

October Market Update

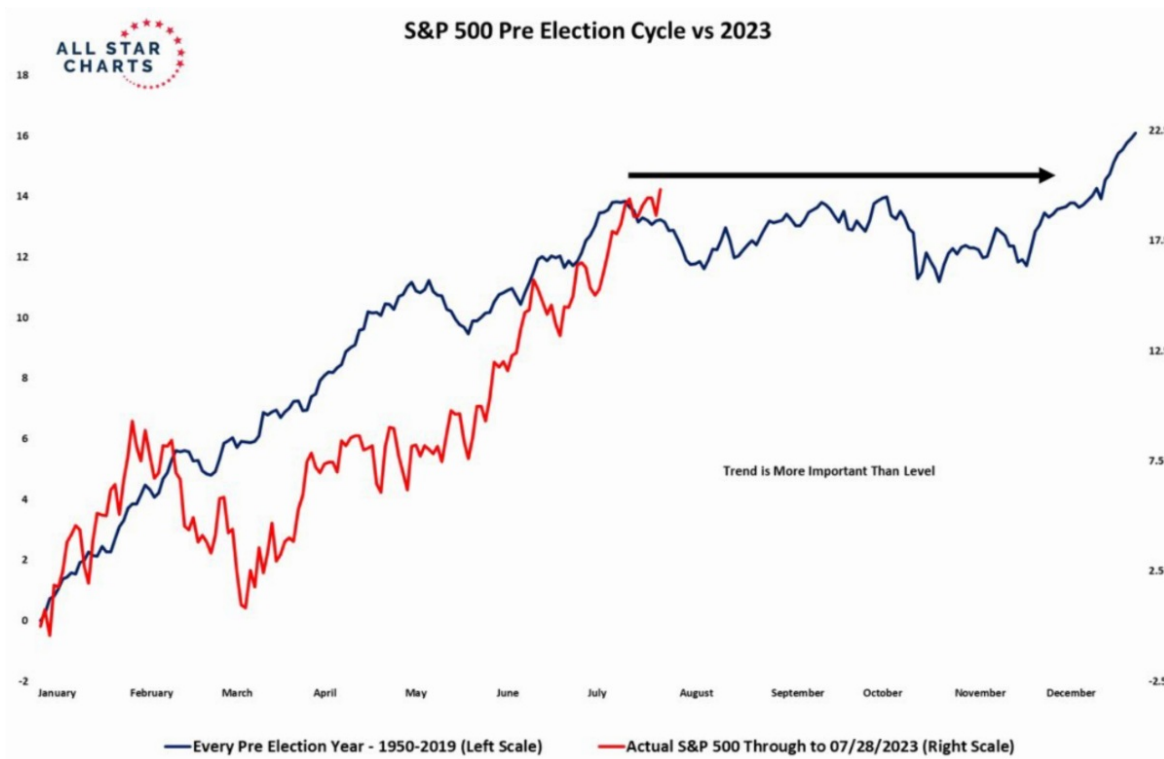
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Market Update

Stocks followed their average seasonal tendencies for September and had their worst month of the year so far. Below are the September returns for the popular benchmarks that investors track (Data provided by Y-Charts & Commonwealth Financial Network):

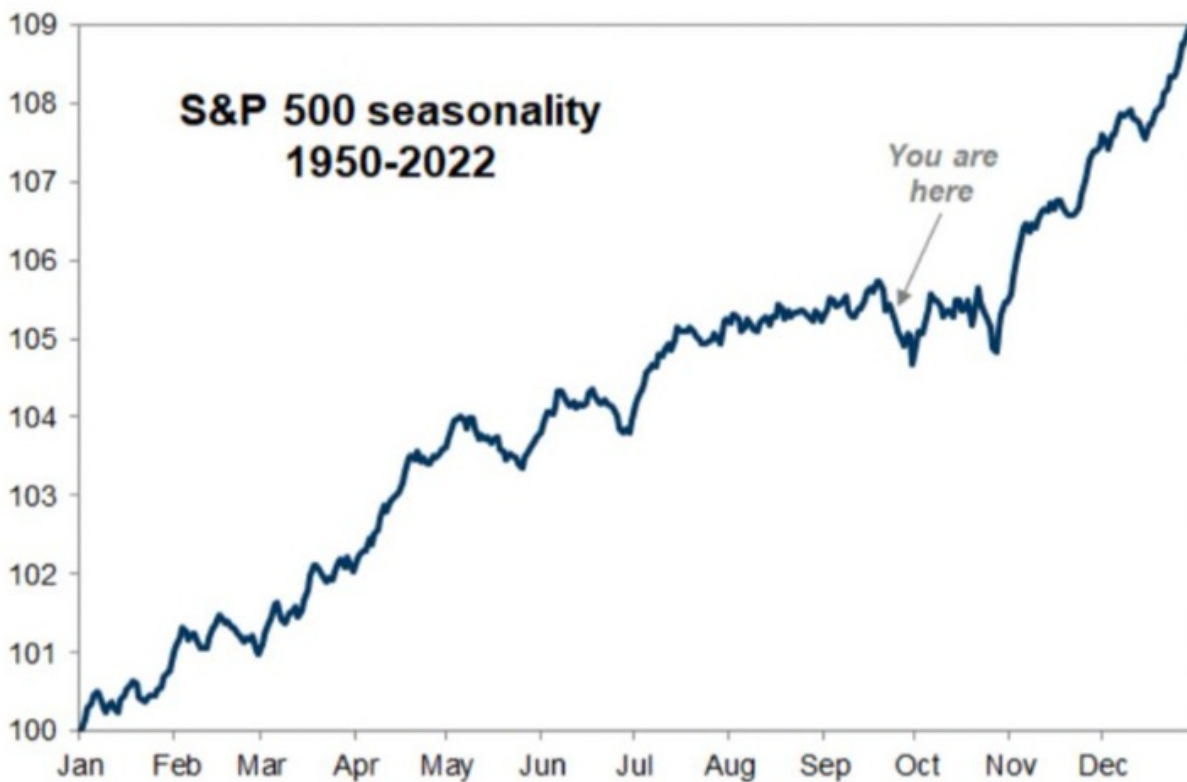
- S&P 500 Index: **-5.04%**
- Dow Jones Industrial Average: **-3.82%**
- Nasdaq Composite Index: **-5.79%**
- Russell 2000 Index: **-7.39%**
- S&P Target Moderate Risk Index: **-3.08%**

