



# Monthly Market Review

## U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 7.01% in October, making it the S&P's best month so far this year.
- Within the S&P, all 11 sectors posted positive returns. The Consumer Discretionary sector was the best performer of the month, returning 10.94%. Energy was the second-best sector, returning 10.36%. Telecom was the worst-performing sector, posting a return of 2.83%.
- By market capitalization, small-caps (Russell 2000) returned 4.25%, large-caps (Russell 1000 Index) returned 6.94%, and mid-caps (Russell Mid Cap Index) returned 5.94%. Growth stocks outperformed value stocks across all capitalizations.

## Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 2.39%. Developed markets, represented by the MSCI EAFE Index, returned 2.46%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 0.99% in October.
- Within the ACWI ex-U.S. Index, 10 out of 11 sectors posted positive returns. Consumer Discretionary was the best-performing sector, returning 4.62%, followed by Energy, returning 3.61%. Financials were the worst performer and negative outlier, returning -1.19%.
- Across world economies, Canada was the best performing region, returning 7.61%, while EM Latin America was the worst, returning -5.33%.

## Fixed Income

- In October, the yield curve steepened in the shorter 2-to-10-year space but flattened slightly overall, with 30-year rates falling. Meanwhile, rates shorter than two years remained relatively flat. The Bloomberg Barclays U.S. Aggregate Index (Aggregate) lost -0.03% in October. The 30-year treasuries rates fell 12 basis points (bps) during the month, while the 5- and 10-year both saw gains of 22 bps and seven bps, respectively, leading to the broad treasury index returning 0.03%.
- Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned -0.23%, AA-rated bonds returned 0.45%, A-rated bonds returned 0.18% and BBB-rated bonds returned 0.27%.
- Yields generally increased across the U.S. Treasury Yield curve during the month of October.

## Alternatives and Other Asset Classes

- Real estate investment trusts (REITs) represented by the FTSE NAREIT Index rose 7.60% in October. Performance was positive across all nine real estate sectors. Industrial Real Estate did the best, returning 14.77%. The worst-performing REIT sector of the month was Lodging and Resorts, which returned 0.94%.
- The active contract for West Texas Intermediate (WTI) crude rose to \$83.57/barrel in October from \$75.03/barrel at the end of September.

## Items to Watch

- Unemployment levels improved, with the U.S. economy adding 531,000 jobs in October. This is a sign that the broader economy is gaining momentum after being slowed by the late-summer COVID-19 surge. The unemployment rate dropped by 0.2% to 4.6% in October. While still elevated from its pre-pandemic low of 3.5% in February 2020, the rate is down significantly from January 2021, when it was 6.3%. Despite positive readings in payroll gains and the unemployment rate, the labor force participation rate remains at 61.6%, the same level as October 2020.
- As the COP26 summit continues in Glasgow, we are watching the announcements and agreements being made. The global goals made at the summit will have a tangible impact on the world economy. The announcement at the Glasgow Financial Alliance for Net Zero's current commitment of \$130 trillion in private equity with the goal of "transforming the economy for net zero." The establishment of the new International Sustainability Standards Board may mean changes in the world of finance in the near future as the impact of green investing ripples across all sectors.
- Current energy outlooks are nowhere near as rosy as those discussed at the COP26 summit. In Europe, gas and power prices have begun surging again after Russia delayed its promised increase in supplies. In the U.S., a similar shortage has brought gas prices to a 7-year high as OPEC+ declined to increase oil supplies above its schedule of 400,000 barrels per day. This has led to volatility in the energy markets. U.S. Energy Secretary, Jennifer Granholm, said the government is "looking at" releasing crude from the Strategic Petroleum Reserve (SPR). An emergency release from the SPR has only occurred three times in the almost 50 years of its existence.

### Total Return of Major Indices as of 10/31/21

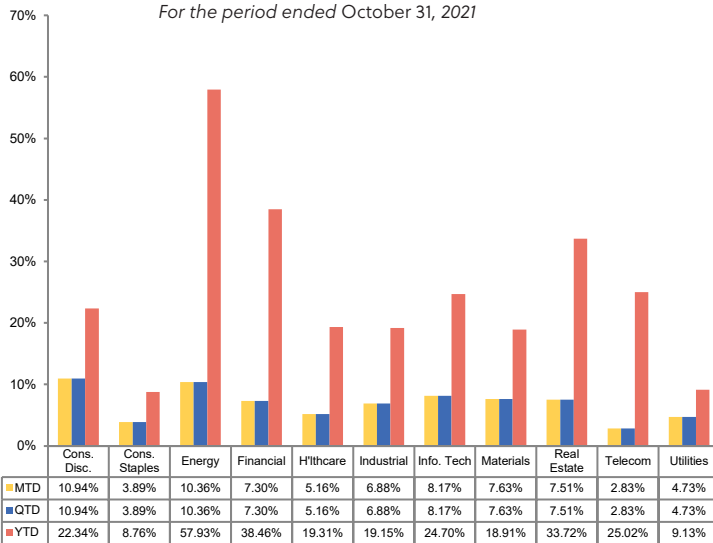
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	7.01%	7.01%	24.03%	42.89%
Russell 3000	6.76%	6.76%	22.76%	43.88%
Russell 2000	4.25%	4.25%	17.18%	50.77%
Russell 1000	6.94%	6.94%	23.17%	43.49%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	2.39%	2.39%	8.43%	29.66%
MSCI EAFE	2.46%	2.46%	11.01%	34.18%
MSCI Emerging Markets	0.99%	0.99%	-0.27%	16.96%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.03%	-0.03%	-1.58%	-0.48%
Bloomberg Barclays Global Agg	-0.24%	-0.24%	-4.29%	-1.24%
Bloomberg Barclays U.S. HY	-0.17%	-0.17%	4.35%	10.53%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	7.60%	7.60%	32.51%	51.80%
Bloomberg Commodity	2.58%	2.58%	32.42%	43.87%

