Horizon Wealth Management
Weekly Market Commentary
August 13, 2018

The Markets

Let's talk Turkey!

So, how did a country that represents just about 1.4 percent of the world's economy spark a global selloff?

Turkey was once a rising star. The country's Prime Minister Recep Tayyip Erdogan took office in 2003 and his "conservative, pro-business policies helped pull the country back from an economic crisis," reported *Financial Times*.

As Turkey's economy strengthened, investors saw opportunity. Investments from outside the country averaged about $13 billion a year, according to *World Bank* figures cited by *Financial Times*, although investment slowed after terror attacks in 2015.

Bloomberg reported Prime Minister Erdogan has become more authoritarian since being re-elected in 2018, giving himself power to name the head of Turkey's central bank. *Financial Times* reported the Prime Minister's "…unorthodox views on interest rates…has proved disruptive for monetary policy, leaving…Turkey's central bank, struggling to contain inflation that is running at close to 16 percent."

Lack of central bank autonomy concerned investors. The Turkish lira began to weaken against the U.S. dollar, making it costly for businesses to repay dollar-denominated debt.

Politics have factored into the situation, as well. During 2018, negotiations were underway to secure the release of an American pastor who was arrested on "farcical terrorism charges," reported *The Economist*. However, talks collapsed early in August. Asset freezes and sanctions followed, along with promises of additional tariffs on Turkish goods imported by the United States.

The subsequent steep drop in the value of Turkish lira sparked concerns that rippled through global markets. *Financial Times* reported:

> "Turkey's deepening crisis punished emerging market currencies and sparked a global pullback from riskier assets on Friday…The S&P 500 fell 0.7 percent in New York on Friday. Treasury yields also moved lower, with the 10-year dipping below 2.9 percent for the first time this month, as investors sought safe assets…Investors' shift from risky assets knocked equities across Europe, with Germany's Dax, France's CAC 40 and Spain's Ibex all about 2 percent weaker."

For quite some time, investors have appeared immune to geopolitical risks. Perhaps that is beginning to change.

Data as of 8/10/18	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.3%	6.0%	16.2%	10.4%	10.9%	8.1%
Dow Jones Global ex-U.S.	-1.5	-5.5	1.7	2.9	2.6	1.1
10-year Treasury Note (Yield Only)	2.9	NA	2.2	2.2	2.6	4.0
Gold (per ounce)	-0.2	-6.3	-5.5	3.5	-2.0	3.6
Bloomberg Commodity Index	-0.8	-4.5	0.8	-3.1	-7.9	-7.7
DJ Equity All REIT Total Return Index	-1.5	1.7	5.8	7.7	9.2	7.3

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.

3 THINGS TO CONSIDER BEFORE CLAIMING SOCIAL SECURITY BENEFITS: TIMING, SPOUSAL BENEFITS, AND WORK STATUS. Most Americans understand they can choose when to begin receiving Social Security benefits. The choices are fairly straightforward:

- **Early** (age 62 to full retirement age). People who decide to collect benefits early typically receive a smaller monthly benefit than they would if they waited until full retirement age. The reduction in monthly income may be as large as 30 percent. However, they receive benefits for a longer period of time.

- **Normal** (full retirement age). An American's full retirement age is determined by his or her date of birth. For someone born in 1960 or later, full retirement age is 67 years. The amount of income a person receives at normal retirement age is determined by the amount earned during his or her working years.

- **Delayed** (after full retirement age to age 70). By delaying the start of Social Security benefits, a person can increase his or her monthly benefit by accruing delayed retirement credits. For Americans born in 1943 and after, credit accrues at a rate of 8 percent each year.

While it's important to understand timing options for Social Security benefits, choosing when to take benefits may not be the most important decision you make, especially if you're married.

There are several different claiming strategies that may help married couples optimize their benefits and the benefits available for children who are minors or have special needs. These options should be carefully considered before filing for benefits.

Your filing decision may also be affected by your work status and income. If you file early while still working, and your earnings exceed established limits, then a portion of your benefit may be withheld. In addition, your income will help determine whether your Social Security benefit is taxable.

If you would like to discuss your options for claiming Social Security benefits, give us a call.

Weekly Focus – Think About It

"Take time for all things: great haste makes great waste."

--Benjamin Franklin, Founding Father

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.
* Investing in foreign and emerging markets securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.
* 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.

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* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
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