Market Index	October Change	Year-to-Date
Standard & Poor's 500	-1.9%	17.0%
Dow Jones Industrial Average	0.1%	13.7%
Russell 2000 (small company)	-6.8%	14.1%
MSCI EAFE (international)	-1.3%	27.4%
Barclays Intermediate Gov/Credit Index	0.4%	5.4%
3 Month Treasury Bill	0.0%	0.2%

Third quarter earnings season exceeded expectations by the widest margin on record, but the market did not seem to care.

Roughly two-thirds of the S&P 500 companies have reported third quarter earnings, with a surprisingly high 80% exceeding the consensus forecasts. According to Dow Jones, that is the highest percentage on record. But in the face of such encouraging news, the stock market dropped in October for the first time since February, with the S&P 500 Index losing nearly 2%. High quality stocks fared the best in the month, after lagging for much of the market's rally. Bonds held steady in the month, and continued to be a primary beneficiary of a surge of fund inflows as investors continued to move cash out of ultra-low-yielding money market funds. The Federal Reserve's loose monetary policy continues to embolden investors to buy longer-maturity, higher-yielding securities.

The U.S. Dollar has been the front page story in the financial press.

Low interest rates and concerns about fiscal deficits have continued to pressure the U.S. dollar. In addition, the dollar has become the currency that traders are shorting in carry trades. In this trade, traders borrow U.S. dollars, and invest in higher-yielding foreign currencies or securities. A stable interest rate environment and a very steep yield curve currently make this a profitable and popular trade. With these conditions, the dollar has been increasingly negatively correlated to other assets.

While the U.S. Federal Reserve has been consistent in its message that it expects to keep short-term rates low for an extended period, not all central banks may have the same patience (or need), as The Reserve Bank of Australia proved when it made a surprise increase in its interest rates during October. Questions about how and when the Federal Reserve will begin to tighten policy seemed to constrain the stock market in October.

The U.S. economy is growing again, but mostly due to Government stimulus.

Preliminary 3rd quarter GDP came in at 3.5%, the first quarter of economic growth since the 2Q of 2008. Most of it can be directly or indirectly attributed to the effects of government stimulus, including programs such as Cash for Clunkers and the First Time Home Buyer Tax Credit. While the positive report marks the unofficial end of the recession, other indicators still point to a continued drag on the economy. Consumer confidence fell for the second straight month, dropping to 47.7, well below the 53.2 forecast. Unemployment for October was 10.2%, the highest since

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