July 21, 2015

Dear Fellow Investors,

From time to time, I help people work through financial difficulties. If a generalization can be made about these folks, it is they have taken on too much debt. With debt come interest payments which demand more and more of these peoples' money. They know all that is really needed is to cut back on the spending, but of course, cutting back on spending means giving up on something. Some are willing to sacrifice and others continue to build debt rather than cut back.

Countries around the world tend to have populations who look to their governments for their needs. If the people want something, the politicians are going to give it to them. Just like the people I try to help with financial difficulties, governments without restraint go into debt. So, the excess spending that challenges individuals also challenges most of the countries, large and small.

With government spending, businesses and workers are increasingly saddled with debt and interest payments. Is it any wonder why our investments have languished?

Many experts believe the United States is quite solvent and not close to default in any respect. However, there are those who speculate failures of smaller countries like Greece could begin a landslide of defaults that could impact the United States economy. My concern about this issue has caused me to begin looking at methods to help investors should this scenario begin to play out.

This may sound pretty negative, but there may also be opportunities for investors. I have been looking for investments that are preparing themselves for the future; whatever may come. Your financial success is what interests me. So, let's talk about my discoveries and how you might benefit from adjustments in your portfolio.

Kindest Regards,

Bruce W. Woods
President, Woods Financial & Insurance Services
Registered Representative, LPL Financial

Enclosure

THE WOODSHED

News and Commentary
From
Woods Financial and Insurance Services

June 30, 2015

Bonds and Stocks Decline Slightly

According to Google Finance, the **Dow Jones 30 Industrial Average** declined by **1.14%** for the year to date ending June 30, 2015. Bond values, as reported by **Google Finance for the iShares Barclays Aggregate Bond Index (AGG)**, also decreased by **1.22%** over the same period.

Unemployment Worsens – Are Higher Interest Rates Likely?

The Federal Reserve exercises a lot of control over interest rates. It is apparent the economy needed stimulation after the "recession" of 2008 and the method used was to flood the economy with money. While it may seem that the money just appeared, it did so with a commensurate increase in the Nation's debt. We all would like to see the increasing debt slow down, but doing this could come along with higher interest rates. So, is the economy ready for the stimulus to end? Economists are split along political lines. Some economists point to improved unemployment, as a critical sign that stimulus is no longer needed. Other economists question the accuracy of unemployment data and suspect higher interest rates will hurt an economy that is barely growing. The Federal Reserve must sort this information out and make the final decision to raise interest rates or not. My guess is the Federal Reserve is unlikely to allow an increase in interest rates before the fourth quarter. The reality is we don't know when or if interest rates will move higher, but I suspect the increase of interest rates is getting closer quickly. Investors in bonds must consider reducing their bond positions if they anticipate higher interest rates. What is your guess?

All Eyes Seem To Be On Greece and the European Union – What about the United States?

Much of the recent financial news concerns itself with Greece. The Greek government has tended to be socialist for many years. As is the case with most socialist governments, it has promised its population social programs and the citizenry now demand those programs. The problem is the money flowing into the Greek government is insufficient to pay the expenses caused by these programs. This reality is causing the Greek government to go to extreme lengths to get the loans needed to pay the growing debt, but it is unwilling to reduce the cost of these programs. Economically, Greece is a small player on the world stage, so why should it raise such an international concern? The answer is Greece may well be a foreshadowing of many other countries around the world, including the United States. As investors, we rely on the growing profitability of businesses to increase our investments. If a Greek like situation started to form in the United States or any of our larger trading partner nations, the result could be higher taxes, higher inflation rates and lower profitability of our businesses. I don't know how the Greek situation will resolve itself, but it does bear watching. Bonds and stocks are both at risk here, so please stay tuned as I offer more perspective on this dynamic situation.

More Important Information at Your Finger Tips Go To:
https://www.facebook.com/WoodsFinancialAndInsuranceServices and "Like" our page