

Select Page



## Archives

Select Month



Investing Hot Sheet  
November 21, 2022

The S&P 500 went sideways last week. Could it be getting ready to make a big move?



Why Invest Now? Compounding Returns.  
November 16, 2022

Compounding returns can help you reach goals with a smaller investment. But the earlier you invest, the more you stand to benefit.



How to Read a Stock Quote  
October 19, 2022

Investors who understand how to interpret a stock quote can use this information to make more informed investing decisions.

# Investing Hot Sheet

Nov 21, 2022 | Investing Hotsheet



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## The Hot List

## 1. Inflation

The Producer Price Index (PPI) rose 0.2% in October (vs 0.5% expected). Core PPI was flat at 0.0% (vs 0.4% expected). On a year-over-year basis the index is up 8.0% (vs 8.4% expected).

## 2. Economy

Retail sales rose 1.3% in October which was the biggest monthly gain since February.

## 3. U.S. Politics

The mid-term results are in with Republicans taking control of the House while Democrats retain control of the Senate.

## 4. Geopolitics

After initial reports of a Russian missile landing in Poland, it appears it was actually a missile shot by the Ukrainian air defense.

## 5. Federal Reserve

The minutes from the last Fed meeting will be released this week.

## Last Week

**Monday:** S&P 500 -35.68 (-0.89%) to 3957.25. No major headlines.

**Tuesday:** S&P 500 +34.48 (+0.87%) to 3991.73. October PPI was much cooler than expected. Reports of missile strike in Poland.

**Wednesday:** S&P 500 -32.94 (-0.83%) to 3958.79. Retail sales were better than expected in October at 1.3% (vs 0.9% expected).

**Thursday:** S&P 500 -12.23 (-0.31%) to 3946.56. Initial jobless claims were as expected at 222K.

**Friday:** S&P 500 +18.78 (+0.48%) to 3965.34. Existing home sales came in slightly above expectations (4.43M vs 4.38M exp).

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

**Potential Support:** If the index can't hold 4000, look for support at previous resistance level 3900. If it breaks that look to the 50-day moving average.

**Potential Resistance:** If the index can hold 4000, look for resistance at the 200-day moving average near 4100.

## Bright Ideas

Tech

Discount Retail

Healthcare

Energy

Materials

## My Take

The S&P “took a breather” last week after the massive spike following the CPI report. The sideways move reflects some of the uncertainty as we approach the Holiday season. On one hand, there is pretty good evidence that inflation may have peaked. On the other hand, inflation remains very high and the Fed rhetoric has remained as hawkish as ever.

Considering the various lags in the CPI and PPI reports, inflation could be much lower than what is being reported. However, the Fed has already made clear that the PCE reports are what they are watching. So while the Fed may be happy with what they’re seeing, they aren’t in a spot to communicate it because they would lose credibility. In addition to that, they have an incentive to talk down the markets when their goal is to get the public to cut back on spending. As markets and housing prices rise, the “wealth effect” takes place where folks will spend more and vice versa.

From a technical standpoint, the S&P has held the highs from the CPI spike but has yet to close above the key 4000 level. This tight trading range could be a sign of markets “coiling” like a spring ahead of a big move. From my experience, the longer stocks go sideways the higher the potential for a big move when a significant catalyst appears. Right now, there are a slew of positive and negative catalysts out there, ranging from the Fed and Holiday spending to the war in Ukraine and trade with China.

The holiday season is typically a time of year where stocks seem to perform better. And with mid-term results behind us and more gridlock in front of us, statistics favor the bulls. However, this year has been anything but normal, so it’s probably safe to throw out any past playbooks. Continue to stick with your current game plan and make sure to rebalance going into year-end. When adjusting your investing mix for the new year, be sure to take advantage of tax loss harvesting by selling any down holdings that you don’t want to hold into the next year.

If you need help with your year-end strategy or would like to build your Investing Gameplan™ – DreamWork’s proprietary investment management system – [contact us](#)

today.

