

Q.... *"Why are you so good, Gretz?"*

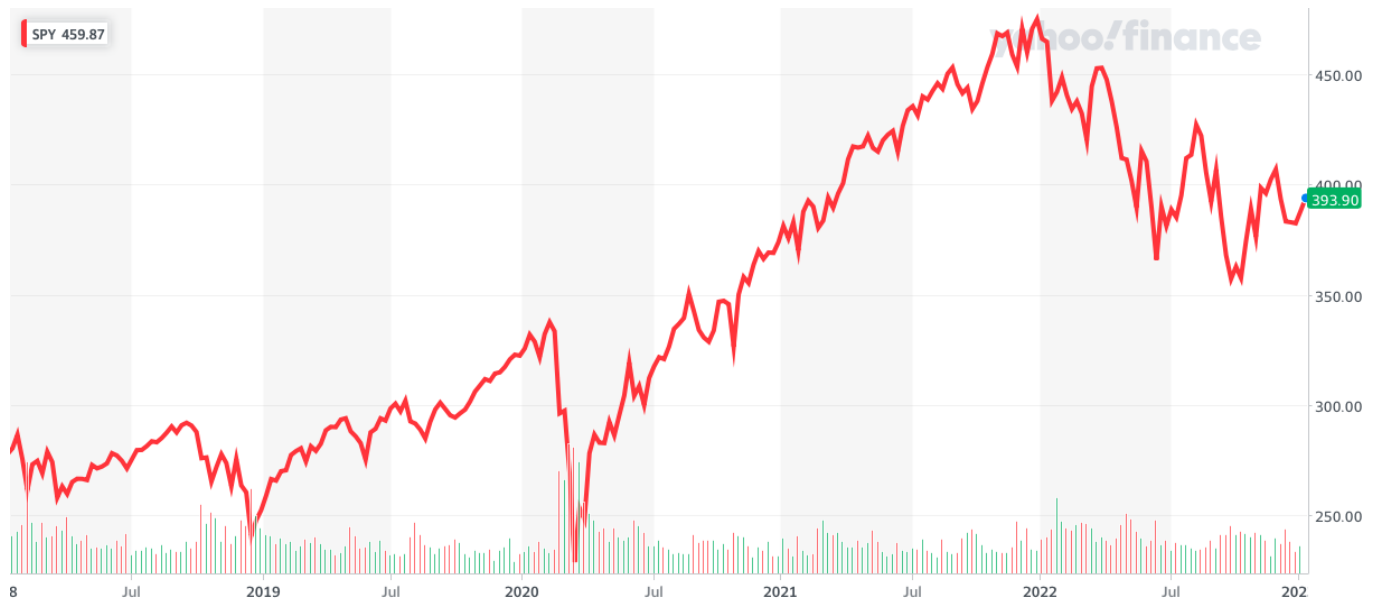
A.... *"Because I skate to where the puck is going."*



