

MONEYLETTER

Hotline

Welcome to the Hotline for Wednesday, August 31, 2016

Domestic stocks have dipped five of the past six trading days. Mixed economic reports and uncertainty regarding the Federal Reserve's next move have pushed prices down from their August 15th high. Oil stocks also drove the market lower today as news of high stockpiles put pressure on crude. Overseas markets have benefitted from talk of additional monetary stimulus.

Overall, comments from Fed officials have been more hawkish. Chair Janet Yellen, speaking from Jackson Hole, Wyoming last Friday said the case for an interest rate hike has strengthened over the last few months. Vice Chair Stanley Fischer suggested that two increases may be in order before 2016 concludes, although he walked that back a bit yesterday. Odds makers assign a 27% probability of a Fed move at their next meeting on September 20th and 21st. We think the Fed will proceed more cautiously, but that there will be a hike later this year.

Major overseas markets enjoyed a good week since the last Hotline. From August 24th through today, the Nikkei 225 surged 4.8%, the Euro STOXX 50 gained 1.7%, and the S&P 500 slipped 0.2%.

There are no changes recommended to your asset allocation targets, and there are no model portfolio trades for this week.

New Fund Changes – For domestic stock funds, there is one new Buy this week: iShares Russell 2000 Value (ticker: IWN). There are no new Holds or Sells this week.

For international stock funds, there are no new Buys or Holds this week. There are three new Sells this week: WisdomTree Asia Pacific ex-Japan ETF (AXJL), Fidelity Pacific Basin (FPBFX), and Fidelity Canada (FICDX). There are no other changes.

Thank you for calling the MONEYLETTER Hotline. Please have a safe and enjoyable Labor Day weekend. The Hotline will next be updated on Wednesday, September 7th at 7pm (EDT).