

INTERESTS

& TIDBITS

- “Life isn’t about finding yourself. Life is about creating yourself.” — George Bernard Shaw
- Dr. Kevin Elko’s Monday Morning Cup of Inspiration can be found at drelko.com. It’s free!
- **May’s Golf Tip:** Align your clubface. The correct way to align your shots is always begin by first assessing your target from behind the ball. This gives you a perspective of the entire hole & helps you aim right where you want the ball to go. — Golftips-mag.com

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The Strong Dollar: Good or Bad?

You may have heard that the dollar is “strong” right now. You may have also heard that a strong dollar amounts to a headwind against commodities and stocks.

While there is some truth to that, there is more to the story. A strong dollar does not necessarily rein in the bulls, and dollar strength can work for the economy and the markets.

The U.S. Dollar Index has soared lately. Across July 2014-February 2015, the USDIX (which measures the value of the greenback against key foreign currencies) rose an eyebrow-raising 19.44%.¹

On March 9, the European Central Bank initiated its quantitative easing program. The dollar hit a 12-year high against

the euro a day later, with the USDIX jumping north more than 3% in five trading days ending March 10. Remarkable, yes,



What is dollar strength and who invests in it?

but the USDIX has the potential to climb even higher.^{2,3}

Before this dollar bull market, we had a weak dollar for some time. A dollar bear market occurred from 2001-11, partly resulting from the mone-

tary policy that the Federal Reserve adopted in the Alan Greenspan and Ben Bernanke years. As U.S. interest rates descended to historic lows in the late 2000s, the dollar became more attractive as a funding currency and demand for dollar-denominated debt increased.⁴

In Q1 2015, private sector dollar-denominated debt hit \$9 trillion globally. Asian corporations have relied notably on foreign currency borrowing, though their domestic currency borrowing is also significant; Morgan Stanley recently researched 625 of these firms and found that dollar-denominated debt amounted to 28% of their total debt.^{4,5}

(Continued on Page 2)

How can women save more for retirement?

Numerous articles have mentioned the obstacles women can face as they save for retirement. Turning from the negative, here is one positive factor that may help women save more.

Financial literacy. Learning about investing, retirement topics and the markets is step

one. An appreciation and understanding of the potential of equity investment, a recognition that a six-figure or seven-figure sum may be needed to retire – a retirement savings effort proceeds from these understandings. When you have knowledge, you have more confidence and your money decisions feel empow-

ering. A 2014 TIAA-CREF survey found that 81% of women who had obtained knowledge from a financial professional reported feeling informed about retirement planning and retirement saving, and 63% of women who had received financial advice felt confident about their retirement saving progress.



The U.S. economy is healthy compared to other nations.

“As research from Charles Schwab indicates, the average annualized return for U.S. stocks when the dollar rises has been 12.8% since 1970.”

Sustaining a bull market depends on dollar strength.



The Strong Dollar cont'd

So why has the dollar strengthened? The quick, easy explanation is twofold. One, the Fed is poised to tighten while other central banks have eased, promoting expectations of a mightier U.S. currency. Two, our economy is healthy versus those of many other nations. The greenback gained on every other major currency in 2014 – a development unseen since the 1980s.⁴

This explanation for dollar strength aside, attention must also be paid to two other critical factors emerging which could stoke the dollar bull market to even greater degree.

At some point, liabilities will increase for the issuers of all that dollar-denominated debt. That will ramp up demand for dollars, because they will want to hedge.

Will the dollar supply meet the demand? The account deficit has been slimming for the U.S., and the slimmer it gets, the fewer new dollars become available. It could take a few years to unwind \$9 trillion of dollar-denominated debt, and when you factor in a prob-

able rate hike from our central bank, things get really interesting. The dollar bull may be just getting started.

If the dollar keeps rallying, what happens to stocks & commodities? Earnings could be hurt, meaning bad news for Wall Street. A strong dollar can curb profits for multinational corporations and lower demand for U.S. exports, as it makes them more expensive. U.S. firms with the bulk of their business centered in America tend to cope better with a strong dollar than firms that are major exporters. Fixed-income investments invested in dollar-denominated assets (as is usually the case) may fare better in such an environment than those invested in other currencies. As dollar strength reduces the lure of gold, oil and other commodities mainly traded in dollars, they face a real headwind. So do the economies of countries that are big commodities producers, such as Brazil and South Africa.⁶

The economic upside is that U.S. households gain more purchasing power when the dollar strengthens, with prices of imported goods falling. Improved consumer spending could also give the Fed grounds to extend its accommodative monetary policy.⁶

How are people investing in the dollar? U.S. investors have dollar exposure now as an effect of being invested in the U.S. equities market.

Those who want more exposure to the rally can turn to investment vehicles specifically oriented toward dollar investing. European investors are responding to the stronger greenback (and the strong probability of the Fed raising interest rates in the near future) by snapping up Treasuries and corporate bonds with longer maturities.

