S&P Dow Jones Indices

A Division of S&P Global

U.S. Equities October 2018

KEY HIGHLIGHTS

- The S&P 500® was down 6.94% in October, bringing the YTD return to 1.43%.
- The Dow Jones Industrial Average® lost 5.07% for the month and was up 1.60% YTD.
- The S&P MidCap 400® was down 9.63% for the month and down 3.97% YTD.
- The S&P SmallCap 600® was down 10.54% in October and up 1.46% YTD.

Exhibit 1: Index Returns

INDEX	1-MONTH (%)	3-MONTH (%)	YTD (%)	1-YEAR (%)
S&P 500	-6.94	-3.71	1.43	5.30
Dow Jones Industrial Average	-5.07	-1.18	1.60	7.44
S&P MidCap 400	-9.63	-8.03	-3.97	-0.54
S&P SmallCap 600	-10.54	-9.43	1.46	4.16

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

MARKET SNAPSHOT

The nice way to put it was that the S&P 500, and the world, took a little off the top this month, but a USD 1.653 trillion loss for the index (current market value is USD 22.926 trillion) and USD 4.448 trillion for the world (USD 51.298 trillion) do seem to be more than a little. Alternatively, the headline news mostly put it that the sky was falling (not Sky PLC stock, which is being acquired for USD 38.8 billion by Comcast [CMCSA], with financing via a USD 32 billion loan, with some of it tied to the LIBOR), and that canned foods could be a good investment.

The cause of the rout, in retrospect, is still not known, but everyone has an opinion and view. President Trump blamed the Fed's rate increases, declaring that they have "gone crazy"; bond vigilantes said rates remained low but appeared to have bottomed out (meaning prices can only go down); economists said it was investor sentiment and trading, since the economy is on track and can handle slowly increasing interest rates and moderate growth; and strategists pointed to trade issues (China) and geopolitical changes (restrictive and nationalistic moves toward the right). Politics also got into the act, as some cited immigration or the mid-term election and painted an "us versus them" view as causing the market volatility (and decline).

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S&P Dow Jones Indices' Market Attributes® series provides market commentary highlighting developments across various asset classes.

However, the traders at the bar (at which attendance seemed light) said it was the market (after a few rounds with no one buying). They got lengthy (which is what happens at the bar), citing several fundamentals: (i) that the long bull market needed a cool-down period (it could turn 10 years old in March 2019), (ii) that buybacks were stopped, pending earnings (something about regulations not permitting activity during the announcement period, so they would return soon, along with their upward buying pressure), (iii) trade issues had come down to the main event, China, with many now seeing the China issue as not being just about trade, (iv) guidance, especially for technology issues, whose stock had been up the most (not to mention some social media issues and a Prime web-based retailer), was less than expected, and the number one item mentioned, (v) earnings. The result (according to the Street's view) was heavy selling (full trading was up 38% over September 2018 and up 22% over October 2017). While buyers appeared at times (bottom fishing), they seemed to have short pockets and were quickly outpaced by more selling, as they would retreat when selling came in (even if you want to bottom fish, it may be best to do so after the selling, at the lower price). The result was higher volatility, as 10 of the 23 trading days moved at least 1% (five up, five down), when there were no such moves in the prior three months, and there were two 3% declines; the last ones were in February 2018, when we had a correction (historically, 50 of the 320 S&P 500 declines of 3% or greater have been in October). For the month, the S&P 500 posted a broad 6.94% decline, the worst October since October 2008 (-16.94%) and the worst month since September 2011 (-7.18%).

As stated, the key issues from the Street appeared to be earnings and guidance. The glass for earnings was definitely more full; quarter-to-date, 68.3% of the issues had reported, with 76.0% of them beating estimates and 59.7% beating sales. The glass, however, was far from full, given that both earnings and sales were set to post new records, and the quality of the wine in the glass was far from a 1982 Lafite (one of my best investments; purchased, stored, and sold, with a little tasted). Specifically, a significant portion of year-over-year operating earnings gain appears to have come from lower taxes. While this is similar to the Q1 and Q2 results, the underlying organic growth has slowed, as gains from cost controls continue to be mentioned, along with the rising cost of materials and now the cost of the strong U.S. dollar. Sales growth (as well as sales guidance) has also been mixed, even as the overall Q3 actual level is headed for a record. Adding to the quality concerns is the guidance, which is increasingly (but still a minority) cautious on costs, trade, and selected consumer spending (with sales for technology issues the major trading point). The takeaway is that the Street expected a lot from Q3, and since it is all about expectations, even a record-setting quarter can be a disappointment. This reality (of lower growth) has shaken the equity markets (even though many had forecast it), as differing analyses and views filter down to positions (and portfolio reallocations). The immediate result is more volatility, with some imbalances in executions (recently more selling than buying; compared with the prior technology-buying spree) causing spikes and dips. For the short term, the market will need to trade through it, as more facts emerge (earnings, sales, specific projection, trade, etc.). The background concern is that while "professionals can handle the uncertainty" (based on over 40 years in the business, I don't think I would agree with that belief), individuals (via their self-administered retirement accounts, 401Ks, and holdings) may not be able to, and a flight to cash out with no corresponding buying could cause more declines, which could feed on itself.

Markets sharply declined for the month, as the October "curse" of downward volatility (since 1896, 16.3% of the days when the index fell at least 3% have been in October), and memories of the October 1987 declines (and October 1929, for the history buffs) played in the background. What ailed the markets included the newly added potential for economic slowdown (there was still growth for many, such as the U.S. and China, but it was slower), concern over the cost of materials and labor (as several large companies warned), as well as the continued unsettling trade issues (China), oil prices (more supply than demand), and immigration—which hasn't affected the markets at this point (but the concern became more prominent in the U.S. as the Nov. 6, 2018, election nears) and has played a role in European politics and polices.

Public events played on page one, as they appeared to affect public sentiment, but there was no impact on trading. Several U.S. public shootings classified as hate crimes drew heated debate over politics. Immigration policy and issues caused friction, as the U.S. Nov. 6, 2018, election drew close and a caravan of exiles crossed Mexico headed for the U.S.

Trade issues with China deteriorated, as national priorities and policies replaced economic issues. The FOMC toned down their view of the economy, as they saw slower growth, and Trump criticized the Fed and the Chair directly for increasing interest rates.

With 44.3% of the Q3 2018 buybacks reported, the reported issues were running a tick lower (-0.3%) than the Q2 2018 record pace and 16.6% above the Q3 2017 issues, as the quarter appears to have been busy, even if it does not set a record. Based on 65% of the EPS share counts reported, year-over-year share count reduction has picked up, with more issues having at least a 4% EPS tailwind boost (19.6% of the issues reported for Q3 2018 compared to 14.2% for all of Q3 2017).

