



Warren Financial  
Investing for a Greater Purpose

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# Weekly Worries and Opportunities Report

Economic Commentary by Randy Warren, Chief Investment Officer

## Randy Warren

is Chief Investment Officer of Warren Financial, an investment management firm catering to self-made individuals, dual-income families and family-owned businesses headquartered in Exton, PA with offices in New York, Hilton Head, and Atlanta. The firm also has an institutional division that specializes in volatility products and hedge strategies.

## What to Watch for (Catalysts):

1. **WORRY** about an economy that may be speeding up to the point where the Fed comes back into play again. There are some early indications that the Southeastern and Mid-Atlantic US are running at over 3% GDP for Q3. A very strong GDP is great economic news, but it will stoke fears that the Fed will want to fight future inflation by raising rates.
2. **WORRY** about what the dollar-Yen relationship. The Yen has strengthened significantly since the beginning of the year. We would not like to see the market become correlated with the dollar/Yen relationship in September. Without much earnings news in Sept, the market could more easily become correlated with dollar/Yen. The strong Yen is not a problem currently, and it clearly helps our exporters while hurting Japanese exports. But a rapidly weakening Yen could rattle the markets.
3. **WORRY** about the upcoming election. The market is assuming that Hilary will win. If Trump begins a comeback the market will likely slump initially.

*The Key: Our Macro-VIX Indicator continues at 0 indicating nothing on the near term horizon to fear.*

## Buy:

Any near-term movement by the Fed will temporarily bolster conservative stocks again, but the strength will quickly wane. Stick with growth companies until we actually see any change in direction. Ulta had great earnings news on Friday but sold off anyway on over-enthusiastic expectations. Ulta showed fabulous same-store comp sales, a beat on rev and earnings as well as a guide higher. All great news, but the market was hoping for just a little bit more. These types of growth companies are great to pick up on these modest pull-backs.

**Disclosures:** Warren Financial has long positions in some of the stocks mentioned in this article both for our clients and our own portfolios. We may be starting new long positions in some of these companies in the future. The fact that a company is mentioned is not a recommendation or offer to buy or sell that stock or bond. Investors should always seek advice from an advisor that knows their particular financial situation and not assume that general information such as the information in this article will always apply directly to their portfolio. Investing includes the risk of loss. For more information on how to protect your investments from volatility, visit [www.WarrenFinancial.com](http://www.WarrenFinancial.com) and make sure to investigate our volatility strategies.

## Drivers in the Market

- Tues we get economic numbers regarding Consumer Confidence at 10am. Wednesday we get a look at EIA Petroleum Status at 10:30am. Thursday the weekly Jobless Claims and ISM Mfg Index (at 10am).
- Friday Sep 2, the all-important monthly Employment Report and Unemployment figures at 8:30am. The Unemployment report for July was reported on Aug 5. It showed 255,000 increase in non-farm payrolls; an Unemployment rate of 4.9%, private payrolls added 217,000. The labor participation rate reported Aug 5 was 62.8%.
- August 30 Tuesday before the open we get Christopher&Bank CBK (\$-.06), and Abercrombie ANF (\$-.23). After the bell Palo Alto Networks PANW (\$-.24) and H&R Block (\$-.53)
- Wed before the open Brown Forman BF.B (\$.37). After the close Shoe Carnival SCVL (\$.27), Salesforce.com CRM (\$.05) and Five Below FIVE (\$.17)
- Thurs Sept 1 before the open Vera Bradley VRA (\$.13), Joy Global (\$.12) and Campbell Soup CPB (\$.50). After the close Smith & Wesson SWHC (\$.53), Lulu Lemon LULU (\$.38), Broadcom AVGO (\$2.29), and Ambarella AMBA (\$.16).



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