View from the Observation Deck

1. Today’s blog post is an update of a previous post. Investors can compare today’s snapshot to the one we did on 6/4/15 (click here to view).

2. Investors are likely pondering how they might cope with a potential hike in the federal funds rate in September or December, in our opinion.

3. While some may be wondering if the strength in the U.S. dollar and concerns over the direction of the economy and equity markets in China could push off a rate hike into 2016, we do not think so.

4. Brian Wesbury, Chief Economist at First Trust Advisors L.P., believes that the Fed is likely to initiate a rate hike in September based on the economic progress being made in the U.S.

5. Perhaps the most notable change in the bond market since 11/12/14 has been the decline in speculative-grade bond prices, which includes high yield corporate bonds and leveraged loans (senior loans).

6. The majority of that selling pressure is primarily tied to the weakness in the energy sector and metals/mining, according to Barron’s, but may now be spreading to other sectors.