ROPES WEALTH ADVISORS

Ropes Wealth Encourages Futurist Thinking

Do you remember The *Jetsons,* the Hanna-Barbera cartoon? The show debuted on September 23, 1962, five years after the Soviets launched Sputnik. I remember the show as a kid in the 1980s when they rebooted a new string of episodes about the loveable space family and what life would be like in 2062. There were robot maids, video calls, smartwatches, 3D-printing and space tourism. Pretty close, right? There were also flying cars (not there yet). The running joke was that George Jetson only worked three hours a day, three days a week, pushing buttons at Spacely Space Sprockets (not even close).

The Jetsons came into my mind this week after attending a lecture about what it means to be a futurist. Spoiler alert: this does not mean you attempt to predict the future. Rather, thinking like a futurist means you utilize a framework for decision-making that is shaped like a cone, where tactics drive your short-term decision-making, strategy your medium-term, and the visionary your long-term. Thinking like a futurist is hard work because it means going beyond the tactics of what do I do right now to building a plan to achieve the future vision of yourself that you most desire. In other words, it is less about successfully predicting the gadgets and gizmos of the future and more of a personal examination and planning exercise.

Naturally, this lecture made me think about you, because in many ways that is the hardest part of our work together--defining that future vision. Once we have it, though, building a strategy evolves naturally from understanding the vision. And the stock market just becomes the place where we exercise the tactics to implement your strategy. Futurist thinking is important because, without it, it would be easy to get mired in the ebbs and flows of economic data and the stock market’s gyrations and lose your vision. It would be all too easy to become whipsawed.

With that, we had a gauntlet of economic data this week, which had the market back to thinking the Fed would stand down from future interest rate hikes in a reversal from the prior week. On the inflation front, the Consumer Price Index (CPI) showed inflation running at a 3.2% pace, down from 3.7% the month prior, for the smallest annual gain since July. The Producer Price Index (PPI) likewise slowed, showing prices rising just 1.3% in October, down from a 2.2% annualized gain in September, also the smallest annual gain since July. These numbers sent bond yields crashing lower, as bets came back on the table that not only was the Fed done with interest rate hikes, but soon enough they would be cutting rates.

That sentiment was supported by other data received this week that reflected moderating retail sales, a slowdown in building and construction data, and weakening manufacturing activity. The stock market was buoyed by this softer inflation data and unbothered by tepid consumer and manufacturing activity, until yesterday when some big bellwether companies started making noises about a slowdown. While Cisco earnings and revenue were stellar, their guidance for 2024 was not. "Cisco saw a slowdown of new product orders in the first quarter of fiscal 2024 and believes the primary reason is that customers are currently focused on installing and implementing products … following exceptionally strong product delivery over the past three quarters," the company said. Weakness at Cisco could indicate weakness beyond the company itself because the components it makes, including switches and routers, are used across so much of global network infrastructure. Cisco also offers cloud and artificial intelligence products. Its decision to trim growth estimates could imply falling demand for technology in general.

Meanwhile, Walmart, much like Cisco, beat earnings and revenue forecasts but rolled out softer fiscal 2024 guidance. Walmart's Chief Financial Officer John David Rainey said consumers are watching their spending and looking for deals. "In the last couple of weeks of October, there were certainly some trends in the business that made us pause and kind of rethink the health of the consumer," Rainey said. In the immortal words of another Hanna-Barbera character, Scooby Doo, “Ruh Roh.”

On the bright side, a government shutdown has officially been avoided with a continuing resolution making it through both the Senate and the House to extend funding for (drumroll please) . . . six to eight weeks. In case it isn’t obvious, Washington is a bit lacking in futurists these days.

Finally, President Biden met with Chinese President Xi Jinping on Wednesday in San Francisco. There were few concrete victories to note, but the meeting left both sides promising the prospect of improved ties. Reports indicate there was a deal struck on restoring military communications and talk of collaboration on climate and artificial intelligence. More American students will be welcomed in China, Chinese pandas may return to American zoos, and President Xi vowed to crack down on fentanyl shipments. Unfortunately, more pressing issues such as tariffs, Taiwan and chips were set aside.

All in all, it was a good week for investors, adding to the month of November’s healthy gains which were much needed after September and October’s rough patch. While there are reasons for caution, remember the most important tactic for your futurist wealth plan is time in the market, not timing the market, and prioritizing the timeless values of liquidity and quality.

Thank you for your interest in our investment commentary. We wish you and your families and friends a very Happy Thanksgiving!

If you would like to speak personally with a member of our team at any time, please click **here.**

Ropes Wealth Advisors LLC
800 Boylston Street Boston, MA 02199-3600