

Keystone Wealth Report

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THE MARKETS

Last week, Wall Street was speculating about monetary policy with the enthusiasm of commentators trying to predict who will bring home Olympic gold.

The Federal Open Market Committee (FOMC) is expected to introduce another rate hike before the end of 2016, according to the *BBC*, and it has just three opportunities to deliver the goods – during its September, November, or December meetings.

Analysts and pundits parsed minutes from July's FOMC meeting looking for clues about timing and found relatively few because there was no consensus view at the July meeting. The *BBC* wrote, "According to the minutes, some FOMC members felt 'economic conditions would soon warrant taking another step,' while others believed more data was needed." The *BBC* also pointed out a hike in November was unlikely because of the timing relative to the U.S. Presidential election.

The sooner-is-better camp inside the Fed has been quite vocal recently. *CNBC* reported New York Fed President William Dudley, Atlanta Fed President Dennis Lockhart, and San Francisco Fed President John Williams each made statements confirming solid economic growth is expected during the second half of 2016, and indicating it's time to continue increasing interest rates in the United States.

Recently, the *CME Fed Watch tool* (which looks at 30-Day Fed Fund futures prices to gauge the likelihood of changes in Fed policy) put the probability of one-quarter to one-half percentage point rate increase during September at 88 percent.

That may change this week after Fed Chair Janet Yellen speaks at the Fed's summer retreat in Jackson Hole, Wyoming. She's expected to provide some indication of whether the Fed is ready to take action.

If you would like more information, just 'friend' the Fed. It now has a Facebook page.

Data as of 8/19/16	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	0.0%	6.9%	5.0%	9.9%	14.2%	5.3%
Dow Jones Global ex-U.S.	-0.4	3.8	-1.5	-0.3	2.5	0.0
10-year Treasury Note (Yield Only)	1.6	NA	2.1	2.9	2.1	4.8
Gold (per ounce)	-0.4	26.8	19.6	-0.5	-6.1	8.0
Bloomberg Commodity Index	2.6	9.8	-2.6	-12.8	-11.5	-6.7
DJ Equity All REIT Total Return Index	-1.9	13.6	15.8	16.3	15.4	6.9

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

PUBLIC WI-FI IS REMARKABLY CONVENIENT, making it possible to connect your tablet, laptop, phone, or other device in the middle of a national park, at a local bookstore or café, or while waiting for a flight. Whenever you're connecting in a public venue, remember public Wi-Fi is not secure – even if you're paying to access it. *Norton* warned:

“...Wi-Fi uses radio waves. The openness of these signals at public hotspots, combined with the right eavesdropping software, can allow others to take information without your knowledge – much like someone overhearing a private conversation in a crowded restaurant. Don't assume that a public Wi-Fi network is safe and secure simply because it has a password. Remember, these passwords are shared, so anyone nearby can easily hop onto the network and see what you're doing.”

Protect yourself with some dos and don'ts of free public Wi-Fi:

Do:

- **Turn 'sharing' off.** Your computer may be set to 'share' files and printers or allow remote login from other computers. Make sure 'sharing' is turned off when you are on public Wi-Fi.
- **Access only public sites.** Check the weather or stock markets. Read the news or your favorite blogs. Avoid sites that require you to login.
- **Use a virtual private network or VPN.** VPN software may allow you to route all of your activity through a separate and secure private network even when using public Wi-Fi.

Don't:

- **Assume a Wi-Fi option is legitimate.** Cyber criminals have been known to set-up connections with names that are similar to the name of wireless offered by the café, hotel, etc. Talk with an employee before accessing Wi-Fi to get the correct name and IP address.
- **Access password-protected websites.** When you're on public Wi-Fi, do not log in to password protected email accounts or social media sites; do not enter credit card information; and do not engage in online banking.

Public Wi-Fi is wonderful – as long as you understand the risks and protect your personal information.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* The Standard & Poor's 500 (S&P 500) is an unmanaged index. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* You cannot invest directly in an index.

* Consult your financial professional before making any investment decision.

* Stock investing involves risk including loss of principal.

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Weekly Focus – Think about it...

"I just work hard and try my best every time I step up on those blocks. I'm very goal-oriented. I've always set high goals for myself. When I was little I never dreamed of going to the Olympics, but once I did I wanted to do my very best at that level. Four years ago, when I was visualizing my final, I never envisaged anything other than winning gold. Once I get to that level, I'm able to set the goals for myself and go out and achieve them."

--Katie Ledecky, Olympic gold medalist

Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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