



The Month in Review

October Takeaways

- *During election season, when and if I can find it on TV*, I like to re-watch a favorite movie from 1939 called *“The Great Man Votes”* starring John Barrymore. Towards the end of the movie as he is about to place the deciding vote, he delivers a speech in which he declares, “Greatness is within a people, not within a man.” That always strikes a chord with me. Something to think about these days...
- *Back on Wall Street, things may actually be getting back to normal*. Some of you may be thinking how that can be. September and October both recorded losses! We expect to see losses during this period. History bears this out. With the passing of Halloween, we enter what historically been the most profitable six month window for equity investors (November-April). If past is prologue, we should be hopeful about the future.
- *Yet, there are still a few clouds on the horizon*. COVID-19 is still with us, but as people adapt and adjust things should improve. We know more about the virus than we did in February and the healthcare sector is rising to meet the challenge, both here and abroad. The world is transitioning from being scared out of its wits to just being “bugged” by the pandemic.
- *Earnings season is winding down and results were mixed, but mostly positive*. Two-thirds of the S&P 500 beat estimates and the S&P 600 small cap index crushed estimates by over 50% (good for our investors)! The latter reinforces my belief that we are at or near the end of the current recession. The economy is proving to be remarkably resilient.
- *Recent employment data supports this belief*. The latest employment data show that jobless claims have stabilized. Employment data shows new jobs rising and the unemployment rate fell a full 1% in the most recent reading to 6.9%. That is still high, but nowhere near the levels seen earlier in the year. The news continues to improve.
- *As I have indicated a number of times this year the Volatility Index (\$VIX) warrants constant monitoring*. This bad boy spiked to 40 during the final week of the quarter, before falling again to the mid-20 level. Although this can create short-term havoc in financial markets, longer term, it is a better idea to focus on the fundamentals. *Stay tuned!*

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