RockCreek

AFTERNOON | MARKET UPDATE

GLOBAL MARKET SNAPSHOT

Equity Markets:

Chinese shares led on Friday as the government took steps to prop up the market. The Shanghai Composite fell -1.5% in early trading following a weaker than expected GDP print, but shares rallied as much as 4.2% off those lows in response to a medley of stimulus measures. Global markets were otherwise mixed on the session. In the U.S., S&P 500 finished marginally lower after trading up as much as 1.0%. As reflected by the DJIA, large cap value outperformed, while high momentum and volatile small caps lagged. Sector performance reflected this defensive shift with consumer staples 2.3% and utilities 1.6% leading, while health care -1.0% and consumer discretionary -0.9% lagged. According to FactSet, with 17% of S&P 500 companies having reported Q3 earnings, 80% have beat EPS estimates, but the magnitude of beats (0.5%) has so far been below average. Nearly one-third of S&P 500 and DJIA constituents will be reporting next week with the market looking for hints that EPS growth rates may have peaked in Q2.

Developed	1-Day Return	MTD Return	YTD Return	Emerging	1-Day Return	MTD Return	YTD Return
DJIA	0.3%	3.7%	4.8%	Mexico IPC	0.9%	4.2%	-2.4%
S&P 500	0.0%	4.9%	5.1%	Bovespa	0.4%	6.1%	10.2%
Nasdaq	-0.5%	7.4%	8.8%	Chile IPSA	0.0%	3.1%	-8.0%
Russell 2000	-1.2%	9.1%	1.4%	Colombia IGBC	0.0%	0.5%	11.5%
EuroStoxx 50	0.0%	5.5%	-5.4%	Warsaw WIG	0.1%	4.0%	11.1%
DAX	-0.3%	5.7%	10.6%	MICEX	-1.4%	4.6%	17.2%
CAC	-0.6%	7.4%	-1.6%	JSE Africa	-0.1%	6.3%	-9.8%
FTSE 100	0.3%	5.9%	-5.0%	Borsa Istanbul	-1.0%	3.5%	13.2%
FTSE MIB	0.0%	7.9%	10.3%				
IBEX	0.0%	5.0%	-8.7%	Hang Seng	0.4%	7.9%	11.7%
PSI (Portugal)	-0.7%	6.2%	-3.0%	Shanghai Comp	2.6%	9.6%	21.0%
ASE	-1.1%	9.6%	20.9%	KOSPI	0.4%	8.0%	12.3%
				Sensex	-1.3%	5.3%	1.8%
Nikkei	-0.6%	6.6%	0.6%	Jakarta Comp	-0.1%	2.3%	-6.2%
ASX 300	-0.1%	4.3%	2.4%	Thai SET	-0.9%	4.9%	-2.2%

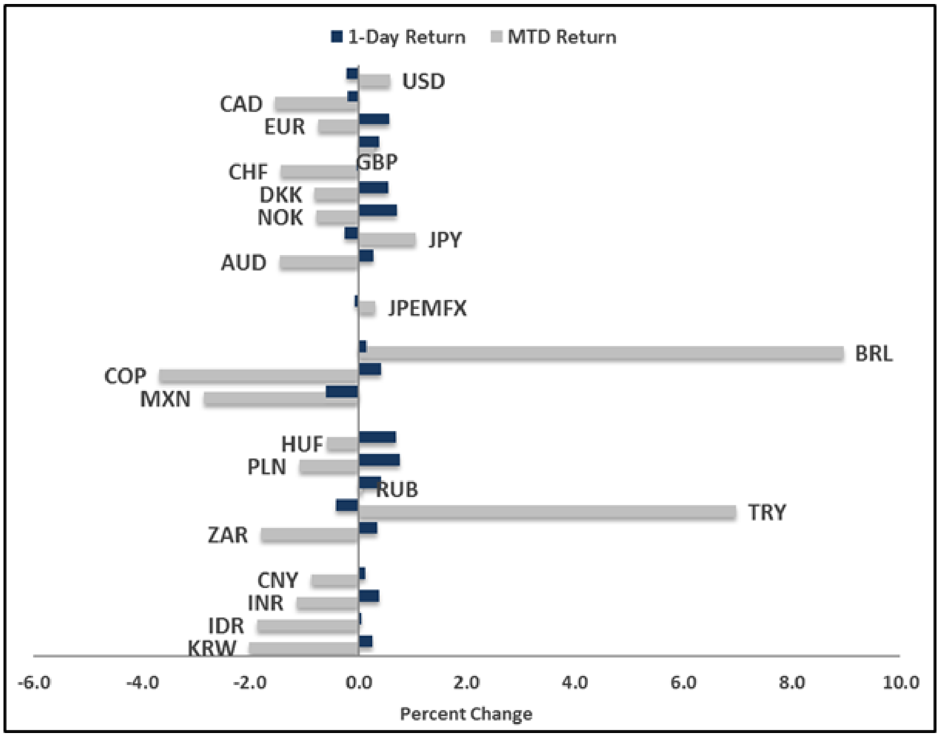
Bond Markets:

Italian debt rallied, reversing early losses, as the E.U. softened its stance on the Italian budget situation. After the close, Moody's downgraded the country's debt by one notch to Baa3 while upgrading its outlook to stable from negative. The advance in Italy did little to support its neighbors as Spain and France saw its yields continue to rise, particularly in the short-end.