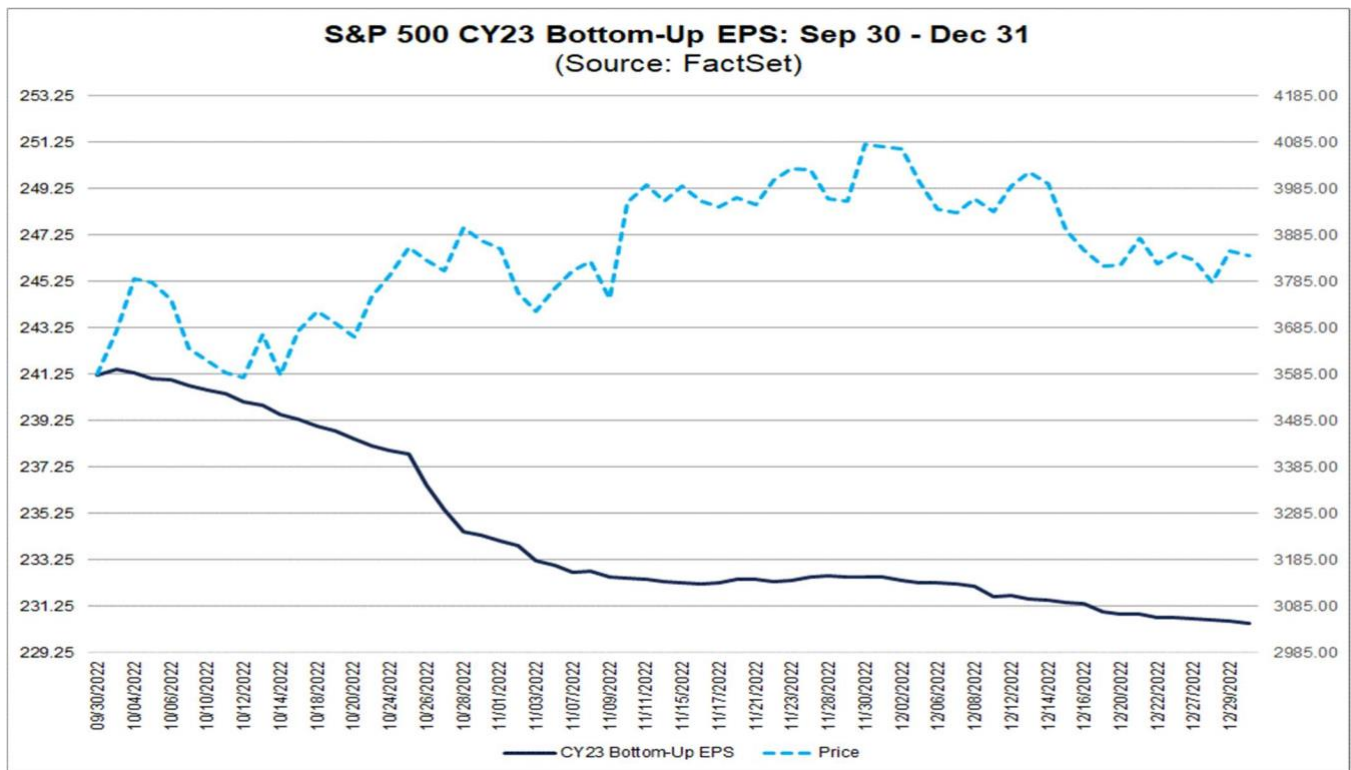
What are we talking about here? Wayne Gretzky was such a talented hockey player, that his nickname was "The Great One". He holds the all-time scoring record at 894 goals, a full 90 ahead of the next guy. The key to why he excelled was his anticipation of where the puck was going, not where it had been. And there is no better analogy that I can think of at this moment in the markets. Just because the puck is on the bears stick, it doesn't mean it's going to stay there.



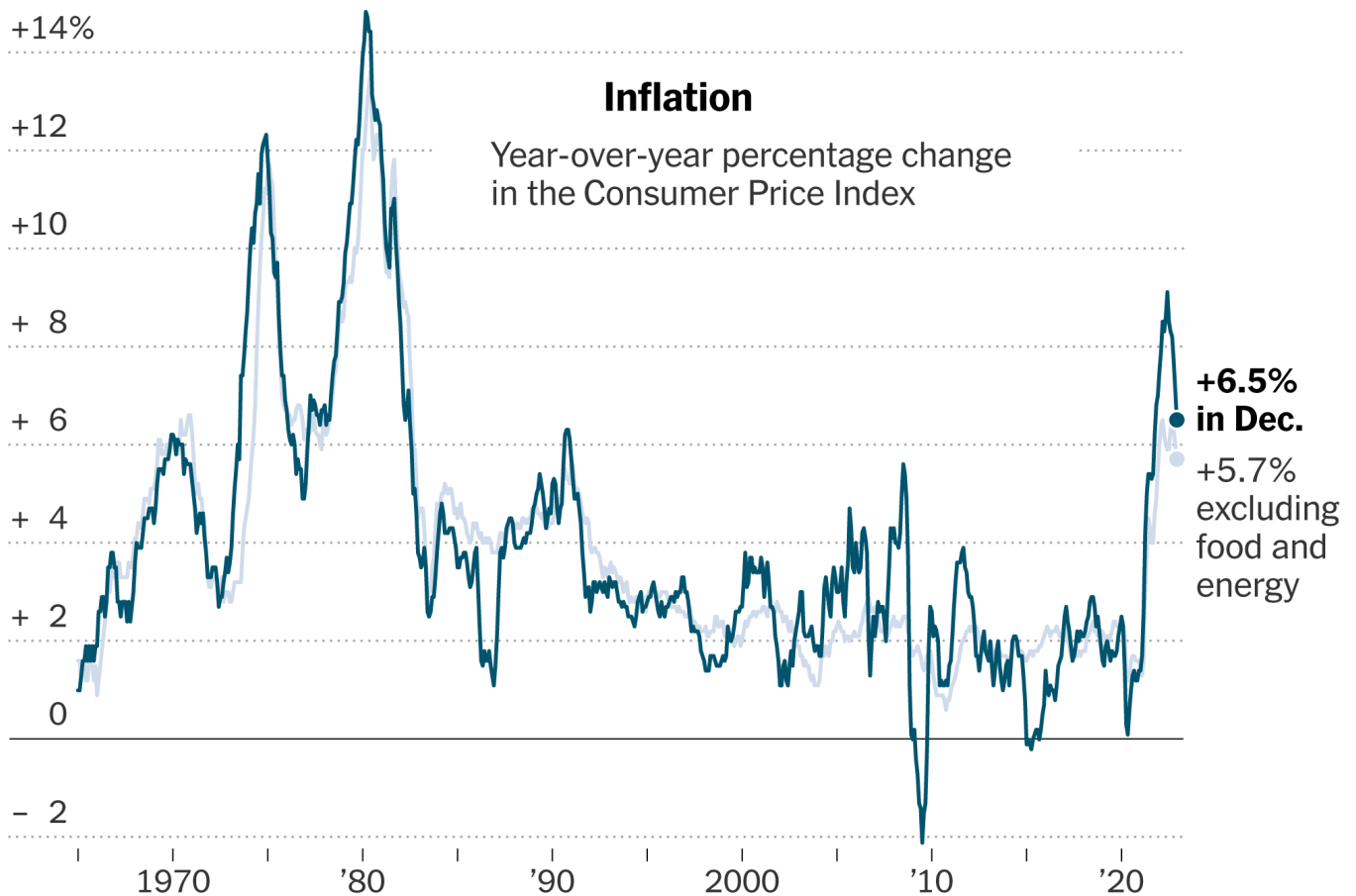
Case in point, the usually uber bullish Mike Wilson from Morgan Stanley is out saying that the S&P 500 [has 23% downside risk](#). That would present a very challenging environment as we head towards the recession of 2023. Keep in mind, that kind of downside equates to 3,000 on the SPX, 300 on the SPY. That would be a full unwind of all gains since the pandemic hit in February 2020, and would mess up a lot of retirement plans.



