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- The S&P 500 fell 1.82% in October, down the most since January, and posted its third straight monthly loss.
- M&A activity soared to reach a record \$489B in October, the largest global deal volume since April 2007.
- Oil futures slumped 4% in October, ending at a one-month low of \$46.86/barrel after OPEC has so far failed to reach an accord to reduce or freeze production as previously pledged.

The S&P 500 ended October sharply lower, registering declines in three of the four past weeks as investors remain transfixed by a confluence of major Wall Street worries. Paramount among concerns was the recent jump in uncertainty surrounding the 2016 elections, the direction of global central bank stimulus, and the timing of Federal Reserve interest rate hikes. A global bond selloff also weighed on sentiment, as speculation mounted that major central banks may gradually taper their stimulus measures. The current paralysis has led investors to largely ignore several favorable market developments. Consumer spending rose in September by the most in three months, while an advance reading of third quarter GDP growth surprised higher (2.9% vs. 2.6% expected). Also positive, with the third quarter corporate earnings season more than halfway complete, analysts now expect overall S&P 500 earnings to register a gain for the first time in six quarters (+1.6% vs. -0.8% initially expected). In summary, the S&P 500 has not posted gains for more than two consecutive days in over five weeks and has traded within a 65-point range since last reaching an all-time high of 2,190 on August 15th .

Nine of the eleven major sector groups posted October declines, with Healthcare (-6.53%), Telecom (-6.47%), and Real Estate (-5.49%) falling the most. Technology (-0.06%) declined the least, while Financials (+2.30%) and Utilities (+0.87%) outperformed. On a year-to-date (YTD) basis however, Healthcare (-5.25%) is the only sector to post a loss, while Utilities (+17.13%), Energy (+15.27%), and Technology (+12.44%) are this year's biggest winners.

Small cap domestic stocks, as measured by the Russell 2000 Index, fell 4.75% in October underperforming the most relative to its large and midcap counterparts. Mid cap stocks, as measured by the Russell Mid Cap Index, fell 3.17% last month. Mid caps have outperformed small caps on a YTD basis, gaining 6.76% and 6.16% respectively. Value stocks fell less than growth in October, with the Russell 1000 Value Index down 1.55%, while the Russell 1000 Growth Index fell 2.35%. Value stocks YTD continue to widely outperform growth, returning 8.29% and 3.51% respectively.

The MSCI EAFE Index, a broad performance measure of global developed markets outside of the U.S. and Canada, underperformed domestic equities, slumped 2.05% last month. This index is now down 0.35% YTD. The MSCI Emerging Markets Index climbed fractionally in October, up 0.24%. Emerging market stocks, up 16.30% YTD, continued to benefit from low U.S. interest rates.

Global bonds fell nearly 3% last month, according to the Bloomberg Barclays Global Aggregate Bond Index. Treasuries, as measured by the Barclays U.S. Government Bond Index, fell 1.06% in October, its worst monthly performance in 20 months. Benchmark 10-year U.S. Treasury notes fell in price, sending its yield up 23 basis points to finish October at 1.826%. The Barclays U.S. Municipal Bond Index fell 1.05% last month. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, fell 0.76% in October. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, gained 0.39% in August, extending its YTD return to 15.56%.

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