With California's desert sun blinking into fall, students going back to school, and the US fiscal year coming to a close, investors and experts alike watch with baited breath as the debt ceiling debates escalate and stock market stats hang in the balance. We are already experiencing backslides in the growth rate of our economy due to the partial shutdown of the government. What minor progresses we've had over Q3 seems to be falling back. Even with the Quantitative Easing Program (QE) still in operation, creditors appear cautious of making any definitive decisions in their finances.

On September 18th, we saw a sizable shift in stock market prospects when the US Federal Reserve announced they would not begin pulling out their QE program , as had been hinted at throughout the year. The QE program was implemented into the market to help bolster the lagging economy. Freshly printed money from the Federal Reserve was used to purchase large amounts of assets, essentially bolstering asset values and helping hike up the equity market. To this point, the plan seemed to be working quite well. Stocks and markets rose in value, and for while everything seemed well. Then slowly, but surely, a rumor began to circulate: The Fed would cut back on its QE spending soon. Nothing definite, but hints were dropped here and there. The ever sharp-eared investors took the news to heart and began pulling out their assets by the buckets, causing a sharp economic fall. It was in these moments that the US officially announced it would do nothing of the sort; the state of economy at the end of Q3 wouldn't be able to steady itself if QE spending got cut. They would keep the Federal money in circulation, hopefully until the market is ready to take off on its own.

This final call definitely retrieved the positive numbers back onto the grid. The equity market of Q3 is the proud owner of positive returns in the overall quarter, with the S&P 500 returning 4.68%, the Dow Jones 1.47%, and the NASDAQ a whopping 10.82%. Quite a good quarterly return. In fact, the overall economic growth this year has been accelerating ever so slightly. About a 0.5% bolster in the rate of growth since the beginning of 2013. Even the MSCI's EAFE market in Europe, Australia, and Far East Asia, have enjoyed an increase of 9-10%.

As for the bond market, the ten year interest rate has actually made some progress; we saw a 5.64% increase in the interest rate this quarter, going from 2.48% to 2.62%. The US Aggregate bond index has managed to pull through—though the bond charts vacillated up and down quite a bit, in the end we emerge relatively unchanged by the end of Q3. The YTD return on the US Aggregate Bond Index is (3.55)%.

These stats are definitely a far cry from the depressing percentages that dominated mid-quarter, when 'volatility' was the key word of the charts and assets were hit with negative signs indiscriminately.

Still, this hopeful turnaround hasn't been enough to cover all areas of our world economy. Emerging Markets have taken a hit this quarter, with returns decreased by about 5.87%. The real estate market, having breezed through Q2 on a stellar streak, took a hit this quarter with a 1% decrease in returns.

Overall, some are up and some are down. While the broadest estimation of profits and losses have the scale tipping towards positive returns, it definitely doesn't represent every asset at large. Even so, YTD returns are putting on a brave face with the Dow Jones at 15.45%, S&P at 17.90%, NASDAQ at 24.90%, and EAFE at 12.20%. The emerging markets have come out on the losing side of things with a negative return of 4.35%, but the general trends are looking healthy.

As U.S. Equity returns have increased, we have made some changes to our allocations. The stock market, despite setbacks, is inching upwards in the economy, and many investors are hopeful that a positive turnaround is on its way. In fact, while some developing markets have been hitting some hard times, developed ones are making their way towards the upper side of the cycle of fortune. Accordingly, we've lowered durations on fixed incomes and are focusing our tax-free portfolios more towards California's market. Still cautious, yet still expecting something more, we say farewell to Q3's rather ambiguous end and look forward to what 2013's last quarter may bring our way.

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*YTD returns as of September 30, 2013