

Home (<https://dreamwork.financial/>) » Research  
(<https://dreamwork.financial/category/research/>) » Investing Hotsheet  
(<https://dreamwork.financial/category/research/investing-hotsheet/>) » Investing Hot Sheet



**Published**  
**September 19, 2022**

*The CPI report was hotter than anticipated bringing the S&P below the critical 3900 level. Will the Fed decision take us back to the June lows?*

If you're looking for past Investing Hot Sheets please visit our [Newsletter Archive \(/newsletter-archive/\)](#).

## The Hot List

↑  
H  
O  
T

### 1. Inflation

The CPI report showed (<https://www.bls.gov/news.release/cpi.htm>) that consumer prices rose 8.3% from last year and 0.1% since July. The PPI report (<https://www.bls.gov/news.release/ppi.nr0.htm>) showed that producer prices increased 8.7% from last year and decreased 0.4% since July.

## 2. Federal Reserve

The pivotal September FOMC meeting is next week. Expectations are for a 75-100bps rate hike.

## 3. Interest Rates

The average rate on a 30-year fixed rate mortgage was 6.02%, the highest (<https://www.nytimes.com/2022/09/15/business/mortgage-rates.html#:~:text=The%20average%20rate%20on%20a,the%20same%20week%20in%202021.>) since 2008 per Freddie Mac. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

## 4. Ukraine

Ukraine launched (<https://www.yahoo.com/video/kharkiv-offensive-russia-surprised-ukraine-082637721.html>) a powerful counter strike and retook some key towns.

## 5. Economy

Retail sales rose (<https://www.cnbc.com/2022/09/15/retail-sales-august-2022.html>) 0.3% in August, which was boosted by a jump in auto sales.

# Last Week

**Monday:** S&P 500 +43.05 (+1.06%) to 4110.41. No major headlines.

**Tuesday:** S&P 500 -177.72 (-4.32%) to 3932.69. Consumer prices rose 8.3% from last year, up 0.1% from last month.

**Wednesday:** S&P 500 13.32 (-0.34%) to 3946.01. Producer prices fell 0.1% from last year.

**Thursday:** S&P 500 -44.66 (1.14%) to 3901.35. Retail sales increased 0.3% in August. Initial jobless claims came in less than expected (213K vs 233K).

**Friday:** S&P 500 -28.02 (-0.72%) to 3873.33. Univ. of Mich. Consumer sentiment was below expectations (59.5 vs 60).

# S&P 500 [S&P] Technical Look

**Potential Support:** To the downside, look for support back at 3800, but if it breaks below that the next level is the June lows.

**Potential Resistance:** To the upside, look for resistance back at 4000 and the recent highs near 4100.

## Top Ideas

Tech

Military

Staples

Energy

Healthcare

## My Take

We knew the markets were set up for a big move ahead of the CPI report. Unfortunately, the data was hotter than expected and investors may have been slightly off-sides – betting that it would have cooled. I wrote last week “if it comes in hotter, then the ‘goalposts’ will have moved yet again, and the Fed will be forced to get even more hawkish than they already are.”

Well, the “goalposts” appeared to have moved in a big way. After the report the debate went from the Fed raising rates between 50 and 75bps to 75 and 100bps. This is a gigantic move considering the actions they have already taken.

This type of “panic” move brings many investors to question if the Fed has gone too far. I don’t think anyone knows exactly what is the right move. There are so many variables at work and a Fed with only one tool – a sledgehammer. But the scary thing is that the Fed most likely has no idea and could be panic hiking to save face after the “transitory” blunder – which will be a future lesson in finance textbooks.

They have reiterated that they are “data dependent” but these massive hikes take time to work through the system. I’m a little worried that the slowing we’re seeing now could be from multiple meetings ago and now it’s potentially being overdone. As I’ve mentioned they can’t fix supply chains or the war, and they can’t create new workers to help ease wage pressures, but they can crush demand and the economy to get inflation back down.

Personally, I'm wondering if they don't just go 100bps and then announce a "wait and see" approach. At this point they can't pivot from their hawkish tone but a "wait and see" approach would give them room to be flexible.

From a technical standpoint, damage has been done as the 3900 level was breached Friday. But there was an outside chance that quadruple witching (options expirations) may have had something to do with the added volatility. However, with the FOMC meeting coming up technicals will take a backseat to the headlines that come out of the event.

In the meantime, make sure you have a game plan and be prepared for all outcomes in the sure-to-be volatile week ahead. If you need an Investing Game Plan™, our proprietary investment management system, please **contact us today** (<https://dreamwork.financial/contact/>).

Until next time,

Clint Kirby

Chief Financial Strategist

*Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.*

## **You Don't Have To Be Wealthy To Have Wealth Management®**

A fiduciary is someone who holds a legal or ethical relationship of trust with one or more clients and is bound to take action in the clients' best interests.



## IS A FEE-ONLY FIDUCIARY

Learn More [./research/fiduciary-101-what-you-need-to-know/.](/research/fiduciary-101-what-you-need-to-know/)