



### KEY TAKEAWAYS

- The bull market stumbled during a volatile October, with equities posting negative returns. After a peak to trough drop of roughly 10%, the S&P 500 rallied over the final two trading days to close the month at down 6.8%. Sentiment has dragged equities down as concerns of global growth de-synchronizing, tariffs, rising U.S. interest rates, and the sustainability of corporate profit growth have offset a relatively strong earnings season.
- Earnings from S&P 500 companies continue to beat analyst estimates, but forward guidance has been mixed. At month-end, 76% of companies have beaten earnings estimates, which was above the five year average of 71%. Economic growth continues at a strong pace as Q3 GDP expanded at a 3.5% annualized rate, boosted by consumer spending and an increase in inventories.
- Overseas, the EU rejected a budget proposal from the Italian government and Brexit negotiations continue without any material progress. China's GDP growth eased in the third quarter to an annual rate of 6.5%, in part due to a slowdown in construction and manufacturing.
- Safe haven treasuries provided little relief during the month's selloff, and fixed income broadly closed the month in negative territory.
- Investors will look ahead to next month's G20 summit for any indication of a trade agreement between the U.S. and China.

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### INDEX PERFORMANCE (as of 10/31/18)

Equity	October	Year-to-Date	One-Year
U.S. Large Cap	-6.8%	3.0%	7.4%
U.S. Small Cap	-10.9%	-0.6%	1.9%
Developed Non-U.S.	-8.0%	-9.3%	-6.9%
Emerging Market	-8.7%	-15.7%	-12.5%
Real Assets			
Real Estate	-4.3%	-6.3%	-2.5%
Commodities	-2.2%	-4.1%	-1.7%
Natural Resource Equities	-12.0%	-9.2%	-2.6%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	-1.6%	0.9%	1.0%
Emerging Market Debt	-2.0%	-10.0%	-6.6%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-0.8%	-2.4%	-2.1%
U.S. Treasuries	-0.5%	-2.1%	-2.0%
U.S. Municipal Bonds	-0.3%	-0.2%	-0.5%
Month-End Values/Yield	Current	Prior Month	One-Year Ago
CBOE Volatility Index	21.2	12.1	10.2
10-Year Treasury Yield	3.2%	3.1%	2.4%

Sources: Bloomberg, Morningstar, treasury.gov, S&P Dow Jones Indices.

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