

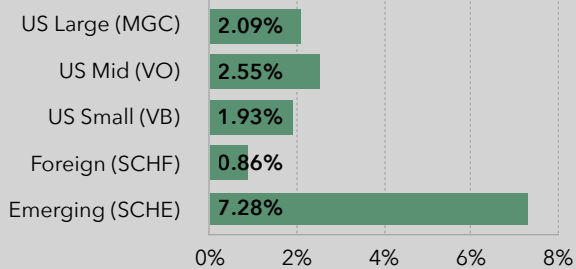
September 2024

Economic Data

- 254,000 jobs were added in September; the unemployment rate edged lower to 4.1%
- Retail sales were only up 0.1% in August, with gas stations down 1.2%
- Y/y inflation (CPI) eased to a 2.4% pace in September, dragged down by energy; the core rate (less food and energy) rose, however, to 3.3%
- Existing home were down 2.5% in August and are down 4.2% y/y; the median home price fell to \$416,700

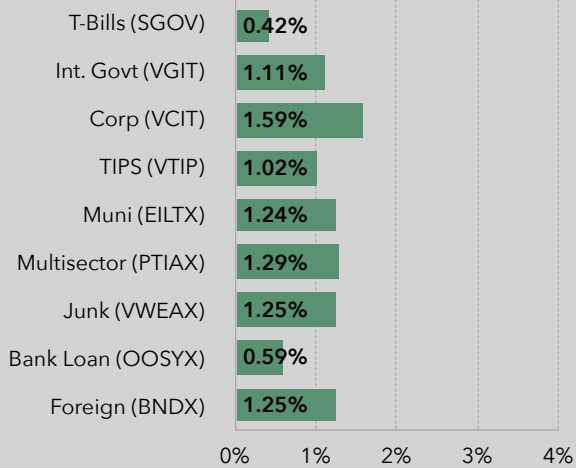
Stocks

September Returns



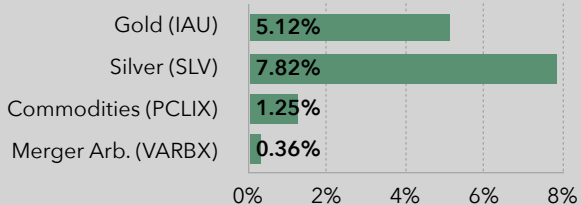
Bonds

September Returns



Alternatives

September Returns



Performance data provided by Morningstar

The brain uses two systems to process information. The first type is intuitive but lazy, rapidly forming judgements with no conscious input. The second system is slow, reflective, and not guided by emotions. It is that second system — type 2 — that we want in control of our investment portfolios.

Season 2 of *The Wire*, But in Real Life

The critically-acclaimed HBO series *The Wire* is about a special investigative unit within the Baltimore Police department. Throughout the series, it paints an often ugly picture of the intertwined nature of law enforcement, gangs, drug users, politicians, organized crime and media. In Season 2, the show took a detour from the drug-dealing going on in the projects and turned its focus on much larger-scale criminal activity happening at the Port of Baltimore involving the mob and stevedores, or longshoremen. Longshoremen are the workers who load and unload ship cargo.

If you hadn't seen *The Wire*, I must say Season 2 wasn't the best of the series. Luckily, you won't need to watch it to get caught up. That's because it's basically playing out in real life before our very eyes.

The longshoremen strike that closed down ports on the Atlantic Coast and Gulf of Mexico threatened to have major knock-on effects, cause goods shortages and drive inflation higher. Harold Daggett, the brash and unrefined union baron of the ILA Union, is a larger-than-life caricature of the fictional union boss Frank Sobotka on *The Wire*. He threatened to cripple the United States with the strike, saying "if we have to be out here a month, two months, this world will collapse....I will cripple you, and you have no idea what that means." Not exactly going for the sympathy vote with the American people, but okay. People panicked and check-out lines at Costco got obscenely long.

Union members, who typically make over \$100k per year already, want a 77% pay increase. For his part, the blue-collar, man-of-the-people Daggett made over \$900k last year. He also drives a Bentley and previously owned a 76-foot yacht, the *Obsession*, sold in 2021 for \$3.8 million. Man, it is really hard to root for this guy.