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.*

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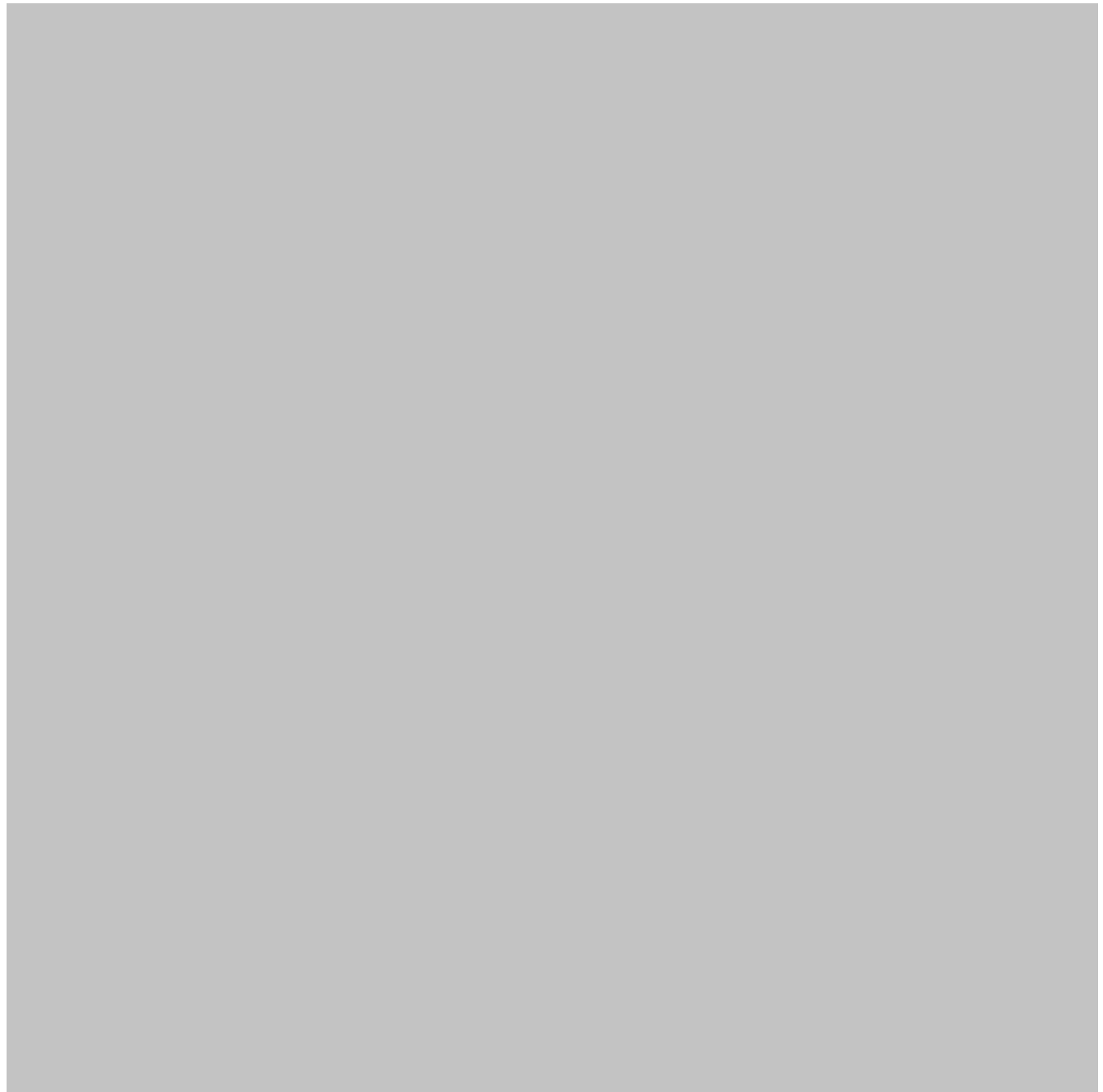


## How to Read a Stock Quote

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Investors who understand how to interpret a stock quote can use this information to make more informed investing decisions.

