

# NYSE Closure and Other Key Events

July 8, 2015



## NYSE Closure and Other Key Events

The New York Stock Exchange (NYSE) elected to close trading today from approximately 11:30 am Eastern Time to 3:10 pm. All issues within the S&P 500 Index are traded on other exchanges, and they traded in an uninterrupted manner, while over on the NASDAQ, operations continued as normal.

The major U.S. stock indices gapped lower at the open, with the S&P 500 opening down 16 points in the first two minutes of trading day. The reasons appear to be growing concerns surrounding the steepening stock market crash in China and the lack of definitive progress in Europe with respect to making much needed funding available for Greece.

Strangely enough, even after the U.S. markets opened sharply lower and Greece made a very vague new proposal to the Eurogroup, the major European stock markets remained positive and closed their Wednesday sessions materially higher.

In China, the Shanghai Composite plunged again on Wednesday even as regulators worked feverishly to contain a crisis that has now wiped out trillions of dollar in market capitalization. The Shanghai Composite ended down 5.9%, off the session low of 8.1% but with a large number of issues opening down the daily limit of 10%.

In Hong Kong, the Hang Seng Index lost 5.8%, while the smaller Shenzhen Composite fell 2.5%.

The Shanghai Composite is now down 32% in just three weeks, with the Shenzhen Composite down 41%. By yesterday's close, over 1,430 firms (51% of the market's 2,778 listed securities) had elected to halt trading in their shares, where estimates of total losses now measure \$3.25 trillion.

To put that figure in perspective, the recent losses in China's stock market are bigger than the size of France's entire stock market and are about 60% of the market capitalization of the Japanese stock market (the second largest in the world). The decline in Chinese stocks is centered upon a growing awareness that Chinese economic growth is now the weakest since 2009 and that China could be actually moving into recession for the first time in decades – with worrisome internal social and political implications.

Back in the U.S., while authorities have denied any signs of a cyber-attack at the NYSE, there had been some unusual rumors from anonymous calls that were made prior to the exchange opening suggesting that, "Wednesday could be a difficult day for Wall Street". At the present, the NYSE is calling the outage a "technical glitch" and not the result of a computer attack by hackers.

What has made the day even stranger was the widespread computer outages that beset United Airlines, and at around the same time, the Wall Street Journal website also went offline, although both are back in service now.

U.S. officials are denying that the outages are related and are refuting the suggestion that they were caused by cyber-attacks. In a comment on social media, the NYSE stated that they chose to suspend trading to avoid problems arising from an internal technical issue, and not a cyber-breach.



After reaching out to the NYSE, the FBI told CNN that “no further enforcement action is needed at this time”. The SEC has also been in contact with the NYSE and has said that it is monitoring the situation and trading in all NYSE stocks closely.

**David C. Wright**

Managing Director and Co-Portfolio Manager

**Frank A. Barbera**

Executive Vice President and Co-Portfolio Manager

July 8, 2015

**Past performance does not guarantee future results and there is no guarantee that any investment strategy will achieve its objectives, generate profits, or avoid losses.**

*Investors should carefully consider the investment objectives, risks, charges, and expenses of the Sierra Mutual Funds. This and other information about the Fund is contained in the prospectus and should be read carefully before investing. The prospectus can be obtained on our website [www.sierramutualfunds.com](http://www.sierramutualfunds.com) or by calling toll free 1-866-738-4363 (1-866-RETI-FND). The Sierra Mutual Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC.*

2348-NLD-7/9/2015