Historically, October posts gains 57.8% of the time, with an average gain of 4.17% for the up months and a 4.66% average decrease for the down months, with an overall average gain of 0.49%. The forward November month posts gains 60.0% of the time, with an average gain of 3.93% for the up months and a 4.25% average decrease for the down months, with an overall average gain of 0.70%.

The S&P 500 closed at 2,711.74, down 6.94% (down 6.84% with dividends) from last month's 2,913.98 close, when it rose 0.43% (0.57%); for the three-month period, the index was down 3.71% (down 3.25% with dividends); year-to-date, the index was up 1.43% (3.01% with dividends), with the one-year period up 5.30% (7.35% with dividends) and up 26.74% (31.75%) from the Nov. 8, 2016, election's 2,139.56 close. The index posted an intraday correction (down over 10% from its high), but did not close off 10%. The index posted no new closing highs for the month and 19 year-to-date (last closing high on Sept. 20, 2018, at 2,930.75), with 62 for 2017 (second only to the 77 posted in 1995) and 89 from the election. The Dow® closed at 25,115.76, down 5.07% (down 4.98% with dividends) from last month's 26,458.31, when it was up 1.90% (1.97%), with the three-month return down 1.18% (-0.64%), and the year-to-date return up 1.60% (3.41% with dividends). The Dow posted no new highs, though it has 13 year-to-date (the record since 1896 is 71 set in 2017, coming 237 days after its high on Jan. 26, 2018, at 26,616.71); the index has posted 101 new highs since the election.

With 68.3% of Q3 2018 EPS reported, operating earnings are posting a 23.3% year-over-year gain, but are up only 3.0% over the Q2 2018 record; reported sales are up 10.0% year-over-year and up 1.4% over the record Q2 2018 sales. S&P 500 Q3 2018 dividends set a record payment of USD 115.7 billion, as the size of the average dividend increase continued to go up: Q3 2018 was 17.15%, Q2 2018 was 13.55%, and 2017 was 13.56%. The impact of General Electric's cut will start in Q1 2019. Bitcoin closed at USD 6,441, down from last month's USD 6,661, trading as high as USD 7,235 and as low as USD 6,172 (USD 13,850 at year-end 2017 and USD 968 at year-end 2016).

One-year, bottom-up target prices mostly held their ground as the S&P 500 declined, while analysts looked beyond October; the S&P 500 target price was 3,129 (15.4% from here; 3,184 last month), as The Dow was 29,173 (16.2% from here; 28,618 last month).

In earnings, with 68.3% of the Q3 issues reported, 76.0% of the issues beat estimates, and 59.6% beat on sales. The historically high beat rate, however, has disappointed investors, who have concerns over the quality of earnings. Specifically, the lack of increase in organic growth and sales, as lower tax rates and cost cutting are fueling the beats. At this point, the Street is calling for a third quarter operating earnings record, with a 3.08% gain over Q2 2018's record and a 23.3% year-over-year gain. For all of 2018, earnings are on track to post a 26.2% gain over 2017 (with taxes getting most of the credit), and 2019 estimates are pointing to a 12.1% gain over 2018. To date, 333 issues have reported, with 253 beating, 55 missing, and 25 meeting operating earnings expectations. Information technology led in beats, with an impressive 93.3; however, the quality of earnings and guidance is the concern. On the sales front, 197 of the 330 issues have beaten sales expectations, with the concern being forward growth. With 44.3% of the Q3 2018 buybacks reported, the reported issues were running a tick lower (-0.3%) than the Q2 2018 record pace and 16.6% above the Q3 2017 issues, as the quarter appears to have been busy, even if it does not set a record. Based on 68% of the EPS share counts reported, year-over-year share count reduction has picked up, with more issues having at least a 4% EPS tailwind boost (18.7% of the issues reported for Q3 2018, compared with 14.2% for all of Q3, 2017).

In dividends, the October 2018 cash dividend payment was USD 3.19 per share, an 11.36% gain over the October 2017 payment, while the year-to-date USD 42.74 was up 9.57% over the same period for 2017. Year-to-date, there were 315 dividend increases (297 for YTD October 2017), with only three decreases (one of the three, Wyndham Worldwide, was due to a spinoff, with the two dividends at the same level as the pre-spinoff rate; there were six decreases YTD in October 2017). I find no parallels in my index history to compare this to (my data starts in 2003). For October, the median dividend increase was 7.02%, down from 14.29% in September and 14.81% in August; the year-to-date median was 10.26%. The average increase for the month was 9.37% (last month was 14.58% and August was 16.59%). Year-to-date, the average increase was 14.08% (September was 14.45%), up from 2017's 11.36%. With the trailing 12-month payment (through October) up 8.72% year-over-year (9.57% YTD), 2018 is closing in on another annual payment record—its potential seventh in a row. Given the environment, availability of cash, increased income expectations, and the desire of companies to show shareholder return, the reappearance of a double-digit year-over-year actual cash payment gain now seems slight, as aggregates point to a 9% increase—still nice (especially given the tax advantages) and still a multiple of the wage growth rate. The General Electric dividend cut and write-down came with a cost: the USD 22 billion charge took the As Reported (GAAP) EPS down USD 2.46, from USD 37.54 to USD 35.08 (no impact on operating cost), and the dividend cut reduced the yield by 0.17%, from 2.056% to 2.039%.

Of note, oil continued up in early October, passing USD 76 to a four-year high, but it then turned down, ending the month at USD 65. Morningstar reported that net inflows to U.S. mutual funds and exchange-traded funds declined 46% for the nine-month period ending September 2018, to a net increase of USD 281.7 billion from USD 517.2 billion, as actively managed funds' net flows declined, with the flows to passively managed funds increasing. The U.S. federal debt increased to USD 779 billion in fiscal year 2018 (which ended Sept. 30, 2018), the largest since 2012. The current U.S. national debt is USD 21.5 trillion (the S&P 500 market value is USD 22.9 trillion). The U.S. Treasury said it expects to issue USD 425 billion in net debt in Q4 2018, bringing U.S. government borrowing to

USD 1.34 trillion in 2018, more than double the 2017 USD 546 billion rate. If all this doesn't add up for kids, the ACT college testing service said that only 40% of the 2018 high school graduating students were proficient to pass a freshman college class.

The U.S. F.B.I. conducted a brief investigation into allegations of improper sexual activities for Supreme Court nominee Brett Kavanaugh, with the U.S. Senate then approving the nomination and shifting the court's makeup to five considered conservative and four considered liberal (from the current four and four).

