



## Market Commentary September 14, 2020

### Dear Investors:

Last week, the Nasdaq Composite Index set another record.

So far, 2020 has been memorable for many reasons, not the least of which is the incredible speed at which some events have been occurring in financial markets. This year, we've experienced:

- The end of the longest U.S. stock bull market in history
- A global stock market crash
- The shortest U.S. stock bear market in history
- Multiple record highs for major U.S. stock indices

Last week, we witnessed the swiftest correction on record as the Nasdaq fell by 10 percent in just three days. By the end of the week, the Index had recouped some losses and finished down 4.1 percent. The Standard & Poor's 500 Index and Dow Jones Industrial Average also finished the week lower.

It would be gratifying if the recent drop in share price steadied U.S. stock markets. However, we are likely to see stocks remain volatile through the end of 2020. *The Economist* explained:

“Because of the influential role of turbocharged retail investment, prices can be expected to remain choppy. Moreover, the market is entering a period where typical COVID-19-related volatility may be exacerbated by the twists and turns of America's presidential election.

“That said, much of the tech recovery from the lows in March was rooted in fundamental shifts, like policy interventions, or pandemic-prompted changes to consumer behavior, such as online shopping, that have helped firms...Even if the giddy obsession with tech firms exhibited during the summer fades, there may be little reason for investors to throw in the beach towel yet.”

This is a good time to take a gut check and make sure your asset allocation aligns with your financial goals and your response to market volatility.

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Data as of 9/11/20	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-2.6%	3.4%	11.3%	10.3%	11.2%	11.5%
Dow Jones Global ex-U.S.	0.2	-5.0	2.7	-0.5	3.7	2.2
10-year Treasury Note (Yield Only)	0.7	NA	1.7	2.1	2.2	2.7
Gold (per ounce)	1.1	27.9	30.6	13.4	11.7	4.6
Bloomberg Commodity Index	-1.2	-11.5	-8.5	-5.5	-4.3	-6.3

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; 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.

**GO FLY A KITE.** Wind is one of the fastest growing energy sources in the United States. In 2019, wind generated 7.2 percent of the nation's electricity, powering 27.5 million homes, reported the *American Wind Energy Association*. Wind power has become a major provider of electricity in:

- Iowa generating 41.9 percent of electricity
- Kansas generating 41.4 percent of electricity
- Oklahoma generating 34.5 percent of electricity
- North Dakota generating 26.8 percent of electricity
- South Dakota generating 23.9 percent of electricity
- Maine generating 23.6 percent of electricity

As with many things, wind farms have pros and cons. On the plus side, wind energy is a renewable energy source that generates income and tax revenue in rural areas. In the negative column, construction can damage drainage systems and hurt crop production. In addition, towering turbines can catch fire, throw ice, cause headaches (literally), and create other issues, reported *Slate*.

A new wind energy option may do away with some of those negatives in some locations. Wind kites deliver power and have a far smaller profile than many turbines. *Fast Company* explained:

“As the kite flies autonomously, driven by the wind, eight small onboard rotors turn and generate energy that is sent down a thin tether back to the ground...it does the same work as the tips of the blades on large wind turbines, which convert the most energy in the system because they move the greatest distance as they're pushed by the wind. But the new technology, which came out of research at the Technical University of Munich, does that work without the same need for massive infrastructure.”

Wind kites may be well-suited to islands and other areas where importing turbines is not feasible. They may also be a sound option in hurricane-prone regions since kites can be lowered to the ground. Best of all, kites use 10 times less material, so costs are significantly reduced.

## Weekly Focus – Think About It

“We are moving so fast that when plans are being made to perform some great feat, these plans are broken into by a youth who enters and says, “I have done it.” This is exactly what Cook did for Arctic exploration.” (April 1914)

--Elbert Hubbard, *Writer and publisher*

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Best regards,

## **SYMPHONY FINANCIAL SERVICES, INC.**

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.

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\* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

\* 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.

Sources:

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