They also are taking a page from the machine-smashing Luddites of the 19th century, demanding a halt to automation at ports. There may be reasons for this other than job protection, however. In *The Wire*, computerization of shipping logs at the port made smuggling and cargo theft more challenging for the longshoremen tied to organized crime.

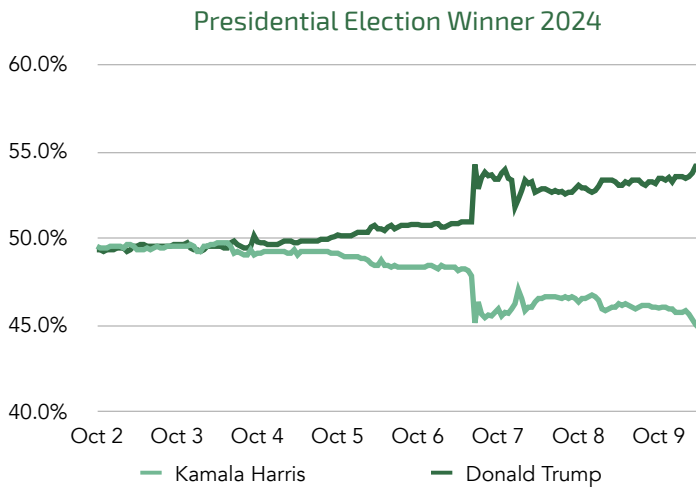
Daggett was accused of racketeering in 2005 and has alleged ties to the mob, according to the DOJ. The Telegraph reported that "during the trial, one of Mr. Daggett's co-defendants, a renowned mobster named Lawrence Ricci, disappeared. His decomposing body was found in the trunk of a car outside a New Jersey diner several weeks later, with the killing still unsolved." Seriously, they need to make a movie about this guy.

Fortunately, the strike ended after three days with both sides agreeing to return to the table after the election on January 15. Those two things might be unrelated, but I doubt it.

Election Finally Almost Over

Speaking of the election, we are so close to it being over. Last time we checked in Kamala Harris and beaten Trump in the only debate we were allowed to see between these two candidates. I moved my prediction to a toss-up following that piece of theater, as Harris overtook Trump in the polls.

However, the honeymoon was fading, so the powers that be sent Harris on a media blitz, with interviews on Howard Stern, Colbert, *The View*, *60 Minutes*, and podcast *Call Her Daddy*. Let's check in on the predictive market to see how it went...



Source: Polymarket

Oh dear. Donald Trump is leading by nine points on predictive betting market Polymarket. Polling in the swing states is tight, but Trafalgar Group, which was one of the most accurate polling sources in the 2016 election cycle, has him winning in every one of them except Nevada. Thus, my final prediction is for a Trump victory, which we positioned for in July.

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Tactical Asset Allocation					
Asset Class	Heavy Underweight	Underweight	Neutral	Overweight	Heavy Overweight
Fixed Income					
Duration	●				
Inflation				●	
Credit	●				
Foreign			●		
Equities					
Large Cap	●				
Mid Cap			●		
Small Cap				●	
Developed Intl.	●				
Emerging	●				
Alternatives					
Commodities					●
Hedging					●

Binge Box

Hacks (HBO)

I won't shut up about performing stand-up comedy at the Edinburgh Fringe Festival a couple months ago. It was one of the most terrifying, thrilling, and satisfying things I have ever done. Don't worry, I won't be quitting my day job. The income potential there ranks even lower than divemaster and pub quiz trivia host, two of my other occupational passions. Still, I'm into it, which is why I really enjoyed the Emmy-award-winning *Hacks* on HBO. Jean Smart of *Designing Women* fame shines as a comedy legend with a decades-long residency in Las Vegas. Hanna Einbinder plays the young writer hired to help inject some new life into her aging material. It's brilliant and funny and you can stream all three seasons of it on HBO.

About EmeraldSpark

EmeraldSpark Investments, LLC is a Registered Investment Adviser based in Chicago, IL. We were founded by Ryan P. Layton, CFA in 2015 to provide personalized financial planning and fiduciary investment management services to select clients. Our investment process blends the foundations of Modern Portfolio Theory with the latest research in the field of behavioral finance. We specialize in asset allocation and investment due diligence to help provide our clients with investment strategies personalized to match their specific goals and risk comfort zone.

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