

# **MONEYLETTER** *hotline*

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## **Welcome to the Hotline for Wednesday, April 5, 2017**

The S&P 500 moved off its highest level since March 21<sup>st</sup> late in today's session as Fed concerns surfaced. Minutes from the Fed Open Market Committee (FOMC) March meeting showed that participants are not overly worried about inflation and are in favor of reducing the balance sheet later this year. Three interest rate hikes for 2017 remains the median projection. ADP showed another strong employment reading ahead of Friday's big Department of Labor report.

Investors are waiting for a solid catalyst to move the markets one way or the other. Although global economic conditions continue to improve, upcoming elections in Europe and partisan wrangling in the US are providing substantial headwinds. Since the last Hotline on March 29<sup>th</sup> the S&P 500 is down 0.3%, the Euro STOXX 50 is off by 0.1% and the Nikkei 225 is 1.9% lower.

Despite the considerable political uncertainty, equities are still the best investment for current conditions. There are no changes in our asset allocation advice. There is one trade recommended: MONEYLETTER Venturesome investors should sell Hennessy Japan Investor (ticker: HJPNX). The replacement fund is Oakmark International (OAKIX).

**New Fund Changes** – For domestic stock funds, there are no new Buys this week. There are two new Holds: Vanguard Windsor (VWNDX) and PowerShares Dynamic Large Cap Value ETF (PWV). There are no new Sells this week.

For international stock funds, there are no new Buys or Holds this week. There are two new Sells this week: T. Rowe Price Japan (PRJPX) and Hennessy Japan Investor.

Thank you for visiting the MONEYLETTER Hotline. The next Hotline will be available on our website in the Member Area at 11pm (EST) on Wednesday, April 12<sup>th</sup> and it will be emailed on Thursday morning April 13<sup>th</sup>.