Trump asked his cabinet members to explore measures to achieve a 5% budget reduction. At a political rally in Nevada, he promised a new tax cut for the middle class soon. Trump also threatened to cut foreign aid if a migrant caravan (of an estimated 7,000 people) that originated in Honduras and was now in Mexico was not stopped before it got to the U.S. The U.S. military will deploy an additional 5,200 troops to the border area (up from the original estimate of 800 troops).

The U.S., Canada, and Mexico came to an agreement on the deadline, as the 1994 NAFTA (North American Free Trade Agreement) was renamed USMCA (U.S.-Mexico-Canada Agreement). The agreement is subject to congressional approval (expected in 2019 for the U.S., with the congressional makeup reflecting the November 2018 elections) and will take effect in 2020. Among the planned changes are higher U.S. production of auto parts and minimum hourly wages (USD 16; 30% of cars must come from factories in which workers average the minimum wage in 2020 and 40% in 2023; this will be more of a cost in Mexico). The impact on car prices was not as clear; most expected higher prices, with a split on U.S. jobs (due to the cost of U.S. production). The agreement also calls for a review after six years.

Chinese exports for September posted a record surplus of USD 34.1 billion with the U.S.; the year-to-date September surplus was USD 225.8 billion.

Fed chair Powell said the U.S. outlook was "remarkably positive" and that he expected low unemployment to continue, as the 10-year U.S. Treasury Bond reached 3.26%, the highest level since July 2011. The FOMC minutes (from its September meeting, where it increased interest rates) showed agreement on the strong economy, permitting gradual increases.

The Fed Beige Book changed their view on economic factors from "strong" to "modest-to-moderate," as consumer spending was referred to as modest, compared with the prior strong reference. The ECB left its rates and policy unchanged, as it affirmed its intent to exit QE in December, and it looked beyond the current Italian financial issues. The Bank of Japan left its interest rates unchanged (-0.1%), as it ruled out an interest rate increase in the short term.

Yields, rates, and commodities remained active. The 10-year U.S. Treasury Bond closed the month at 3.14%, up from last month's 3.06% (2.41% for year-end 2017 and 2.45% for year-end 2016). The pound closed down, at 1.2769 from 1.3034 (1.3498 for year-end 2017 and 1.2345 for year-end 2016), the euro was down to 1.1319 from last month's 1.1606 (1.2000, 1.0520), the yen closed at 112.91 from 113.69 (112.68, 117.00), and the yuan closed at 6.9758 from last month's 6.8689 (6.5030, 6.9448). Oil decreased to close at USD 64.96 from last month's USD 73.53 (USD 60.09 for year-end 2017 and USD 53.89 for year-end 2016). U.S. gasoline pump prices (EIA, all grades) decreased, closing the month at USD 2.896 from last month's USD 2.923 per gallon (USD 2.589, USD 2.364). Gold was up, closing at USD 1,217.10 from last month's USD 1,195.10 (USD 1,305.00 for year-end 2017 and USD 1,152.00 for year-end 2016). VIX closed at 21.23, trading as high as 28.84 and as low as 11.34, up from 12.12 last month (11.05 at year-end 2017 and 14.04 at year-end 2016).

INDEX REVIEW

S&P 500

The S&P 500 had a difficult time in October, which reflects its history, as concern over a slowing economy (earnings, housing, and consumer sales), raw material and labor costs, and global trade (China) all combined to produce the worst October (-6.94%) since 2008 (-16.94%) and the worst month since September 2011 (-7.18%). If there is a positive side to a month in which the S&P 500 lost USD 1.65 trillion, it was that the month ended on two strong up days (1.09% and 1.57%), and the index stayed positive year-to-date (1.43%, 3.01% with dividends), as most of the world did worse (non-US markets were down 8.48% in October and down 13.28% year-to-date). The higher trading (up 38% from September) and volatility (10 days of 1% moves, 5 up and 5 down, compared with none over the prior three months) were reflective of the news, as earnings and sales beat, but since so much more was expected, the record-setting Q3 results were a disappointment to some. Helping the down tone was some lower-than-expected guidance, with corporations citing costs and trade. Overall, in retrospect, the damage was manageable, as even on the two days when the index fell 3%, trading was not in a free fall; it was just an imbalance of selling, as buyers appeared to quickly pull out when sellers came in (even if you want to buy, letting the sellers briefly rule generally reduces the price of the shares you wish to buy). The overall Street take was that the market may have gotten ahead of itself in earnings, with the record levels now being attributed more to tax savings and less to organic growth; the result was some pullback and some reallocation of funds. The prediction of many was that the S&P 500 would need to feel its way up—if the sell-off produced a solid base (which appears to be case, since there was sufficient time and trades to get out). Earnings are expected to continue to set the tone in November, as retail starts to report (with its holiday guidance). Shorter term, the U.S. mid-term elections are on Nov. 6, 2018, with control of the House of Representative expected (by the Street) to change hands to the Democrats, with Republicans holding the Senate. Any sharp variance (larger control for the Democrats in the House or taking the Senate, or Republicans maintaining control of both Houses) to the Street's expectation will most likely create a quick reaction, similar to the November 2018 situation.

For the month, the index posted a broad 6.94% (off 6.84% with dividends), after posting a 0.43% (0.57% with dividends) September gain and 3.03% (3.26%) gain in August. For the three-month period, the index was off 3.71% (-3.25%), as the year-to-date remained positive, up 1.43% (3.01%), with a one-year return of 5.30% (7.35%) and the gain from the U.S. Nov. 6, 2018, election being 26.74% (31.75%). During the month, the index briefly traded in the correction territory of off 10% (from the September 20, 2018, high), though the last two days of trading saw buying (bottom-fishing) and fewer sellers and permitted it to stay positive year-to-date.

Volatility increased in October, as 10 of the 23 trading days moved at least 1%—5 up and 10 down, and two days produced 3% declines; there had been no 1% moves since June 25, 2018 (-1.37%). The monthly high/low spread significantly increased, moving up to 12.92% from September's 2.68%, August's 4.30%, and July's 5.52%, surpassing the recent high in February, at 11.97%, and was the largest since the 13.16% level of August 2015; the one-year average monthly spread was 6.33%, and the 10-year average was 6.85%. Trading volume increased 38% for the month, but adjusted for actual trading days (23 verses 18), it was up 14%; year-over-year, trading was up 22% (up 16% adjusted for trading days). Sector return variance also increased. For the month, the spread between the best (Consumer Staples, up 2.12%) and worst (Energy, off 11.33) sectors was 13.45%, up from September's 7.43%, August's 10.53%, and July's 6.25%; the one-year average was 10.44% (last month was 10.01%), and the YTD snapshot spread was 23.16% (25.05%).

