

MONEYLETTER

Hotline

Welcome to the *MONEYLETTER* Hotline for Wednesday, May 11, 2016

After 3 straight days of gains, including the biggest gain in two months yesterday, US stocks retreated today. Disappointing sales and earnings reports put pressure on the market as the strength of the American consumer was questioned. As the earnings season winds down, big retailer Macy's cut its profit forecast for the year and reported a first quarter revenue miss. Staples and Office Depot slid after their merger plans dissolved.

With domestic stocks within a few percent of their all time highs, we will need earnings growth to push prices appreciably higher.

Since the last Hotline, the S&P 500 gained 0.7%; the EuroSTOXX 50 is up 0.6%; and the Nikkei 225 is up 2.7%.

We put some cash back to work for Venturesome investors in last week's Hotline. See the details in the May issue of MONEYLETTER.

There are two trades this week in the MONEYLETTER models. In the Fidelity Moderate and Venturesome models, Sell Fidelity Trend (ticker: FTRNX). In both cases, the replacement fund is Fidelity Strategic Dividend & Income (FSDIX). In the MONEYLETTER Conservative and Moderate models, Sell Oakmark Global Select I (OAKWX). In the MONEYLETTER Conservative, Buy Royce International Premier Service (RYIPX). In the MONEYLETTER Moderate model, the replacement fund is Wasatch International Opportunities (WAIOX).

New Fund Changes – For domestic stock funds, there are three new Buys this week: Longleaf Partners Smallcap (the fund is closed, LLSCX), PowerShares Russell Mid Cap Pure Value ETF (PXMV), and iShares Morningstar Mid Cap Value (JKI). There is one new Hold: Needham Small Cap Growth (NESGX). There is one new Sell this week: Fidelity Trend.

For international stock funds, there are no new Buys this week. There is one new Hold: T. Rowe Price Emerging Europe (TREM). There are two new Sells this week: BLDRs Emerging Markets 50 ADR ETF (ADRE) and Oakmark Global Select I.

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, May 18th, 2016 at 7pm.