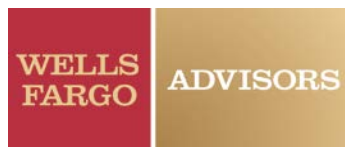


November 2, 2018



Looking Ahead

Jennifer Timmerman — Advice and Portfolio Specialist

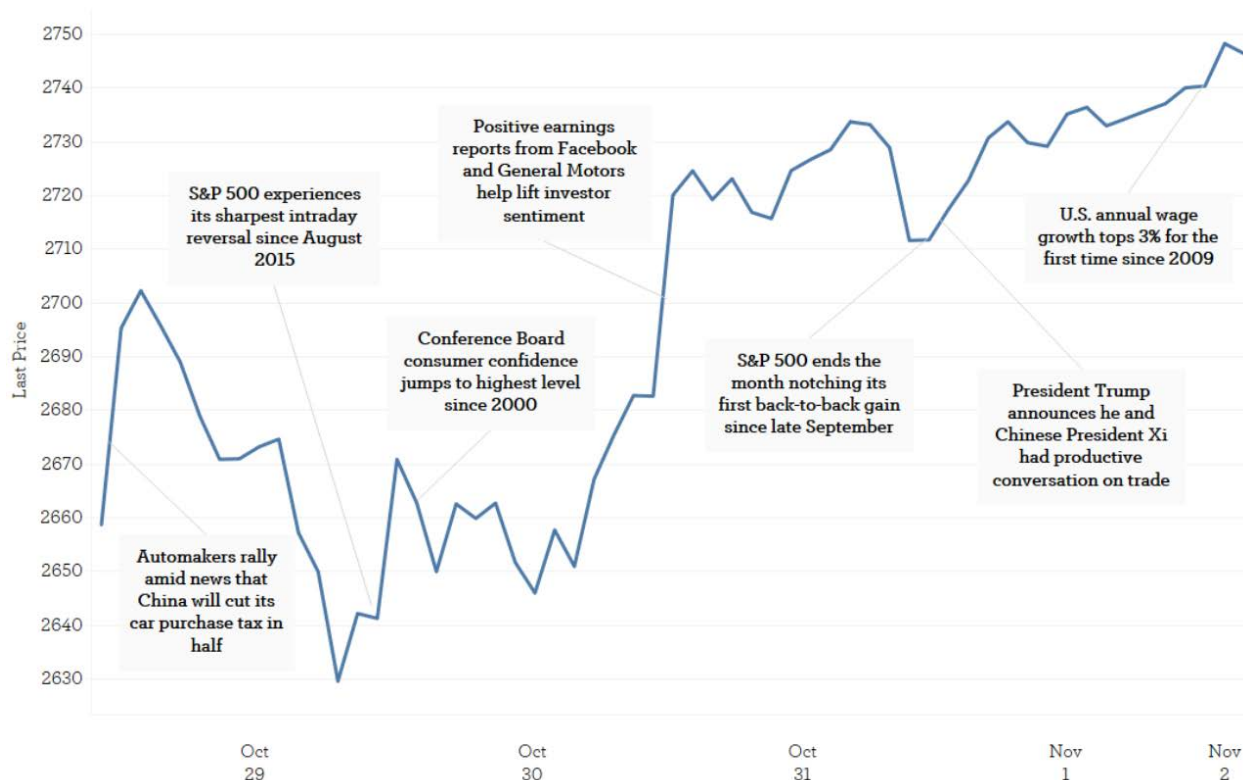
Angela Shin — Advice and Portfolio Specialist

“Very superstitious, wash your face and hands,
Rid me of the problem, do all that you can,
Keep me in a daydream, keep me goin’ strong”

Stevie Wonder (*Superstition*)

Investors appeared “very superstitious” early in the week, as a broad sell-off Monday further deepened October losses for U.S. equities. But positive earnings reports from key U.S. companies, trade optimism, and strong economic data had market participants “washing their hands” of the recent retreat. The rebound left the S&P 500 on pace for its best week in six months, as of Friday morning trading.