For the month, 2 of the 11 sectors gained, down from 6 last month and 8 in August (all 11 were up in July), as short-term market sentiment also added to the drift downward (although there were buyers). Consumer Staples did the best, up 2.12%, as it posted its fifth consecutive month of gains, which came after four steep months of declines; the sector remains in the red year-to-date, off 3.53%. Utilities also did well, up 1.91%, as risk was on, and there may have been some dividends; the gain turned the group positive year-to-date, up 1.87% (beating the S&P 500's 1.43%). On the down side was Consumer Discretionary, which had one of the best track records this year, as it declined 11.33% on concerns of overspending and trade issues (cost of imports), with some signs of profit taking; year-to-date, the sector remained up 5.94%. Industrials posted a double-digit decline, off 10.86%, as several issues cited the cost of raw materials and the stronger dollar, and it gave less-than-expected guidance; the group was down 7.89% YTD. Health Care posted a 6.78% decline, pulling back from recent gains; the sector was up 7.36% YTD. Information Technology posted a deep 8.05% decline, as concern grew that the sector had moved up too fast. The pullback, however, still left the group up 9.90% YTD, the best of any sector.

Breadth was strongly negative, but there were gainers, as 103 issues gained (an average of 3.97% each), down from last month's 253 issues (and 315 in August). Four issues gained at least 10% in October (an average gain of 19.10%), down from 13 last month (and 41 in August). On the down side, 400 fell (an average loss of 10.13%), up from last month's 251 issues (and 189 in August), as 170 declined at least 10% (an average loss of 12.78%), up from 16 last month and 19 in August. Year-to-date, breadth turned negative, as 218 issues were up (and average of 17.75% each), down from last month's 297 (August was 304), with 97 (183) up at least 10% and 57 (98) of them up at least 25%; 287 (208) issues declined YTD (an average of 15.10% each), as 168 (97) were off at least 10% YTD, with 52 (25) of them down at least 25%.

The Dow

Given that The Dow did the best of any of the headline indices in October, as well as the three-month period and the year-to-date, you would think the holders would be buying a round. But they are just lined up, side-by-side, with all the other underperformers. To be fair, their lack of celebration is understandable, as that best-performing index produced a 5% decline for the month, meaning investors lost 1/20th of what they had (but S&P SmallCap 600 holders lost over 1/10th of what they had, via a 10.5% October decline).

For October, The Dow closed at 25,115.75, off 5.07% (4.98% with dividends) from last month's 26,458.31 close, when it was up 1.90% (1.97% with dividends), after August's 2.16% (2.56%). The Dow's loss outpaced the S&P 500's 6.94% loss, which beat the S&P MidCap 400's 9.63% decline, and it was less than half the younger S&P SmallCap 600's 10.54% decline (I guess Ronald Reagan was right—age and experience beat out youth and inexperience). For the three-month period, The Dow posted a slight 1.18% decline (less than one-half of the S&P 500's 3.71% decline), as it posted the best year-to-date gain, up 1.60% (not great, but positive and the best).

For the month, breadth turned strongly negative, as 9 of the 30 issues gained, with an average gain of 4.96%, down from 20 gainers last month and 21 the month before that. The 21 declining issues averaged an 8.01% loss, compared with last month's 10 and 9 in August; no issue moved than 10%. For the three-month period, breadth was positive; 16 issues posted an average of 7.69% each, down from 27 in both of the prior two months, as 6 (12 last month) were down at least 10% (average 13.33%), as 14 were down (average -13.33%), up from 3 in September (and August). Year-to-date, 19 issues gained (an average of 12.81%), the same as had gained in September (16 were up in August), as 11 were down (an average -12.67%), the same as were down in September. Nine issues were up at least 10% YTD, and two were down at least 10% YTD.

Issues continued to vary widely, as the spread between the best and worst issue was 33.09%, painting a picture of economic diversity and situations. Drug store chain Walgreens Boots Alliance (WBA), which was added to The Dow on June 26, 2018 (replacing General Electric), did the best, posting a 9.42% gain for the month, and it was up 9.85% YTD (although it remained a tick in the red from the U.S. Nov. 8, 2016, election, off 0.40%). Communication Services issue Verizon (VZ) added 6.94% and was up 7.86% YTD, with discount department store Wal-Mart (WMT) up 6.78%, as it broke into the black this month, up 1.55% YTD. On the down side was International Business Machines (IBM), which fell 23.66% and was off 24.76% YTD, as it paid a 63% premium for Red Hat (RHT; USD 33 billion in stock) in hopes of better synergies. Related, S&P Global Ratings downgraded IBM's credit rating to "A" from "A+", citing the deal. Earthmoving machinery issue Caterpillar (CAT) fell 20.44% as it gave lower-than-expected guidance, and it was off 22.23% YTD. Of note, fast-food franchiser McDonald's (MCD) posted a 5.74% gain, as it led The Dow from the Sept. 20, 2018, high, up 10.02%. Ethical drug issue Merck (MRK) added 3.76% and was up 30.82% YTD. Apple fell 3.05% for the month, which was mild for the recent high-flying issues, as it was up 29.33% YTD (second only to Merck).

S&P MidCap 400

The S&P MidCap 400 posted a broad 9.63% decline, after last month's 1.23% fall, which was after four months of gains (9.20%). It posted an 8.03% loss for the three-month period and a 3.97% YTD decline (the worst of the indices covered in this report). The one-year return turned negative, off 0.54%, though the two-year return was up 20.91%.

The index posted declines in all 11 sectors, compared with 5 gainers last month and 10 in August. Sector returns increased, and the spread between the best and worst group increased to 16.62% from last month's 7.99%, but they were still lower than August's 20.94%. The three-month spread increased to 33.23% from last month's 14.48%, with the year-to-date spread increasing to 31.69% from last month's 35.04% (but was down from August's 54.94%). Consumer Staples did the best (as it did in most indices), declining 0.08% for the month and off 0.01% YTD. Utilities, off 2.55% (up 2.63% YTD), and Communication Services, off 3.77% (off 3.16% YTD), also did well (relatively). Energy did the worst, off 16.70% for the month, though it remained positive year-to-date, up 0.16% but off 52.77% over the five-year period. Industrials dropped 13.15%, as it turned red year-to-date, off 9.95%, and Information Technology fell 10.58% and was up 1.22% YTD. Consumer Staples lost 9.31% and was off 10.02% YTD. Health Care fell 11.25%, but it was still up 18.93% YTD, the best sector in the index.

