**Horizon Wealth Management**

**Weekly Market Commentary**

**December 3, 2018**

**The Markets**

Hold on to your hats!

Recently, stocks have delivered a wild ride. During Thanksgiving week, U.S. stock markets took investor uncertainty on the chin, suffering a 3.8 percent drop, which was the worst performance in eight months. Then, last week, stocks reversed course. The Standard & Poor’s 500 Index and the Nasdaq Composite delivered their strongest weekly gains in seven years, reported Ben Levisohn of *Barron’s*.

So, what changed?

Two things appear to have influenced investors last week:

1. **The Federal Reserve may be becoming more dovish on interest rates.** Comments made by Fed Chair Jerome Powell were interpreted to mean the Fed could stop raising the fed funds rate after December. Thomas Franck of *CNBC* reported:

“Powell on Wednesday said that rates were ‘just below’ the level that would be neutral for the economy – meaning they would neither speed up nor slow down economic growth. The comment diverged from a previous remark from Powell that rates were a ‘long way’ from the bank’s aimed neutral level.”

Some analysts have pondered whether recent rate hikes have been a mistake that will lead to recession.

1. **Trade tensions between the United States and China could be resolved.** President Trump and President Xi Jinping will have a confab following the Group of 20 (G-20) meeting in Buenos Aires. Randall Forsyth of *Barron’s* offered this insight:

“The best case that can be reasonably expected is for a truce to be declared between the United States and China, to allow talks to continue over the thorny issues of trade barriers and intellectual property. And, equally important, to avoid the consequences of the imposition of even more draconian tariffs on the world economy.”

There is little doubt volatility feels a lot better when share prices move higher than when they move lower. While uncertainty remains elevated, we may see additional jolts up and down. It may be a good idea to ensure your portfolio is well allocated and diversified. Holding diverse assets and investments won’t prevent losses during downturns but it can help minimize losses as investors pursue of long-term financial goals.

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| **Data as of 11/30/18** | **1-Week** | **Y-T-D** | **1-Year** | **3-Year** | **5-Year** | **10-Year** |
| Standard & Poor's 500 (Domestic Stocks) | 4.9% | 3.2% | 4.3% | 9.9% | 8.9% | 13.0% |
| Dow Jones Global ex-U.S. | 1.5 | -12.3 | -10.3 | 2.8 | -0.1 | 5.9 |
| 10-year Treasury Note (Yield Only) | 3.0 | NA | 2.4 | 2.2 | 2.8 | 2.7 |
| Gold (per ounce) | -0.5 | -6.1 | -4.9 | 4.7 | -0.2 | 4.6 |
| Bloomberg Commodity Index | 1.3 | -6.4 | -3.7 | 0.6 | -7.8 | -3.5 |
| DJ Equity All REIT Total Return Index | 2.6 | 4.1 | 3.8 | 7.7 | 10.4 | 17.6 |

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.

**Four Fabulous holiday gift ideas for your pet…**If you’re a pet owner – and most Americans are – you may be looking for the perfect holiday gift for your dog, cat, bird, bunny, or reptile. Some pet owners will spring for a heated pet bed, a sparkling holiday sweater, or a new grooming set. Others may opt for a decadent pet treat.

Here are some of the indulgences available for today’s pets:

* **A stay at a luxury cat hotel.** Why not give your favorite cat the holiday of his or her dreams? Five star catteries have been established in Yorkshire and Kuala Lumpur (and, possibly, elsewhere). The VIP package in England includes, “…bedtime stories, catnip experience, relaxing Spa package, or a juicy prawn plate from [the] a la carte menu.”
* **A relaxing day at the guinea pig spa.** The British really know how to spoil their pets. Guinea pigs who travel to the English countryside can receive, “…the full works: a body massage with oils; full shampoo, condition, and blow-dry; haircut and styling; feet and ear massage; nails trimmed and filed; and even a photo shoot of the transformed pet.”
* **A case of pooch hooch.** Breweries and pubs around the world have begun to accommodate our desire to share all aspects of our lives with our faithful canine companions. Patrons can bring their pets to the bar and buy them a drink or a case of dog beer. According to *VinePair.com*, “Dog beer is non-alcoholic, un-carbonated, and doesn’t contain hops. It does contain malt extract, along with a bevy of other healthy-for-dogs ingredients, so you might think of it like a nutritional homebrew, without the fermentation.”
* **A few bottles of feline wine.** You know how it is. The hounds are happy with dog grog, but cats have more refined tastes. They may prefer a pack of ‘MosCATo’ or ‘Pinot Meow’ – and now they can have it. One animal wine provider described its mission this way: “Our cat wine and dog wine creations started like any other radical idea…a product designed to help bridge the social divide between humans and their pets.” What better way to ring in the New Year?

Don’t fret if you haven’t found just the right gift yet. Pets are usually appreciative of whatever you give them.

**Weekly Focus – Think About It**

“Owners of dogs will have noticed that, if you provide them with food and water and shelter and affection, they will think you are a god. Whereas owners of cats are compelled to realize that, if you provide them with food and water and shelter and affection, they draw the conclusion that they are gods.”

*--Christopher Hitchens, author and journalist*

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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\* This newsletter was prepared by Carson Group Coaching. Carson Group Coaching is not affiliated with the named broker/dealer.

\* 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.

\* 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.

\* You cannot invest directly in an index.

\* Stock 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.

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

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