

MARKET COMMENTARY

Stocks around the globe rallied sharply in October, helping make up for losses experienced during a volatile Q3. In the U.S., large cap stocks returned over 8%, while mid and smaller cap stocks returned 5-6%. Turning abroad, developed international and emerging market stocks were both up over 7%. On the year, both domestic and international developed stocks are back in positive territory on the year. Growth stocks again trumped value stocks, further extending their outperformance year to date. Core investment grade bonds were flat during the month, with strength in corporate credit offset by a sharp uptick in short-term interest rates.

MARKET NEWS

- In its October meeting, the FOMC left the Fed Funds target rate unchanged at 0-0.25%; in its policy statement, the Fed removed language expressing concern about the global economy and stated that it would consider raising rates at its December meeting
- With 90% of companies in the S&P 500 having reported Q3 earnings, estimates are for a year over year decline of 15%; losses in energy and materials companies continue to overshadow gains in other sectors of the economy (J.P. Morgan)
- The Chinese central bank stepped up its stimulus plans by lowering interest rates and reserve requirements for banks; the measures were taken to support its '15 growth target of about 7%

INDEX RETURNS & MARKET LEVELS^{1,2}

	Description	Month	3 Months	YTD	1yr
Equities					
S&P 500	<i>U.S. large cap</i>	8.44%	-0.63%	2.70%	5.20%
Russell 2000	<i>U.S. small cap</i>	5.63%	-5.86%	-2.53%	0.34%
MSCI EAFE	<i>Non-U.S. developed</i>	7.82%	-5.19%	2.13%	-0.07%
MSCI EM	<i>Emerging markets</i>	7.13%	-5.49%	-9.45%	-14.53%
Fixed Income					
Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	0.02%	0.55%	1.14%	1.96%
Barclays Municipal	<i>U.S. municipal</i>	0.40%	1.32%	2.17%	2.87%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	2.73%	-1.70%	0.13%	-2.05%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	3.16%	0.64%	2.83%	-0.50%
Alternatives					
HFRX Global Hedge Fund	<i>Hedge funds</i>	1.46%	-2.84%	-1.63%	-2.05%
Alerian MLP	<i>MLPs</i>	9.69%	-11.68%	-23.95%	-30.08%
S&P U.S. REIT	<i>REITs</i>	5.65%	2.12%	1.27%	5.32%
Bloomberg Commodity TR	<i>Commodities</i>	-0.45%	-4.73%	-16.18%	-25.72%
U.S. Economic Measures					
U.S. GDP ³		1.5%	<i>(Q3 2015, advance est.)</i>		
CPI-U ex Food & Energy ⁴	<i>"Core" inflation</i>	1.9%	<i>(9/30/2015)</i>		
Unemployment Rate		5.0%	<i>(9/30/2015)</i>		
Levels					
		10/30/2015	12/31/2014	10/30/2014	
Rates					
2yr U.S. Treasury		0.75%	0.67%	0.48%	
10yr U.S. Treasury		2.16%	2.17%	2.32%	
3mo LIBOR		0.33%	0.26%	0.23%	
Prime Rate		3.25%	3.25%	3.25%	
30yr Mortgage Fixed		3.98%	4.04%	4.13%	
Commodities					
Gold (\$/oz.)		1,142	1,206	1,202	
Copper (\$/MT)		5,136	6,359	6,785	
Oil-WTI (\$/barrel)		46.60	53.49	81.06	
Nat. Gas (\$/mcf)		2.32	3.00	3.74	
Corn (\$/bushel)		3.76	3.80	3.53	
Currencies					
Euro (\$/€)		1.10	1.21	1.26	
Pound (\$/£)		1.54	1.56	1.60	
Jap. Yen (¥/\$)		120.68	119.90	108.96	

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Notes: 1) Sources: Bloomberg, J.P. Morgan Asset Management, Morningstar, Hedge Fund Research, Bureau of Labor Statistics, Bureau of Economic Analysis. 2) Data as of the date of this report unless otherwise noted. 3) U.S. GDP measures the percentage change during the referenced quarter as published by BEA. 4) Consumer Price Index for All Urban Consumers: U.S. City Average, All Items Less Food and Energy is based on 12-month percent change as published by BLS.

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