

## THE WEEK IN REVIEW

A heavy batch of corporate earnings results greeted investors this week, as 186 companies in the S&P 500 Index reported third quarter results over the last five days. On Wednesday, the S&P 500 and the Dow posted their largest one-day declines in more than seven weeks, driven by a string of disappointing earnings. Fast-casual burrito chain Chipotle Mexican Grill Inc. and chip maker Advanced Micro Devices Inc. were the two largest detractors. Chipotle fell 15.0% on the week after posting lower-than-expected earnings and disappointing sales growth trends on Tuesday. AMD beat expectations, yet management's uninspiring fourth quarter guidance caused shares to decline 14.3% this week. Earnings reports bounced back significantly on Thursday, led by three of the world's largest technology companies. Amazon.com Inc., Microsoft Corp, and Alphabet Inc. all surpassed profit expectations driving their stocks higher on Friday by 13.2%, 6.4%, and 4.3%, respectively. Apple Inc. shares were higher after the company announced pre-orders for the iPhone X were "off the charts." The tech-heavy Nasdaq composite rose to a record high on Friday driven by the strong results of these technology giants. The rise adds to a standout year for the tech sector; up roughly 34% this year, more than double the advance of the wider index.

The U.S. economy expanded at an annualized rate of 3.0% in the third quarter which was above forecasts; according to a Bloomberg survey, the median economists' projection was 2.6%. Despite the hit from hurricanes Harvey and Irma, the report indicated demand from consumers and businesses remained robust. The report was led by personal consumption which expanded at a 2.4% pace and by durable spending, up 8.3% for the quarter as hurricane replacement vehicles played a role. One of the few weaknesses for the quarter was a 6.0% contraction in residential investment. Nonresidential investment, on the other hand, rose by 3.9%.

U.S. consumers remained optimistic, as the University of Michigan's Consumer Sentiment index jumped to a mid-October reading of 100.7, its highest reading since 2004. Low unemployment and income gains boosted consumers' confidence, while low inflation helped their purchasing power. Jobless claims remained low for the week of October 21, coming in slightly below expectations at 233,000 compared to a consensus estimate of 235,000. Unemployment claims from hurricane-affected areas appeared to have leveled, excluding Puerto Rico where claims increased to 3,242.

New home sales surged 18.9% in September to a 667,000 annualized rate, offering hope that the housing market has regained speed after stalling in recent months. This was the largest monthly percentage gain in roughly 28 years and is the highest level since October 2007. New home sales, which are drawn from permits, are volatile on a month-to-month basis. The housing market has produced mixed results much of the year, amid shortages of homes available for sale, skilled labor, and land for use.

| ECONOMIC INDICATOR                    | LATEST | 3MO PRIOR | CHANGE |
|---------------------------------------|--------|-----------|--------|
| GDP (Annualized)                      | 3.0%   | 3.1%      | ▼      |
| U. of Mich. Consumer Sentiment        | 100.7  | 93.4      | ▲      |
| New Home Sales (Thousands Annualized) | 667    | 619       | ▲      |

| INDEX                 | LEVEL    | WEEK   | YTD    | 12 MO  |
|-----------------------|----------|--------|--------|--------|
| DJ Industrial Average | 23434.19 | 0.45%  | 18.58% | 28.97% |
| NASDAQ                | 6701.26  | 1.09%  | 24.49% | 28.48% |
| S&P 500 Large Cap     | 2581.07  | 0.23%  | 15.29% | 21.00% |
| MSCI EAFE             | 1992.11  | -0.28% | 18.30% | 19.49% |
| Barclays Aggregate US |          | -0.26% | 2.74%  | 0.52%  |

| KEY BOND RATES   | WEEK  | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill   | 1.09% | 1.05%   | 0.28%   |
| 10-Year Treasury | 2.41% | 2.31%   | 1.85%   |

| REPORTS DUE NEXT WEEK      | LATEST |
|----------------------------|--------|
| ISM Manufacturing Index    | 60.8   |
| Unemployment Rate          | 4.2%   |
| Jobless Claims (Thousands) | 233    |
| Core PCE price index (YoY) | 1.3%   |

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

Opinions herein are as of the publication date; and are subject to change without notice, they are not statements of facts and may include "forward-looking statements" which may or may not be accurate over the long term. The week is calculated beginning with Monday's market open. Report includes candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions. Statements, opinions or forecasts not guaranteed. Do not place undue reliance on forward-looking statements. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Indices and sector statistics are unmanaged and are a common measure of performance of their respective asset classes. Indices are not available for direct investment. Past performance is not indicative of future results. The value of investments and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal may occur. Investing for short periods may make losses more likely. Not a deposit, not FDIC insured, may lose value, not bank guaranteed, not insured by any federal government agency.