SAFE HARBOR Wealth Management

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Weekly Market Commentary

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The Markets

It was a nerve-wracking week.

Iran fired 22 ballistic missiles at the Ain Al Asad air base near western Iraq and a second base in northern Iraq following last week's U.S. drone strike that killed a top Iranian military commander. *Newsweek* reported the bases suffered minimal damage and there were no casualties from the attack. However, Iran mistakenly downed a commercial airliner, killing all on board, reported *CBS News*.

U.S. stock prices faltered after the initial attack, but recovered quickly when both sides, "…step[ped] back from further violent escalation…," reported *Barron's*.

U.S. Treasury bond yields dropped sharply last week before rebounding. *Financial Times* reported the possibility of war caused global investors to seek out investments perceived to be safe havens. Record amounts of cash moved into bond investments, particularly U.S. Treasuries, during the week ended last Wednesday.

Australia was ravaged by wildfires. Citing the Insurance Council of Australia, *NPR* reported, "The wildfires have killed more than two dozen people, more than a billion animals. They've destroyed more than 1,800 houses, an untold number of commercial buildings and thousands of acres of prime farmland…" At the end of last week, 130 fires were burning and 50 were uncontained, according to the *BBC*. The damage could mark the end Australia's nearly 30-year economic expansion.

Puerto Rico was shaken by a 5.9 magnitude earthquake. The quake followed a magnitude 6.4 quake that hit the same region four days earlier, reported the *Associated Press*. Since December 28, the region has been hit by, "…more than 1,280 earthquakes, of which more than 100 were felt and more than 70 were of magnitude 3.5 or greater."

On Friday, a tepid U.S. employment report cooled U.S. stock returns. However, *Barron's* reported all three major U.S. indices closed, "within a half-percentage point of their highest-ever closes."

Data as of 1/10/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.9%	1.1%	25.8%	12.9%	10.0%	11.0%
Dow Jones Global ex-U.S.	0.2	0.5	14.4	6.7	3.7	2.4
10-year Treasury Note (Yield Only)	1.8	NA	2.7	2.4	1.9	3.8
Gold (per ounce)	0.3	2.0	20.3	9.3	4.8	3.0
Bloomberg Commodity Index	-0.8	-0.2	1.5	-2.4	-4.6	-5.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

MORE MILESTONES OF THE PAST DECADE. As we mentioned last week, the period from 2010 through 2020 was filled with memorable events. We covered a few in last week's commentary. Here are some more:

- **Gangnam Style**. In 2012, Korean pop music went viral with Gangnam Style. Its online video became the first to be viewed one billion times.
- **Total solar eclipse**. For the first time since June 1918, a solar eclipse was visible across the entire United States in August 2017. We won't have to wait so long for the next one. *Good Housekeeping* reported it will happen in 2024.
- **Economic confidence increased**. In January 2010, *Gallup* reported just 9 percent of Americans said it was a good time to find a quality job. By the end of 2019, the number had increased to 66 percent.

- **Bionic men, women, and children**. Bionic people are no longer limited to the realm of science fiction. Prosthetics "…are morphing into mind-controlled extensions of the human body that let their wearers feel what they're touching," reported *CNET*.
- **Trillion-dollar stock valuations**. Late in the decade, three companies in the technology sector saw their stock valuations reach thirteen digits. Not all have remained at that level.
- **Global middle class expansion**. At the end of last year, about one-half of the world belonged to the middle class, according to the *World Data Lab*. Middle class means different things in different countries. Middle class income ranged from $3,872 a year to $38,720 a year.
- **The U.S. wealth gap**. The *St. Louis Federal Reserve* explained the gap like this: The 'income pie' in the United States grew from $7 trillion in 1989 to almost $12.9 trillion in 2016. The share of pie going to the top 10 percent of earners increased from 42 percent to 50 percent. Lower earners' shares shrank.

Weekly Focus – Think About It

"After many months of reflection and internal discussions, we have chosen to make a transition this year in starting to carve out a progressive new role within this institution. We intend to step back as 'senior' members of the Royal Family and work to become financially independent, while continuing to fully support Her Majesty The Queen. It is with your encouragement, particularly over the last few years, that we feel prepared to make this adjustment. We now plan to balance our time between the United Kingdom and North America, continuing to honor our duty to The Queen, the Commonwealth, and our patronages. This geographic balance will enable us to raise our son with an appreciation for the royal tradition into which he was born, while also providing our family with the space to focus on the next chapter, including the launch of our new charitable entity. We look forward to sharing the full details of this exciting next step in due course, as we continue to collaborate with Her Majesty The Queen, The Prince of Wales, The Duke of Cambridge, and all relevant parties. Until then, please accept our deepest thanks for your continued support."

--The Duke and Duchess of Sussex

Best regards,

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Branch Manager

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.
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