S&P 500 Index: October 29 – November 2

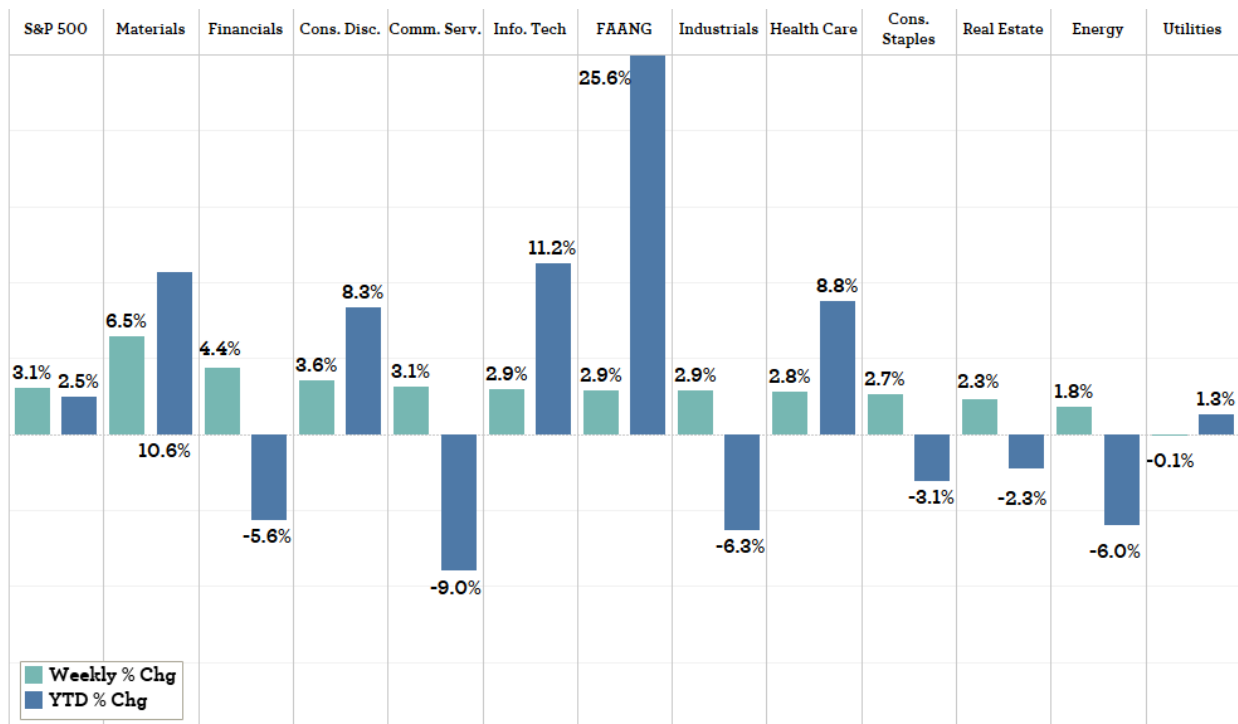


Source: Bloomberg *As of November 2, 2018, 10 a.m. E.T.

Investment and Insurance Products: ► NOT FDIC Insured ► NO Bank Guarantee ► MAY Lose Value

Heading into Monday, stocks attempted to rebound from the prior week’s rout that had left key U.S. benchmarks in negative territory for the year. The early session strength, however, was negated by a resurgence of trade concerns. A Bloomberg report suggested the Trump administration could announce tariffs on all remaining Chinese imports if no progress is reached during the scheduled meeting between President Trump and Chinese President Xi Jinping at November’s G20 summit. After climbing as much as 352 points earlier in the day, the Dow closed 245 points lower, while the S&P 500 pivoted to post its sharpest intraday reversal since August 2015. U.S. equities weathered another volatile session Tuesday. The S&P 500 erased gains exceeding 1% two separate times before finally fortifying a 1.6% rally in the last hour of trading. The advance left all three major averages in positive territory for 2018, though both domestic and global equities remained on track for their worst monthly performance in years. Strong earnings and economic data further bolstered investor sentiment on Halloween as private payrolls came in above projections. A well-received quarterly report from Facebook (FB \$151.75) also lifted the recently battered “FAANG” cohort. The S&P 500 closed a tough month on a positive note, notching its first and only back-to-back gain in October, and its best two-session performance since February.