In the “Winter of Discontent” segment on CNBC, Wilson points out that one of the reasons for his bearishness is the negative trend for earnings. The gist of which is that during the Covid stimulus boost, revenue outran inflation producer price increased. Today, we have the opposite. Sales are slowing, but inflation has yet to really drop. It’s reflected in the chart below which shows the direction 2023 earnings estimates have been on. And there is a growing chorus out there who think there is still more room on the downside. A lot more room.



But what if the antagonist is this passion play mellows, and inflations stops rocketing higher and levels out, or even goes down? Well, that's what it looks like might be happening now as the December CPI reading which was out on Thursday showed that there was a further change at the margin and 'less worse' is the new mantra.



The Gonzo Capitalist, my 'influencer' persona, is going to post an everyman's description of what is happening in the real economy later today. Our two props will be a Campbell's tomato soup can, and one properly sized tomato. Must watch TV? You bet. It goes on the @GonzoCapitalist handle on the Insta, and to various other social media sites.



The location for this week's edition of the Gonzo Capitalist is a legendary surf café in Carpentaria, Esau's. The reason being is that the proprietors of this fine culinary establishment started adding an inflation surcharge about a year ago on the menu to offset the astonishing increase in raw ingredients. It's hard not to notice these days and helps us tell the story about the pinch producers of goods and services are under right now. These numbers have been real, and terrifying.



After much math and deliberation we are being forced to add a temporary

## INFLATION SURCHARGE

to our bills which include basic food charges and California Sales tax . We will be adding a temporary surcharge of 10%. This percentage was set by Amazon as the largest retailer in the world today. Consumer Price Index has estimated that inflation has increased at the rate of 9.2% as of last March 2022. We have not raised our menu prices in 2.5 years. This surcharge will reflect the surcharges levied on us by gas, minimum wage increase, meat, produce and dairy increases by all of our purveyors across the board. We are adding this as a temporary surcharge rather than increase our menu prices as our intention is to go back to our pre-inflation prices as soon as possible.

### Some examples of increases in the last year:

	2021	2022-3
Tomatoes	\$12.00	\$60.95
Lettuce	\$12.00	\$105.00
Potatoes	\$12.00	\$46.00
Bacon	\$85.00	\$115.51
Tuna	\$85.00	\$154.00
Avocado	\$46.90	\$84.99
Eggs	\$19.85	\$60.95
Coffee increased 76%		Bread increased 24%
Dairy increased 32.2%		Paper Products 110.5%

Our surcharge will **NOT include gratuity** to our staff we continue to appreciate your awareness of their hard work and dedication to service.

BACON (4) ,  
SAUSAGE PAT  
BEEF PATTY O  
& eggs .....  
TURKEY SAUS  
& eggs .....  
ALASKAN CO  
& eggs .....

