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*The selloff in the S&P puts it at a critical level. The Fed kicks off its meeting this week.
Are changes coming to retirement plans?*

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The Hot List

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1. COVID-19

President Biden announced a COVID-19 mandate (<https://www.whitehouse.gov/covidplan/>) that affects 100 million Americans.

2. Inflation

Consumer prices showed a smaller-than-expected increase (<https://www.cnbc.com/2021/09/14/consumer-price-index-august-2021.html>) in August, but still rose 5.2% from last year.

August, but still rose 5.5% from last year.

3. Federal Reserve

Investors will be closely monitoring the 2-day, September Fed meeting this week. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

4. Geopolitics

The U.S. announced a new partnership (https://www.cnn.com/2021/09/15/us-uk-australia-unveil-new-security-partnership-as-china-expands-military.html?_source=iosappshare%7Ccom.apple.UIKit.activity.Mail) with the U.K. and Australia as China expands its military.

5. Capitol Hill

House Democrats proposed changes (<https://www.cnn.com/2021/09/13/house-democrats-propose-new-retirement-plan-rules-for-the-wealthy.html>) to the tax code, including rules around retirement plans, to help raise money for the proposed \$3.5 trillion budget.

Last Week

Monday: S&P 500 +10.15 (0.23%) to 4468.73. No major headlines.

Tuesday: S&P 500 -25.68 (-0.57%) to 4443.05. CPI lower than expected in August.

Wednesday: S&P 500 +37.65 (+0.85) to 4480.70. China reports slowing growth.

Thursday: S&P 500 -6.94 (-0.15%) to 4473.76. Retail sales rose unexpectedly. Jobless claims mixed.

Friday: S&P 500 -41.06 (-0.92%) to 4432.69. S&P closes at the 50-day moving average.

Technical Look

Potential Support: This recent losing streak has put the S&P 500 right at the 50-day moving average. If it drops much from here, then we could see a sizeable drop down to the psychological 4300 level.

Potential Resistance: If the S&P 500 bounces then I'd look for resistance near the pre all-time highs.

My Watchlist

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Tech Titans (US) (<https://dreamwork.financial/tech-titans-us/>): Strong future cash flows, hedge against potential deflation

Financials (<https://dreamwork.financial/defensive/>): Good play if we get higher rates, stronger economic data

Healthcare (<https://dreamwork.financial/healthcare/>): Defensive trade, COVID-19 play

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

My Take

This week was the second straight weekly selloff for the S&P 500. This pattern of stocks selling off ahead of options expiration has happened before. The previous 5 times it has held at the 50-day moving average before bouncing back. Whether it holds this time could be up to the Fed this week.

A continued selloff shouldn't be a surprise to DreamWork clients and Hot Sheet readers. I wrote in the **August 30th Hot Sheet** (https://dreamwork.financial/wp-content/uploads/Investing-Hot-Sheet-08-30-21_-Dreamwork-Financial-Group.pdf), which happened to be the high of the S&P, "Is Powell giving investors one last chance to reposition?" and "while I'm normally in favor of riding the momentum, the writing is on the wall for a tougher time ahead."

Tougher times still appear to be ahead of us. COVID-19 is still roaring with ICUs out of beds as we enter flu season. There is rising inflation and potential tax hikes. Employment is an issue with a labor shortage and a mismatch of skills. Not to mention that China is getting more aggressive and Afghanistan is in crisis.

While I feel like this downturn could continue, it should probably only be temporary with rates at historical lows and earnings rapidly expanding. This should make for a good time to pick specific areas as the good ones will get sold with the bad. I'm starting to look internationally like Europe and Japan as well as secular themes such as cybersecurity and fintech.

If you need help or would like me to manage your investments, please **contact DreamWork Financial Group** (<https://dreamwork.financial/contact/>) today.

Until next time,

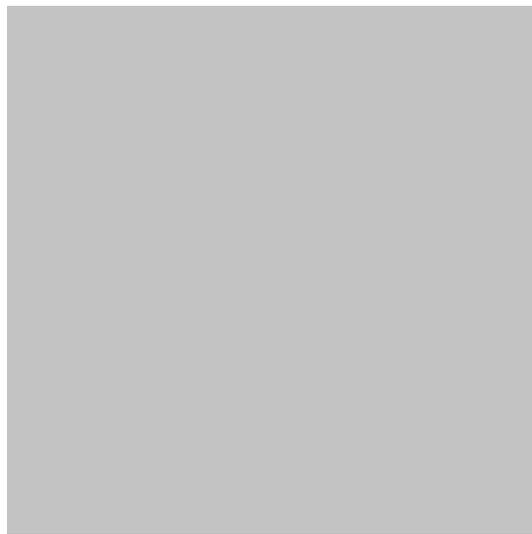
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