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The wild ride for the S&P 500 continued as Omicron worries declined. Now investors will focus on inflation and this week's FOMC meeting.

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The Hot List

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1. COVID-19

Pfizer and BioNTech's vaccine is said to be effective against Omicron variant (<https://www.reuters.com/business/healthcare-pharmaceuticals/biontech-pfizer-say-test-shows-3-doses-vaccine-neutralise-omicron-2021-12-08/>) with neutralizing antibodies seen one month after third dose.

2. Federal Reserve

The FOMC's December meeting minutes indicate that the Fed will continue to

The FOMC has a December meeting coming up this week. Investors will watch for clues around “tapering.”

3. Inflation

CPI rose by 6.8% which was the highest since 1982

(<https://www.nytimes.com/2021/12/10/business/cpi-inflation-november-2021.html#:~:text=The%20Consumer%20Price%20Index%20climbed,quickest%20annual%20reading%20since%201991.>).

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

4. Employment

Weekly jobless claims lowest in 52 years while job openings are near an all-time high.

5. Geopolitics

Biden administration is “prepared

(<https://www.politico.com/news/2021/12/12/blinken-biden-russia-ukraine-524128>)” to take steps against Russia in regard to Ukraine.

Last Week

Monday: S&P 500 +53.18 (+1.17%) to 4591.67. Stocks bounce back as investors shrug off Omicron risk.

Tuesday: S&P 500 +95.08 (+2.07%) to 4686.75. No major headlines.

Wednesday: S&P 500 +14.46 (+0.31%) to 4701.21. Job openings rose to near all-time highs.

Thursday: S&P 500 -33.76 (-0.72%) to 4667.45. Unemployment rate hits lowest level since 1969.

Friday: S&P 500 +44.57 (+0.95%) to 4712.02. CPI rises at 6.8% from last year, highest since 1982.

Technical Look

Possible Support: To the downside on the S&P 500, the 4600 level should serve as moderate support. But if it breaks that, 4500 is going to be key again.

Possible Resistance: The 4700 level on the S&P 500 that was broken late Friday was the major resistance level. So, if separation can be made to the upside from here, there is no technical resistance in sight.

My Watchlist

Defensive

Luxury

Fintech

Value

Discount Retail

My Take

The rollercoaster that is the stock market continued to take investors for a wild ride last week. Just when it appeared the S&P was getting ready to break major support at 4500 and have the major correction everyone has been waiting on, it bounced and now sits just near all-time highs.

I've been hesitant to blame Omicron for the selloff as it seemed like we were overdue for a healthy correction. And now the data is showing that it could be slowing in Europe, as the vaccines are expected to be effective.

This week the focus will go back to the Fed, which is my main worry. Everyone seems to be shrugging off that inflation has become Powell's number one target. He has also said that the term "transitory" can be retired. CPI just hit the highest level since 1969 at 6.8%. Wage inflation also has room to grow as job openings are near a high, yet the unemployment level is at a record low. So, Powell may be already behind in getting inflation under control and have to play catchup in 2022.

I expect the choppiness to continue but it does seem that momentum is to the upside. The defensive and value names have been the darlings as of late and should continue to be with the current market dynamics. Many of the higher growth areas are actually well off their highs. So, investors with a longer-term horizon should be adding to their favorites as part of a barbell strategy.

Anyways, 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,

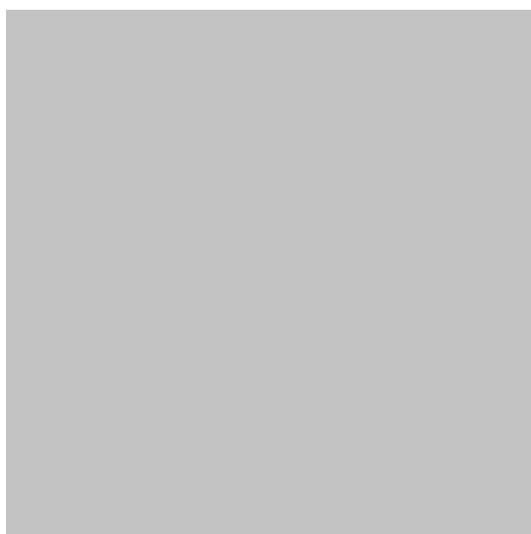
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