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## **Recent Bull and Bear Markets**

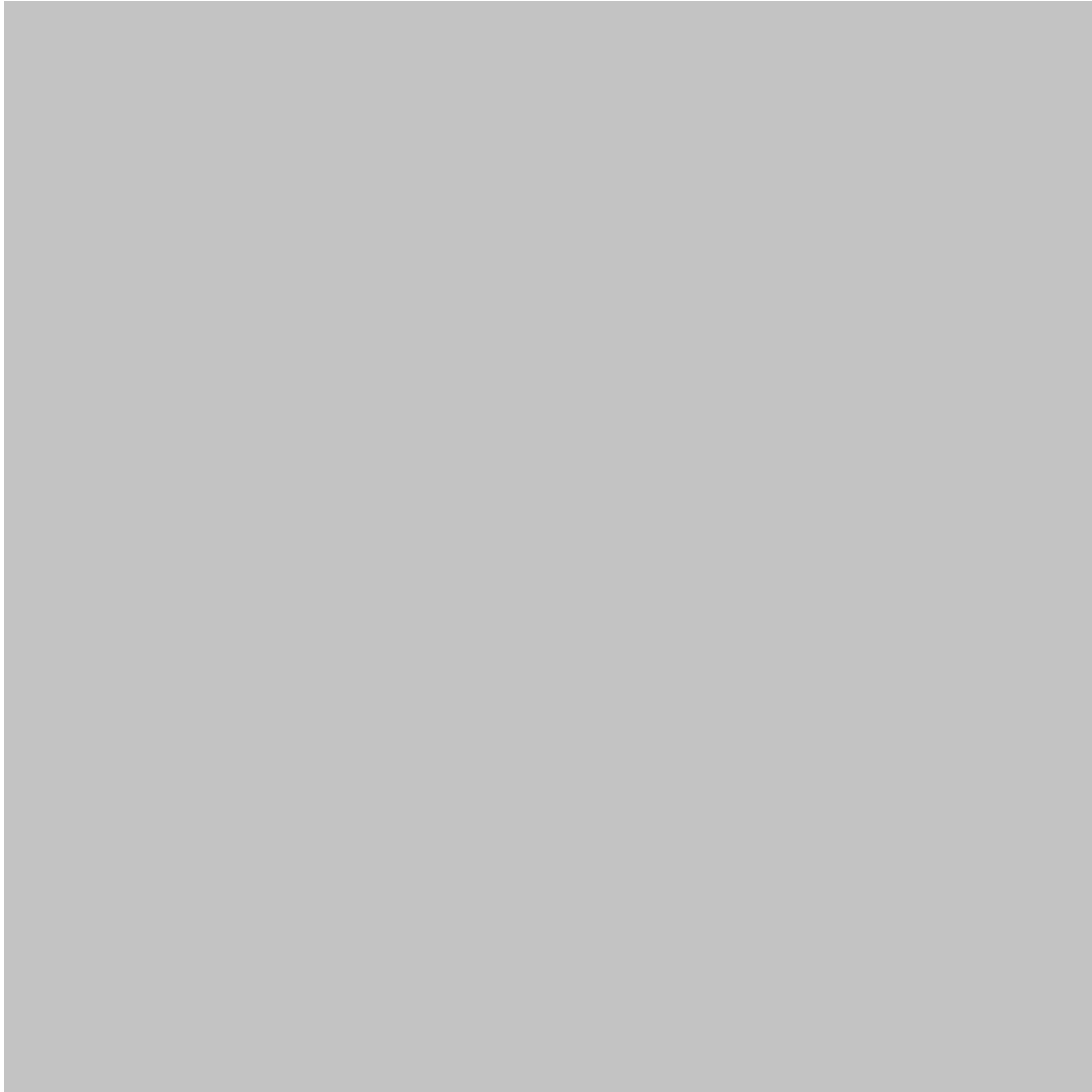
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Investors can learn valuable lessons from recent bull and bear markets and use this knowledge to make better investing decisions.

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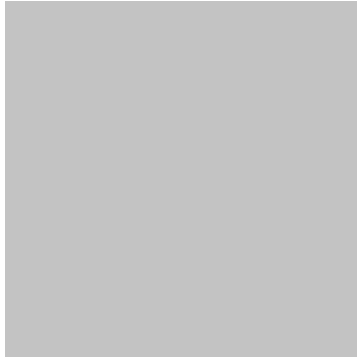
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