SC

Served with pic

**Jalapeno Scramb**  
Grilled fresh jalapeños, c  
beans, home fries & corn

**Arti's .....**  
Spinach, grilled onions, l

**Joe's.....**  
Ground beef, tomato, sp

**Meat & Cheese ...**  
Cheddar, jack, swiss or f  
sausage or chorizo

**Veggies.....**  
Spinach, broccoli, bean  
onions, tomatoes & zucchini

**New Orleans .....**  
Diced Louisiana hot links,  
cheese

**Lox Scramble.....**  
Smoked salmon (lox), cre










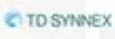













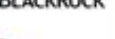



**Gnarly Scramble .**  
Ham, sausage, bacon, ch

**Keto .....**

traveling the world in search of surf. They purchased Esau's  
Cafe from Tom with the idea that working all morning and  
surfing all afternoon would be the perfect job description.  
They brought with them their connections from living  
and surfing in El Salvador, importing fresh coffee beans  
from local coffee growers high in the Central American  
plantations. They added many radical

Quick digressions, 'earnings season' is one of the most antiquated events on Wall Street. Companies spend a whopping 90 days doing business, then take 20 more to prepare the quarterly report. At which time overpaid and underwhelming Wall Street analysts spend another 10 days opining on the outcome. Just give it a rest for God's sake. Make reporting a twice a year thing and get the Dogs of Pavlov away from the food bowl.



EARNINGS WHISPERS		Most Anticipated Earnings Releases for the week beginning January 9, 2023									
Monday		Tuesday		Wednesday		Thursday		Friday			
Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close	Before Open	After Close		
       		   				   		         			
<a href="http://eps.sh/cal">http://eps.sh/cal</a>								© 2023 Earnings Whispers			
EARNINGS WHISPERS		Highest Volatility Earnings Releases for the week beginning January 9, 2023									
NOTV inotiv		ACCD Accolade		TLRY TILRAY		JEF Jefferies		INFY Infosys		KBH KBHOME	
Average Move 15.5%		Average Move 20.1%		Average Move 12.5%		Average Move 4.3%		Average Move 3.9%		Average Move 7.0%	
Options Implied Move 30.8%		Options Implied Move 20.5%		Options Implied Move 15.6%		Options Implied Move 8.6%		Options Implied Move 7.2%		Options Implied Move 5.9%	
AYI Acuity Brands		OGI ORGANIGRAM		FRC First Bancorp. Bank		SNX TD SYNnex		C citi		ETWO E2OPEN	
Average Move 5.4%		Average Move 5.9%		Average Move 5.2%		Average Move 3.4%		Average Move 3.0%		Average Move 5.4%	
Options Implied Move 6.1%		Options Implied Move 54.9%		Options Implied Move 5.5%		Options Implied Move 5.5%		Options Implied Move 5.4%		Options Implied Move 21.6%	
WFC WELLS FARGO		DAL DELTA		BLK BLACKROCK		BAC Bank of America		ACI Albertsons		JPM JPMorgan Chase & Co.	
Average Move 3.6%		Average Move 4.0%		Average Move 3.0%		Average Move 2.8%		Average Move 4.5%		Average Move 3.1%	
Options Implied Move 5.2%		Options Implied Move 5.2%		Options Implied Move 4.9%		Options Implied Move 4.9%		Options Implied Move 4.3%		Options Implied Move 4.1%	
<a href="http://eps.sh/cal">http://eps.sh/cal</a>										© 2023 Earnings Whispers	

Having spent way too much time on these things, I can tell you what I don't miss. It's the phrase "great quarter, guys." As much as I can't believe I'm stoking his flame, here are

Jim Cramer's tips on how to [manage the seemingly unmanageable](#), and they aren't that bad.

- *Don't succumb to instant analysis. Investing isn't a time-sensitive act.*
- *The first move is often the wrong move. That means investors shouldn't make investing judgments solely based on how many companies perform compared to analysts' consensus estimates.*
- *Don't take your cue from the tape. In other words, investors shouldn't buy a stock unless they've done the homework themselves to research the company.*
- *Read the conference calls, thoroughly. The question and answer portion is especially important since it shows if analysts are truly happy with the quarter.*
- *Make a considered decision if you buy. Weigh whether Wall Street misinterpreted the quarter – which could result in a buying opportunity.*

Back to our main attraction, and a couple more topics to prove my point that the bears are having a field day. Almost every respectable firm on Wall Street is calling for some form of recession this year. Shallow, deep, v-shaped, flat, pan handle? Shape doesn't matter. This is all about getting the two quarters of negative GDP growth to meet the requirements. But as I've said many times, there is always a recession out there somewhere. Learn how to deal with it and move on. Since 1950 there have been twelve of them, and each time the economy survived, and markets advanced to new highs.



Unemployment rate. NBER-dated recessions in gray.

Source: Bureau of Labor Statistics via the Federal Reserve Bank of St. Louis.

And it's not just here in the United States. Our good friends in Great Britain have been crapping the bed economically since the middle of last year. Full disclosure, they have their own special basket of misfortune heading into this. But these are contagions, and they tend to ignore borders.





