

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



Published
March 21, 2022

There are reports of “momentum” towards a Russian-Ukraine agreement. A new surge in COVID-19 is happening overseas. The Fed finally raised interest rates.

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

The Hot List

↑
H
O
T

1. Russia/Ukraine

Russia and Ukraine are said (<https://www.aljazeera.com/news/2022/3/20/turkey-says-russia-ukraine-close-to-agreement>) to be “close to agreement” in negotiations according to the Turkish foreign minister. He says negotiations were “not easy and that there is “momentum” towards an agreement on key points.

2. Federal Reserve

The Federal Reserve concluded (<https://www.cnbc.com/2022/03/16/federal-reserve-meeting.html>) their March meeting. They approved a 0.25% increase in the Fed Funds rate.

3. COVID-19

There is a new surge (<https://www.forbes.com/sites/brucelee/2022/03/12/new-covid-19-coronavirus-wave-in-europe-may-have-already-begun-data-suggests/?sh=600966ad5d32>) in COVID-19 cases in Europe and China. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

4. Inflation

The PPI inflation report (<https://www.bls.gov/news.release/ppi.nr0.htm>) came in slightly below estimates (0.8% vs 1% expected).

5. China

Following a call between Xi and Biden on Friday, Xi indicated (<https://www.usnews.com/news/world-report/articles/2022-03-18/china-indicates-to-biden-it-wont-send-weapons-to-russia-as-bloody-war-in-ukraine-grinds-on>) that it would not send weapons to Russia. Chinese and U.S. regulators have achieved (<https://www.cnn.com/2022/03/16/investing/china-hang-seng-index-best-day-since-2008-liu-he-intl-hnk/index.html>) “positive progress” on the issuance of U.S.-listed Chinese stocks as China rolls out a program to boost their economy.

Last Week

Monday: S&P 500 -31.20 (-0.74%) to 4173.11. No major headlines.

Tuesday: S&P 500 +89.34 (+2.14%) to 4262.45. The PPI inflation report came in slightly lower than expected (0.8% vs 1%)

Wednesday: S&P 500 +95.5 (+2.24%) to 4357.95. The March Fed meeting concluded. They raised rates 0.25%.

Thursday: S&P 500 +53.72 (+1.23%) to 4411.67. Weekly jobless claims came in below 250K for 7th month in a row.

Friday: S&P 500 +51.45 (+1.13 %) to 4463.12. New home sales came in slightly below

estimates (6.02M vs 6.20M).

Technical Look

Potential Support: To the downside, look for support at the previous resistance levels –, the 50-day moving average, and 4400. If it drops below that, look for possible support at 4300.

Potential Resistance: To the upside, expect some resistance near Friday's close at the 200-day moving average and more resistance, just higher, at 4500. If it breaks above those levels, the index could be ready to make a run.

My Watchlist

Defensive

Yield

Healthcare

Fintech

Growth

My Take

The S&P is currently on a 4-day win streak. Just last Monday we were near the lows of the year and now we are back to the levels we saw prior to the Russian invasion of Ukraine. So, the question we should ask is whether this breakout real or just another bear market rally?

The S&P has now broken above not only the 4300 and 4400 levels but also the 50-day moving average. It closed at the 200-day moving average Friday which would be the last technical level before it could confirm a possible trend reversal.

It's possible this time is different as the market is past the initial rate hike, so that point of anxiety should be removed. It also sounds like there could be renewed optimism on Chinese stocks amidst their program to boost its economy and the progress with U.S. regulators.

The Russian invasion of Ukraine remains the number one focus for investors. If the conflict could reach a resolution, the market could be ready to explode. However, if things get worse and Western troops get involved it could be devastating for stocks.

Moreover, just when we thought we could have seen the end of the pandemic, there are surges in cases in both China and Europe. It doesn't seem like cause for major concern yet, but this story sounds familiar.

Next week should give us an idea on whether this is a real breakout or if we are just at the top-end of the range. March has historically been a month for trend reversals, so there is a chance this could be the start of another one. For this reason, it could be time to take on a little more risk. If you are younger or have a longer time horizon, I'd continue to look at the "beaten up" secular growth names. And for more conservative investors or those with a short time horizon, consider focusing on the large cap value names while we wait for further confirmation of a possible breakout.

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

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/).