Macroeconomic Overview

U.S. Markets

The past trading week was very active in the markets, with the S&P 500 recording its largest weekly gain of the year. The index finished the week at 2,014.89, a 3.3% increase over the week. Meanwhile, the Dow Jones Industrial Average closed at 17,084.49, up 0.2% for the day and 3.27% for the week, and the NASDAQ Composite finished the week at 4,830.47, up 2.61% over the past 5 days. Small cap stocks, as measured by the Russell 2000 Index, slightly outperformed large caps with a weekly gain of 4.60% at 1,165.36. Out of those indices, only the NASDAQ Composite has gained year-to-date, with a modest increase of just under 2%. The past week was also characterized by a drastic decrease in volatility, as measured by the VIX index, which dropped 18.43% to 17.08 and reached a level not seen since August 19. This marked the ninth consecutive day of decline for the common fear gauge, its longest declining streak in four years. Gold and silver rallied 2.02% and 3.45% respectively over the week, and crude oil gained almost 9% at $49.63/bbl, after briefly crossing the $50 threshold not seen since mid-July. Minutes of the September FOMC meeting were released on Thursday, and even though they showed that Fed officials are still feeling quite confident about the economy, the tone seemed cautious as the outlook for global growth slows down. Traders now see a 39% chance for a rate hike by the end of the year, as opposed to 45% the day before the minutes were released. The economic calendar was fairly light for the past week, and the few releases did not seem to put a dent in a mostly technical rally in the markets. The week also kicked off third quarter earnings season, with a rather disappointing report by Alcoa sending its shares tumbling 6.81% to $10.26. Next week, 37 S&P 500 companies are expected to report earnings, including Johnson & Johnson, Intel, Bank of America and General Electric. Several economic reports are expected during the coming week, with the publication of September retail sales and Producer Price Index - Final Demand (PPI-FD), as well as August Business Inventories, all due on Wednesday. On Thursday, the New York Fed will release its Empire State Manufacturing Survey before the markets open at 8:30, and the EIA will release its weekly petroleum report at 10:00. On Friday, the Federal Reserve will release its September Industrial Production report at 9:15, followed by the Department of Labor's JOLTS report at 10:00.

Index	Weekly % Change	YTD % Change
S&P 500	+3.3%	-2.14%
Dow Jones Industrial	+3.27%	-4.13%
NASDAQ Composite	+2.61%	+1.99%
Russell 2000	+4.60%	-3.27%
VIX	-18.43%	-11.03%

International Markets

International markets also experienced a strong rally during the past week, with the Bloomberg European 500 and Stoxx Europe 600 indices posting gains of 4.08% and 2.51% respectively. The outlook for Europe remains positive, with Mario Draghi declaring on Saturday that he was satisfied with the effects of the monetary stimulus, and that he was confident the Eurozone would reach the inflation target of 2% set by the ECB. The MSCI EAFE index gained 5.44% to close at 1,759.7, and the MSCI Emerging Markets closed up 6.87% at 859.32. Chinese markets reopened on Thursday after a weeklong national holiday, and investors were eager to push the Shanghai Composite up 4.27% to 3,183.15, and the Shenzhen Composite index up 5.52% to 1,811.63.