

MONEYLETTER *hotline*

Welcome to the *MONEYLETTER* Hotline for Wednesday, February 3, 2016

US stocks struggled for much of the day, as the nation's services sector showed a sluggish start to the New Year. The ISM non-manufacturing report covers industries including retailing, construction, utilities, agriculture and health care – among others. The index dropped to 53.5, which still indicates expansion but at the slowest pace since February, 2014.

There was positive news as ADP data showed U.S. companies hired a solid 205,000 workers in January. The Commerce Department's employment report for January comes out on Friday. But China's slowdown and oil's collapse have hurt growth in oil-exporting nations, and the decline in services comes during continuing reports of softness in manufacturing.

We're in a wait-and-see period. As we mention in the February *MONEYLETTER*, we appear to be in a mid-cycle slowdown that is unlikely to lead to a recession. In response, we recommended a risk management trade. You are where you need to be given current conditions.

There is no change to your new and current allocations.

New Fund Changes – For domestic stock funds, there is one new Buy this week: T. Rowe Price Dividend Growth (ticker: PRDGX). There are seven new Holds: Vanguard US Growth Investor (VWUSX), Fidelity Trend (FTRNX), USAA Aggressive Growth (USAUX) iShares Morningstar Large-Cap Growth (JKE), Vanguard Morgan Growth Investor (VMRGX), T. Rowe Price Blue Chip Growth (TRBCX) and TCW Select

Equities N (TGCNX). There are two new Sells this week: T. Rowe Price New America Growth (PRWAX) and Fidelity Growth Company (the fund is closed, FDGRX).

For international stock funds, there are no fund changes to report this week.

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, February 10th, 2016 at 7pm.