Breadth turned strongly negative for the month, as 45 issues gained (an average gain of 5.35%), down from 153 last month and 280 in August, while 352 issues were down (an average loss of 11.22%), up from last month's 243 and 117 in August. For October, 8 issues (18 last month) gained at least 10% (average 18.06%), as 186 (31) declined at least 10% (-16.41%). Year-to-date, breadth turned negative, with 147 (218) gaining (average 20.43%) and 245 (175) declining (-18.43%); 97 (141 last month) were up at least 10% and 170 (94) were down at least 10%.

S&P SmallCap 600

Last month's S&P SmallCap 600 decline of 3.32% had been seen as a reaction to the prior six months of gains (19.21%), as it continued to be one of the front runners, with hopes of a return to growth. This month, however, was anything but, as the index plunged 10.54%, with all 11 sectors in the red, on strong negative breadth. As concerns over growth in the economy and costs (from corporate guidance) grew, the rapid gains of many of the issues came under scrutiny, with the result being a combination of profit taking and straight selling, as there were few buyers trading to counter to sells. The double-digit decline turned the three-month return negative, to -9.43%, as the YTD return managed to stay positive, up 1.60%—which was also the best year-to-date of any of the headline indices presented here. Over the longer term, the decline cut into the index's lead, as the one-year return of 4.15% and five-year return of 50.96% were second to the S&P 500's 5.30% and 54.38%, respectively.

Breadth, which had turned negative last month, deepened, as all 11 sectors posted negative returns for October, down from 2 gainers last month (all 11 were up in July). Sector variance increased; the difference between the best and worst sector was 16.60%, up from last month's 12.19% and August's 13.92%. Consumer Staples did the best, posting a 2.23% October loss, but remaining up 7.28% YTD. Utilities also did better than most, as it declined 3.17% for the month and was down 0.02% YTD. Energy did the worst, off 18.83% for the month, as the year-to-date and one-year return turned negative, off 14.49% and down 7.58%, respectively. Materials fell 15.33% and turned negative year-to-date, off 10.52%. Health Care lost 12.79%, as there was some profit taking; the group remained up 24.49% YTD, the best of sector in any of the core indices.

For the month, breadth, which had turned negative in September, continued down, as 88% of the index declined. Specifically, 73 issues gained for the month (an average of 6.35% each), down from last month's 178 and the 393 gainers in August. On the down side, 530 issues fell, an average of 12.84% each, up from last month's 423 issues and August's 209. Gains of at least 10% were posted by 10 issues (18 last month and 141 in August), as 299 issues fell at least 10%, up from last month's 92 (and 59 in August). Year-to-date, breadth continued to decline and turned negative, as 266 issues were up (an average of 30.29% each), down from last month's 360 issues, as 335 issues fell (an average loss of 21.94%), up from last month's 251 issues. Year-to-date, 72% of the issues have moved at least 10%: 183 up (an average of 41.67% each) and 247 down (an average loss of 27.90%). Year-to-date changes of at least 25% were posted by 38% of the index, as 112 issues increased at least 25% (average of 57.44%) and 117 fell at least 25% (average of -40.16%). The large spread of between winner and losers, with so many extremes (25% or more), speaks to the diversity of small caps, as well as a changing business environment.

S&P Global BMI

For the month, global markets posted a consolidated 7.95% decline, after last month's flat (0.0036% gain) performance, as the U.S. declined 7.50% (up 0.93% last month), leaving the non-U.S. markets down 8.48%. Gong further out, the U.S. outperformance (small declines) is felt, as global markets posted a 7.31% decline over the three-month period, and absent the U.S.'s 4.46% loss, they were down 10.44%. Year-to-date, globals were down 6.14%, but absent the U.S.'s gain of 0.91%, they were off a double-digit 13.28%. For the one-year period, global markets were down 2.96%, but absent the

U.S.'s 4.63% gain they were down 10.62%. Longer-term yardsticks continued the pattern, as the two-year global return was 17.66% with the U.S. (27.33%) and 8.01% without it, and the three-year return was up 18.96%, but absent the U.S. (29.44%), it was up 8.48%. Economic issues were seen as key drivers this month, as concern over a slowdown intensified via predictions and company guidance. Trade issues and immigration also played a role, but more so in the background, as did concerns of U.S. profit taking, since the U.S. markets have outperformed global ones. There was early talk of bottom fishing for emerging markets, but it appeared to dissipate as the October damage became broad, with all markets falling.

The damage for October was significant, as the S&P Global BMI decreased USD 4,488 billion (up USD 266 billion last month) and was down USD 3,492 billion year-to-date. Non-U.S. markets fell USD 2,282 billion for the month, while U.S. markets fell USD 2,206 billion. The telling statistic for the year-to-date is that non-U.S. markets lost USD 3,436 billion, as the U.S. was down USD 55 billion. For October, global markets were down 7.95%, the worst month since the 10.11% fall in September 2011. Excluding the U.S.'s 7.50% decline, they were down 8.48%; for the three-month period, globals were down 7.31%, but excluding the U.S.'s 4.46% decline, they were down 10.44%; year-to-date, globals were down 6.14%, but excluding the U.S.'s 0.91% gain, they were down 13.28%. Emerging markets were down 7.69% for the month, off 7.31% for the three-month period, and off 13.28% YTD. Developed markets were down 7.98% for the month, down 7.73% for the three-month period, and down 4.82% YTD; excluding the U.S., they were down 8.68%, down 9.88%, and down 12.21%, respectively.

Sector variance increased, as all 11 sectors posted losses (6 were up last month, 4 in August, and all 11 were up in July), an event last seen in February 2018 (off 4.29% for February). The spread between the best (Utilities, down 1.20%) and worst (Industrials, off 10.65%) sectors for the month was 9.44%, up from last month's 6.18% and the prior month's 8.45%. Year-to-date, Health Care did the best, up 3.96%, and Materials did the worst, off 15.19%, resulting in a 19.15% spread (last month was a 19.14% spread).

Emerging markets fell 7.69% for the month, after September's 1.60% decline (August was down 3.78%), as the three-month return was -12.60%; September's was -3.35%, with the year-to-date return was down 17.22% (-10.32% last month). The one-year return was -13.97%, as the two-year period was up 4.26%, with the three-year return up 16.17%. For October, 2 of the 23 markets gained, down from 9 last month and 6 in August. Brazil did the best, up 18.32%, as it posted a relatively acceptable 0.43% YTD decline, while the other up market was Qatar, gaining 6.80% and up 22.10% YTD. Five markets posted double-digit declines; Mexico did the worst, off 17.79% (off 14.27% YTD), followed by Colombia, off 14.83% (off 14.75% YTD), and then Taiwan, off 12.64% and off 13.09% YTD.