S&P 500 Sector Performance with FAANG*

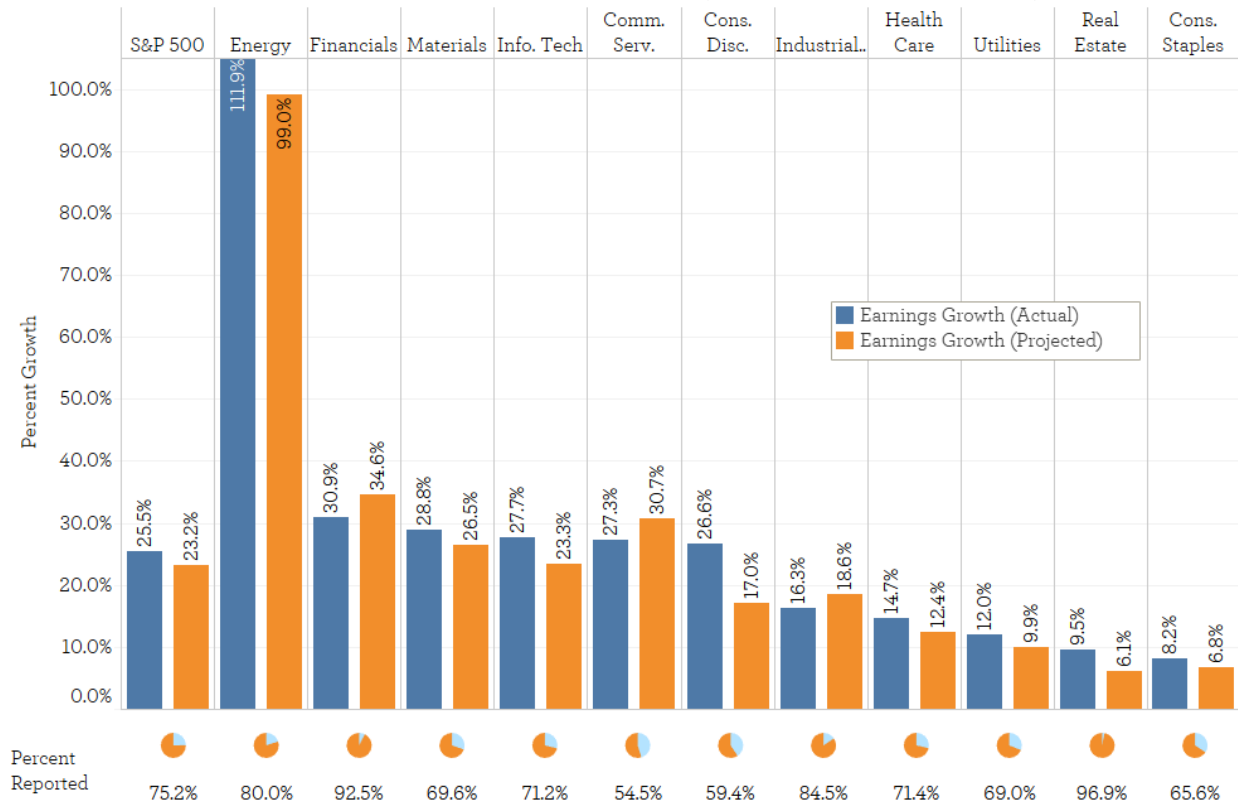


Source: Bloomberg *As of November 2, 2018, 10:00 a.m. ET *FAANG represented by an equal weight portfolio of Facebook, Amazon, Apple, Netflix and Alphabet

Upward momentum carried into Thursday trading as international markets worked to brush off a spooky October. Meanwhile, an encouraging update on U.S.-China trade relations reinforced the perceived “risk-on” mood. President Trump announced that he had a “long and very good conversation” concerning trade with Chinese President Xi, noting the discussions are “moving along nicely” ahead of the G20 summit. Stocks continued their advance Friday morning as investors

digested more optimistic trade news and the monthly jobs report. The Department of Labor revealed non-farm payrolls increased more than expected last month, while average hourly earnings advanced 3.1% year-over-year in October, the highest reading since 2009. Positive sentiment was further stoked following a Bloomberg report (which was later contradicted by a CNBC report) that President Trump asked cabinet members to begin drafting a new trade deal with China. As of Friday morning, the S&P 500 was on pace for a 3.1% weekly gain, while the Nasdaq was set to surge 3.7%. The Dow remained on track for a 2.8% advance.

