

MONEYLETTER *hotline*

Welcome to the *MONEYLETTER* Hotline for Wednesday, May 25, 2016

Confidence that the US economy is improving and able to absorb higher interest rates has driven global equity prices higher over the last two days. Headlining was Monday's new home sales report, which came in much stronger than expected. That followed decent reports last week on CPI, housing starts and industrial production. In addition, higher commodity prices have lessened the threat of deflation and growing support for the U.K. to remain in the European Union has supported the rally.

The futures odds on a June hike by the Fed have risen from four percent last week to about 33%. But instead of pressuring equity prices, the markets are taking a positive view. Since the last Hotline, the S&P 500 has gained 2.1%; the EuroSTOXX 50 is up 3.6%; and the Nikkei 225 is up 0.7%.

It has been a good week so far. There is no change to your asset allocations, and there are no trades to report in our model portfolios.

New Fund Changes – For domestic stock funds, there no new Buys, Holds, or Sells this week.

For international stock funds, there is one new Buy this week: Wasatch International Growth (the fund is closed, ticker: WAIGX). There is one new Hold: SPDR S&P Emerging Latin America ETF (GML). There is one new Sell this week: T. Rowe Price Emerging Europe (TREM).

Thank you for calling the MONEYLETTER Hotline. We take this opportunity to remember our veterans and wish you all a safe and enjoyable Memorial Day weekend. The Hotline will next be updated on Wednesday, June 1st, 2016 at 7pm.