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Happy Halloween

Halloween is one of my favorite holidays. Is a time when kids can be kids, adults can be kids and teenagers get to choose to just have fun or act like a grown-up. One of the best parts about this holiday is that there is always next year when you can change your mind and choose to be a kid again. For my part I got to be Captain Hook and host a group of high school kids having fun at my house.

The other reason Halloween is such a great holiday is that marks the end of October. October is the single scariest month for investing in recent history. Many strong markets have been brought to their knees in October. This year the markets continued to behave well and were even able to creep ahead a little bit. Basically this stock market has remained above 9000 and below 10,000 since June. It worked its way forward on good news and has not panicked on bad.

The overall situation for the economy and the stock markets is good. Last October there were many hazards to be overcome and for the most part they have gone away. The economy grew very well in the third quarter and though I would not expect it to continue at that rate, the growth for the year should be very acceptable. In addition, we are entering a presidential election year, which historically have been good for both the economy and stock markets.

Another sign that the economy is starting to do well is found in interest rates. Although we are still seeing record low mortgage rates we are also beginning to see the return of four-percent and even some five-percent bonds. This is truly good news for those who are depending on their portfolios to produce income. As the economy expands there will be inflationary pressures and interest rates will increase to help stem the tide of runaway inflation.

In November I would expect to see some capital gain distributions from mutual fund holdings. For taxable accounts this is a great unknown that can upset an otherwise well-planned tax year. I will be working with the portfolio to even out the tax consequences but I need your help. If you have had other events this year that have caused your tax situation to change please be sure to communicate that to me.

As we enter the holiday season I encourage you to take time to enjoy each other and your families. It is a wonderful time to reflect and recharge your batteries before a new year is upon us.