

# Monthly Recap

## At-A-Glance

The S&P 500's October loss of under 1% ended a string of five monthly gains that otherwise would've been the longest winning streak since 2021. Although trimming its year-to-date (YTD) gain to just under 21%, the S&P 500 has a bull run return of 40.60% from its correction low on 10/27/2023.

The Dow Jones Industrial Average fell 1.26% in October, shedding over 566 points. The Dow-30 index is up 12.50% YTD.

The Nasdaq Composite edged 0.49% lower in October, its first loss in three months. The tech-heavy index trimmed its YTD gain to 21.24%.

Bloomberg's Commodities Index fell 1.85% month, trimming its YTD gain to 3.89%.

Gold futures gained 3.4% in October, finishing near record territory at \$2,749.30 per ounce. Precious metals, specifically Gold (+32.7%) and Silver (+36.2%) are this year's top YTD performers. U.S. WTI crude oil climbed 1.6% in October to close at \$69.26/barrel.

Market Indices <sup>1</sup>	October	Year-to-Date
S&P 500	-0.91%	20.97%
Russell 3000	-0.73%	19.75%
Russell 2000	-1.44%	9.56%
MSCI EAFE	-5.44%	6.85%
MSCI Emerging Markets	-4.45%	11.66%
Bloomberg U.S. Aggregate Bond	-2.48%	1.86%
Bloomberg U.S. Municipal Bond	-1.46%	0.81%
Bloomberg U.S. Corporate High Yield	-0.54%	7.42%

<sup>1</sup>FactSet (all equity performance is total return, which includes dividends).

All three major U.S. equity indices were stung by sharp month-ending losses that more than erased earlier October gains amid disappointing Big Tech forward earnings guidance. Nasdaq stocks led the Halloween downturn, skidding nearly 2.8% to end October with a 0.49% loss. Similarly, the S&P 500 and Dow Industrials capped respective October losses of 0.91% and 1.26%. A pair of Magnificent Seven tech heavyweights were at the center of the October downturn, reporting quarterly results that topped Wall Street estimates while announcing plans to accelerate already high artificial intelligence (AI) infrastructure spending. The insights sparked renewed concerns over lofty tech mega cap valuations, coinciding with heightened nervousness ahead of the impending U.S. elections and the Federal Reserve's November 7 FOMC rate and policy decisions.

Equities overcame early October challenges from growing tensions in the Middle East that drove outsized swings in oil prices. However, robust jobs growth of 254,000 in September (topping forecasts by over 100,000) helped strengthen economic confidence for a soft landing. In other key economic data, the U.S. GDP expanded by 2.8% annualized in the third quarter. While this was a slight slowdown from 3.0% growth in the second quarter, the economy remains robust, largely fueled by consumer spending, which rose at its fastest pace since the first quarter of 2023.

On the inflation front, the personal consumption expenditures (PCE) price index rose 0.2% in September, matching estimates and follows a 0.1% August increase. Importantly, PCE inflation is up 2.1% from a year ago, down from 2.2% in August. Core PCE prices that exclude food and energy items rose 0.3%, up from 0.2% the month prior. Core PCE prices are up 2.7% from a year ago, holding steady from August's increase.

With the third quarter corporate earnings season now more than two-thirds complete, S&P 500 earnings are currently topping analysts' consensus estimates with 67% of companies surpassing forecasts. At the current month-end pace, UBS is projecting that Q3 revenues may grow over 4.5% and earnings per share (EPS) to expand by just over 8%, assuming the historical trend of estimate revisions through the end of the reporting season.

Mid cap Growth was the only size and style to post positive returns in October, up 1.75%, extending its leadership a second month (+3.33% in September). Style box performance largely echoed continuing year to date (YTD) trends, with large cap Growth (+24.14%) once again displaying best in class returns, albeit down slightly from a 24.55% YTD gain the month prior. Small cap Value (+7.51%) remains the smallest gainer this year with YTD performance slipping the most (+9.22% in September).

October Returns				YTD Returns			
	Value	Blend	Growth		Value	Blend	Growth
Large Cap	-1.10%	-0.70%	-0.33%	Large Cap	15.40%	20.33%	24.14%
Mid Cap	-1.26%	-0.54%	1.75%	Mid Cap	13.63%	14.02%	14.88%
Small Cap	-1.56%	-1.44%	-1.33%	Small Cap	7.51%	9.56%	11.72%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 10/31/2024.

Financials (+2.69%) outperformed the broader market, benefiting from strong third quarter earnings growth to deliver the best returns of just three of the 11 major sectors to post October gains. Energy gained the least last month while Materials and Healthcare fell the most. All 11 major sectors posted positive YTD performance, led by Communication Services (+31.31%) and Utilities (+29.30%). In repeat fashion, Consumer Discretionary (+6.37%) was the only sector to post single-digit trailing performance.

Top Sector Performers – October <sup>1</sup>	Bottom Sector Performers – October <sup>1</sup>
Financials (+2.69%)	Real Estate (-3.28%)
Communication Services (+1.94%)	Materials (-3.49%)
Energy (+0.79%)	Healthcare (-4.62%)
Top Sector Performers – YTD <sup>1</sup>	Bottom Sector Performers – YTD <sup>1</sup>
Communication Services (+31.31%)	Materials (+10.16%)
Utilities (+29.30%)	Energy (+9.22%)
Technology (+29.04%)	Healthcare (+9.07%)

<sup>1</sup> FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Foreign equities in developed markets underperformed relative to the U.S. last month with the MSCI EAFE Index (representing developed markets outside of the U.S. and Canada) tumbling 5.44%. EAFE declines were led by small caps (-6.27%). In MSCI country-specific indices, France and the U.K. slumped respectively by 6.38% and 5.75%. Emerging markets recorded a narrower October loss of 4.45% as steep declines in India (-8.26%), Korea (-7.54%) and China (-5.91%) were only partially offset by Taiwan (+3.73%).

Treasuries and other government debt recorded their worst monthly performance in over two years as mostly robust economic data dampened prospects for the Fed to continue cutting interest rates aggressively. The yield on policy-sensitive 2-year Treasury notes climbed over 0.50% in October to rebound back to 4.15%. The yield on benchmark 10-year Treasury notes also advanced nearly 0.50%, rallying toward three-month highs approaching 4.30%. The Bloomberg U.S. Government Index fell 2.36%, trimming its YTD gain to 1.40%. The longer-duration Bloomberg index of U.S. Government long-term bonds lost 5.20%, turning YTD performance negative (-2.89%).

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, lost 2.48% in October. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, outperformed with a smaller 0.54% decline. Municipal bonds fell 1.46% as tax-exempt yields climbed as much as 0.45%.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on X.

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A diversified portfolio does not assure a profit or protect against loss in a declining market.

## 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-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by 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. 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 holding have 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 multi-currency 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 **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

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 float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

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 **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

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 **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

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.

**West Texas Intermediate (WTI)** is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.