



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 the Federal Reserve. A couple weeks ago, various Fed speakers tried to convince the market that they are serious about raising rates, and the market responded very negatively to the idea. Even while those hawks were trying to talk up the idea of higher rates, the Fed Funds Futures were still showing only a 17% probability of a hike in September. At Warren Financial, we have predicated and expected only one rate hike in 2016 – most likely in December.
2. **WORRY** about the central bank of Japan. Warren Financial has been worrying about the US-Dollar/Japanese-Yen exchange rate for weeks. This week there is an ominous meeting where the BoJ could change course unexpectedly. Negative interest rates are killing the banks in Europe and Japan and helping to prop-up the US-dollar. The BoJ would like the interest rate curve to get steeper with long term rates rising while short term rates stay steady.
3. **WORRY:** Oil is flirting with \$40/bbl range again – not a good sign.

The Key: Our Macro-VIX Indicator leveled off at 35 out of 100 indicating there is concern in the markets

Buy:

September is often full of volatility. Any sell-off is an opportunity to buy some great growth stocks at cheaper prices, such as UA, ULTA, FB, AMZN, and NVDA.

Drivers in the Market

- It's central banker week on Wall Street with the US Federal Reserve meeting and the Bank of Japan meeting.
- Tuesday we get earnings from Adobe (\$.58), FedEx (\$2.79), KB Homes (\$.39), and Lennar (\$.88)
- Wednesday we get earnings from Carmax (\$.88) and Jabil Circuit (\$.16)
- Thursday we get earnings from Autozone (\$14.31) and Rite-Aid (\$.03)

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