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The August jobs report was just what investors were looking for. But was it enough to stop the strong downward momentum?

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

The Hot List

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1. Inflation

In the University of Michigan August survey inflation expectations fell (<https://www.reuters.com/markets/us-consumer-sentiment-improves-further-august-near-term-inflation-expectations-2022-08-26/>) to an eight-month low of 4.8% from 5.2%.

2. Federal Reserve

The Federal Reserve is seen as being committed (<https://www.reuters.com/business/fed-seen-keeping-aggressive-rate-hikes-unemployment-rises-2022-09-02/>) to interest rate hikes even as unemployment rises.

3. Employment

The U.S. economy added (<https://www.cnbc.com/2022/09/02/august-2022-jobs-report-.html>) 315K jobs in August which was in line with the estimate of 318K and well below the 526K added in July. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

4. China

Taiwan's military shot down (<https://www.reuters.com/world/asia-pacific/taiwan-shoots-down-unidentified-drone-kinmen-2022-09-01/>) a Chinese drone for the first time.

5. 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.

Last Week

Monday: S&P 500 -27.05 (-0.67%) to 4030.61. No major headlines.

Tuesday: S&P 500 -44.45 (-1.10%) to 3986.16. JOLTS report showed 11.2M job openings in July. Consumer confidence was highest since May.

Wednesday: S&P 500 -31.16 (-0.78%) to 3955.00. ADP report showed payrolls decelerating from July.

Thursday: S&P 500 +11.85 (+0.30%) to 3966.85. Weekly jobless claims hit lowest level in two months.

Friday: S&P 500 -42.59 (-1.07%) to 3924.26. August jobs report was in line with expectations (315K vs 318K estimate). Participation rate rose.

S&P 500 [S&P] Technical Look

Potential Support: To the downside, look for support at the 3900 level. If it drops below that, then 3800 would be the next spot to watch for support before the June lows.

Potential Resistance: To the upside, look for resistance at 4000 near the 50-day moving average. If it can break that level, then 4150 near the 20-day could be the next area to watch.

Top Ideas

Tech

Military

Staples

Energy

Healthcare

My Take

Stocks continued to fall after Powell's hawkish speech at Jackson Hole. Even the "near perfect" jobs report wasn't enough to curb the downward momentum. The August jobs report appeared to be just what investors were hoping for as it was in line with expectations, showing a significant deceleration from last month. In addition to that, the participation rate increased which should help ease wage pressures. The report led to a strong open with the S&P going over 4000 however, by the end of the day it was lucky to hold at the 3900 level.

Volume was lighter than usual ahead of Labor Day which could have played a factor in last week's choppy action. With the lack of volume, it makes it very easy for algorithms to push markets around.

There are such a wide range of assumptions and expectations, it seems logical that stocks are trying to establish a trading range until we get more clarity on inflation and interest rate hikes. The top end of the range appears to be set after that sharp rejection of 4300 and the 200-day moving average. Now the question is whether 3900 can hold as a bottom for my proposed trading range. There is reason to be optimistic as it currently has an RSI of 35 which is oversold and a likely spot for bounces. However, we can't ignore the speed and

trajectory of this selloff and trying to call a bottom seems foolish.

In these scenarios, you have to weigh probabilities and prepare accordingly. For those who are younger or have a longer time horizon, times like these can present opportunities to add to your favorite long-term names, but if you're older or already retired then it's probably prudent to wait for additional clarity.

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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