

MONEYLETTER *Hotline*

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

Minutes from the Federal Reserve Open Market Committee meeting in mid-June show that participants were concerned about slowing job growth and nervous about the uncertainty of the upcoming Brexit vote. While members expect employment and inflation numbers to continue to progress toward their targets later this year and in 2017, there was simply too much uncertainty in the short run and too much risk to global growth to back a rate hike.

The Brexit referendum has sent the pound tumbling and has pushed bond yields to record lows. European stocks have, predictably, been under pressure. But US and Chinese equity markets have held their own after a scary 2-day reaction. Since the last Hotline, the S&P 500 gained 1.4%, the Nikkei 225 dropped 1.2%, and the EuroSTOXX 50 is off by 2.5%.

We expect short-term volatility as Europe starts to sort out Brexit. Subsequently, global equities will focus on fundamentals. Central bank support will be front and center, and we don't expect the Fed to resume tightening until 2017.

You are positioned properly, with a fixed-income cushion and US equity bias. There is no change to your asset allocations.

New Fund Changes – For domestic stock funds, there are no new Buys this week. There is one new Hold: T. Rowe Price Capital Appreciation (the fund is closed, ticker: PRWCX). There are no new Sells this week.

For international stock funds, there are three new Buys this week: iShares Latin America 40 (ILF), SPDR S&P Emerging Latin America ETF (GML), and SPDR S&P Emerging Middle East & Africa ETF (GAF). These new Buys are for Venturesome investors only. There are three new Holds: Wasatch International Opportunities (WAIOX), Hennessy Japan Small Cap Inv (HJPSX), and Fidelity Global Balanced (FGBLX). There are four new Sells this week: Wasatch International Growth (closed, WAIGX), WisdomTree Japan SmallCap Dividend ETF (DFJ), Westcore International Small Cap Retail (closed, WTIFX), and WisdomTree International SmallCap Dividend ETF (DLS).

The next Hotline will be on Wednesday, July 13th at 7pm.