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*The S&P 500 looks to bounce back after last week's selloff. Here's what I think you should watch going forward.*

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## The Hot List

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### 1. Federal Reserve

The Federal Reserve met last week for its 2-day June meeting. The recent data has caused most of the members to move up the timeline on when they should taper. On Friday, St. Louis Fed President Bullard said he sees the first rate hike in 2022 (<https://www.marketwatch.com/story/feds-bullard-says-he-expects-first-rate-hike-late-next-year-11624020638>).

### 2. Inflation

The Producer Price Index, or PPI, increased at the fastest 12-month (<https://www.wsj.com/articles/producer-prices-inflation-may-2021-11623705627>) pace on record.

### 3. COVID-19

The Delta variant now accounts for 10% of new cases in US and has been labeled a “variant of concern” (<https://www.nbcnews.com/health/health-news/newly-deemed-variant-concern-delta-accounts-10-percent-u-s-n1270915>) by the CDC.

### 4. Geopolitics

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

The G-7 leaders put out a statement at the recent meeting challenging China (<https://www.wsj.com/articles/g-7-leaders-set-to-wrap-summit-laying-out-wide-ranging-goals-11623582570>) “to respect human rights and fundamental freedoms.”

### 5. Unemployment

A surprise increase (<https://www.aljazeera.com/economy/2021/6/17/us-sees-surprise-rise-in-weekly-jobless-claims-proxy-for-layoffs>) in weekly unemployment claims was reported last week.

## Last Week

**Monday:** S&P +7.71 (+ 0.18%) to 4255.15. No major headlines.

**Tuesday:** S&P -8.56 (-0.20%) to 4246.59. PPI shows record annual increase.

**Wednesday:** S&P-22.89 (-0.54%) to 4223.70. 2-day Fed meeting concludes.

**Thursday:** S&P -5.95 (-0.04%) to 4221.86. Weekly unemployment rate disappoints.

**Friday:** S&P -55.41 (-1.31%) to 4166.45. Fed’s Bullard sees rate hike in 2022.

## Technical Look

**Potential Support:** The S&P 500 falling below 4200 was significant as it broke through 20 and 50-day moving averages. If the index doesn’t find support quickly at this 4150 level, it may not find technical support until 4100 or even 4000.

**Potential Resistance:** The previous support level of 4200 for the S&P could now serve as resistance since the it hasn't been able to significantly break above this level since it first tested it 2 months ago.

## My Watchlist

Tech Titans (US) (<https://dreamwork.financial/tech-titans-us/>)

Cloud Computing (<https://dreamwork.financial/cloud-computing/>)

Defensive (<https://dreamwork.financial/defensive/>)

Inflation Hedges (<https://dreamwork.financial/inflation-hedges/>)

## My Takeaway

Some damage was done to equity markets last week on the heels of hot inflation data and hawkish comments from the Fed. However none of that should've been a surprise to investors. I'd have been more worried if the Fed didn't move up their timeline to raise rates with the pace of the recovery and increasing inflation data.

Despite the comments from the Fed, the 10-year rate yield is still below 1.5%. This scenario of low interest rates with increasing inflation should still be good for investors who are hunting for real returns (net of inflation). And it's this scenario that should make stocks more attractive, primarily growth stocks. Just keep in mind: if the market gets whipsawed, growth names will be hit harder.

While the overall stock market sold off last week, technology actually finished in the green. This shows me that there is still a good chance that investors are wanting to rotate back to growth – if the market doesn't fall apart. But as the S&P sits at a “crossroads” from a technical standpoint, I'd want to regain support near 4200 before I increased my risk level.

This week should give us a better idea of which direction this market will move. In the meantime, I'd recommend having a mix of technology and defensive stocks until we get a little more clarity. Please **contact me at DreamWork Financial Group** (<https://dreamwork.financial/contact/>) if you would like to build your Investing Gameplan™.

Until next time,

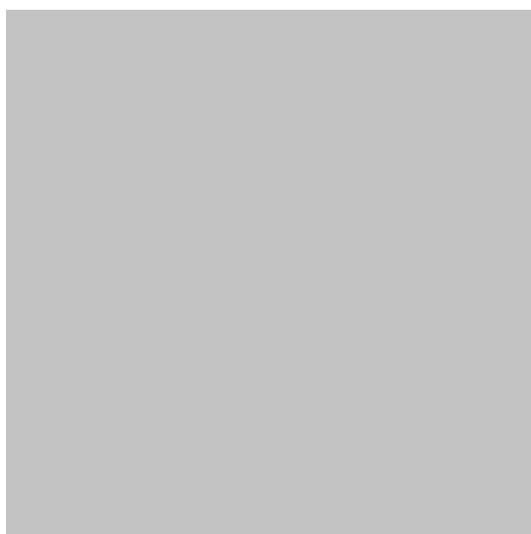
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