Bond	Yield (%)	Δ 1-Day (bps)	Δ MTD (bps)	Δ YTD (bps)
UST 2yr	2.90	3	8	102
UST 5yr	3.04	2	9	84
UST 10yr	3.19	1	13	78
UST 30yr	3.37	1	17	64
UK 10 yr	1.57	4	0	39
GER 10 yr	0.46	4	-1	4
FRF 10yr	0.84	4	3	6
ITL 10yr	3.48	-20	34	147
ESP 10yr	1.73	0	23	17
PTE 10yr	2.01	-1	14	11
JPY 10yr	0.14	0	2	10

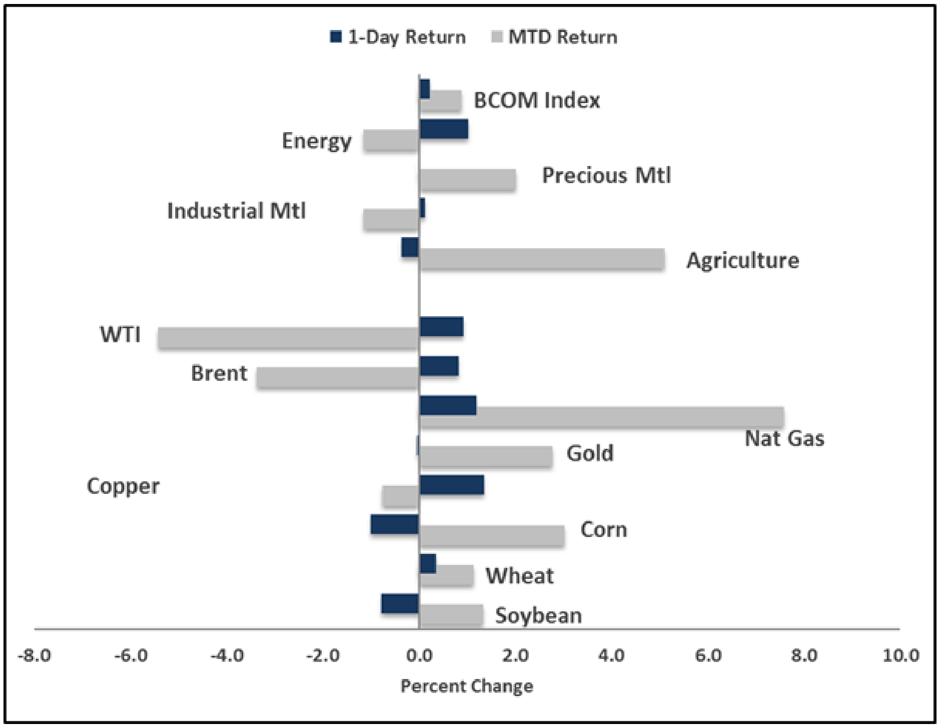
Currency Markets:

The U.S. dollar weakened -0.3% on Friday. New Zealand dollar 0.8% paced the G10 as the China stimulus chatter supported Asia-Pac currencies more broadly. Canadian dollar -0.1% lagged other commodity currencies on a weaker than expected CPI print. Mexican peso -0.7% finished off its worst week in five months as the U.S. threatens to shut the boarder to deter migrants from Central America.



Commodity Markets:

The Bloomberg Commodity Index gained 0.2% on higher energy prices. Crude oil and natural gas each gained about 1.0% on Friday.



MACRO OVERVIEW

Chinese economic growth slowed to 6.5% year-over-year during the third quarter, down from 6.7% in the second quarter and falling shy of expectations of a 6.6% rate. While the slowing pace of growth in China isn't news, it adds to data from earlier in the week that showed credit growth weakening to its lowest level since 2005.

Existing home sales in the U.S. declined in September, down -3.4% month-over-month, according to a report from the National Association of Realtors. Expectations were for a -0.7% decline. This is the sixth consecutive month of declines and follows several weak indicators for the sector – e.g., pending home sales, mortgage applications, sentiment. According to the NAR's chief economist, "This is the lowest existing home sales level since November 2015," he said. "A decade's high mortgage rates are preventing consumers from making quick decisions on home purchases. All the while, affordable home listings remain low, continuing to spur underperforming sales activity across the country."