

MONEYLETTER *hotline*

Welcome to the *MONEYLETTER* Hotline for Wednesday, May 18, 2016

US stocks fluctuated today after the minutes of the April Fed Open Market Committee meeting were released. The minutes showed most members are in favor of a June interest rate increase provided second quarter economic data improves. Recent readings on consumer spending, housing, and inflation are all stronger after a weak first quarter.

The futures odds on a June increase have risen from four percent to 28% in the last two days, putting pressure on US equities. Since the last Hotline, the S&P 500 lost 0.8%; the EuroSTOXX 50 is essentially flat; and the Nikkei 225 is up 0.4%.

We recommended two trades last week in the MONEYLETTER models. In the Fidelity Moderate and Venturesome models, we sold Fidelity Trend (ticker: FTRNX). In both cases, the replacement fund is Fidelity Strategic Dividend & Income (FSDIX). In the MONEYLETTER Conservative and Moderate models, we sold Oakmark Global Select I (OAKWX). In the MONEYLETTER Conservative, the buy fund is 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 four new Buys this week: Value Line Mid Cap Focused (VLIFX), Fidelity Strategic Dividend & Income (FSDIX), Parnassus Mid-Cap (PARMX), and T. Rowe Price Capital Appreciation (the fund is closed, PRWCX). There are two new Holds: SPDR S&P 600 Small Cap Value

ETF (SLYV) and iShares S&P SmallCap 600 Value (IJS). There are no new Sells this week.

For international stock funds, there are four new Buys this week: Westcore International Small Cap Retail (closed, WTIFX), Matthews Emerging Asia Investor (MEASX), Fidelity Global Balanced (FGBLX), and Fidelity International Small Cap (FISMX). There is one new Hold: iShares Latin America 40 (ILF). There are two new Sells this week: Guggenheim BRIC ETF (EEB) and PowerShares Golden Dragon China ETF (PGJ).

Thank you for calling the MONEYLETTER Hotline. The Hotline will next be updated on Wednesday, May 25th, 2016 at 7pm.