

# Monthly Market Recap

**MONTH ENDED**  
**OCTOBER 2021**

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Global stocks delivered exceptional performance for the month of October as investors responded positively to strong corporate earnings growth and the Federal Reserve's (the Fed) continued commitment to low interest rates for the foreseeable future. U.S. large company stocks led the rally spurred on by strong corporate earnings reports, especially for companies in the consumer discretionary and energy sectors. Interest rates also rose for the month, as inflation concerns and the expected shift by the Fed to more restrictive policies, superseded COVID-19 concerns. The price of West Texas Intermediate (WTI) crude hit a 7-year high, ending the month at \$83.57 a barrel.

The U.S. economy slowed down in the third quarter, expanding by just 2% annualized. The shortage of semiconductors and other supply chain bottlenecks held

back auto production, which is a large component of GDP. Consumer spending also slowed, growing by 1.6% annualized, after growing by double digits in the prior two quarters. Falling unemployment and rising wages was not enough to make up for the income lost by the expiration of generous fiscal stimulus.

Earnings season is in high gear with 56% of companies in the S&P 500® Index having reported third quarter earnings (source: Factset). Investors are responding positively to strong earnings news, with 82% of companies reporting positive earnings surprise, and as a result the S&P 500 Index hit a new high in October. The estimated earnings growth for the S&P 500 Index is 36.6% for the quarter. The forward 12-month price-to-earnings (P/E) ratio for the S&P 500 Index is 21.1, well above both the 5- and 10-year average.

## REPORTS, SPEECHES AND MARKET MOVERS:

- U.S. ISM Manufacturing Index (Mon)
- Japan PMI Composite (Tues)
- China PMI Composite (Tues)
- U.S. FOMC Announcement (Wed)
- U.S. International Trade in Goods and Services (Thurs)
- U.S. Employment Situation (Fri)
- Eurozone Retail Sales (Fri)

## INDEX RETURNS

Index Returns are as of 10/29/2021	Level	1 Month	QTD	YTD	1 Year	3 Year
S&P 500	4,605	7.01%	7.01%	24.04%	42.91%	21.48%
Dow Jones Industrial Average	35,820	5.93%	5.93%	18.77%	37.73%	15.09%
NASDAQ Composite	15,498	7.29%	7.29%	20.88%	42.99%	29.67%
Russell 2000	5,709	4.25%	4.25%	17.19%	50.80%	16.47%
MSCI EAFE	2,336	2.46%	2.46%	11.01%	34.18%	11.54%
MSCI Emerging Markets	1,265	0.99%	0.99%	-0.27%	16.96%	12.30%
Bloomberg U.S. Agg. Bond	2,354	-0.03%	-0.03%	-1.58%	-0.48%	5.63%
Bloomberg U.S. Corporate High Yield	2,440	-0.17%	-0.17%	4.36%	10.53%	7.43%

Source: Morningstar Direct<sup>SM</sup>

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(1) Price-weighted average of 30 actively traded Blue Chip stocks, primarily industrials, but also including other service-oriented firms; may be used as a benchmark for large cap stocks. (2) Widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies. (3) Broad-based index of over 5000 companies, which measure all domestic, and non-U.S. based common stocks listed on the NASDAQ Stock Market, Inc. (4) Unmanaged index representing the performance of small-cap U.S. stocks. (5) Unmanaged index consisting of approximately 1,200 stocks in developed market countries outside of North and South America and represents approximately 85 percent of the total market capitalization in those countries. (6) Unmanaged index of fixed rate investment grade securities with at least one year to maturity combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The Bloomberg U.S. Aggregate Bond Index is an unmanaged index of fixed-rate investment-grade securities with at least one year to maturity, combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The Bloomberg U.S. Corporate High-Yield Bond Index covers the universe of fixed rate, non-investment-grade debt from corporate sectors.

The S&P 500® Index is a widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies.

The Russell 2000® Index is a widely recognized, unmanaged index representative of common stocks of smaller capitalized U.S. companies.

The MSCI EAFE Index is a widely recognized, unmanaged index representative of equity securities in developed markets, excluding the U.S. and Canada.

The MSCI Emerging Markets (EM) Index is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of emerging stock markets throughout the world and excludes certain market segments unavailable to U.S.-based investors.

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