"Courage is knowing what not to fear."

– Plato

If Plato were a financial advisor in 2015, we like to think that he would recommend ignoring scary short-term headlines and focusing instead on the long term.

Scary headlines were indeed abundant in the second quarter, with most of them coming from the philosopher's home country. Greece's seemingly never-ending debt crisis weighed heavily on the markets, putting a damper on what was in many ways a very encouraging second quarter. With commentators warning about the danger of a Greek default, of the country crashing out of the euro, and even of the Eurozone splintering and plunging into recession, many investors ran for the exits.

The numbers tell the story. The Dow Jones Industrials Average and the S&P 500 index fell by a respective .9% and 2.4% from April through June. The Nasdaq Composite index was able to push ahead, mostly thanks to heightened M&A activity—it advanced 1.8%. Meanwhile, the Global Dow was practically flat.

Spoiler alert: We now know that Greece and its Eurozone creditors tentatively agreed to a bailout plan just a few days ago, early in the current quarter. But the second quarter featured plenty of fear-based trading. The fact that markets withstood the Greek drama reasonably well is largely a testament to encouraging data about corporate earnings growth and a reaccelerating U.S. economy, as we'll explain.

Second Quarter 2015: The Economy

In late June, the Commerce Department reported that gross domestic product declined at a rate of just .2% in the first quarter. That was better than an earlier estimate of .7%. Unusually harsh winter weather, rather than underlying fundamentals, was largely to blame for the decline, experts said. Similarly, poor weather also hurt economic growth in the first quarter of 2014.

There was also good news on the unemployment front, with the United States adding a solid 223,000 jobs in June. Those gains pushed the unemployment rate down 5.3%, a seven-year low.

Market/ Index	End of 2Q	End of 1Q	Change	1 Year Ago	Yearly Change
DJIA	*17,619.51*	*17,776.12*	*-.9%*	*16,826.60*	*4.7%*
NASDAQ	*4,986.87*	*4,900.00*	*1.8%*	*4,408.18*	*13.1%*
S&P 500	*2,063.11*	*2,067.89*	*-2.4%*	*1,960.23*	*5.3%*
Russell 2000	*1,253.95*	*1,252.77*	*.09%*	*1,173.04*	*6.9%*
Global Dow	*2,513.38*	*2,518.15*	*-.2%*	*2,605.69*	*-3.5%*
10-yr Treas.	*2.34%*	*1.93%*	*41 bps*	*2.54%*	*-20 bps*

Additional good news came in the form of inflation and housing data. The Labor Department said its Consumer Price Index rose .3 percent in June. That pushed the year-over-year inflation rate into positive territory for the first time since December of last year.

While inflation won't be welcome news to consumers, it is a good sign from an economic standpoint: The positive inflation suggests strengthening demand from consumers, who are the largest single driver of economic growth.

Investor Education: Portfolio Stress Testing

Markets never go straight up—and their lack of short-term predictability can create emotional stress for investors.

That's one reason the team at Steel Peak Wealth Management stress tests our clients' investment portfolios. Using predictive analytic software, we are able to measure how well your portfolio would hold up in the event of different hypothetical market conditions.

Based on our stress testing, we are able to design portfolios that ensure you will be able to meet your goals even under challenging market scenarios. For instance, we can create a portfolio based on the assumption that the market will fall 5% the year you retire, and then fall another 5% the following year.

The process of building a portfolio suited to your risk tolerance is a consultative one. We present clients with a range of scenarios, and, based on our discussion with them, structure and maintain an appropriate mix of investments.

The knowledge that the necessary financial resources will be available to accomplish retirement or other goals can be a great source of confidence for investors as markets swing back and forth. And our stress testing is just one of the ways we ensure that your future is secure.

June also brought good news on the real estate front. Groundbreaking for new homes increased nearly 10%, while permits for future home construction surged 7.4%, the highest level since July 2007.

Meanwhile, the expectation of interest-rate tightening by the U.S. Federal Reserve led to the first quarterly loss for U.S. Treasuries since 2013. The yield on 10-year Treasuries increased to 2.34% at the end of the quarter, from 1.93% three months earlier (bear in mind that bond yields and prices move in opposite directions).

Looking Forward: Eyes on the Fed

All the signs of U.S. economic strength are increasing the expectation that the Federal Reserve soon will begin raising interest rates for the first time in six years. It's likely that the market will react to the first rate hike, which could come as early as September, with volatility. But ultimately, raising interest rates is healthy, because it can help keep the economy from overheating.

The Fed's mandate includes guarding against inflation and fostering employment. And while low rates can help grow the economy and spur job creation, Fed chair Janet Yellen and company will be looking to remove the proverbial punch bowl before the party gets out of hand.

Based on Yellen's recent comments, the rate hikes will be more incremental and gradual than has been the case in past tightening cycles. That may help to ensure a "soft landing" for the economy and the markets.

Of course, there are no guarantees when it comes to economics or investing. We can't control how the market reacts to global crises, to Fed policy or to any number of catalysts. We can, however, control our own behavior—by taking Plato's advice to heart, tuning out short-term noise and focusing on our long-term goals.