### Economic Indicators

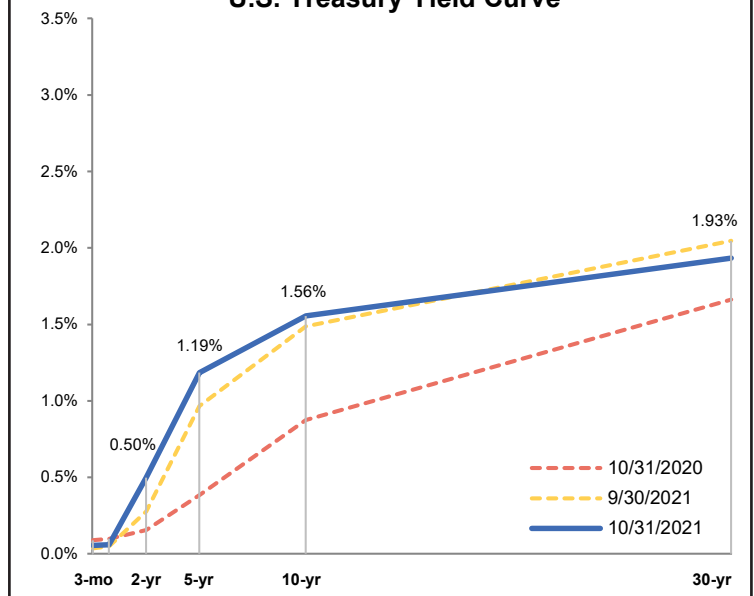
Domestic	Current	Previous Month
Unemployment Rate (%)	4.6%	4.8%
Initial Jobless Claims (4 week average)	284.8 K	299.8 K
CB Leading Economic Indicators	0.2	0.8
Capacity Utilization	75.2%	76.2%
GDP (annual growth rate)	2.0%	6.7%
University of Michigan Consumer Confidence	71.7	72.8
New Home Starts	800 K	702 K
Existing Home Sales	6.3 MM	5.9 MM
Retail Sales (YoY)	15.6%	16.5%
U.S. Durable Goods (MoM)	-0.3%	1.3%
Consumer Price Index (YoY)	5.4%	5.3%
Producer Price Index (MoM)	1.5%	1.0%
Developed International*	6/30/2021	3/31/2021
Market GDP (annual rate)	11.9%	0.2%
Market Unemployment	7.0%	7.3%

### Stock Market Sector Performance (S&P 500)

For the period ended October 31, 2021

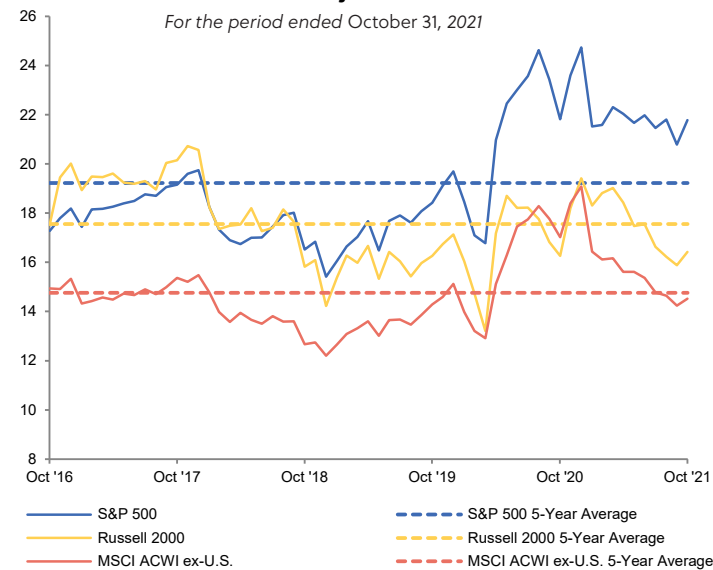


### U.S. Treasury Yield Curve



### P/E Ratios of Major Stock Indices\*\*

For the period ended October 31, 2021



Source: Bloomberg. Data as of October 31, 2021, unless otherwise noted.

\*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2021 due to release dates of numerous countries.

\*\*P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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