



Published
November 15, 2021

Interest rates shot up after last week's "hot" inflation data. 4.4 million Americans quit their jobs in September. Earnings season continues.

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

The Hot List

↑
H
O
T

1. Inflation

Consumer prices jumped (<https://www.cnbc.com/2021/11/10/consumer-price-index-october.html>) 6.2% in October, which was the biggest jump in over 30 years..

2. Federal Reserve

President Biden said that he would announce his nominee (<https://www.cnbc.com/2021/11/02/biden-says-he-will-announce-fed-chair-pick-fairly-quickly-with-powell-term-up-in-february.html>) for Fed Chair "fairly quickly"

rally quickly with Powell's term up in February. (https://www.reuters.com/article/us-fed-chair-powell/ Powell's term up in February. rally quickly last week with Powell's term expiring in February.

3. Employment

A record 4.4 million Americans quit their jobs

(<https://www.washingtonpost.com/business/2021/11/12/job-quit-september-openings/>) in September as workers took advantage of the surge in openings.

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

4. COVID-19

COVID-19 is surging again (<https://www.nbcnews.com/news/world/covid-surgings-europe-experts-say-s-warning-us-rcna4666>) in Europe as the WHO said nearly 2 million cases were reported last week.

5. Geopolitics

President Biden to meet with China's President, Xi Jinping, on Monday virtually (<https://www.reuters.com/world/us/biden-chinas-xi-will-hold-virtual-meeting-monday-night-white-house-2021-11-12/>) in an attempt to create some stability between the two countries.

Last Week

Monday: S&P 500 +4.17 (+0.09 %) to 4701.70. No major headlines.

Tuesday: S&P 500 -16.45 (-0.35%) to 4685.24. PPI shows solid increase in prices.

Wednesday: S&P 500 -38.53 (-0.82%) to 4646.71. CPI is highest since 1990. Jobless claims were in line with expectations.

Thursday: S&P 500 +2.56 (+0.06%) to 4649.27. Veteran's day. No major headlines.

Friday: S&P 500 +33.58 (+0.72%) to 4682.85. JOLTS report shows a large jobs surplus. Consumer sentiment lowest in 10 years.

Technical Look

Potential Support: If the S&P 500 drops from these levels, there could be support around the psychological level of 4600. Below that it may find support at the previous highs of 4500.

Potential Resistance: The 4700 level on the S&P 500 could put up a little resistance to upside. However, beyond that there is no real technical resistance in sight.

My Watchlist

Defensive

Luxury

Cybersecurity

Experiences

Fintech

My Take

Last week, I spoke about how interest rates didn't make any sense. When you have high inflation, a strong jobs market and a rebounding economy, rates should start to go up to reflect increased inflation and anticipated tightening by the Fed.

From last week's Hot Sheet: "To my disbelief, rates actually declined. Who would've thought that a strong jobs number and the Fed's tapering would actually lead to lower yields in the 10-year? Inflation is clearly here, so why would investors lock in bond rates at these levels?"

Things started making sense again after Wednesday's "hot" CPI number showing a 6% increase in prices from last year. That signals that inflation is more than "transitory" at this point, and the 10-year yield shot back up.

My main worry at the moment is the pace of the rise in rates. A slow rise is fine and could even be good for stocks. However, if rates start to shoot up – should investors lose confidence in Powell – then that could possibly send the market into a selloff. In addition, there is a small chance that Biden may have lost confidence in Powell and could nominate someone else that may not be as market friendly.

With all the uncertainty around rates and the Fed, I suggest remaining defensive with exposure to a few areas that could outperform the general market like luxury, experiences, fintech and cybersecurity.

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,

Clint Kirby

Chief Financial Strategist



Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

A fiduciary is someone who holds a legal or ethical relationship of trust with one or more clients and is bound to take action in the clients' best interests.



IS A FEE-ONLY FIDUCIARY

Learn More [./research/fiduciary-101-what-you-need-to-know/](/research/fiduciary-101-what-you-need-to-know/).

