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*Powell hints at a 0.5% rate hike at the next Fed meeting. Two big economic reports are coming up this week. Ukraine remains in focus.*

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

## The Hot List

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### 1. Russia/Ukraine

Zelensky is opening up to the idea of Ukraine neutrality (<https://www.axios.com/ukraine-russia-neutral-peace-deal-c62fd8b1-b668-4173-bf64-b7dca33c71d0.html>) in a possible Russian peace deal.

### 2. Federal Reserve

Chairman Powell hinted (<https://www.cnn.com/2022/03/21/powell-says-inflation-is-much-too-high-and-the-fed-will-take-necessary-steps-to-address.html>) at aggressive rate hikes at the National Association for Business Economics last week.

### 3. Inflation

The Fed's preferred inflation gauge, the PCE report is coming on Wednesday. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

### 4. COVID-19

The BA.2 subvariant of COVID-19 has more than doubled (<https://www.cnn.com/2022/03/23/covid-omicron-bapoint2-subvariant-will-soon-dominate-in-us-but-fauci-doesnt-expect-another-surge.html>) over the last two weeks and is expected to become the dominant variant.

### 5. Employment

The March jobs report is being released this Friday.

## Last Week

**Monday:** S&P 500 -1.94 (-0.04%) to 4461.18. Fed Chair Powell made hawkish comments.

**Tuesday:** S&P 500 +50.43 (+1.13%) to 4511.61. No major headlines.

**Wednesday;** S&P 500 -55.38 (-1.23%) to 4456.23. New home sales fell for second straight month.

**Thursday:** S&P 500 +63.93 (+1.43%) to 4520.16. Weekly jobless claims fell to lowest since 1969.

**Friday:** S&P 500 +22.90 (+0.51%) to 4543.06. Pending home sales come in less than expected.

## Technical Look

**Possible Support:** To the downside look for a support at 4500 and just below that at the 200-day moving average. If it dropped further, expect to see support at 50-day moving average at 4400.

**Possible Resistance:** To the upside the next major resistance level should be 4600. If the

possible resistance. To the upside, the next major resistance level should be 4600. If the index breaks above this threshold, there could be a push back to the highs.

## My Watchlist

Defensive

Healthcare

Materials

Growth

Technology

## My Take

The S&P 500 continued its breakout to the upside last week. It broke through two significant resistance levels— the 4500 level and the 200-day moving average. So, is this upward move real or just a sharp bear market rally?

There is no doubt that the S&P 500 was oversold on a technical level, which positioned it for a potential big bounce. But it's hard to discount that this bounce started when the Fed raised rates for the first time and has continued as Powell's comments have gotten more hawkish. Powell has basically telegraphed that the Fed is planning to raise rates by 0.5% at the next meeting. Higher rates typically lead to a pullback, yet the S&P 500 continues to rally.

Could it be due to increasing optimism about a resolution to the Ukraine crisis? Or are investors focusing on how strong the economic data has been by looking at the tightest labor market since 1969?

Barring a major escalation in the Ukraine situation, my main focus is on if the Fed can execute a soft landing – i.e., raising rates without forcing us into a recession. Currently, it seems like investors are divided with half thinking the Fed will raise too fast and the others thinking that it can't raise rates fast enough.

Either way, we simply can't ignore what the markets may be trying to tell us with the recent moves. Stocks have a knack for looking ahead 9+ months and discounting a lot of bad news. And if you wait for the confirmation from the media, you'll most likely miss the entire move.

For these reasons, it may be time to get slightly more aggressive. If you are a conservative investor or newly retired, then you may want to start adding more equity exposure focusing on quality value companies. And if you are younger, or have a higher risk tolerance, then you may want to continue nibbling at your favorite long-term growth names.

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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