W. James Steen, CFP®
jim@petrafin.com

Jason A. Pearson, CFP®
jason@petrafin.com

(O) 937.294.9000
www.petrafinancialsolutions.com

Market Monitor

• The S&P 500 ended in the red on 16 days in October, the most down days in a month since 2008.
• Oil prices slumped 10.61% last month to $65.31/bbl as domestic crude inventories rose a 6th straight week.
• October was only the 12th time in the current bull market that stocks and bonds both ended negative in the same month. Investment-grade corporate bonds fell 1.46%, its worst October performance since 2008.

U.S. stocks ended a turbulent month on a high note as the S&P 500 posted its strongest two-day surge since February, paring its largest monthly decline since 2011 to under 7%. The 2.7% month-ending surge (the only back to-back daily gains of the month) helped the S&P 500 recover back above its nine-year bull-market uptrend. The Dow Industrials trimmed its monthly loss to 4.98% and the Nasdaq Composite pared an earlier October loss of as much as 12.35% to 9.16%, still its worst selloff in any month during the current bull market. Investor sentiment eroded in October as concerns mounted about the upcoming mid-term elections and questions surrounding the economic impact from rising interest rates, international trade tensions and worries that earnings growth may be peaking. Despite several earnings disappointments, overall 3Q earnings are exceeding projections by 6.3%, with 72% of S&P 500 companies surpassing bottom-line estimates. The earnings season is over halfway complete.

By market capitalization, small cap stocks bore the brunt of October selling with the Russell 2000 down nearly 11%, while mid caps lost 8.31%. In the sector performance table below, defensive-oriented companies performed best last month, while cyclicals maintained leadership on a year-to-date (YTD) basis. Even with the October selloff, U.S. stocks have generally outperformed overseas indices throughout 2018. The Stoxx Europe 600 is down 9.90% YTD, while China's Shanghai Composite has lost nearly 20% since January.

Treasury prices fell last month, sending the yield on 10-year Treasury notes up 8.2 basis points to 3.14%. U.S. long-term government debt fell the most, ending October with a 2.99% loss. Investment-grade bonds of all types fell by 0.79% in October, while state and local municipal bonds ended a four-month rally. Non-investment grade high-yield corporate bonds ended the month with a 1.60% loss, but preserved a near 1% YTD gain.

Top Performers – October 2018 [1]	**Bottom Performers – October 2018**
Consumer Staples (+2.31%)	Consumer Discretionary (-11.27%)
Utilities (+1.95%)	Energy (-11.26%)
Real Estate (-1.67%)	Industrials (-10.81%)
Top Performers – YTD 2018	**Bottom Performers – YTD 2018**
Technology (+11.02%)	Materials (-11.95%)
Healthcare (+8.83%)	Industrials (-6.50%)
Consumer Discretionary (+7.04%)	Communication Services (-5.04%)

1 Morningstar Direct (all performance percentages are total return based, which include reinvested dividend, interest)

PETRA
Financial Solutions, Inc.

This report is created by Cetera Investment Management LLC. About Cetera® Investment Management Cetera Investment Management LLC is an SEC registered investment adviser owned by Cetera Financial Group®. Cetera Investment Management provides market perspectives, portfolio guidance and other investment advice to its affiliated broker-dealers, dually registered broker-dealers and registered investment advisers. About Cetera Financial Group® Cetera Financial Group ("Cetera") is a leading network of independent firms empowering the delivery of professional financial advice to individuals, families and company retirement plans across the country through trusted financial advisors and financial institutions. Cetera is the second-largest independent financial advisor network in the nation by number of advisors, as well as a leading provider of retail services to the investment programs of banks and credit unions. Through its multiple distinct firms, Cetera offers independent and institutions-based advisors the benefits of a large, established broker-dealer and registered investment adviser, while serving advisors and institutions in a way that is customized to their needs and aspirations. Advisor support resources offered through Cetera include award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, practice management support and innovative technology. For more information, visit cetera.com. "Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors, Cetera Advisor Networks, Cetera Investment Services (marketed as Cetera Financial Institutions), Cetera Financial Specialists, First Allied Securities, and Summit Brokerage Services. All firms are members FINRA/SIPC. Disclosures The material contained in this document was authored by and is the property of Cetera Investment Management LLC. Cetera Investment Management provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative or investment adviser representative is not registered with Cetera Investment Management and did not take part in the creation of this material. He or she may not be able to offer Cetera Investment Management portfolio management services. Nothing in this presentation should be construed as offering or disseminating specific investment, tax, or legal advice to any individual without the benefit of direct and specific consultation with an investment adviser representative authorized to offer Cetera Investment Management services. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results. For more information about Cetera Investment Management, please reference the Cetera Investment Management LLC Form ADV disclosure brochure and the disclosure brochure for the registered investment adviser your adviser is registered with. Please consult with your adviser for his or her specific firm registrations and programs available. No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision. All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards. Glossary The Bloomberg Barclays Capital U.S. Aggregate Bond Index, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-troughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBBby S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly. The Bloomberg Barclays US Municipal Bond Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindicies of the Municipal Index have historical data to January 1980. In addition, several subindicies based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly. The Bloomberg Barclays US Corporate High Yield Index measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.. The Barclays U.S. Government Bond Index is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multicurrency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973. The Bloomberg Commodity Index is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components). The MSCI EAFE is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted. The MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a floatadjusted market capitalization index. The MSCI All-Country World Ex-U.S. Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, but excludes the United States. The SMCI ACWI consists of 45 country indexes comprising 22 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The NASDAQ Composite Index includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index. The U.S. Dollar Index is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.