Global equity markets were mostly negative in October, despite better-than-anticipated third quarter U.S. corporate earnings. The Dow Jones Industrial Average dropped (0.79%) during the month, but is up 6.36% for the year. The S&P 500 Index lost (1.82%), but has added 5.87% in 2016. The NASDAQ Composite fell (2.31%) in October, lowering its year-to-date performance to 3.63%.

In U.S. economic news, the first reading of third quarter 2016 real GDP was reported as 2.9% annualized growth, up from the previous quarter’s growth rate of 1.4% and the fastest rate in two years. The improved GDP figure came even as consumer spending, which accounts for two-thirds of growth, slowed during the quarter. While there was no Federal Reserve meeting in October, futures markets are now estimating an above-75% chance that the Fed will increase rates during its final two meetings of 2016. The most recent S&P/Case-Shiller National Home Price Index report showed that on a month-over-month basis, home prices were up 0.54% in August, while on a year-over-year basis, prices were 5.31% higher than a year ago. Among commodities, WTI crude oil ended October at $47 a barrel, down slightly from $48 at the end of September. Gold closed the month at $1,272 per troy ounce, down from September’s month-end price of $1,313.

Value-style equities outperformed growth-style equities across all capitalizations in October, but both styles were negative for the month. Among large cap stocks, the Russell 1000 Value Index dipped (1.55%) during the month, but is up 8.29% for the year, while the Russell 1000 Growth Index lost (2.35%), but has appreciated 3.51% year-to-date. In small cap stocks, the Russell 2000 Value Index fell (3.29%), but has added 11.69% this year, while the Russell 2000 Growth Index dropped (6.21%), but has risen 0.80% year-to-date. The Russell Midcap Index closed the month down (3.17%), leaving it with a gain of 6.76% so far in 2016.

International equity markets were mostly negative in October. The MSCI EAFE Index ended the month off (2.05%) and has lost (0.35%) for the year. The MSCI Europe Index fell (3.26%) during October and is down (3.26%) for the year. The European Central Bank elected to keep its interest rates and stimulus program unchanged during the month. The MSCI Pacific Index gained 0.16% and is up 5.43% year-to-date. The MSCI Emerging Markets Index added 0.24% in October, led by double-digit performance in Brazil’s equity market. The EM Index has risen 16.30% so far in 2016.

U.S. fixed income markets were mostly negative for the third straight month in October, as uncertainty about the upcoming Presidential election, inflation, and a possible Fed interest rate increase spooked investors. The yield on the 10-Year Treasury closed the month at 1.83%, above September’s closing yield of 1.60%. The Barclays U.S. Aggregate Bond Index fell (0.76%), but has added 4.99% year-to-date. The Barclays U.S. Treasury Index lost (1.10%) during October, but is up 3.92% in 2016. The Barclays Treasury 20+ Year Index dropped (4.30%), but has gained 10.51% year-to-date. The Barclays Corporate High Yield Index was positive for the month, up 0.39%, lifting its year-to-date return to 15.56%.

October was a difficult month for both equity and fixed income investors. November should provide some clues to investors on the direction of markets, as the contentious U.S. Presidential election will be decided during the month, and another Federal Reserve meeting may provide insight into possible interest rate moves.