

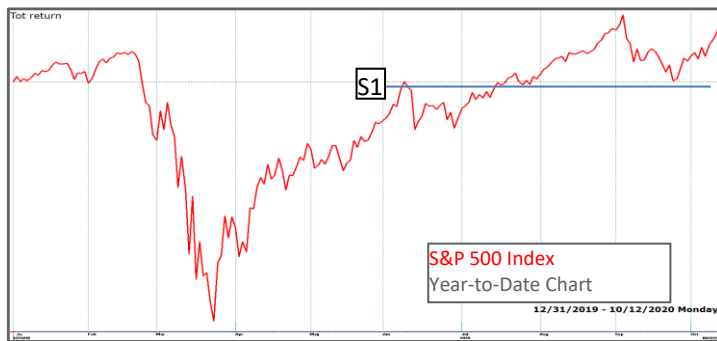


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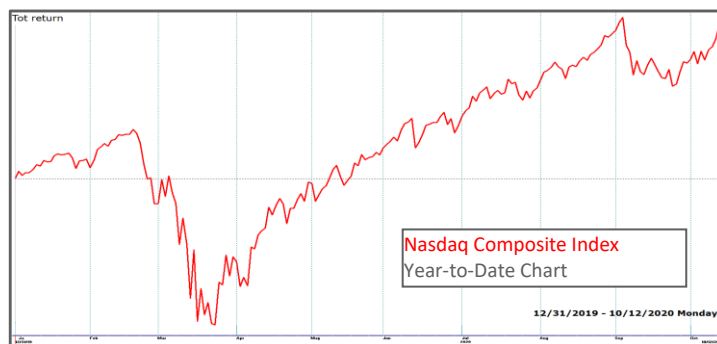
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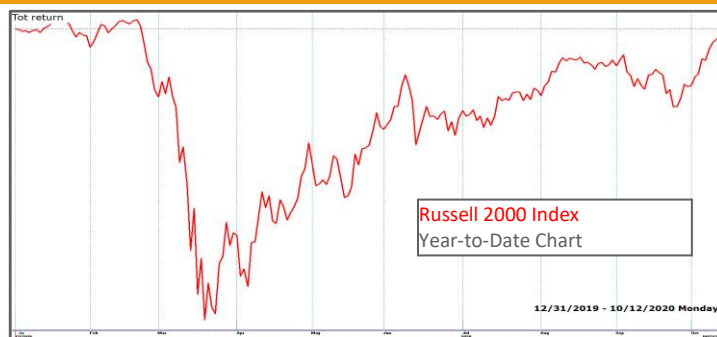
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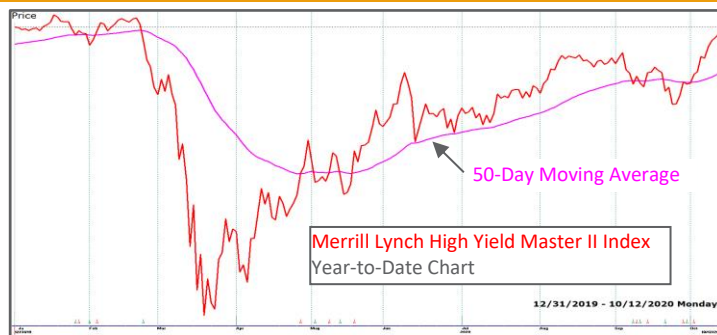
The **S&P 500 Index** declined through most of September but has reversed course after reaching a logical level of support (S1). The September peak to trough decline was -9.6%. The large-cap stock index is now in a short-term uptrend and the September volatility appears to have passed, at least for now. The S&P 500 Index is 1.3% away from an all-time high set in early September.



The tech-heavy **Nasdaq Composite Index** has a similar chart pattern although the peak to trough decline was -11.8%. Like the S&P 500, it has now bottomed and trending up again. The Nasdaq Composite Index is 1.5% from its September all-time high.



There has been some leadership change in the market as is reflected in this chart of the **Russell 2000 Index** of small-cap stocks. The September decline was “only” -8.8% and has already surpassed its early September peak. This outperformance may be an early indication that the market has further to go as small-cap stocks generally outperform during strong bull markets.



Junk bonds declined along with stocks in September but the decline was a fraction of the equity indices. The **Merrill Lynch High Yield Master II Index** fell -2.1% and briefly dipped below its 50-day moving average. The recent surge in the index is a sign that the short-term volatility is likely behind us.

While the September decline may be behind us, there is likely plenty of volatility ahead with the potential for additional stimulus, incoming Covid-19 data vs. progress with vaccines and new therapies, and of course the results of a Presidential election that will chart the course of the American economy for the next four years. No one knows the outcomes of these events, so it is important to manage risk which is what I continue to do for myself and my clients with the goal of avoiding life altering losses in our portfolios that are so detrimental to our financial stability. Thanks for your continued trust and confidence in these uncertain times.

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