

MONTHLY MARKET REPORT

OCTOBER 2019

U.S. MARKETS

Following an early-month stumble, stocks rallied in October on news of progress in U.S.-China trade negotiations as well as a solid kickoff to earnings season.

The Dow Jones Industrial Average picked up 0.48 percent, while the Standard & Poor's 500 Index gained 2.04 percent. The NASDAQ Composite, which lagged last month, jumped 3.68 percent.¹



Attitude is a little thing that makes a big difference.

Sir Winston Churchill, former British Prime Minister

A weak manufacturing report sent stocks lower at the start of the month, with traders fearing an economic slowdown. But moods turned upbeat once trade talks resumed. When news hit that the U.S. and China might soon reach a tentative trade deal, stock prices surged.

EARNINGS SEASON

Earnings season kicked off with a number of companies reporting upside earnings surprises. But the rally lost momentum as traders again focused on economic data, especially an unexpected drop in retail sales.

Stocks moved decisively higher as earnings season shifted into high gear. It's important to remember that expectations for third-quarter earnings were low; analysts had revised their estimates lower over the summer due to economic concerns. However, through November 1, with 71 percent of S&P 500 companies reporting, 76 percent reported earnings above consensus estimates.²

EYES ON S&P 500

The S&P 500 touched a new all-time high in the final week of trading, powered by technology stocks and a new-found enthusiasm for cyclical stocks. Stocks continued their climb following a widely expected Fed rate cut, with the S&P 500 recording yet another historical high in the final days of trading.

SECTOR SCORECARD

Most industry sectors ended the month in positive territory, with gains in Communication Services (+1.92 percent), Consumer Discretionary (+0.66 percent), Financials (+3.00 percent), Health Care (+5.25 percent), Industrials (+2.23 percent), Materials (+1.12 percent), Real Estate (+0.31 percent), and Technology (+3.96 percent). Three sectors, Consumer Staples (-0.28 percent), Energy (-1.67 percent), and Utilities (-1.30 percent), saw losses in October.³

U.S. Market Recap for October 2019



S&P 500	NASDAQ	Russell 1000	10-Year Treasury
↑ 2.04%	↑ 3.68%	↑ 2.00%	↑ 1.73%
Month	Month	Month	Month
↑ 21.17%	↑ 24.99%	↑ 21.15%	↓ -0.96%
Year-to-Date	Year-to-Date	Year-to-Date	Year-to-Date

Yahoo Finance, October 31, 2019. The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid.

WHAT INVESTORS MAY BE TALKING ABOUT IN NOVEMBER

Investors are expected to be focused on two key developments in November.

The first is a “phase one” trade deal with China. Markets surged on talk of a trade truce, and a signed deal could help reassure investors even more. It was expected that

President Trump and President Xi might sign a phase one accord in Chile, but the trade team is looking for a new venue after the APEC meeting was canceled due to civil protests.

AVOID A SHUTDOWN

The second is a potential budget battle on the domestic front. Investors are hoping that elected officials in Washington are able to avoid a replay of last year's 35-day shutdown of the federal government, which furloughed federal employees and impacted domestic commerce.

With temperatures between the parties running high, the ability to strike a budget accord may be more difficult than in past years. While investors would prefer a budget passed by Congress and signed by the president, they may be satisfied with a resolution, as long as it prevents a federal shutdown over the holiday season.

WORLD MARKETS

The MSCI-EAFE Index surged 3.43 percent, benefiting from a relaxation in trade tensions between the U.S. and China and an improving outlook for a Brexit agreement.⁴

European stocks were mixed, with export-sensitive Germany's DAX index jumping 3.53 percent and France's CAC 40 gaining 0.92%. Great Britain's FTSE index, however, lost 2.16%.⁵

Pacific Rim stocks enjoyed a solid performance, with Japan's Nikkei index picking up 5.54 percent and China's Hang Seng adding 3.12 percent. Argentina's volatile Merval index jumped 20.4 percent and is now up for the year.⁶

World Market Recap for October 2019



EMERGING MARKETS	JUNE	YEAR-TO-DATE
Hang Seng (China)	↑ 3.12%	↑ 4.11%
Kospi (Korea)	↑ 0.99%	↑ 2.08%
Nikkei (Japan)	↑ 5.54%	↑ 14.55%
Sensex (India)	↑ 3.78%	↑ 11.26%
Jakarta Composite (Indonesia)	↑ 0.96%	↑ 0.55%
Bovespa (Brazil)	↑ 3.65%	↑ 23.53%
IPC All-Share (Mexico)	↓ -1.31%	↑ 4.08%
Merval (Argentina)	↑ 20.40%	↑ 15.52%
ASX 200 (Australia)	↓ -0.37%	↑ 18.01%
EUROPE		
DAX (Germany)	↑ 3.53%	↑ 21.86%
CAC 40 (France)	↑ 0.92%	↑ 21.12%
Dow Jones Russia Index (Russia)	↑ 6.67%	↑ 33.14%
FSTE 100 (Great Britain)	↓ -2.16%	↑ 7.85%

