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Despite Geopolitical Woes, Stocks Pushed Higher in October

As expected, the Federal Reserve (Fed) cut short-term interest rates 25 basis points (bps) on Wednesday, following similar cuts in July and September, putting the federal funds target range at 1.50%-1.75%. In his post-meeting press conference, Chair Jerome Powell said officials "believe that monetary policy is in a good place," suggesting that further cuts are unlikely. However, he added that "if developments emerge that cause a material reassessment of our outlook, we would respond accordingly."

Raymond James Washington Policy Analyst Ed Mills continues to follow the ongoing China trade negotiations and impeachment proceedings that present risks and opportunities for the market. Impeachment investigations are expected to begin a more public-facing phase around mid-November, while discussions toward a limited "phase one" U.S.-China trade deal are reportedly progressing positively, he notes. A deal is likely to outline common ground on agricultural purchases, currency stability, market access for financial services, and initial steps on intellectual property rights protections.

The month of October also harbored potentially impactful news about: Brexit negotiations, global accommodative monetary policy, short-term funding, Hong Kong protests, a global manufacturing recession, China and European growth concerns, and upcoming U.S. elections. Yet the markets displayed a risk-on sentiment, which Chief Investment Officer Larry Adam attributes to reduced recessionary fears, increased optimism surrounding U.S.-China trade negotiations, continued easing by the Fed and a better than expected earnings season. That, in conjunction with positive seasonal trends, propelled the S&P 500 to rally to a new all-time high for the fourth time in five months, Adam reports.

The month ended positively for the S&P 500 (2.04%), Dow Jones Industrial Average (0.48%), NASDAQ (3.66%) and the Russell 2000 Index (2.57%).

	12/31/18 Close	10/31/19 Close	Change Year to Date	% Gain/Loss Year to Date
DJIA	23,327.46	27,046.23	+3,718.77	+15.94%
NASDAQ	6,635.28	8,292.36	+1,657.08	+24.97%
S&P 500	2,506.85	3,037.56	+530.71	+21.17%
MSCI EAFE	1,719.94	1,954.10	+234.16	+13.61%
Russell 2000	1,348.56	1,562.45	+213.89	+15.86%
Bloomberg Barclays Aggregate Bond	2,046.60	2,215.86	+169.26	+8.27%

Performance reflects price returns as of 4 p.m. ET on October 31, 2019

Should anything change, I'll be sure to keep you updated on anything that could affect your long-term financial plan. Thank you for your trust in me.

Sincerely,

Amy Smith Harper, CFP®
Financial Advisor, RJFS

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