Developed markets turned negative, as all 25 markets declined (10 were up last month, 6 in August, and 23 in July). For October, developed markets fell 7.98%, after September's 0.17% gain, and absent the U.S., developed markets were down 8.68% (up 0.38% absent the U.S. in September). For the three-month period, developed markets were down 6.73% and off 9.88% without the U.S.; the year-to-date return was -4.82%, and -12.21% excluding the U.S. Switzerland did the best, declining 4.33% for the month and down 6.83% YTD. Israel was next best, off 6.09% (up 2.95% YTD), followed by the UK, which fell 7.24% (off 12.51% YTD). Of the 25 markets, 6 declined over 10%, as Korea did the worst, off 15.76% (off 23.06% YTD), followed by Luxembourg, off 13.59% (off 11.60% YTD), and then Finland, which fell 11.03% (off 6.23% YTD). Of note was Germany's 8.75% October fall, leaving the country off 17.65% YTD.

PERFORMANCE RECAP

Exhibit 2: Monthly Returns

S&P 500	PRICE	1-MONTH (%)	3-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	FR 12/99 (%)
Energy	497.37	-11.33	-12.61	-6.76	-1.13	-0.94	133.81
Materials	328.69	-9.48	-12.20	-13.26	-11.09	15.48	105.48
Industrials	587.50	-10.86	-9.02	-7.89	-2.94	24.69	114.90
Consumer Discretionary	831.97	-11.33	-6.01	5.94	13.66	29.52	177.97
Consumer Staples	566.68	2.12	3.11	-3.53	3.68	10.63	172.38
Health Care	1026.70	-6.78	-0.16	7.36	9.42	24.45	214.19
Financials	435.85	-4.87	-6.04	-6.05	-1.20	34.53	35.47
Information Technology	1215.67	-8.05	-2.23	9.90	10.89	65.55	50.56
Communication Services	150.88	-6.02	0.86	-9.15	1.77	1.01	-53.26
Utilities	272.38	1.91	1.59	1.87	-2.50	22.62	91.23
Real Estate	198.36	-1.73	-2.73	-2.70	-1.09	4.98	-
S&P 500	2711.74	-6.94	-3.71	1.43	5.30	30.41	84.57
DOW JONES INDUSTRIAL AVERAGE	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**YTD (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**FR 12/99 (%)**
Dow Jones Industrial Average	25115.76	-5.07	-1.18	1.60	7.44	42.19	118.45
S&P MIDCAP 400	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**YTD (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**FR 12/99 (%)**
Energy	422.85	-16.70	-12.27	0.16	13.85	-18.67	140.99
Materials	440.63	-11.86	-14.87	-13.93	-11.61	31.66	297.07
Industrials	922.68	-13.15	-11.11	-9.95	-5.23	34.68	418.31
Consumer Discretionary	715.91	-9.31	-8.64	-10.02	-3.10	9.90	259.91
Consumer Staples	1726.67	-0.08	2.33	-0.01	6.07	7.82	891.11
Health Care	1881.52	-11.25	-5.42	17.76	18.93	58.84	963.52
Financials	912.22	-8.31	-10.42	-9.75	-6.17	26.50	175.72
Information Technology	2340.69	-10.58	-5.69	1.22	1.76	45.49	177.78
Communication Services	158.56	-3.77	18.35	7.50	-3.16	-38.98	-66.49
Utilities	541.73	-2.55	-1.91	2.63	0.00	34.95	291.09
Real Estate	218.85	-5.45	-5.98	-3.92	-1.61	-	-
S&P MidCap 400	1825.10	-9.63	-8.03	-3.97	-0.54	26.32	310.44
S&P SMALLCAP 600	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**YTD (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**FR 12/99 (%)**
Energy	480.37	-18.83	-23.47	-14.49	-7.58	-26.78	209.12
Materials	472.82	-14.73	-15.33	-10.52	-8.51	35.70	242.97
Industrials	1045.56	-13.28	-11.74	-1.25	2.33	39.67	422.94
Consumer Discretionary	569.81	-9.95	-6.52	1.86	11.62	25.66	320.43
Consumer Staples	1902.25	-2.23	-1.20	7.28	11.16	37.78	854.23
Health Care	2934.58	-12.79	-7.91	24.49	33.91	83.33	1520.96
Financials	1030.26	-7.59	-8.86	-0.71	0.20	35.57	251.73
Information Technology	656.06	-10.84	-10.41	-1.70	-7.26	45.52	139.90
Communication Services	3.36	-5.88	7.01	18.31	11.26	34.94	-95.43
Utilities	959.33	-3.17	-2.23	-0.02	-2.82	36.00	411.10
Real Estate	184.59	-5.42	-7.57	-9.25	-9.43	-	-
S&P SmallCap 600	949.96	-10.54	-9.43	1.46	4.16	37.80	380.29

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 3: Total Returns							
INDEX	1-MONTH (%)	3-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)
S&P 500	-6.84	-3.25	3.01	7.35	38.70	71.11	246.68
S&P MidCap 400	-9.55	-7.68	-2.77	1.02	32.54	53.05	275.02
S&P SmallCap 600	-10.48	-9.13	2.54	5.60	43.66	61.49	275.95
S&P Composite 1500	-7.13	-3.74	2.60	6.86	38.45	69.39	250.27
Dow Jones Industrial Average	-4.98	-0.64	3.41	9.87	53.06	82.33	249.64

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: S&P Global BMI, Emerging, Sorted by October Performance						
BMI MEMBER	1-MONTH (%)	3-MONTH	YTD (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Global	-7.95	-7.31	-6.14	-2.96	17.66	18.96
Global Ex-U.S.	-8.48	-10.44	-13.28	-10.62	8.01	8.48
Emerging	-7.69	-12.60	-17.22	-13.97	4.26	16.17
Brazil	18.32	10.61	-0.43	0.13	8.83	87.14
Qatar	6.80	6.69	22.10	28.44	4.78	8.29
U.A.E.	-0.49	-1.34	-2.91	-8.00	-0.45	4.54
Philippines	-0.78	-7.24	-21.71	-17.64	-13.11	-7.21
Peru	-1.60	-6.09	-1.12	0.09	35.18	89.06
Hungary	-2.70	-0.18	-15.74	-14.44	17.17	53.18
Turkey	-2.98	-17.68	-47.21	-44.40	-37.92	-39.13
Indonesia	-4.55	-6.78	-19.80	-15.16	-12.99	14.67
Russia	-5.20	-4.52	-3.47	0.07	16.75	35.20
Pakistan	-5.39	-11.03	-23.69	22.79	48.28	45.22
India	-6.38	-16.22	-20.07	-15.87	5.96	17.55
Malaysia	-7.00	-9.71	-11.75	-4.93	0.53	3.64
Czech Republic	-7.67	-9.65	-7.56	-3.00	19.09	18.08
Thailand	-7.73	-2.16	-7.92	-4.02	16.00	31.87
Egypt	-7.79	-13.28	-9.07	-5.50	-19.89	-6.31
Chile	-8.53	-13.77	-20.57	-18.46	6.41	32.89
Greece	-8.70	-19.12	-26.34	-18.67	4.72	-4.61
Poland	-9.84	-11.90	-22.34	-20.24	16.82	18.71
South Africa	-10.59	-21.53	-30.77	-18.00	-12.43	-4.77
China	-11.48	-16.69	-21.01	-18.41	10.04	11.87
Taiwan	-12.64	-13.53	-13.09	-13.45	6.19	21.37
Colombia	-14.48	-18.43	-14.75	-7.49	-5.98	19.73
Mexico	-17.79	-18.61	-14.27	-15.32	-16.10	-19.13