S&P 500 Third-Quarter Earnings Growth (Actual vs Projected) by Sector



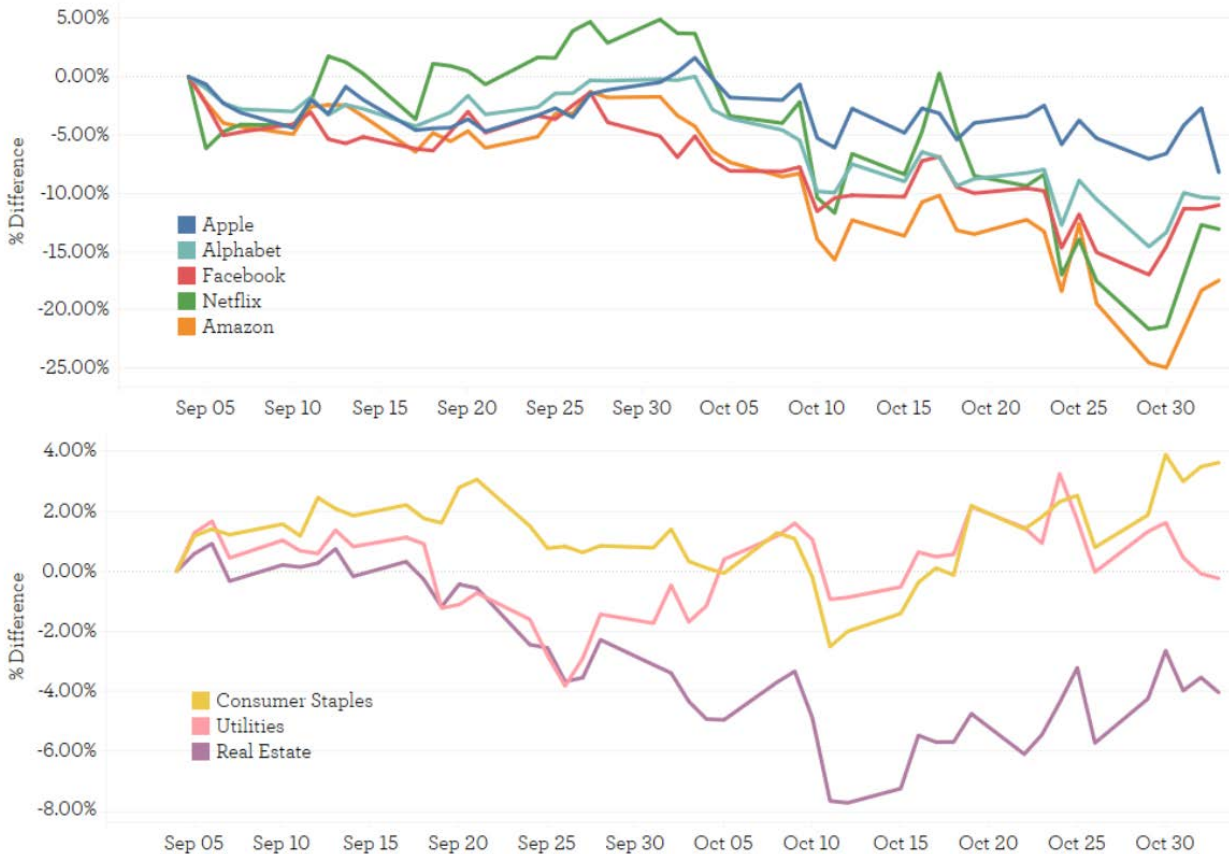
Source: Bloomberg *As of November 2, 2018, 9 a.m. ET

U.S. Stocks/Earnings

Much of the corporate news was once again focused on earnings this week. According to Credit Suisse, the average S&P 500 result is exceeding consensus expectations by 6.3%, well above the 4.8% average during the past three years. Apple’s (AAPL \$222.22) highly anticipated earnings report beat analyst projections on the top and bottom line. Shares slumped more than 6% Friday morning, however, as lower fourth-quarter guidance and disappointing third-quarter iPhone sales had shares on pace for its worst day since April 2016. Fellow “FAANG” component Facebook fared better, with shares gaining 4% after posting a “better than feared” quarter. Wall Street analysts reacted positively to guidance despite the social media giant reporting its slowest user growth since 2011. This helped boost the recently battered “FAANG” group with Netflix (NFLX \$317.38), Alphabet (GOOGL \$1,085.98) and Amazon (AMZN \$1,665.53) adding at least 5% on Wednesday, paring some of their October descent. The group had collectively lost \$400 billion in October through Monday’s

close. The rebound was especially welcomed by Amazon investors, as shares had fallen nearly 25% since the company exceeded \$1 trillion in market capitalization on September 4.

