

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



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*The S&P 500 bounced 6% last week bringing it back to 3900. Now, this week's earnings and inflation data will determine where we go from here.*

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## The Hot List

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### 1. Inflation

Inflation expectations declined (<https://www.cnbc.com/2022/06/24/consumer-sentiment-survey-followed-by-the-fed-shows-inflation-expectations-ease-slightly.html>) slightly in Univ. of Michigan consumer sentiment report. The Fed's favorite inflation gauge, the PCE report, is coming out Thurs.

## 2. Ukraine

Here is a link (<https://www.aljazeera.com/news/2022/6/26/russia-ukraine-live-news-indonesia-leader-to-visit-kyiv-moscow><https://www.aljazeera.com/news/2022/6/20/russia-ukraine-live-news-moscow-to-intensify-attacks-kyiv-liveblog>) to the latest in Ukraine.

## 3. Federal Reserve

Powell gave two days of testimony (<https://www.cnbc.com/2022/06/22/watch-powells-testimony-to-congress-on-the-feds-inflation-fight-state-of-the-economy.html>) before Congress on the inflation fight. He said nothing is off the table and maintained that the committee will remain data dependent. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

## 4. Earnings

Earnings season for the second quarter will pick up this week as Nike reports after the bell on Monday

## 5. Employment

An early look at June jobs numbers suggest (<https://www.reuters.com/markets/us/an-early-look-june-us-jobs-data-suggests-pickup-not-slump-2022-06-22/>) there may be a pickup instead of an expected slump.

# Last Week

**Monday:** Markets closed for Juneteenth.

**Tuesday:** S&P 500 +89.95 (+2.45%) to 3764.79. Existing home sales for May were slightly better-than-expected (5.41M v 5.40M).

**Wednesday:** S&P 500 -4.90 (+0.13%) to 3759.89. Powell began his 2-day testimony before Congress.

Thursday: S&P 500 -25.04 (-0.65%) to 3734.85. Existing home sales for May were slightly better-than-expected (5.41M v 5.40M).

**Thursday:** S&P 500 +35.84 (+0.95%) to 3795.73. PMI worse-than-expected (52.4 vs 57). Initial jobless claims slightly better-than-expected (229K vs 230K)

**Friday:** S&P 500 +116.10 (+3.06%) to 3911.74. Consumer confidence hit all-time low (50). New home sales much better-than-expected 696K vs 595K.

## S&P 500 [S&P] Technical Look

**Potential Support:** If the S&P can't hold 3900, then expect some support at the prior level 3800. If it can't hold there then it may test the yearly lows near 3650.

**Potential Resistance:** If the S&P can hold 3900, look for resistance at 4000 level. If it can break that level, then it could make a run back to the top of the prior range at 4200.

## My Watchlist

Healthcare

Growth

Tech

Military

Staples

## My Take

The S&P bounced over 6% following up the worst week since 2020. This was much needed after the index broke the massive support level of 3900, falling all the way to around 3650. Now, it has clawed all the way back to that very important 3900 level. Where it goes from here should come down to two things: earnings start with Nike on Monday and the PCE inflation number come out on Thursday.

If Nike's and others' earnings aren't revised to the downside, that could bode well for the bulls now that P/E ratios are back to reasonable levels. However, if the earnings – the denominator in the equation – have to be revised lower, then the prices – the numerator – may have to come down to bring valuations back into line.

The PCE inflation number will also be very important as Powell and the Fed have made it clear that they remain data dependent. If they can get any numerical proof that their policies are working then they could possibly lighten up in their inflation fight.

From a technical standpoint next week should be important as well. As I mentioned, the 3900 level is extremely important to watch this week. If it can hold that level and make a push higher, then I'd expect investors to start feeling a little more confident. But if this can't hold then it will serve as even stronger resistance in yet another failed bear market

can't hold them it will serve as even stronger resistance in yet another failed bear market rally.

In the meantime, I'd stick to your current playbook, looking to get more aggressive if we get positive earnings and inflation data and more defensive if the opposite occurs.

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,

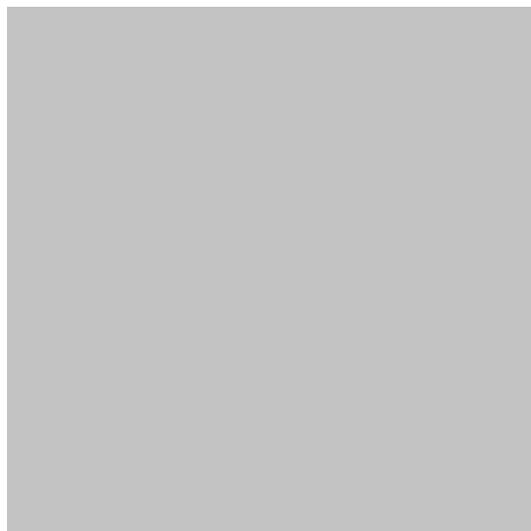
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Chief Financial Strategist

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