



TRANSPARENT 401K

OCTOBER MARKET REVIEW & UPDATE – October 2018

Market Review

October was a frightening month for investors around the world. From Hong Kong to New York, stock markets were slammed by a wave of fears about slowing growth, trade wars and higher interest rates.

U.S. Equities

While U.S. stocks closed out a dismal month on a high note, the month-end gains still left the five major stock indexes nursing losses. The S&P 500 posted a -6.9% loss for its worst performance since September 2011. The index was off -8.66%, before rallying in the final two days of the month. The Nasdaq plunged -9.2%, its largest monthly pullback since November 2008. The Dow Jones Industrial Average gave back -5.1% to post its biggest monthly fall since January 2016. October's equity losses totaled over \$2 trillion dollars—about 10% of its value, as equities came under pressure amid concern over rising interest rates and U.S.- China trade relations, as well as worries about slowing corporate earnings growth.

Foreign Equities

Stocks in Europe didn't fare much better during the month with Europe declining -7.6%, its biggest drop in more than two years. Major indexes in Asia also notched steep losses with Hong Kong suffering its biggest percentage decline since January 2016. With losses mounting, the MSCI All Country ex US Index lost -8.1% in October. The MSCI Emerging Markets Index dropped -8.7%.

Fixed Income

Adding to the stock market's anxieties, was a rare simultaneous drop in bond prices that pushed yields near their highest levels in years. The dual breakdown in stock and bond prices upended investors' traditional safety move of buying Treasuries during periods of volatility, leaving many with losses. The benchmark 10-year Treasury Note fell -0.6% to end the month yielding 3.155%. Inflation-Adjusted Treasuries lost -1.4%.

Commodities

Oil capped its worst month in more than two years as concerns mount that the global economy will slow down. Oil lost -11% to close at \$65.31 a barrel. Gold closed at \$1,212.30 an ounce, down -2.1%.

Economic News

Wages and salaries jumped by 3.1% in the third quarter, the highest in a decade. Consumer confidence increased in October. Third quarter U.S. GDP growth advanced 3.5%.

This newsletter is a monthly publication of **Transparent 401K, LLC**. For more information please call (888) 631-3336 or send an email to info@transparent401k.com.