Full disclosure, so that we are all talking the same language, the reason why I bring this all up in the context of Wayne Gretzky is that I think it's time to start fading the bad headlines. And what I mean by that is to be to be a better buyer. Not that the economy won't get worse and whole boatload of people won't get laid off. But it's starting to look like 'blood in the streets' and that's traditionally been a good time to put money to work.

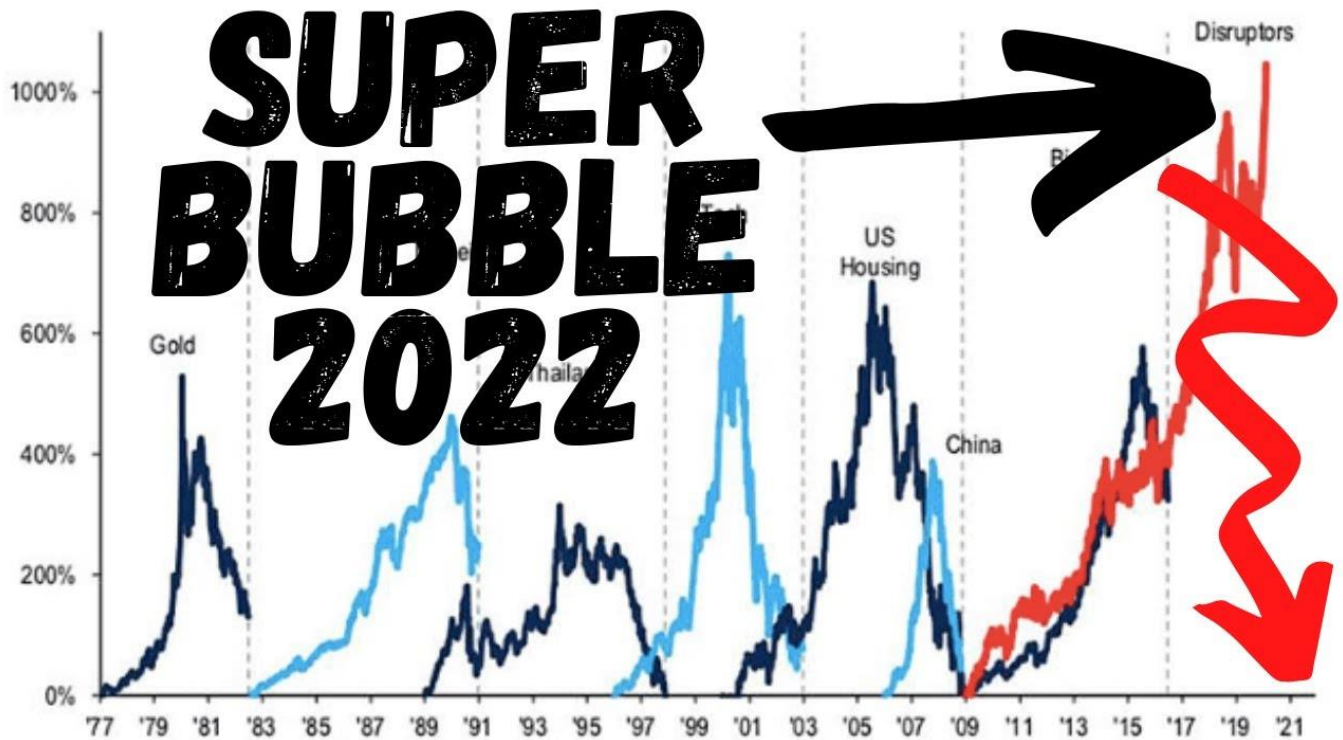


"Be fearful when others are greedy and be greedy when others are fearful"

