

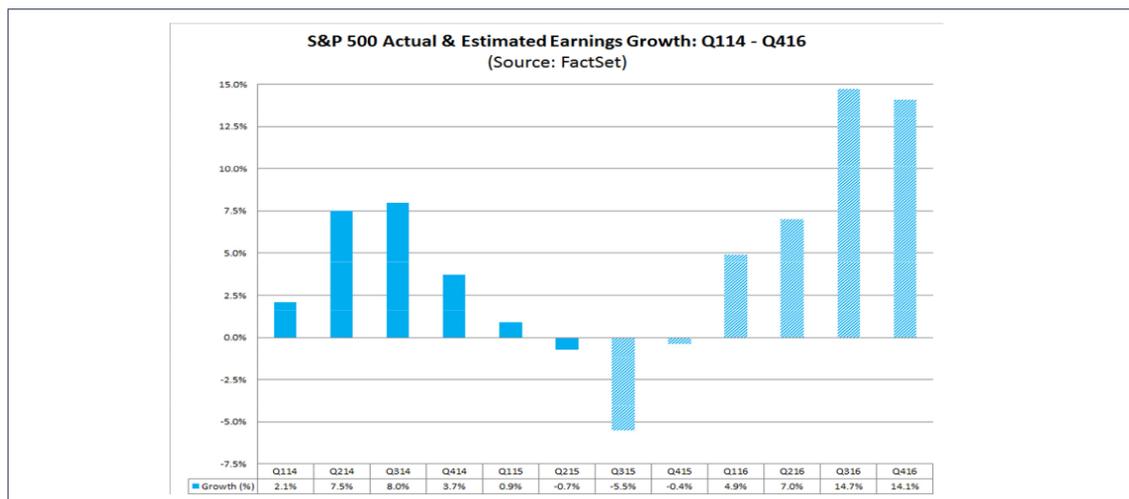
Market Recap

S&P 500 Rebounds In October



Source: Morningstar

Keeping an Eye on Earnings



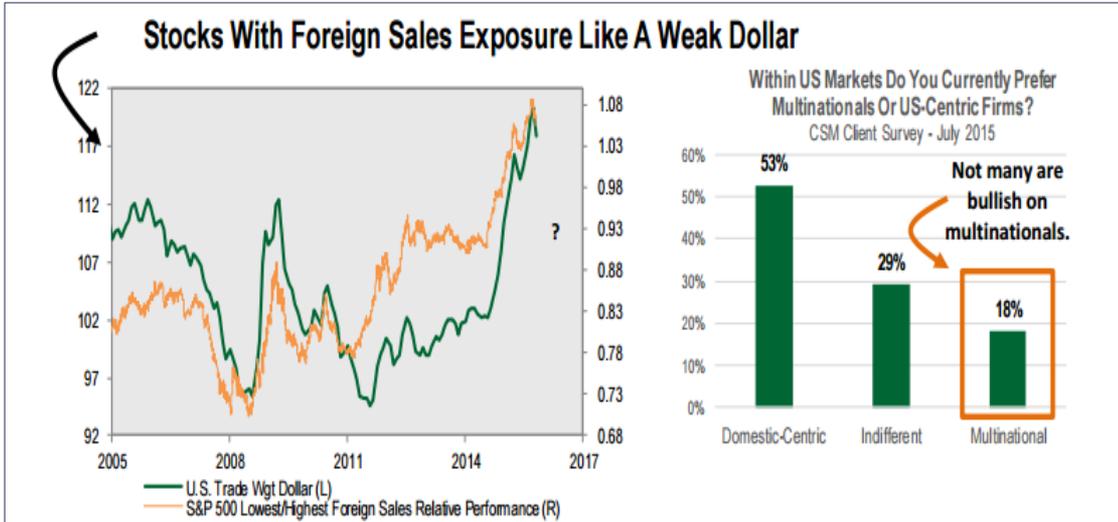
Source: Factset

In a tumultuous third quarter, the S&P 500 approached its all-time high in late July, then sold off significantly to test the October 2014 lows of 1865, not once, but twice by the end of September. Taking comfort that the market never broke below 1865, investors saw this resistance as a positive sign of economic strength and potential future growth. During the month of October, investors rallied to drive the market upward. In the end, October 2015 was the best month for stocks in the last four years, recording the largest point increase on record. The S&P 500 gained roughly 160 points and rose over 10% on a total return basis for the month. With this, the S&P 500 finished October at 2080 or within striking distance of its all-time record level of 2130 set on May 21 of this year.

Economists are focused on prospective earnings (or lack thereof) of major U.S. and global corporations in light of two concurrent quarters of negative earnings growth. In the second quarter of 2015, year-over-year earnings dipped -.7%, and, with half of companies reporting thus far, third quarter growth may drop by as much as -5.5%. Analysts predict that this trend may continue through the fourth quarter; Q4 S&P 500 earnings projections are now -.4% relative to the same period last year. Of additional concern is the rate at which earnings expectations have been revised downward over the last few months. On June 30, the estimated earnings growth rate for Q4 2015 was 4.3%, however, by September 30, this number had been revised to .2%. That being said, analysts optimistically project the earnings growth picture to improve next year, with acceleration towards the back-half of 2016.

Market Recap

A Weak Dollar Is Good For Business



Source: Cornerstone Macro

America's Candy Land(scape)



Source: Influenster

Revenues of U.S. firms with a high proportion of foreign sales are significantly influenced by the U.S. dollar exchange rate. These numbers benefit from a “weaker” dollar: a good that costs \$1 to produce is cheaper to consumers purchasing that good in a foreign country as that same dollar is now worth a lesser amount in the local currency. A weak dollar, therefore, serves to increase demand for certain products. A “strong” dollar has the opposite effect. While the dollar appreciated strongly through the first three quarters of 2015 (expectation of rising rates spurred this trade), we have seen this phenomenon reverse somewhat in October. A potential rebound in global growth has given some support to a weakening dollar going forward. While a weak dollar supports multinational firms in general, specific sectors of the economy that tend to do well under this backdrop are Energy and Materials. Conversely, a stronger dollar has historically supported firms in the Consumer Discretionary sector.

Do not let the ubiquitous Thanksgiving and Christmas displays trick you: it is still October, and Halloween has one more day in the limelight. To sweeten the anticipation, Influenster surveyed more than 40,000 people around the United States on their favorite Halloween treats. In a testament to America's diversity, of the thirty candies surveyed, only seventeen triumphed in more than one state. Candy corn won over the most states, while Reese's Peanut Butter Cups received the most overall votes. To put it in terms of the current presidential race: candy corn garnered the most electoral votes, while Reese's won the popular vote. The only candies to receive at least one vote in every state were Reese's, Kit Kat, and Butterfinger. So, despite no apparent regional patterns or preferences, Americans certainly can unite around one thing: loving chocolate.

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