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Published  
February 22, 2022

*Putin ordered troops to Separatist parts of Ukraine. PPI doubled expectations from January. Fed minutes reveal that they are ready to act.*

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

## The Hot List

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### 1. Geopolitics

Putin ordered (<https://www.nytimes.com/live/2022/02/21/world/ukraine-russia-putin-biden>) troops into the Separatist regions of Ukraine and recognized their independence. Now there's debate over whether there has been an "invasion."

### 2. Inflation

PPI prices doubled (<https://www.cnn.com/2022/02/15/producer-price-index-january-2022.html>) the expectations from the previous month (1% vs 0.5%). The PCE report is coming Friday.

### 3. Federal Reserve

The minutes (<https://www.nytimes.com/2022/02/16/business/economy/fed-january-meeting-minutes.html>) from the last Fed meeting showed that members discussed removing policy more quickly if inflation continues to rise.

(<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

### 4. Economy

The economy continues to show strong growth with retail sales surging (<https://www.barrons.com/articles/us-retail-sales-inflation-51645021423#:~:text=Retail%20sales%20increased%20by%20a,an%20annual%20basis%20in%20January.>) 3.8% in January.

### 5. Earnings

Investors will hear earnings reports from Home Depot, Lowes and TJ Maxx and more this week.

## Last Week

**Monday:** S&P 500 -16.97 (-0.38%) to 4401.67. Russia-Ukraine tensions remain front and center.

**Tuesday:** S&P 500 +69.40 (+1.58%) to 4471.07. PPI prices doubled expectations (1% vs 0.5%). Reports that Russia was deescalating.

**Wednesday:** S&P 500 +3.94 (+0.09%) to 4475.01. Retail sales surge 3.8% in January. FOMC minutes showed that the Fed is ready to move.

**Thursday:** S&P 500 -94.75 (-2.12%) to 4380.26. Reports now that Russia has added troops. Weekly jobless claims came in less than expected.

**Friday:** S&P 500 -29.79 (-0.68%) to 4350.47. Russian tensions reach the highest point yet.

## Technical Look

**Potential Support:** If the S&P 500 [S&P] drops from here, I'd look for it to hold the January lows around 4300, marking 10% from the highs.

**Potential Resistance:** To the upside, the S&P could see resistance near 4400 and just above it at 4450, near the 20 and 200-day moving averages, respectively.

## My Watchlist

Defensive

Fintech

Luxury

Energy

Yield

## My Take

The latest Russia-Ukraine situation has taken the level of uncertainty in the markets to new heights. Investors hate uncertainty which is why there has been so much volatility. They have already been struggling to determine what's happening with inflation, the Fed and the strength of the economy. So, this latest geopolitical crisis seems to have sent another wave of investors to the sidelines.

Every day the media focuses on a different headline to grab your attention. Today, it's Russia. Tomorrow, it could be the strength of the economic reopening. The next day it could be rocketing inflation. Despite the ever changing tone of the news, it's important to ask yourself how each of these impacts your overall portfolio and how you can better position according to your time horizon. Emotions can trigger fight or flight feelings, but typically those are the opposite of how you should actually react.

Right now, inflation is abnormally high but the economy is abnormally strong. If the Russian situation turns into a war, then obviously all bets are off. However, if sanctions and higher oil prices are the only major effects of these tensions, then the market could rebound.

With the wide range of outcomes, it's more important than ever to stick very closely to your game plan. If you are older or more risk averse, I'd suggest remaining defensive and focusing on assets that aren't as highly correlated to the overall market – like utilities and staples. For long term investors, there can be just as much risk in missing the upside as there is to the downside. If you're in this group, you might take advantage of the added volatility by purchasing some of your favorite names at a relative discount.

If you need help evaluating your investment strategy or would like me to manage your money, please contact **DreamWork Financial Group** today.

(<https://dreamworkfinancial/contact/>)

Until next time,

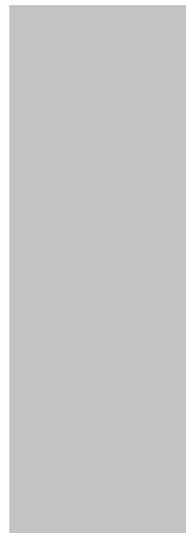
Clint Kirby

Chief Financial Strategist

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