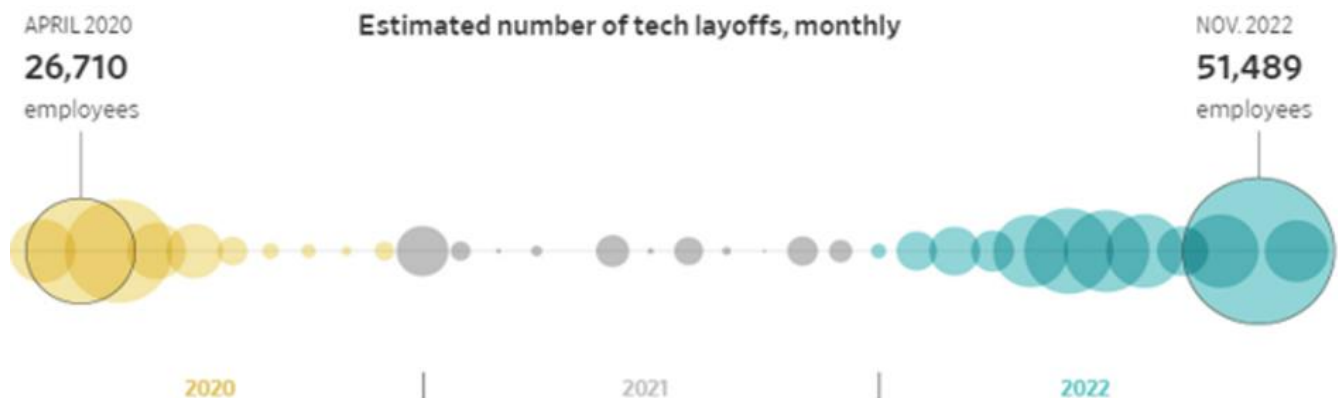
Warren Buffett

Back to it, Forbes's magazine ran an article last week announcing that ["Bubbles are Bursting...Everywhere."](#) You might be able to pull off the 'first one's free' trick, if not it takes a subscription to read. Gist of it, like everything else these days, is that you can't have the level of monetary excess we've seen, with the accompanying asset price inflation, without a bust. This scribbled chart of what happened to the 'disruptors' is pretty much spot on.





On that subject, the pink slips just keep going out in the 408, 415, and 510 area codes. For those not in the know, that's the San Francisco Bay Area. To be clear, this is not noise, but pure layoff signal. It will get louder.



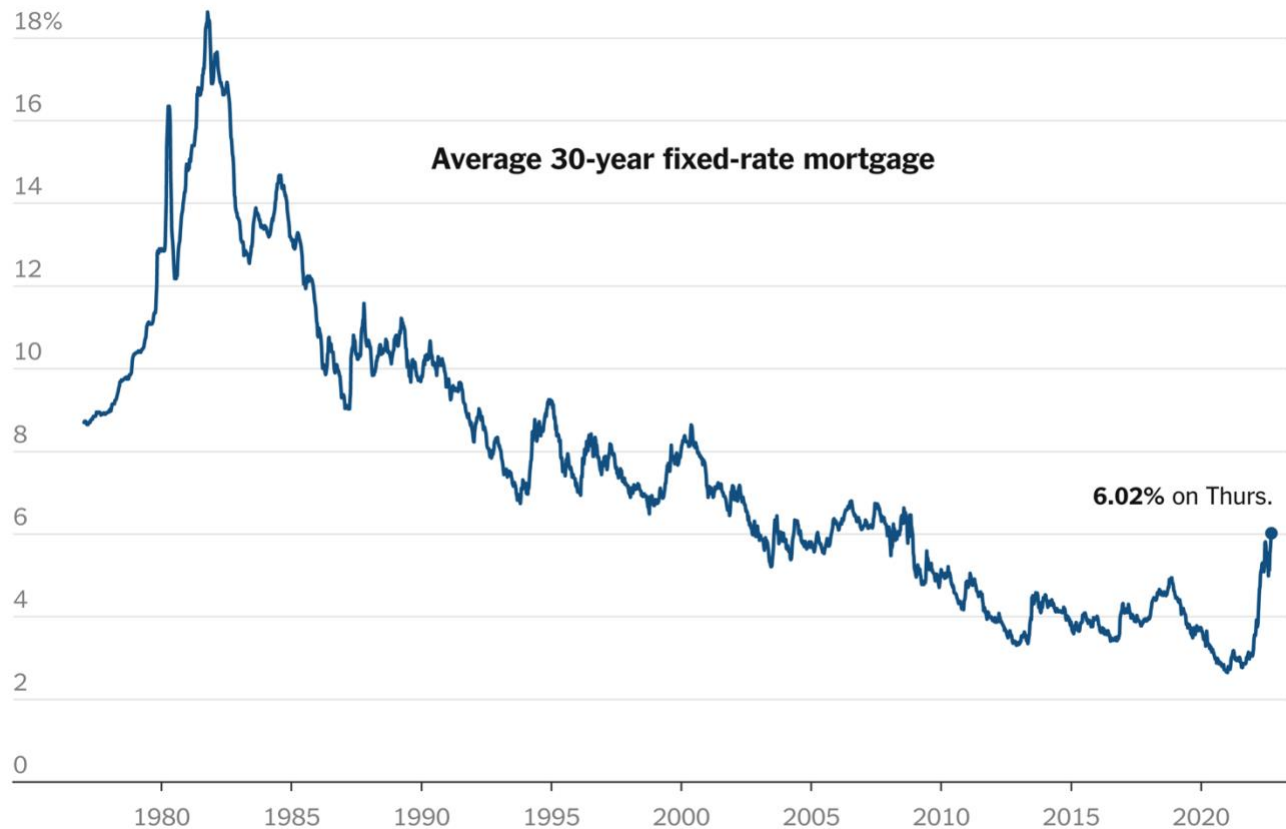
Source: Layoffs.fyi

Note: Data for March 11, 2020, through Dec. 27, 2022.