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 5: S&P Global BMI, Developed, Sorted by October Performance

BMI MEMBER	1-MONTH (%)	3-MONTH	YTD (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Developed	-7.98	-6.73	-4.82	-1.66	19.24	19.33
Developed Ex-U.S.	-8.68	-9.88	-12.21	-9.71	9.03	6.77
Switzerland	-4.33	-3.88	-6.83	-3.36	14.73	7.20
Israel	-6.09	-2.06	2.95	8.44	10.06	-5.58
United Kingdom	-7.24	-10.32	-12.51	-8.58	8.39	-5.22
United States	-7.50	-4.46	0.91	4.63	27.22	29.44
Spain	-7.60	-12.31	-16.01	-17.20	1.04	-6.98
Ireland	-7.74	-11.50	-13.57	-11.13	11.89	0.60
Netherlands	-7.75	-12.97	-11.85	-11.44	17.09	16.43
Australia	-8.13	-11.57	-12.62	-8.33	2.95	12.25
Norway	-8.23	-3.83	2.84	3.82	26.89	30.62
Canada	-8.24	-9.64	-11.75	-8.01	3.93	14.15
Japan	-8.72	-6.77	-9.25	-5.70	9.87	14.10
Germany	-8.75	-13.17	-17.65	-16.42	8.35	3.87
New Zealand	-8.80	-8.10	-7.25	-0.73	6.70	27.97
Portugal	-8.87	-14.16	-10.09	-9.53	9.86	6.64
Singapore	-9.26	-10.57	-15.81	-12.81	8.03	8.84
France	-9.30	-10.15	-9.29	-9.38	18.55	13.04
Austria	-9.47	-12.48	-13.92	-10.76	35.32	38.16
Sweden	-9.47	-8.38	-10.40	-12.80	10.04	2.99
Denmark	-10.15	-14.10	-14.52	-14.20	10.79	0.52
Italy	-10.72	-17.22	-18.32	-19.14	13.71	-10.15
Belgium	-10.95	-17.48	-21.35	-23.91	-11.32	-15.09
Hong Kong	-10.99	-14.45	-16.61	-12.80	-1.25	3.82
Finland	-11.03	-10.04	-6.23	-5.74	14.33	10.63
Luxembourg	-13.59	-14.70	-11.60	-4.97	6.93	19.88
Korea	-15.76	-13.50	-23.06	-19.91	6.27	9.79

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 6: Price-to-Earnings Ratios

INDEX	2015	2016	2017	ESTIMATED 2018
S&P 500	14.73	22.69	21.78	17.26
S&P 500 Consumer Discretionary	16.89	22.17	23.61	20.83
S&P 500 Consumer Staples	15.96	22.18	20.72	18.99
S&P 500 Energy	12.03	-38.97	37.42	17.23
S&P 500 Financials	13.46	16.83	16.39	12.57
S&P 500 Health Care	14.68	21.02	22.77	19.10
S&P 500 Industrials	14.76	19.49	19.40	15.63
S&P 500 Information Technology	14.19	22.20	24.03	18.26
S&P 500 Materials	16.20	38.50	19.13	14.40
S&P 500 Communication Services	43.21	14.02	14.82	12.79
S&P 500 Utilities	14.84	22.21	18.75	17.27
S&P 500 Real Estate	-	-	-	34.92
INDEX	**2015**	**2016**	**2017**	**ESTIMATED 2018**
S&P MidCap 400	18.71	30.41	23.37	17.77
S&P 400 Consumer Discretionary	18.19	20.80	16.88	14.51
S&P 400 Consumer Staples	16.80	23.84	23.47	20.35
S&P 400 Energy	22.82	-4.95	-264.28	236.23
S&P 400 Financials	18.61	25.05	17.61	12.59
S&P 400 Health Care	21.24	27.39	36.45	23.43
S&P 400 Industrials	15.55	21.56	20.20	16.59
S&P 400 Information Technology	23.60	40.03	31.36	22.18
S&P 400 Materials	17.93	28.08	16.04	11.42
S&P 400 Communication Services	34.07	13.29	-13.93	22.08
S&P 400 Utilities	15.52	23.42	20.70	20.84
S&P 400 Real Estate	-	-	-	24.29
INDEX	**2015**	**2016**	**2017**	**ESTIMATED 2018**
S&P SmallCap 600	22.04	42.43	30.46	21.02
S&P 600 Consumer Discretionary	21.45	23.16	23.71	15.53
S&P 600 Consumer Staples	18.26	20.41	29.81	24.90
S&P 600 Energy	77.57	-2.48	-23.43	265.40
S&P 600 Financials	20.10	26.37	19.16	14.14
S&P 600 Health Care	21.59	43.30	-640.74	52.59
S&P 600 Industrials	17.85	24.72	23.62	19.38
S&P 600 Information Technology	31.37	41.01	28.40	23.25
S&P 600 Materials	22.56	46.69	20.35	15.73
S&P 600 Communication Services	24.20	36.50	-	-336.00
S&P 600 Utilities	16.69	23.40	26.49	23.19
S&P 600 Real Estate	-	-	-	50.57

