**Horizon Wealth Management**

**Weekly Market Commentary**

**September 10, 2018**

**The Markets**

Remember: Volatility is normal.

Major U.S. stock market indices climbed into record territory during August. They gave back some gains last week. Peter Wells of *Financial Times* explained:

“Speculation about a fresh round of tariffs on Chinese imports from the Trump administration weighed on U.S. stocks, handing the S&P 500 its first four-day losing streak in a month. A strong jobs report only hardened expectations that the Federal Reserve views the U.S. economy as healthy enough to withstand a probable interest rate rise later this month.”

Strong economic growth and rising wages have the potential to push inflation – increases in prices of everyday goods – higher than the Fed’s 2 percent target. The Fed battles inflation and promotes financial stability by raising the Fed funds rate. Usually, higher rates make borrowing more expensive and slow economic growth, reported Katherine Reynolds Lewis at *Bankrate.com*.

Rising rates in the United States have an effect on emerging markets, too. Colin Dwyer of *National Public Radio* reported higher interest rates in the United States have enticed investors and they have moved money out of riskier emerging markets investments.

Last week *The Wall Street Journal* reported, “Emerging markets tipped into bear territory…The MSCI Emerging Markets Index’s 0.3 percent decline Thursday, led by selloffs in Russia and the Philippines, pushed that gauge of stocks in poorer countries 20 percent below its recent peak, the common definition of a bear market.”

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| **Data as of 9/7/18** | **1-Week** | **Y-T-D** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| Standard & Poor's 500 (Domestic Stocks) | -1.0% | 7.4% | 16.5% | 13.4% | 11.4% | 8.5% |
| Dow Jones Global ex-U.S. | -3.0 | -8.0 | -3.0 | 6.1 | 2.0 | 1.6 |
| 10-year Treasury Note (Yield Only) | 2.9 | NA | 2.1 | 2.2 | 2.9 | 3.7 |
| Gold (per ounce) | -0.3 | -7.5 | -10.8 | 2.3 | -2.9 | 4.0 |
| Bloomberg Commodity Index | 1.9 | -3.3 | -0.4 | -1.1 | -8.1 | -7.1 |
| DJ Equity All REIT Total Return Index | -1.2 | 3.4 | 4.4 | 10.9 | 10.6 | 7.5 |

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; the DJ Equity All REIT Total Return Index does include reinvested dividends 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, Barron’s, 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.

**why are nordic countries at the top of the world happiness report?** It’s a question *Freakonomics Radio* explored in August. They asked Jeff Sachs, a professor at Columbia University, who is also a special adviser to the United Nations Secretary General on the Sustainable Development Goals.

The *World Happiness Report* ranks 156 countries by the happiness of their citizens. The countries that top the list tend to have high scores in all six of the variables considered to measure well-being. These include income, healthy life expectancy, social support, freedom, trust, and generosity.

Currently, the happiest countries in the world are:

1. Finland
2. Norway
3. Denmark
4. Iceland
5. Switzerland
6. Netherlands
7. Canada
8. New Zealand
9. Sweden
10. Australia

The United States is ranked number 18. That has something to do with our priorities, according to the interview with Sachs. “We have the paradox that income per person rises in the United States, but happiness does not…the United States is falling behind other countries, because we are not pursuing dimensions of happiness that are extremely important: our physical health, the mental health in our community, the social support, the honesty in government.”

Helen Russell, author of *The Year of Living Danishly*, also participated in the interview. She offered this example to illustrate a key difference between the United States and Denmark:

“…there was a story, in New York a few years ago, of a Danish woman who was there, who left her child sleeping outside in a pram, which is what you do in Denmark, and was arrested for child neglect. And lots of people in Denmark didn’t understand why it was such a fuss, because in Denmark people trust most people. And this plays into everything. You are not anxious if you trust the people around you, you’re not scared they’re going to rob you to put food on their table.”

What makes you happy?

**Weekly Focus – Think About It**

“If I were to ask all of you to try and come up with a brand of coffee – a type of coffee, a brew – that made all of you happy, and then I asked you to rate that coffee, the average score in this room for coffee would be about 60 on a scale of 0 to 100. If, however, you allowed me to break you into coffee clusters, maybe three or four coffee clusters, and I could make coffee just for each of those individual clusters, your scores would go from 60 to 75 or 78. The difference between coffee at 60 and coffee at 78 is a difference between coffee that makes you wince and coffee that makes you deliriously happy. That is the final, and I think most beautiful lesson…that in embracing the diversity of human beings, we will find a surer way to true happiness.”

*--Malcolm Gladwell, Journalist and author*

Best regards,

**Chris Dumford, CFP®**

**Larry Makatura, CFP®**

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. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

\* 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.

\* 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.

\* You cannot invest directly in an index.

\* Stock investing involves risk including loss of principal.

\* Consult your financial professional before making any investment decision.

\* To unsubscribe from the Horizon Wealth Management Weekly Market Commentary please reply to this email with “Unsubscribe” in the subject line or write us at Horizon Wealth Management, 699 Hampshire Road, Suite 201, Westlake Village, CA 91361.

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