Perspective

We breathe a sigh of relief as we exit the month of October. Though markets were down slightly, the association with the October Effect has made October one of the most feared months by investors. While it is linked with the Bank Panic of 1907, the Crash of 1929, and Black Monday of 1987; September has had more down markets. In fact, the month of October has marked the end of more bear markets than the beginning. With that in mind, we may look to November through somewhat rose colored glasses.

Though earnings guidance has been disappointing with 290 of the S&P 500 companies reporting; only the Energy and Materials sectors have reported negative sales growth. While softness in these sectors may point to a reduction in demand by the consumer; that does not coincide with an economic backdrop where the U.S. reports the strongest growth in nearly two years with GDP growth at a 4.9% annualized rate during the third quarter. As employment remains strong and we are more confident in Americans' propensity to spend than we trust CEO's soft guidance during earnings season; we will look to consumer spending and retail sales as we move into the holiday season and remain resolute in following the leading indicators while remaining aware of the potential impact future FOMC action may have on the broad economy.

We remain cognizant of the potential an escalation of events in the Middle East may have and how these events may influence bad actors elsewhere in the world. While the casualties have already been devastating, much uncertainty remains around potential outcomes. Yet, the market has generally taken the attack by Hamas in stride – continuing the ongoing trend of rising yields and weakness in equities. Dollar has been relatively unmoved, a typical signal of a flight to quality. These geopolitical events typically are reflected in commodity prices, but not necessarily in a sustained manner. While recent inflation fears in the U.S. remind us of the embargoes of the '70's things have changed. OPEC now supplies only 30% of the world's oil versus 55% in the 70's. Furthermore, OPEC is more integrated in the global economy and thus has more to lose. Additionally, the diversification away from Middle Eastern oil has made the supply chain more resilient to supply cuts from other producers.

Monthly Recap

- Israeli troops maintain an offensive on Hamas strongholds within the Gaza strip in response to Hamas' October 7th invasion of Israel.
- After the Speaker of the House seat remained vacant for three weeks, it was filled when Louisiana Representative Mike Johnson was elected as Speaker with all 220 Republicans who voted casting their ballot in favor of Johnson.
- United Auto Workers (UAW) ended its six-week strike after union leaders reached tentative labor agreements with General Motors – the last of the Detroit Big 3 car manufacturers.

Markets

Market Indices	Total Return as of: 10/31/2023 MTD %	YTD %	1-Year %
S&P 500 Index	-2.10%	10.68%	10.12%
NASDAQ Composite	-2.76%	23.61%	18.00%
Russell 2000 Index	-6.82%	-4.48%	-8.62%
MSCI EAFE Index	-4.05%	3.29%	15.08%
MSCI Emerging Markets	-3.88%	-1.85%	11.20%
BBG US Aggregate Bond	-1.58%	-2.77%	0.36%
WTI Crude Oil	-4.31%	5.91%	-1.56%
Gold	7.32%	8.76%	21.45%

Interest Rates

	Close 10/31	Prior Month	Year Ago
Fed Funds Target	5.50%	5.50%	3.25%
6-Month US Treasury	5.57%	5.55%	4.54%
2-Year US Treasury	5.09%	4.80%	4.49%
10-Year US Treasury	4.93%	4.57%	4.05%

The Month Ahead

November 1st
FOMC Rate Decision and Press Conference

November 3rd
BLS Non-Farm Payrolls Report

November 14th
Consumer Price Index Report

November 15th
Retail Sales

November 29th
3rd Quarter GDP (Second Reading)

Questions?

Your Wealth Management team is here to answer.

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