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 7: Operating EPS Changes

INDEX	Q4 2017 OVER Q4 2016 (%)	Q1 2018 OVER Q1 2017 (%)	Q2 2018 OVER Q2 2017 (%)	Q3 2018E OVER Q3 2017 (%)	Q4 2018E OVER Q4 2017 (%)	2017 OVER 2016 (%)	2018E OVER 2017 (%)
S&P 500	21.36	26.79	26.68	28.53	23.07	17.18	26.19
S&P 500 Consumer Discretionary	13.18	14.41	20.21	15.35	4.37	5.83	13.34
S&P 500 Consumer Staples	14.40	13.02	13.54	10.04	1.07	7.97	9.10
S&P 500 Energy	614.63	62.37	142.18	106.17	180.55	480.80	117.23
S&P 500 Financials	13.31	15.37	30.52	43.81	33.43	11.77	30.42
S&P 500 Health Care	10.66	15.49	6.03	21.02	34.50	6.24	19.23
S&P 500 Industrials	19.85	40.19	20.95	20.87	17.45	11.90	24.07
S&P 500 Information Technology	38.80	48.54	34.97	38.28	14.64	33.20	31.59
S&P 500 Materials	31.73	18.83	35.58	30.49	49.86	31.95	32.83
S&P 500 Communication Services	-23.62	32.96	39.29	-23.36	13.92	3.25	15.91
S&P 500 Utilities	27.50	18.67	14.05	4.29	-2.94	6.29	8.53
S&P 500 Real Estate	-	-	-	-9.62	-3.62	-	1.43
INDEX	**Q4 2017 OVER Q4 2016 (%)**	**Q1 2018 OVER Q1 2017 (%)**	**Q2 2018 OVER Q2 2017 (%)**	**Q3 2018E OVER Q3 2017 (%)**	**Q4 2018E OVER Q4 2017 (%)**	**2017 OVER 2016 (%)**	**2018E OVER 2017 (%)**
S&P MidCap 400	37.11	25.21	26.63	46.90	28.23	21.03	31.49
S&P 400 Consumer Discretionary	6.63	26.41	15.93	6.71	18.73	11.72	16.31
S&P 400 Consumer Staples	-0.66	40.17	14.83	-0.15	10.70	4.50	15.35
S&P 400 Energy	115.35	900.00	-376.50	112.71	-11.63	96.99	211.88
S&P 400 Financials	7.13	9.69	36.41	103.71	30.57	15.57	39.83
S&P 400 Health Care	16.00	15.97	142.24	29.30	64.88	3.43	55.58
S&P 400 Industrials	28.62	29.63	17.77	20.29	21.65	13.69	21.72
S&P 400 Information Technology	7.56	22.10	16.56	41.26	79.46	25.05	41.42
S&P 400 Materials	60.41	32.01	51.35	39.30	36.95	53.64	40.48
S&P 400 Communication Services	-324.44	183.04	141.84	157.14	192.67	-456.74	163.09
S&P 400 Utilities	10.38	10.62	14.54	-17.91	-4.77	7.47	-0.65
S&P 400 Real Estate	-	-	-	42.96	-15.83	-	23.76
INDEX	**Q4 2017 OVER Q4 2016 (%)**	**Q1 2018 OVER Q1 2017 (%)**	**Q2 2018 OVER Q2 2017 (%)**	**Q3 2018E OVER Q3 2017 (%)**	**Q4 2018E OVER Q4 2017 (%)**	**2017 OVER 2016 (%)**	**2018E OVER 2017 (%)**
S&P SmallCap 600	30.60	27.12	31.43	49.55	68.05	21.79	44.92
S&P 600 Consumer Discretionary	28.81	40.37	58.92	82.57	38.16	0.67	52.68
S&P 600 Consumer Staples	11.99	111.37	-21.97	-14.01	24.20	-16.14	19.73
S&P 600 Energy	73.61	101.76	-508.75	170.76	218.76	82.77	108.83
S&P 600 Financials	21.07	25.29	44.20	53.65	23.64	16.81	35.50
S&P 600 Health Care	-576.47	677.54	9276.92	19.52	293.28	-133.02	1318.34
S&P 600 Industrials	68.94	8.91	35.49	20.95	21.31	19.27	21.87
S&P 600 Information Technology	24.59	6.00	-0.92	27.71	47.08	36.28	22.16
S&P 600 Materials	47.40	11.17	32.68	39.76	34.01	21.74	29.30
S&P 600 Communication Services	-200.00	0.00	-300.00	-200.00	400.00	-100.00	-
S&P 600 Utilities	4.38	27.61	22.27	-23.11	9.51	1.51	14.25
S&P 600 Real Estate	-	-	-	6.67	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 8: Breadth of Change (Issues With Monthly Price Changes as Described by Type)

S&P 500

TYPE	OCTOBER 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	103	3.97	166	6.72	218	17.75
Down	400	-10.13	339	-11.49	287	-15.10
Up >= 10%	4	19.10	37	15.59	126	27.30
Down <= -10%	170	-16.38	177	-17.42	168	-22.52
Up >= 25%	1	25.95	2	28.06	57	38.84
Down <= -25%	7	-33.27	25	-30.13	52	-34.47
Up >= 50%	0	0.00	0	0.00	9	64.51
Down <= -50%	0	0.00	0	0.00	1	-54.79

S&P MIDCAP 400

TYPE	OCTOBER 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	45	5.35	87	8.85	147	20.43
Down	352	-11.22	310	-13.08	245	-18.56
Up >= 10%	8	18.06	29	18.91	97	28.60
Down <= -10%	186	-16.41	186	-18.31	170	-24.60
Up >= 25%	1	29.04	5	32.46	38	48.10
Down <= -25%	14	-30.36	36	-30.19	68	-35.78
Up >= 50%	0	0.00	0	0.00	14	72.44
Down <= -50%	1	-58.06	3	-54.43	9	-57.49

S&P SMALLCAP 600

TYPE	OCTOBER 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	73	6.35	149	11.06	266	30.29
Down	530	-12.84	452	-17.09	335	-21.94
Up >= 10%	10	22.93	54	23.69	183	41.67
Down <= -10%	299	-18.39	301	-23.04	247	-27.90
Up >= 25%	2	46.53	15	41.56	112	57.44
Down <= -25%	46	-32.62	95	-35.86	117	-40.16
Up >= 50%	1	66.19	4	63.54	48	86.82
Down <= -50%	2	-52.31	7	-62.73	24	-59.39

DOW JONES INDUSTRIAL AVERAGE

TYPE	OCTOBER 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	9	4.96	16	7.69	19	12.81
Down	21	-8.01	14	-8.62	11	-12.67
Up >= 10%	0	0.00	6	13.33	9	22.57
Down <= -10%	6	-16.32	6	-15.08	6	-18.93
Up >= 25%	0	0.00	0	0.00	2	30.07
Down <= -25%	0	0.00	0	0.00	0	0.00
Up >= 50%	0	0.00	0	0.00	0	0.00
Down <= -50%	0	0.00	0	0.00	0	0.00

Source: S&P Dow Jones Indices LLC. Data as of Oct. 31, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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