“FAANG” Stocks vs. “Defensive” Sector Performance (Since Amazon Surpassed \$1 Trillion in Market Cap)



Source: Bloomberg As of November 2, 2018 10 a.m. ET

The reversal in market sentiment boosted ten of 11 S&P 500 sectors into positive territory for the week, as of Friday morning. The Materials sector paced gains, jumping 6.5%. Chemical maker DowDuPont (DWDP \$58.27) rallied the most since 2015 after reporting a quarterly beat driven by strong customer demand in all business lines. Consumer Staples reports were mixed, with Coca-Cola (KO \$47.74) posting higher-than-expected organic growth while Kraft-Heinz (KHC \$56.20) and Kellogg (K \$64.00) fell as steep commodity costs and other expenses weighed on profits. The Consumer Discretionary group also ticked up this week with General Motors (GM \$36.47) advancing as robust truck sales boosted the bottom line. Shares of Starbucks (SBUX \$58.63) spiked as revenue jumped 10.6%, while Under Armour (UAA \$23.34) gained after the athletic apparel maker more than doubled profit estimates. Chinese eCommerce giant Alibaba (BABA \$151.25) also rallied after revealing core commerce revenue grew by 56%. Energy stocks were lifted higher despite oil prices dipping to the lowest levels since April. The gains followed Exxon Mobil's (XOM \$80.67) profit tally, which topped even the highest analyst estimate. British oil giant BP (BP \$42.65) also rallied after revealing the highest profits since 2013. Quarterly reports from insurance companies proved to be

disappointing, with Allstate (ALL \$89.97) and AIG (AIG \$43.12) both missing expectations amid higher-than-anticipated insurance claims. Meanwhile, General Electric (GE \$9.58) tumbled more than 18% this week as the company said federal regulators had opened a criminal probe of its accounting practices. The beleaguered Industrial giant also slashed its dividend by 92% to \$0.01 per quarter. Another notable decliner this week was IBM (IBM \$116.83), which dipped after announcing the acquisition of Red Hat (RHT \$172.40) for roughly \$33 billion in cash.

Data/Bonds

U.S. Treasury yields climbed steadily higher on the week as data continued to signal underlying strength in the U.S. economy. The yield on the 10-year note spiked to 3.19% following Friday's jobs report, which showed non-farm payrolls increased 250,000 in October, well above projections of 200,000. The unemployment rate remained at 3.7%, the lowest level in 48 years, while average hourly earnings advanced 3.1% year-over-year in October, the highest reading since 2009. Meanwhile, the yield on the two-year note saw a boost, jumping four basis points to 2.89%, as the evidence of wage acceleration was viewed by many analysts to support the Fed's current path of monetary tightening. A separate release from the Conference Board revealed U.S. consumer confidence reached the highest level since 2000 in October as investors were seemingly unphased by the market volatility. Housing continued to be a weak spot, with the S&P CoreLogic Case-Shiller 20-city home price index rising at the slowest rate since 2016 during the month of August. Finally, an update from the Institute for Supply Management (ISM) showed manufacturing activity cooled to a six-month low in October.

Looking Ahead to Next Week: November 5 – 9

Next week's economic calendar will prove relatively lighter, with the Federal Reserve holding its two-day policy meeting Wednesday and Thursday. The central bank is widely expected to leave its benchmark interest rate unchanged at the conclusion of the summit, though Fed-funds futures from CME Group are currently forecasting a 77.5% probability of a December rate hike. On the data front, a report from the Institute for Supply Management (ISM) is anticipated to show activity in the service sector eased in October after rising to a 21-year high during the prior month. The Job Openings and Labor Turnover Survey (JOLTS) for September will likely garner attention after August's record 7.1 million figure. Friday's Producer Price Index (PPI) reading will provide an update on inflation during the month of October. The headline number is projected to have increased 0.2%, while core PPI (ex-food and energy) is forecasted to have risen 2.5% year-over-year, with both figures matching September's data points. Rounding out the docket will be a preliminary consumer sentiment reading from the University of Michigan. Earnings will remain a focus next week, though more than 75% of S&P 500 companies have already reported quarterly profit tallies. Walt Disney (DIS \$116.10) will headline the slate after the close Thursday, while retailers Macy's (M \$34.59) and Ralph Lauren (RL \$132.42) will likely garner attention ahead of the upcoming holiday season. In the Health Care space, CVS Health (CVS \$74.41), Humana (HUM \$320.87), and Eli Lilly (LLY \$107.86) are scheduled to deliver corporate confessions.

