VISION
FINANCIAL ADVISORY CORP
DELIVERING FINANCIAL CLARITY

Greece, Interest Rates, Equity Markets

While the pundits apparently enjoy bantering about the timing of when interest rates will increase, fretting over the market's reaction to that eventuality is typically futile. Most experts agree that rates will increase before year-end 2015, and that the markets have begun to price in that event.

Holding to the logic that rates will increase in response to a strengthening economy, one potential result of rising rates would be a flow of money into equities, strengthening demand and increasing values there. And, while higher-risk stocks have led recently, rising rates could prompt slower growth in that sector, fueling appeal in higher quality stocks. While we cannot predict the future, we have begun to shift some assets toward higher quality, lower volatility positions.

Greece is another hot news topic attracting a wide range of opinion. Whatever the eventual outcome there, it appears inevitable that Greece will go through a difficult time one way or another. However, Greece's crisis will not necessarily change the Fed's timing on raising interest rates.

Back home, the S&P 500 was just barely positive in 2Q 2015, marking its 10th consecutive quarter with gains. Those 10 straight quarterly gains represent the best streak since the index was up 14 consecutive quarters from 1995 through 2Q 1998.

The investment markets are complex, worldwide, and affected by numerous factors, including international politics, unpredictable man-made and natural disasters, and normal economic cycles. With all of that in play, be assured we continue to monitor your holdings and hunt for appealing risk-adjusted performance. Please let us know if anything in your world has changed that affects your risk tolerance or investing objectives.

Sincerely,

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