Sources: WSJ Jan 3, 2023, Layoffs.fyi

Another round of 'first ones free' articles is this gem from Fortune talking about mortgage rates [going to 1981 levels](#). If that's the case, and we are talking about an

extremely small probability, every ounce of excess the residential market has seen this go around will be gone. Like destroyed. You are going to need to find Katy, and bar the door with her.



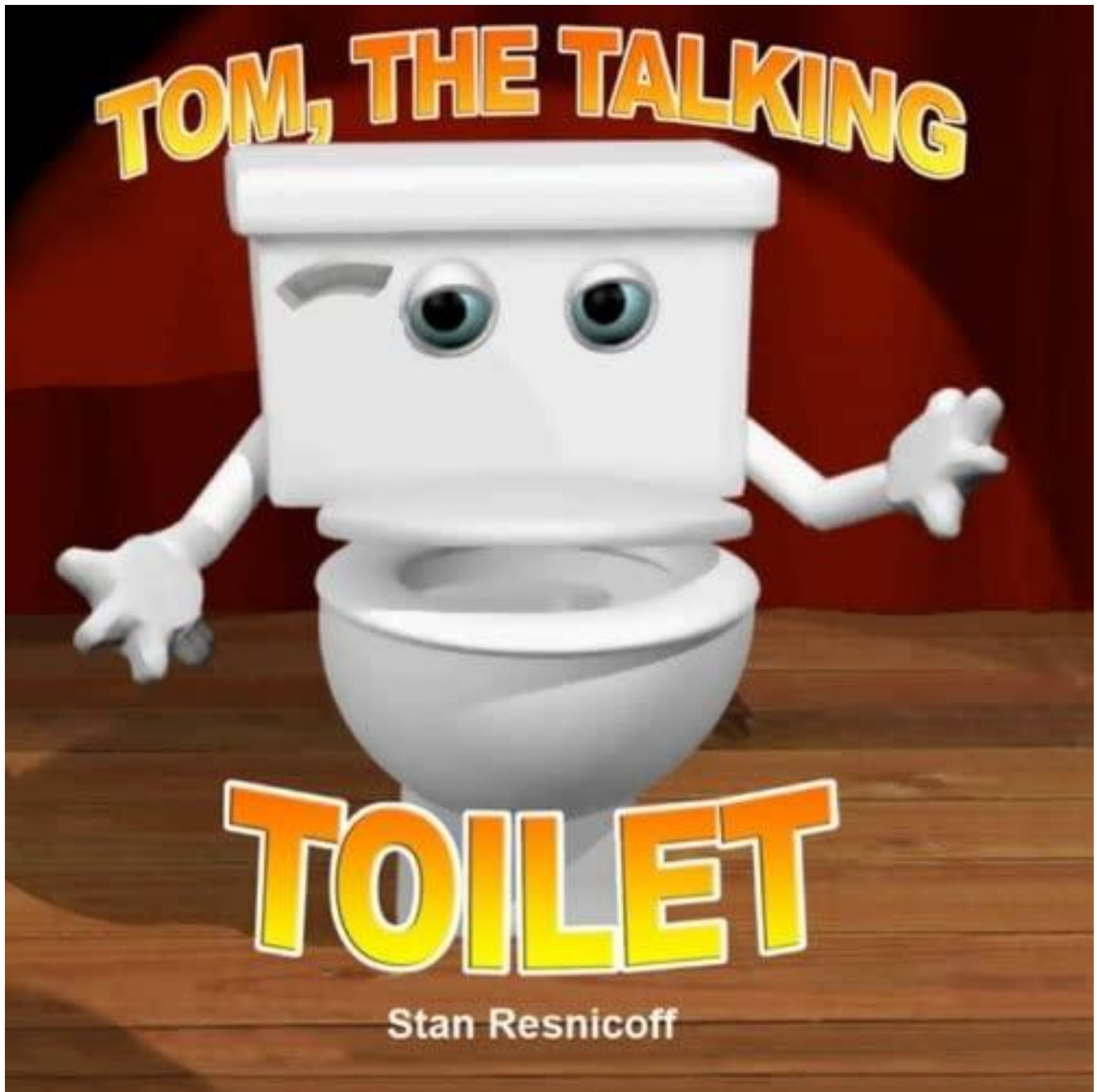
A far more stable view of rates came from Double Line founder Jefferey Gundlach. In his annual “Just Markets” webcast on Monday he said to not follow the Fed anymore to get the direction on rates. Watch [the bond market instead](#). And while he is a whale of the largest kind, and I am but a minnow, we could not agree more. The inflation trade is over. The Fed is going to overreact. Follow what the bond market is telling you. For right or wrong reasons, 4.25% on the ten year was your peak for this cycle.