Yahoo Finance, October 31, 2019. The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

INDICATORS

GROSS DOMESTIC PRODUCT

Economic growth in the third quarter slowed to 1.9 percent as business investment continued to lag. The initial estimate of GDP growth was largely propelled by consumer and government spending.⁷

EMPLOYMENT

The unemployment rate hit a 50-year low, falling to 3.5 percent in September. Nonfarm payrolls grew by a modest 136,000, while wage growth slowed to 2.9 percent from a year earlier.⁸

RETAIL SALES

Retail sales softened in September, sliding 0.3 percent on a nearly one percent drop in vehicle sales. It was the first monthly decline since February.⁹

INDUSTRIAL PRODUCTION

Output at U.S. mines, utilities, and factories declined by 0.4 percent, dragged lower by a strike at General Motors.¹⁰

HOUSING

Housing starts declined 9.4 percent. Single home starts rose, indicating that housing remained in recovery mode.¹¹ Existing home sales slid 2.2 percent in September, as low inventory and higher prices dampened buyer enthusiasm.¹² New homes sales fell by 0.7 percent, with low inventory remaining a drag on results.¹³

CONSUMER PRICE INDEX

Prices of consumer goods were unchanged in September. Core inflation, which excludes the more-volatile energy and food categories, was higher by 0.1 percent.¹⁴

DURABLE GOODS ORDERS

Durable goods orders slipped 1.1 percent, as declines in business investment spending continued to weigh on overall results.¹⁵

THE FED

Last month, the Federal Reserve cut interest rates for the third time in 2019, reducing the federal funds rate by a quarter of a percentage point.

In its statement accompanying the announcement and the subsequent press conference, Fed Chair Jerome Powell tempered expectations of further rate cuts in the near term.

The voting among members for a rate cut was more unified than in the past, with 8 of 10 members agreeing to this most recent 0.25 percent rate cut.¹⁶

BY THE NUMBERS

CHARITABLE GIVING



ESTIMATED
\$75.86 BILLION₁₇
Giving by foundations in 2018

ESTIMATED
\$20.05 BILLION₁₇
Giving by corporations in 2018



culture, and
humanities

\$50.29 BILLION₁₇
Donations to foundations

\$51.54 BILLION₁₇
Donations to human services
organizations

\$40.78
BILLION₁₇
Donations to health
organizations

\$31.21 BILLION₁₇

Donations to social organizations

\$22.88 BILLION₁₇

Donations to international affairs
organizations

**UNITED WAY, \$3.47
BILLION₁₈**

#1 recipient of charitable donations
in 2018

\$12.70

BILLION₁₇

Donations to
environment and
animal organizations

**CITY OF
HOPE, \$145
MILLION₁₈**

#100 recipient of
charitable donations
in 2018

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite, LLC, is not affiliated with the named representative, broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information and should not be considered a solicitation for the purchase or sale of any security.

Investing involves risks, and investment decisions should be based on your own goals, time horizon and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

Any companies mentioned are for illustrative purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Any investment should be consistent with your objectives, time frame and risk tolerance.

The forecasts or forward-looking statements are based on assumptions, may not materialize and are subject to revision without notice.

The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial advisor for additional information.

Copyright 2019 FMG Suite.

1. The Wall Street Journal, October 31, 2019
2. Insight.Factset. com, November 1, 2019
3. Factset Research, October 31, 2019
4. MSCI.com, October 31, 2019
5. MSCI.com, October 31, 2019
6. MSCI.com, October 31, 2019
7. The Wall Street Journal, October 30, 2019
8. The Wall Street Journal, October 4, 2019
9. The Wall Street Journal, October 16, 2019
10. The Wall Street Journal, October 17, 2019
11. CNBC.com, October 17, 2019
12. The Wall Street Journal, October 22, 2019
13. Reuters.com, October 24, 2019
14. The Wall Street Journal, October 14, 2019
15. CNBC.com, October 24, 2019
16. The Wall Street Journal, October 30, 2019
17. GivingUSA.org, 2019
18. Forbes.com, December 11, 2018