

breakout/rom-case-counts-to-wastewater-signs-show-omicron-declining-in-many-spots/) that COVID-19 may have peaked.

3. Inflation

The consumer price index (CPI) rose (<https://www.cnbc.com/2022/01/12/cpi-december-2021.html>) 7% in December, which was the highest since 1982. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

4. Geopolitics

Secretary Blinken vowed (<https://www.npr.org/2022/01/19/1074172877/in-kyiv-secretary-blinken-vowed-to-stand-with-ukraine-as-russia-tensions-continuu>) to stand with Ukraine as tensions remain high with Russia.

5. Earnings

This week we will hear earnings reports from Apple and Microsoft after last week's misses from Goldman Sachs and Netflix.

Last Week

Monday: Markets closed.

Tuesday: S&P 500 -85.51 (-1.83%) to 4577.34 Markets plunge as interest rate pressure continues.

Wednesday: S&P 500 -44.35 (-0.97%) to 4532.76. Market selloff continues as Nasdaq enters correction territory.

Thursday: S&P 500 -50.03 (-1.10%) to 4482.56 Weekly jobless claims jump to highest number since October.

Friday: S&P 500 -84.79 (-1.89%) to 4397.94. S&P 500, Nasdaq close below 200-day moving average.

Technical Look

Potential Support: With the S&P 500 falling below 4400 and the 200-day moving average, all major support levels have been broken. If it continues to decline look for support around 4300, which was support last October. The 4300 level would mark 10% off the high.

Potential Resistance: To the upside, each of the previous support levels could present resistance. The first area to watch would be the 200-day moving average. The next spot to

watch would be the 4500 level.

My Watchlist

Defensive

Luxury

Yield

Value

Fintech

Discount Retail

My Take

Last week was one of the worst weeks for stocks since the financial crisis. The correction is here, and the question is, how much worse it can get? Major technical damage has been done and the momentum favors the downside. The S&P 500 now sits below its 200-day moving average and is very close to correction territory (10% below its high).

If there's anything positive to take from the selloff ahead of the Fed meeting, it's that now much of the committee's work has been done with regard to 'talking down' the markets. It seems that data is pointing to 4 or more rate hikes this year. Now, any comments that imply anything less could be seen as more favorable for stocks.

In addition to a major Fed meeting, we will get earnings reports from Apple and Microsoft. If there are any two companies that could help the market get its mojo back, those two have the ability. Each of these companies has seen significant pullbacks in stock price recently, so the expectations bar has been lowered. However, if these companies fail to deliver positive reports, they could really add selling pressure to the indexes. As if that's not enough uncertainty for markets, Putin continues to hint at invading Ukraine – a move that could be disastrous for global markets.

On a positive note, there are many signals that COVID-19 may have peaked in the U.S. If we can finally get this pandemic behind us, it would not only do wonders for economic growth but would also help with inflation.

Due to all of the uncertainty, it's important to stick to your investment strategy and not let emotions get involved. If you are a conservative investor or have a shorter time frame, it's smart to remain defensive, as any losses may be tough to recoup in the short-run. However, if you prefer riskier investments or have a long-time horizon, then it's smart to use this volatility to add to your favorite long-term growth names, as they will almost certainly have their time again.

their time again.

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,

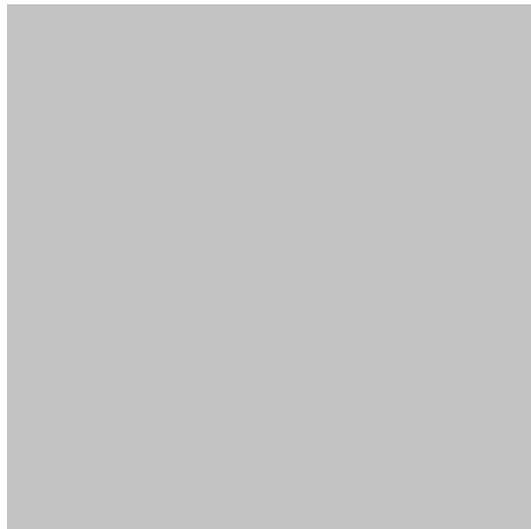
Clint Kirby

Chief Financial Strategist

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