Disclaimers

Pricing as of market close on November 1, 2018 unless indicated otherwise.

All investing involves risks including the possible loss of principal. Equity securities are subject to market risk which means their value may fluctuate in response to general economic and market conditions and the perception of individual issuers. Investments in equity securities are generally more volatile than other types of securities.

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Definitions

An index is unmanaged and not available for direct investment.

The **Dow Jones Industrial Average** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The **S&P 500 Index** is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The **NASDAQ Composite Index** is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

Scheduled Economic Releases for Week of November 5, 2018**Monday, November 5**

Time	Country	Release	For	Consensus	Prior
9:45 AM	U.S.	Markit US Services PMI	Oct F	--	54.7
9:45 AM	U.S.	Markit US Composite PMI	Oct F	--	54.8
10:00 AM	U.S.	ISM Non-Manufacturing Index	Oct	59.5	61.6
7:30 PM	Japan	Nikkei Japan PMI Services	Oct	--	50.2
7:30 PM	Japan	Nikkei Japan PMI Composite	Oct	--	50.7

Tuesday, November 6

Time	Country	Release	For	Consensus	Prior
2:00 AM	Germany	Factory Orders MoM	Sep	--	2.00%
2:30 AM	Eurozone	ECB's Praet on Panel in Brussels	--	--	--
4:00 AM	Eurozone	Markit Eurozone Composite PMI	Oct F	--	52.7
4:00 AM	Eurozone	Markit Eurozone Services PMI	Oct F	--	53.3
5:00 AM	Eurozone	PPI YoY	Sep	--	4.20%
5:00 AM	Eurozone	PPI MoM	Sep	--	0.30%
10:00 AM	U.S.	JOLTS Job Openings	Sep	--	7136

Wednesday, November 7

Time	Country	Release	For	Consensus	Prior
2:00 AM	Germany	Industrial Production SA MoM	Sep	--	-0.30%
5:00 AM	Eurozone	Retail Sales MoM	Sep	--	-0.20%
7:00 AM	U.S.	MBA Mortgage Applications	2-Nov	--	-2.50%
10:30 AM	U.S.	DOE U.S. Crude Oil Inventories	2-Nov	--	--
3:00 PM	U.S.	Consumer Credit	Sep	\$15.000b	\$20.078b
6:50 PM	Japan	Core Machine Orders MoM	Sep	--	6.80%
--	China	Trade Balance	Oct	--	\$31.69b
--	China	Imports YoY	Oct	--	14.3%
--	China	Exports YoY	Oct	--	14.5%

Thursday, November 8

Time	Country	Release	For	Consensus	Prior
4:00 AM	Eurozone	ECB Publishes Economic Bulletin	--	--	--
5:00 AM	Eurozone	European Commission Updates Economic Forecasts	--	--	--
8:30 AM	U.S.	Initial Jobless Claims	3-Nov	--	--
8:30 AM	U.S.	Continuing Claims	27-Oct	--	--
2:00 PM	U.S.	FOMC Rate Decision (Upper Bound)	8-Nov	2.25%	2.25%
8:30 PM	China	PPI YoY	Oct	--	3.60%
8:30 PM	China	CPI YoY	Oct	--	2.50%
--	Italy	Bank of Italy Report on Balance-Sheet Aggregates	--	--	--