As we have discussed before, September tends to be the weakest month of the year for stocks, so we were not surprised to see stocks pull back. However, some of the year's strongest months are just around the corner. Below are some charts that show average historical returns for this time of year.





Source: Dow Jones Market Data (via the Wall Street Journal)



Source: The Irrelevant Investor

Pre-Election Year October since 1950

	Rank	Avg %	Up	Down
DJIA	10	-0.4	10	8
S&P 500	10	0.2	10	8
NASDAQ*	10	0.3	8	5
Russell 1K**	9	0.4	7	4
Russell 2K**	12	-1.5	7	4

* Since 1971, ** Since 1979

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With 2023 being a pre-election year, we should expect a relatively muted October if we use history as our guide. It would not surprise us to make little progress this month before gearing up for the Santa Claus rally at the end of the year.

The current event garnering most of the news headlines at the end of September was the possibility of a government shutdown that would have begun this month if Congress had not agreed on spending packages. However, a temporary funding bill was signed last weekend to keep the government funded until November 17th. There is still a chance that we see a shutdown before the end of the year if Congress cannot agree to a longer-term funding bill before November 17th.

One would assume that a government shutdown would be bad for the stock market. However, on average, the market sought small gains during the shutdown. Below are prior government shutdowns that highlight how long they lasted, the performance of the S&P 500 during the shutdown, and the performance of the S&P 500 12 months after the shutdown ended.

Stocks Tend to Ignore Government Shutdowns

S&P 500 Performance During Government Shutdowns

Start Date	End Date	Length (Days)	S&P 500 % Return During Shutdown	S&P 500 % Return 12-Months After Shutdown Ends	President	Senate	House
9/30/1976	10/11/1976	12	-3.5%	-6.6%	Ford	Democrat	Democrat
9/30/1977	10/13/1977	14	-2.5%	12.0%	Carter	Democrat	Democrat
10/31/1977	11/9/1977	10	0.4%	1.5%	Carter	Democrat	Democrat
11/30/1977	12/9/1977	10	-1.0%	3.2%	Carter	Democrat	Democrat
9/30/1978	10/18/1978	19	-2.0%	3.1%	Carter	Democrat	Democrat
9/30/1979	10/12/1979	13	-4.4%	24.7%	Carter	Democrat	Democrat
5/1/1980	5/1/1980	1	-0.8%	25.8%	Carter	Democrat	Democrat
11/20/1981	11/23/1981	4	0.7%	9.3%	Reagan	Republican	Democrat
9/30/1982	10/2/1982	3	0.3%	36.2%	Reagan	Republican	Democrat
12/17/1982	12/21/1982	5	2.4%	18.0%	Reagan	Republican	Democrat
11/10/1983	11/14/1983	5	1.6%	-0.4%	Reagan	Republican	Democrat
9/30/1984	10/3/1984	4	-2.2%	13.5%	Reagan	Republican	Democrat
10/3/1984	10/5/1984	3	-0.8%	12.6%	Reagan	Republican	Democrat
10/18/1986	10/18/1986	3	0.0%	18.4%	Reagan	Republican	Democrat
12/18/1987	12/20/1987	3	2.5%	11.9%	Reagan	Democrat	Democrat
10/5/1990	10/9/1990	5	-2.1%	23.2%	G.H. W. Bush	Democrat	Democrat
11/13/1995	11/19/1995	7	1.2%	22.8%	Clinton	Republican	Republican
12/15/1995	1/6/1996	23	0.0%	21.3%	Clinton	Republican	Republican
10/1/2013	10/17/2013	17	3.1%	8.9%	Obama	Democrat	Republican
1/20/2018	1/22/2018	3	0.8%	-7.1%	Trump	Republican	Republican
2/9/2018	2/9/2018	1	1.5%	3.4%	Trump	Republican	Republican
12/22/2018	1/25/2019	35	10.3%	23.7%	Trump	Republican	Republican
Average		9.1	0.3%	12.7%			
Median		5.0	0.1%	12.3%			
% Higher			54.5%	86.4%			

Source: Carson Investment Research, FactSet 09/20/2023
@ryandietrick



Earnings season kicks off in a couple of weeks when publicly traded companies will report their Q3 2023 numbers. We believe that earnings results will be stronger than estimates and will help kick-start the market rally into year-end.

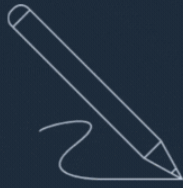
As always, don't hesitate to reach out to our team with any questions you may have.

Regards,
Mark McEvily

Chief Investment Officer

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Meet the Writer: Taylor Ledbetter

Taylor joined the Jessup Wealth Management team in July 2020 as a financial planning intern. In 2021, she graduated from Wright State University with a double Bachelor's Degree in Financial Services and Accounting. Taylor served as a board member of Wright State's Financial Club. Taylor spent time in New York, which allowed her to experience the Stock Exchange, Bloomberg and Market Axess.

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