

MONEYLETTER *hotline*

Welcome to the *MONEYLETTER* Hotline for Wednesday, January 6, 2016

To put it mildly, it has been a rough start to the New Year. Nervousness, mostly related to China and the economies that rely on China, has put serious pressure on global equities during the first few trading days of 2016. The Fed's Stanley Fischer also contributed to the skittishness, saying that four rate hikes this year were "in the ballpark." Energy and commodities continue to play a major role.

US stocks fell to a three-month low, while emerging markets stocks dropped to the lowest level since 2009. Oil dipped below \$35 per barrel – the lowest for Brent crude since July 2004 – despite geo-political risks in the Middle East and in North Korea. Investors headed for safe havens, with Treasuries advancing for the fifth straight day.

There are a lot of similarities to what we went through last summer. While we certainly don't like to see value coming out of our holdings, now is not the time to abandon our mid- to longer-run view. Things are shaky right now ... not so much in China per se, but in the rest of the world. We expect China will hold up rather than appear weaker in the days and weeks to come. And we believe Fischer's fed funds rate scenario is a bit too aggressive based on current conditions.

There is no change to your current asset allocations.

There is a trade in the MONEYLETTER Venturesome model portfolio: Sell Wasatch Core Growth (ticker: WGROX); the replacement fund is T. Rowe Price Blue Chip Growth (TRBCX).

New Fund Changes – For domestic stock funds, there are two new Buys this week: Guggenheim Russell Top 50 Mega Cap ETF (XLG) and Vanguard Dividend Growth Investor (VDIGX). There is one new Hold: Conestoga Small Cap Investor (CCASX). There are two new Sells this week: Hennessy Focus Investor (HFCSX) and Wasatch Core Growth.

For international stock funds, there are no new Buys, Holds or Sells this week.

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, January 13th, 2016 at 7pm.