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Russia says Western planes arming Ukraine are “legitimate targets.” The March Fed meeting is this week. China is reporting a surge in COVID-19.

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

The Hot List

↑ 1. Geopolitics

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Negotiations between Russia and Ukraine were taking place on Monday (<https://www.nbcnews.com/news/world/live-blog/ukraine-russia-war-latest-news-moscow-kyiv-meet-negotiations-n1291795>). Russia says (<https://www.cnbc.com/2022/03/11/ukraine-needs-more-weapons-the-west-fears-provoking-war-with-russia.html>) Western planes sending arms to Ukraine are “legitimate targets.”

2. Federal Reserve

The March Fed meeting is this week. They are expected to raise rates by .25%.

3. Inflation

The Producer Price Index [PPI] for February is coming this week.

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

4. COVID-19

China is reporting a new surge (<https://www.cnn.com/2022/03/14/china/china-covid-outbreak-monday-intl-hnk/index.html>) in Covid-19 cases.

5. Capitol Hill

President Biden signed (<https://thehill.com/homenews/administration/597827-biden-signs-stopgap-funding-bill-to-avert-shutdown>) a stopgap funding bill to prevent a government shutdown.

Last Week

Monday: S&P 500 -127.78 (-2.95%) to 4201.09. U.S. and other countries introduce bill to ban Russian oil imports.

Tuesday: S&P 500 -30.47 (-0.73%) to 4170.62. U.S. and others officially ban Russian oil imports.

Wednesday: S&P 500 +107.26 (+2.57%) 4277.88. Job openings rose above 11M in January. Stocks rebound as oil drops 12%.

Thursday: S&P 500 -18.36 (-0.43%) to 4259.52. CPI posted a 7.8% annual increase in February, which was the highest since 1982.

Friday: S&P 500 -55.21 (-1.30%) to 4204.31. Consumer confidence falls amidst higher oil prices and geopolitical turmoil.

Technical Look

Potential Support: If the index drops below 4200, then I'd look to the yearly intraday lows around 4110 to hold.

Potential Resistance: To the upside, the 4300 level has proven to be significant resistance.

My Watchlist

Defensive

Luxury

Energy

Yield

Healthcare

My Take

Just when it seems like things can't get any less certain, a new headline comes out that further scares investors. At this point, it's hard to imagine that things could get even crazier, but I've felt like that for a few weeks now. If you told me a couple months ago that the next Fed meeting wasn't going to be the primary focus for markets, I absolutely wouldn't have believed you. Yet, here we are.

The latest comments from Russia indicated Western planes sending arms to Ukraine would be "legitimate targets" make the odds of a World War more likely. While I think World War is highly unlikely, the odds are sadly increasing by the day. The longer this situation continues, the more it will weigh on consumer confidence – thus increasing the odds of a significant recession.

At this point, the best thing that could happen would be to get increased clarity around the situations plaguing the market. We desperately need to get the Russia / Ukraine situation resolved, first and foremost. The threat to democracies around the world is also the biggest threat to the stock market.

The Fed also needs to regain the confidence of investors. It's clear they waited too late to act and now they are in between a rock and a hard place. Now, they need to tighten to fight inflation, but they also need to be accommodative to ward off the recession risk. So maybe at the minimum, we get more clarity from the Fed on their course of future actions during the meeting this week.

But even with increased clarity from the Fed, it is apparent that volatility isn't going away any time soon – short of a geopolitical resolution. For this reason, it's important to stick to your current gameplan. If you're more conservative or already retired, it's probably best to wait for more clarity before diving back into the markets. But if you have a higher risk tolerance or a longer time horizon, then it may be a good time to use this uncertainty to your advantage and grab some beaten up, long-term growth names at a significant discount.

If you need help evaluating your investment strategy or would like me to manage your money, please contact **DreamWork Financial Group** today.
(<https://dreamwork.financial/contact/>)

Until next time,

Clint Kirby

Chief Financial Strategist

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