I'll leave you this week with something I would have thought impossible a couple of days ago, and I'm still shocked I'm saying it. Price Harry is actually a pretty cool dude, with a lot of thoughtful things to say. Now, he is very polished while he does his book tour for *Spare*, his autobiography. But I've been impressed at how he articulates his life inside the royal bubble. That said, nobody wants to see their book go out at 50% off list price. But alas, he's got more money than I, which doesn't take much these days.



A part of the book that has me intrigued to read more is where Harry talks about using psilocybin to [treat his depression](#) following his mother's death. My hope was that it would all be on the up and up, and maybe he explains the nature of slowing intrusive thoughts. But him gobbling down too many mushroom chocolates, and then talking to Courtney Cox's toilet is no way to advocate for proper dosage and use.



He would later save himself with these comments during the 60 Minutes interview on Sunday night...

*'I would never recommend people to do this recreationally. But doing it with the right people if you are suffering from a huge amount of loss, grief or trauma, then these things have a way of working as a medicine.'*



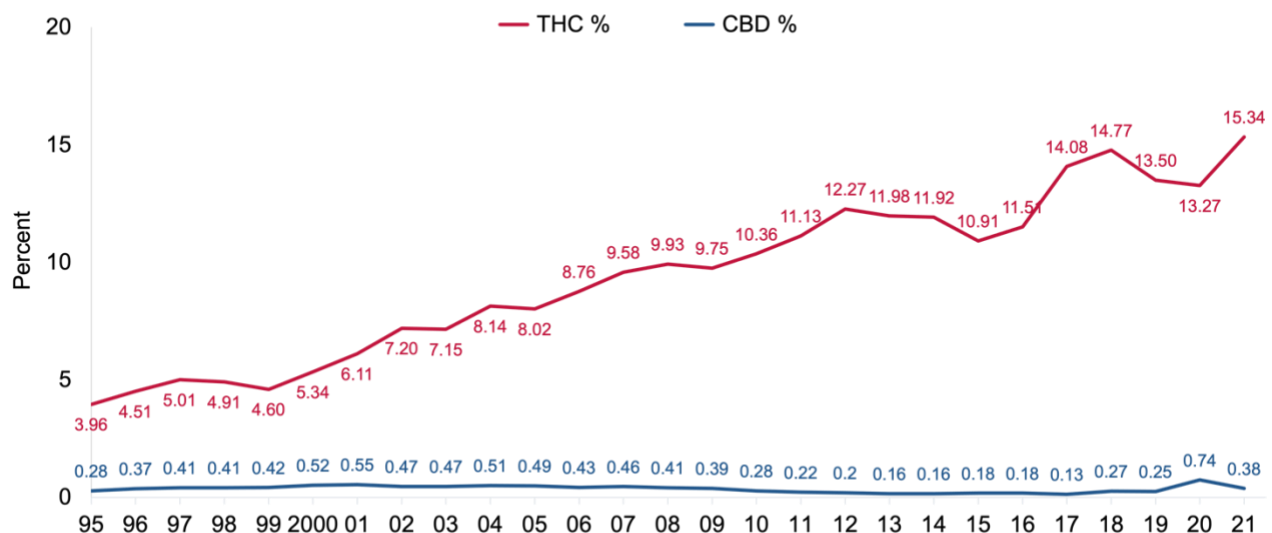
*'For me, they cleared the windscreen, the windshield, the misery of loss. They cleared away this idea that I had in my head that ... I needed to cry to prove to my mother that I missed her. When in fact, all she wanted was for me to be happy.'*

Which brings me to this somewhat comical end. By way of background, I scan, skim, read in full, about ten different publications a day looking to enlighten myself and find material for this column. This headline from the SF Gate (Chronicle) caught my eye, and made me laugh and cry at the same time.

## Study: 1,800% increase in California seniors going to ER after cannabis use.

Bottom line from the article is that mom and dad are chomping down gummies and smoking legally sold weed the strength of which can only loosely be regulated. As those amongst us like to say, 'this isn't the shit we had when I was in high school.'

### Percentage of THC and CBD in Cannabis Samples Seized by the DEA, 1995-2021



SOURCE: U Miss, Potency Monitoring Project

Fast forward to a couple of weeks ago, in a jurisdiction I will not mention, with peoples who will remain nameless, I made the critical error of munching down an edible that was described as 'pretty mellow'. Six hours later after, calling for my mommy and begging God and his son Jesus Christ to get me off this train, the bug out stopped. Important point being all weed is not the same. Just because it's legal doesn't make it safe or healthy. With that said, my next edible experience is loosely scheduled for 2033 and is subject to cancelation.

