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*President Biden keeps Jay Powell as Fed Chair. Austria goes into lockdown from COVID-19. Is the S&P about to make a big move?*

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## The Hot List

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### 1. Inflation

Inflation could be “stickier” with prices at a 30-year high (<https://www.cnbc.com/2021/11/10/consumer-price-index-october.html>). The U.K also just reported its CPI rose 4.2% to a 10-year high (<https://www.cnbc.com/2021/11/17/uk-inflation-surges-to-a-new-record-high-4point2percent-beating-expectations.html>).

### 2. Federal Reserve

President Biden announced that he will keep Powell as Fed Chairman. There was some expectation around selecting Lael Brainard (<https://www.washingtonpost.com/us-policy/2021/11/11/brainard-fed-biden-powell/>).

### 3. COVID-19

Austria announces national lockdown ([https://www.cnbc.com/2021/11/19/austria-announces-national-lockdown-as-covid-cases-surge.html?\\_\\_source=iosappshare%7Ccom.apple.UIKit.activity.Mail](https://www.cnbc.com/2021/11/19/austria-announces-national-lockdown-as-covid-cases-surge.html?__source=iosappshare%7Ccom.apple.UIKit.activity.Mail)) as COVID-19 cases rise. FDA authorized Moderna booster shots for all adults. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

### 4. Capitol Hill

President Biden signed (<https://www.npr.org/2021/11/15/1055841358/biden-signs-1t-bipartisan-infrastructure-bill-into-law>) the \$1 trillion infrastructure package into law.

### 5. Earnings

Supply chain woes were referenced (<https://www.morningstar.com/news/marketwatch/20211120314/target-says-measures-to-manage-the-supply-chain-bottleneck-has-pressured-margins-but-analysts-say-its-worth-it>) on numerous major retailers' earnings calls last week, including Target and Walmart.

## Last Week

**Monday:** S&P 500 -0.05 (-0.00%) to 4682.80. No major headlines.

**Tuesday:** S&P 500 +18.10 (+0.39%) to 4700.90. U.S. retail sales beat expectations (1.7% vs 1.4%).

**Wednesday:** S&P 500 -12.23 (-0.26%) to 4688.67. Retail earnings show supply chain issues hit margins.

**Thursday:** S&P 500 +17.97 (+0.38%) to 4706.64. Weekly jobless claims were in line with expectations (268K vs 260K).

**Friday:** S&P 500 -9.04 (-0.19%) to 4697.60. Austria announced national lockdown.

# 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 50-day moving average near 4500.

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

## My Watchlist

Defensive

Luxury

Experiences

Fintech

Metaverse

Discount Retail

## My Take

Last week was another choppy week for the S&P 500. With all the uncertainty at the moment, it appears the S&P is hanging out at 4700 before making its next move – which could be big one. There are many reasons we could get a big move ranging from hot inflation data, another wave of COVID-19, or maybe even the response to Biden’s choice for Fed Chairman.

Regardless of Powell keeping the Chairman role, tapering of asset purchases has been announced. This will take a major buyer out of the bond market, which should press rates to the upside along with the “hot” inflation data.

However, as investors try to keep pace with inflation they may be forced back into the TINA (“there is no alternative”) trade in stocks as other assets may pay a negative real yield (factoring inflation). Also, we are entering a time that is typically good for stocks. So, a big move higher could send more pain to those on the sidelines.

Lastly, COVID-19 cases rising in Europe rising is something to watch. Austria going into lockdown was a surprise, but it doesn’t seem to be the start of a trend.

Personally, it feels like the market is getting ready to make a big move, in either direction. Being a little more nervous for a downside move, I'm looking to keep the core a little defensive but also keeping exposure to upside trends like fintech, luxury and the metaverse.

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

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