



The Month in Review

October Takeaways

- *Show me a politician who says he's not going to raise your taxes and I'll show you, well, a politician.* There has been a lot of talk recently about raising taxes on “the rich” but leaving everyone else alone. Higher prices at the gas station and grocery store may not technically qualify as a tax, but it may feel that way to the average guy on the street.
- *Never mind the fact that raising corporate taxes will result in passing those additional costs on to consumers.* There is a school of thought that believes that inflation actually helps corporate earnings since business get to raise prices. I'm not sure I agree with that. Somehow in the middle of all this malarkey, stocks have managed to continue to hit new highs although not without some excitement along the way.
- *Did you know that the markets usually go up when I leave the country?* We finally managed a short trip to somewhere warm at the end of October for a week and sure enough, the markets hit new highs. Naturally, this is coincidence, but it makes for a good story and has clients and others in the business asking when our next trip is going to be. Stay tuned!
- *As I have pointed out in the past, the real reason the markets have started heading higher has other more concrete reasons.* The first is the seasonal nature of stocks. We are now in the November-May profit window where most of the gains for equity investors materialize. I expect a favorable tail-wind going into the end of the year.
- *Volatility continues to remain subdued.* Other reasons to be optimistic include progress on the employment front now that people have returned to work, impressive earnings year-to-date and continued hope that we are closer to the end of the pandemic than the beginning.
- *Finally, on the valuation front, large caps are looking a bit stretched according to our [Relative Value](#) chart (click link to view).* Small caps, where we still maintain a sizable position, continues to ping positively. You may see that chart here ([Relative Value - Russell 2000](#)). As we go into the holidays, we can hopefully have a lot to be thankful for. So far, so good! More next time.

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