

Below is a snapshot of last week's market performance and what to watch in the week ahead from Chadd Mason, Cabana CEO and co-founder.

U.S. stock markets closed out the month of October with the largest monthly losses we've seen in more than six years. All of 2018's gains were essentially wiped out over just a few days of trading. Bond markets have been hurt all year as interest rates have continued to rise precipitously on the back of strong employment numbers. Investors are now worried that the future costs to service debt will halt the demand side growth we finally began to see after the financial crisis. I wrote last week that it appeared market participants were positioning themselves for things to get worse, not better. I also explained that we had a huge batch of earnings coming in and the response to those might very well dictate the end of this bull market. I said the proof would be in whether investors bought or sold the inevitable bounce in stocks from deeply oversold conditions. We saw the bounce over the past few days and Friday investors sold into it. While one or two days, or even weeks, does not make or break the stock market, this fact is not a good sign. The 200-day moving averages are now acting as resistance for major indexes, just as they once offered support prior to being broken. The October pain is not over and a fourth quarter rally cannot occur until those important moving averages are reclaimed. I spoke at an adviser event early last week and pointed out that almost 80% of all U.S. stocks were trading below their 200-day moving averages. This has been the case all year for foreign equities and it is coming home to roost. This old bull market is not dead and earnings are good, but I believe the best is likely behind us. We have seasonality in our favor and a bounce may very well occur as we close in on the end of the year, but I am concerned, and at Cabana we are defensive. We remain cautiously bullish - very cautiously bullish.

Last week's market commentary is available for download [here](#).



G. Chadd Mason  
CEO, Cabana Holdings

For more information about Cabana, including its services, portfolio performance, expert opinion articles and industry news, visit [www.cabanaportfolio.com](http://www.cabanaportfolio.com).



## IMPORTANT DISCLAIMERS

This material is prepared by Cabana, LLC, dba Cabana Asset Management and/or its affiliates (together “Cabana”) for informational purposes only and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed reflect the judgement of the author, are as of the date of its publication and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by Cabana to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Cabana, its officers, employees or agents.

This material may contain ‘forward looking’ information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. All investment strategies have the potential for profit or loss. All strategies have different degrees of risk. There is no guarantee that any specific investment or strategy will be suitable or profitable for a particular client. The information provided here is neither tax nor legal advice. Investors should speak to their tax professional for specific information regarding their tax situation. Investment involves risk including possible loss of principal.

Cabana LLC, dba Cabana Asset Management (“Cabana”), is an SEC registered investment adviser with offices in Fayetteville, AR and Plano, TX. The firm only transacts business in states where it is properly registered or is exempted from registration requirements. Registration as an investment adviser is not an endorsement of the firm by securities regulators and does not mean the adviser has achieved a specific level of skill or ability. Additional information regarding Cabana, including its fees, can be found in Cabana’s Form ADV, Part 2. A copy of which is available upon request or online at [www.adviserinfo.sec.gov/](http://www.adviserinfo.sec.gov/).

The Financial Advisor Magazine 2018 Top 50 Fastest-Growing Firms ranking is not indicative of Cabana's future performance and may not be representative of actual client experiences. Cabana did not pay a fee to participate in the ranking and survey and is not affiliated with Financial Advisor magazine. RIAs were ranked based on percentage growth in year-end 2017 AUM over year-end 2016 AUM with a minimum AUM of \$250 million, assets per client, and growth in percentage assets per client. Visit [www.fa-mag.com](http://www.fa-mag.com) for more information regarding the ranking.