Friday, November 9

Time	Country	Release	For	Consensus	Prior
8:30 AM	U.S.	PPI Final Demand MoM	Oct	0.20%	0.20%
8:30 AM	U.S.	PPI Ex Food and Energy MoM	Oct	0.20%	0.20%
8:30 AM	U.S.	PPI Final Demand YoY	Oct	2.70%	2.60%
8:30 AM	U.S.	PPI Ex Food and Energy YoY	Oct	2.50%	2.50%
10:00 AM	U.S.	U. of Mich. Sentiment	Nov P	97.4	98.6
10:00 AM	U.S.	Wholesale Inventories MoM	Sep F	--	0.30%
1:00 PM	U.S.	Baker Hughes U.S. Rig Count	9-Nov	--	--

Source: Bloomberg

Data as of October 31, 2018

Scheduled Earnings Releases for Week of November 5, 2018

Monday, November 5**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
Loews Corp	L	\$47.16	\$0.98	\$0.37	--
PG&E Corp	PCG	\$47.18	\$1.14	\$1.12	\$47,324.00
Sysco Corp	SYI	\$71.79	\$0.92	\$0.74	\$153,973.00
Westrock Co	WRK	\$44.76	\$1.24	\$0.87	\$42,700.00

After the Close

Booking Holdings Inc	BKNG	\$1,895.36	\$38.25	\$35.22	\$48,065.60
BrightHouse Financial Inc	BHF	\$40.54	\$2.15	-\$5.64	\$20,640.00
Fmc Corp	FMC	\$81.53	\$0.92	\$0.70	\$10,036.00
Intl Flavors & Fragrances	IFF	\$146.20	\$1.51	\$1.47	\$8,903.75
Marriott International	MAR	\$121.08	\$1.31	\$1.10	\$52,997.10
Mosaic Co/The	MOS	\$32.12	\$0.65	\$0.43	\$28,778.20
Mylan Nv	MYL	\$32.42	\$1.18	\$1.10	\$29,096.40
Occidental Petroleum Corp	OXY	\$68.35	\$1.53	\$0.18	\$45,577.10
SBA Communications Corp	SBAC	\$163.82	\$1.65	\$0.47	\$4,592.86

Tuesday, November 6**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
Amerisourcebergen Corp	ABC	\$90.92	\$1.44	\$1.33	\$432,622.00
Becton Dickinson And Co	BDX	\$234.16	\$2.93	\$2.40	\$43,620.00
Air Products & Chemicals Inc	APD	\$155.37	\$1.99	\$1.76	\$23,131.10
Regeneron Pharmaceuticals	REGN	\$355.09	\$5.11	\$3.32	\$16,424.10
Archer-Daniels-Midland Co	ADM	\$48.72	\$0.83	\$0.45	\$156,915.00
Henry Schein Inc	HSIC	\$84.65	\$1.01	\$0.87	\$33,664.30
Transdigm Group Inc	TDG	\$345.59	\$4.29	\$2.17	\$10,347.50
Martin Marietta Materials	MLM	\$175.29	\$2.83	\$2.41	\$11,807.50
Aes Corp	AES	\$14.74	\$0.30	\$0.24	\$36,090.00
Broadridge Financial Solution	BR	\$116.71	\$0.69	\$0.54	\$9,635.71
Expeditors Intl Wash Inc	EXPD	\$69.00	\$0.79	\$0.66	\$20,314.00
Eli Lilly & Co	LLY	\$107.86	\$1.35	\$1.05	\$60,482.00
Emerson Electric Co	EMR	\$69.95	\$0.90	\$0.81	\$49,117.50
CVS Health Corp	CVS	\$74.41	\$1.71	\$1.50	\$472,056.00
Ralph Lauren Corp	RL	\$132.45	\$2.15	\$1.99	\$16,532.40

After the Close

Assurant Inc	AIZ	\$97.10	\$1.07	-\$1.40	\$20,793.30
Devon Energy Corp	DVN	\$32.86	\$0.41	\$0.46	\$21,150.00
DXC Technology Co	DXC	\$71.58	\$1.94	\$1.93	\$53,129.40
Alliant Energy Corp	LNT	\$42.86	\$0.84	\$0.75	\$10,760.00
Monster Beverage Corp	MNST	\$54.43	\$0.46	\$0.40	\$9,868.57
Pioneer Natural Resources Co	PXD	\$149.58	\$1.67	\$0.48	\$14,564.00
Cimarex Energy Co	XEC	\$80.87	\$1.60	\$1.09	\$5,595.83

