

MONTHLY COMMENTARY | november 2022

“Cause when you worry your face will frown, and that will bring everybody down. Don’t worry, be happy.”

- from a song by Bobby McFerrin

There is an old journalism colloquialism, *“If it bleeds, it leads.”* Never has it been more true in our society than today. As we gradually move away from COVID, the ascendancy of negativity in media headlines has never been greater.

In a recent research paper published by Rozado, Hughes and Halberstadt, analysis of 23 million headlines published between 2000 and 2019 by 47 popular American news outlets found that those headlines grew significantly more negative over time. Headlines in left-leaning media got a lot more negative, while headlines in right-leaning publications got even more negative.

Similarly, another research piece published in 2018 by Interiano, Kazemi, Wang, Yang, Yu, and Komarova analyzed more than half a million popular songs between 1985 and 2015, determining there is a clear downtrend in happiness and corresponding surge in sadness and negativity. Interestingly, the same research indicated “successful” song patterns over the same period focused on happiness, with brighter timbre, were more party-like and more danceable.

Naturalist David Attenborough once said: “If you collect 100 black ants and 100 red ants and put them in a glass jar nothing will happen. But if you shake the jar violently and leave it on the table, the ants will start killing each other. Now, the red ants believe black ants are the enemy while black believes that red is the enemy, when the real enemy is who shook the jar.”

The world is becoming increasingly polarized. Middle ground is giving way to extremism on both the left and the right...populism is rampant the world over. The swing from liberalism to populism is not new and will undoubtedly continue over time. Unfortunately, this leads to more bellicose outcomes of human interaction which tends to make our world as less pleasant place. But fortunately, like many such movements, this course will undoubtedly reverse over time.

By almost any measure, our life today is pretty great – certainly much better than it used to be. Measures that would include life-expectancy, financial well-being, general health, the relative threats of crime and war, safety, and much more would all indicate our lives are much better now than they have been over history. Yet it’s clear that more people are bothered, or conditioned to be bothered, than they should be.

Those who highly value work and responsibility, emphasize what they can control rather than what they cannot, are compassionate, and resist the temptation to feel envy and resentment of others, are most likely to find their lives meaningful. However, even they have struggled with the continued anxiety around another potential COVID shutdown, rising interest rates, and falling markets causing pressures on their retirement planning.

Many of the discussions on the market today begin with one of two diatribes – that sentiment is too negative, and a reversal is forthcoming, or that the past eleven months have been difficult, but the worst is yet to come. Whether you believe the positive or negative view, the common theme is their recency bias. As we’ve written many times, one cannot accurately predict market movements over short periods; what one can realistically predict is that, in the long term, investing in businesses with growing cash flow run by capable management teams will generate wealth.

The things that matter in terms of happiness are those you’d expect: a good marriage, a loving family, personal autonomy, and being charitable. The happiest people are fulfilled by their work, have little financial stress, live in great communities, have good physical health, and have loved ones they can turn to for help. Revel in what we so often overlook.

This is our final monthly Commentary in what has been a difficult year. We wanted to end on a positive note. Life, like investing, is a marathon, not a sprint - so don’t get caught up in recency bias. Don’t worry, be happy. And from all of us to you, our very best wishes for the coming New Year.