even more scarce in recent years).*
- *Bullish sentiment sells better than bearishness.*
- *Investors prefer a rising, profitable market to a declining, unprofitable one.*
- *Who wants to hear that the market and individual stock outlooks stink?*

All told, self-confidence of view and bullish commentary are nearly systemic on business TV despite growing possibilities of numerous outcomes (some of them adverse). Check out Dr. Jeremy Siegel on CNBC?yesterday. He and many other *"talking heads"* rarely seem as if they've met a market that they didn't like.

> *"'I was far too bullish last December,' Siegel admitted, referring to a prediction then that valuations could stay on the high side. In November, he had even called the idea of the Dow hitting 20,000 during 2016 'a real possibility.'"*

A Still-Conflicted Analyst Community

Analysts travel in crowds -- their earnings estimates are typically grouped in close ranges. And many still face conflicts of interest despite former New York Attorney Gen. Elliot Spitzer's 2003 efforts to separate Wall Street research from investment banking. As Jim Grant has noted, Wall Street exists not to sell profitable and objective ideas, but to sell investment products. Analysts who deliver *"Sell"* recommendations are often ostracized, and sometimes even barred from company conference calls *(as has happened to banking analyst Mike Mayo).* Other analysts are destined to become part of the investor-relations or finance departments of companies they follow, so why jeopardize things with critical analysis?

Perennially Upbeat Managements

Too many company managements are "The Sunshine Boys," parading in the media with their monotonous bullish melodies. And too often, these upbeat outlooks go unquestioned. Business has cycles, but you wouldn't know it listening to many company managers. When have you ever heard management express secular concerns going forward? When people like CEO Doug Oberhelman of?**Caterpillar**?(CAT) finally see the carnage and the risks, it's often?too late. Hindsight is always 20/20 vision and helps few investors after the fact.

The Value of Contrary Analysis and Thought

> *"We can never know about the days to come But we think about them anyway, yay. And I wonder if I'm really with you now Or just chasin' after some finer day."-?*Carly Simon,? Anticipation

As I wrote recently in the?prelude?to my 15 Surprises for 2016 column:

> *"I've never walked the same path in my investment career that others have found comfortable, and I'm not going to start now. You see, I find beauty in a variant view. It's satisfying intellectually, analytically and financially (at least when you're correct). There's something special about adopting a non-consensus view and watching it become reality despite protests from many corners."*

None of us has a concession on the truth; we should all be open in weighing both bullish and bearish arguments. I'm often wrong myself, but at least I guarantee you independent analysis and some original thinking that often contradicts the herd's view. Given the wide array of possible outcomes in today's uncertain world, I try to always use conditional words in my analysis, like *"maybe," "possibly*" and *"could."* And if I don't have the answer for something, I readily reply*?"I don't know."* My variant viewpoints -- coupled with the original technical and fundamental analysis delivered by other RealMoneyPro?contributors -- should give subscribers a range view of opinions, both bullish and bearish. I recognize that the crowd typically outsmarts the remnants of independent thought, but there's always value to contrarian opinions that test the prevailing market judgment and bias. **My disdain applies to both *"perma-bears"* and *"perma-bulls."* As I often write, neither group is a money maker -- they're just?attention getters.** I spend a great deal of time in my diary on what I hope is hard-hitting, contrarian analysis. Indeed, I'm currently writing an outline for a book about some of the points I've touched upon here. I suspect that will cause more outrage than many of the market concerns or shorting ideas that I've presented over the years in my diary. My response: *"Game on!"*