Wednesday, November 7**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
Coty Inc	COTY	\$10.94	\$0.08	\$0.10	\$21,654.40
Humana Inc	HUM	\$320.87	\$4.26	\$3.39	\$139,360.00
News Corp	NWSA	\$13.12	\$0.05	\$0.07	\$25,268.60
Rockwell Automation Inc	ROK	\$173.36	\$2.03	\$1.69	\$17,655.70
Sempra Energy	SRE	\$110.05	\$1.13	\$1.04	\$27,105.00
Southern Co	SO	\$44.90	\$1.08	\$1.12	\$67,330.00
Twenty-First Century Fox	FOXA	\$46.55	\$0.53	\$0.49	\$72,609.40

Wednesday, November 7 (Continued)

After the Close

Albemarle Corp	ALB	\$105.42	\$1.25	\$1.08	\$7,962.14
Ansys Inc	ANSS	\$153.12	\$1.04	\$0.86	\$2,814.44
Davita Inc	DVA	\$68.53	\$0.88	\$0.81	\$29,273.80
Everygy Inc	EVRG	\$56.11	\$1.25	--	\$1,662.00
Flowserve Corp	FLS	\$46.61	\$0.43	\$0.37	\$9,252.00
Hologic Inc	HOLX	\$40.08	\$0.59	\$0.50	\$8,071.76
Michael Kors Holdings Ltd	KORS	\$57.38	\$1.10	\$1.33	\$12,595.20
Microchip Technology Inc	MCHP	\$70.37	\$1.74	\$1.34	\$15,097.50
Marathon Oil Corp	MRO	\$18.61	\$0.21	-\$0.08	\$14,743.30
Nektar Therapeutics	NKTR	\$40.69	-\$0.60	\$0.37	\$260.00
Prudential Financial Inc	PRU	\$94.88	\$3.16	\$3.01	\$134,383.00
Qualcomm Inc	QCOM	\$63.70	\$0.83	\$0.59	\$55,413.50
TripAdvisor Inc	TRIP	\$53.29	\$0.48	\$0.19	\$4,702.92
Take-Two Interactive Software	TTWO	\$128.92	\$0.91	\$0.08	\$5,473.75
Wynn Resorts Ltd	WYNN	\$112.63	\$1.67	\$1.52	\$16,735.00

Thursday, November 8**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
Cardinal Health Inc	CAH	\$52.61	\$1.08	\$1.09	\$336,758.00
Centerpoint Energy Inc	CNP	\$27.19	\$0.42	\$0.38	\$21,324.00
Centurylink Inc	CTL	\$20.58	\$0.29	\$0.42	\$58,814.30
Discovery Inc - A	DISCA	\$33.04	\$0.61	\$0.43	\$25,977.30
Dr Horton Inc	DHI	\$36.97	\$1.23	\$0.82	\$45,555.60
Huntington Ingalls Industries	HII	\$223.98	\$4.14	\$3.27	\$18,956.40
Johnson Controls International	JCI	\$33.34	\$0.92	\$0.87	\$82,765.80
Macy's Inc	M	\$34.59	\$0.14	\$0.23	\$54,247.00
Mettler-Toledo International	MTD	\$559.69	\$5.00	\$4.36	\$7,383.00
NRG Energy Inc	NRG	\$37.07	\$1.02	\$0.64	\$34,090.00
Pinnacle West Capital	PNW	\$82.56	\$2.72	\$2.46	\$11,825.00

After the Close

Activision Blizzard Inc	ATVI	\$69.32	\$0.49	\$0.41	\$16,510.50
Dentsply Sirona Inc	XRAY	\$35.23	\$0.46	\$0.70	\$9,570.00
Perrigo Co Plc	PRGO	\$72.56	\$1.01	\$1.39	\$11,609.20
Skyworks Solutions Inc	SWKS	\$89.49	\$1.92	\$1.55	\$10,017.30
Walt Disney Co/The	DIS	\$116.10	\$1.36	\$1.07	\$138,136.00

Friday, November 9**Before the Open**

Company	Symbol	Price	EPS Est.	Year Ago	Revenue Est. (\$MM)
Rockwell Collins Inc	COL	\$130.35	\$2.00	\$1.80	\$23,322.00

After the Close

*** No Scheduled Earnings Releases of Note ***

Source: Bloomberg

Prices as of close on November 1, 2018

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