Ropes Wealth Reflects on the Somber Start to October

“October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February.”

---Mark Twain

October’s opening market salvo has been a bit bumpy, but like Mark Twain we must keep perspective that every month and every year has its walls of worry to climb. Somehow, though, it feels like the turn of the calendar page has refocused our minds on market risks, and those were exacerbated this week as natural disasters, labor strikes, and war provoked understandable anxiety and some modest profit-taking among investors.

Hurricane Helene had devastating impacts, with more than 200 dead reported and $20-30 billion in property damage in the southeastern U.S. Notably, just 1% of the homes damaged by Hurricane Helene had flood insurance. The destruction wrought by Helene is a wake-up call about the growing odds of unprecedented disasters in a warming climate and the need to prepare for events that have rarely or never occurred in the past. As Kathie Dello, North Carolina’s state climatologist said, *“The forecast was spot on. But connecting the forecast with the destruction wasn’t a mental leap I was prepared to make. And I think also a lot of people weren’t prepared to make that leap. It’s really hard to plan for something you’ve never seen.”*

Another point of pain this week came from an escalation of a wage dispute between the Maritime Alliance, which includes terminal operators, ocean carriers, and the International Longshore and Warehouse Union, which represents port workers all across the country. After a three-day work stoppage, the likes of which had not occurred since 1977, thousands of dockworkers in the U.S. will return to work as collective bargaining continues through a new January 15 deadline. While a crisis was averted for now, two-thirds of U.S. trade was set to be impacted, potentially affecting the delivery of everything from fruits and alcohol to auto parts and Christmas trees. Costs of the shutdown were estimated at $3.78 billion per week, or $540 million per day.

Finally, Iran’s Islamic Revolutionary Guard Corps (IRGC) said on Tuesday that it fired missiles at Israel in response to deadly Israeli attacks against people in Gaza and Lebanon, as well as the assassinations of top IRGC, Hamas and Hezbollah leaders. The clock is ticking to diffuse the situation, as Israel weighs its response, and the world holds its breath that an escalation can be contained, and full-blown war averted.

All of these developments were trumped though by the market’s euphoria over a strong September jobs report. Non-farm payrolls rose by 254,000 in September, well surpassing the 150,000 growth in jobs expected. The three-month average increase in payrolls ticked up from 140,000 to a very robust 186,000, underscoring the soft economic landing we have potentially achieved. The unemployment rate ticked down slightly from 4.2% to 4.1%. But wage growth also edged up from 3.9% to 4.0% in a sign of just how sticky wage inflation continues to be, and how delicate a balance the Fed has to manage with future interest rate policy. This report, coupled with the other economic data of the week like the unexpectedly strong Institute of Supply Management (ISM) manufacturing survey of activity, shows that despite the macro and geopolitical risks we face, there is still much that makes us hopeful and optimistic, for the economy and your returns.

On a final note, now is the time to make plans for our discussions about year-end rebalancing and implementation of planning techniques we have discussed: ROTH conversions, charitable donations of appreciated securities, and setting up plans to optimize the yield on your cash as money market yields fall. We look forward to discussing those ideas and more, and being your partner in striving to ensure all the details of your financial life are well covered.

To that end, I leave you with another wonderful quote attributed to Mark Twain that meets this moment of hope and uncertainty with good advice: *"Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover."*

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