Stocks can still rally when the dollar is strong. As research from Charles Schwab indicates, the average annualized return for U.S. stocks when the dollar rises has been 12.8% since 1970. For bonds, it has been 8.5% in the years since 1976. A dollar rally amounts to a thumbs-up global vote for the U.S. economy, and that can certainly encourage and sustain a bull market.⁷

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Summertime tips for keeping your cool



As the weather starts to heat up, the American Heart Association reminds us of some simple ways to stay cool.

Remember to hydrate! Drink water before you feel thirsty. Remain hydrated during and after physical activity. And, for

The sun is the strongest between the hours of noon and 3 p.m. those who desire a little flavor without the calories...add slices of cucumber, lemon, orange or other citrus fruits like grapefruit or limes to

water bottles. Berries and pieces of melon will also add flavor without adding calories.

Protect yourself and your family from the sun! Be sure to wear a hat if you will be spending time outside gardening or just playing

with your children or grandchildren. Remember to reapply sunscreen every two hours.

Be Heat Smart! Avoid participating in strenuous activities during the hottest part of the day — between noon and 3 p.m. Light-colored clothing and those that wick away moisture along with cotton blends are breathable fabrics which will help keep you cool. Wear sunglasses to protect your eyes. They should be UVA and UVB protection certified.

— www.heart.org

“Add slices of cucumber, lemon, orange or other citrus fruits like grapefruit or limes to water bottles.”

Colorado flavors

Tortellini Appetizer Kabobs

1 package frozen cheese tortellini (Tri-color preferred)

1 package small sliced pepperoni

1 8 oz. block Havarti cheese (or Mozzarella, Pepperjack, etc.) cut into small chunks

1 jar each Kalamata olives & green olives stuffed with pimentos

1 cup Italian salad dressing

1 package of skewer sticks

Cook tortellini al dente, rinse with cold water & drain. Drain olives. Place tortellini, olives and cheese chunks into bowl and toss with dressing. Let marinate for at least 15 minutes.

Tri-fold or quarter-fold pepperoni slices and skewer pepperoni piece onto stick first. Next, alternate items onto skewer sticks — one tortellini, one olive, one chunk of cheese, one pepperoni. Keep alternating items until the skewer is full.

Top with a green olive.

(The tortellini will be placed on the skewer like a head on a stick figure, pierced twice). Serve cold.

*Recipe can be doubled or tripled to serve 50+ people.

— Recipe by Lauren Gaddie-Johnson. Mrs. Johnson worked for a catering business in Tallahassee, Florida, for two years before moving to Colorado.

Colorado hot spot — Mt. Herman hiking trail

By Lauren Gaddie-Johnson

Most Coloradans are familiar with the hot hiking spots around Colorado Springs such as Garden of the Gods, Barr Trail, and the ever famous “Incline” up the side of Pikes Peak.

But, what most locals don’t know is that there is a little secret spot just north of Colorado Springs and just

outside of Monument that is well worth the drive. Mt. Herman is a scenic 4-mile out and back trail near Woodland Park. Be sure and take your camera!

Directions: From I-25 (north or south) exit Hwy 105 in Monument. Head west toward the mountains. Hwy 105 becomes 2nd street through downtown Monument.

Follow until 2nd street deadends at Mitchell Road. Turn left onto Mitchell Rd. and follow to Mt. Herman Road. (Look for the brown trailhead sign). Turn right onto Mt. Herman Rd. (320) and follow to Trailhead #716. The last 3.5 miles is unpaved.



Take plenty of water on any hike and layer clothing as the weather can change in the Colorado mountains.



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Kansas happenings

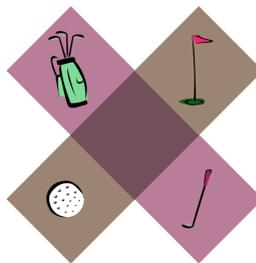
Tuesday, May 12th: Wichita Chamber of Commerce Membership Maximizer AKA Chamber 101: Member Orientation

This meeting is intended for new Chamber members and employees of existing members who are looking to obtain a better understanding of the Chamber and the many benefits associated with membership. Meeting time is 3 to 4:30 p.m. on the NE Corner of Douglas and Waco. Phone (316) 268-1116 or email

nrobinson@wichitachamber.org for more information.

Thursday, May 14th: Farmers Insurance 6th Annual Charity Golf Tournament to Benefit the Kansas Humane Society

Registration is at 7:30 a.m. with tee times beginning at 8:30 a.m. Four person scramble, breakfast and lunch included. Cost \$500 for a team of 4 or \$125 per person. To obtain a registration form contact Amanda at Amanda.jgutierrez4@farmersagency.com.



Golf for a good cause at Rolling Hills Country Club on May 14th.

Saturday, May 23rd: Space Out Saturday at the Kansas Cosmo-sphere and Space Center

A free family-friendly exploration day which includes a hands-on science project in the Explorer's Workshop. The day will also include singing, dancing, and imagining at StoryTime as well as an educational and exciting time for all. (The Space Trek requires a fee, but all other activities are FREE!) 10 a.m. to 3 p.m.

Visit www.cosmo.org or call (800) 397-0330 for more information.

*All information obtained from the Wichita, Kansas, area Chamber of Commerce website: wichitachamber.org.

*****The Financial Ascent is created & edited by Lauren Gaddie-Johnson.**