

Who Invited Stanley to the Fishing Trip at Jackson Hole?

*Highlights from the Presentation at RMC Group's
Advanced Planning Seminar*



August 29, 2016

Andy Hill spoke at the RMC Group's Annual Advanced Planning Seminar on Friday, August 26, 2016, which took place on the same day as the Jackson Hole Symposium. This year the symposium was hosted by Esther George, President and Chief Executive of the Federal Reserve Bank of Kansas City.

Chair of the Board of Governors of the Federal Reserve System, Janet Yellen, gave a presentation which, as expected, stated that economic improvements have set the stage for higher rates at a "gradual pace". Soon afterward Stanley Fisher, Vice Chair of the U.S. Federal Reserve System, had to rain on the fishing trip in a CNBC interview by stating that two hikes were still possible

this year, which was a much more dramatic prediction than what the other Feds were predicting. Stanley's comments sent the "Algos" into the sell mode as the SP500 dropped 20 points in rapid fashion.

Meanwhile, during the RMC conference in Naples, Florida, Andy's presentation focused on the rapid recent jump in LIBOR, the rate at which banks price loans. The three month LIBOR rate has increased from 0.62% to 0.83% over the past six weeks. The increase ties out with the improvement in the last two employment reports showing better than projected job gains. It is Andy's expectation that the Federal Reserve will increase Fed Funds from ¼% to a range of ½% to ¾% in either September or December's FOMC meeting. With LIBOR already trending higher, the "Market" is already anticipating this move.

From a strategic perspective, we have been positioning stock and bond portfolios for a moderate increase in interest rates. Bond portfolios have average maturities, much shorter term than most advisors, which will lessen the sting. Equity holdings have a significant overweight in financials that benefit from higher interest rates.



Andrew D.W. Hill, CFA
President and Co-Founder



Jennifer Figurelli, CTFA
Managing Director and Co-Founder

Disclosures

Information sources used to prepare this report include Argus Research, Value Line Investment Survey, Zacks, Barron's, Kiplinger's, Fidelity, and Decision Economics. Founded in 2010, Andrew Hill Investment Advisors, Inc. is registered as an investment advisor and only transacts business in states where it is properly registered, or is excluded or exempted from registration requirements. Andrew Hill and clients of AHIA hold positions in the investments mentioned in this report. Please contact Andrew Hill Investment Advisors, Inc. if there are any changes in your financial situation or investment objectives, or if you wish to impose, add or modify any reasonable restrictions to the management of your account. Our current disclosure statement is set forth in Form ADV, Part 2 and is available for your review upon request. Tax and estate planning advice is general in nature and the firm is not engaged in the practice of law