



**Market Update (10/16/20):** After a strong showing through the first two months of the quarter, September lived up to its reputation as one of the worst months for stocks as the Nasdaq was down more than 5% while the S&P 500 lost just under 4% for the month. Despite September's pullback, each of the major US indices finished the quarter with gains north of 7% with the Nasdaq leading the way with a gain of just over 11%.

International equities also finished the third quarter in positive territory as the MSCI EAFE Index gained a little over 4%, while the MSCI Emerging Markets was up nearly 9%. Both indices remain in the red year-to-date, however.

Gold, which had been in a strong uptrend over the last few months, reached an all-time high above \$2,000 per ounce in early August before weakening and falling back below \$1,900. The story for silver was similar as it reached its highest level since 2013 before also losing steam. Stalled stimulus negotiations and a recently strengthening US dollar have been headwinds for precious metals and other real assets.

As we begin October and the final quarter of the year, US equities appear to be at something of a crossroads. Will stocks resume their upward march after stumbling in September or after posting five straight months of gains from April through August, will the market take a breather? Many investors have a love-hate relationship with October, which has historically been an unpredictable period for the market. Some of the more notorious meltdowns of the S&P 500 have occurred, or at least escalated, in October; including 1978 (-9%), 1987 (-22%) and 2008 (-17%) and several of the largest one-day market declines, including Black Monday (1987) and Black Tuesday (1929), happened in October. Still, the S&P has had more double-digit gains in October than it has double-digit losses since 1950. In fact, October is often referred to as the "bear killer," as its end ushers in the beginning of the "seasonally-strong" six months of the year, which stretches from November through April. This year October also has the added uncertainty of the upcoming election.

Although the market faces uncertainty ahead, there is cause for optimism as we begin the final stretch of the year. In August, US equities returned to the top of the relative strength rankings for the first time since March and has retained that position despite the late-quarter volatility.

As always, we continue to closely monitor your portfolio and stand ready to take appropriate action should the current market landscape shift. If you would like to become more familiar with my investment process and the tools I use to identify market leadership across and within asset classes, please don't hesitate to contact to me.

Please contact us to learn more about rules-based disciplined investing and how it can help your clients. The Bluegrass Asset Management team can be reached at 502-429-0196, ask for John Casconi, Rodger McAlister or Jennifer Grilliot.