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Published  
July 11, 2022

*The June jobs report came in much stronger-than-expected. Second quarter earnings and the CPI report should dictate where stocks go from here.*

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## The Hot List

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### 1. Inflation

The June CPI report will be released on Wednesday.

## 2. Ukraine

Here is a link (<https://www.aljazeera.com/news/2022/6/26/russia-ukraine-live-news-indonesia-leader-to-visit-kyiv-moscow><https://www.aljazeera.com/news/2022/6/20/russia-ukraine-live-news-moscow-to-intensify-attacks-kyiv-liveblog>) to the latest in Ukraine.

## 3. Federal Reserve

The Fed says (<https://www.cnbc.com/2022/07/06/fed-minutes-june-2022.html>) a “more restrictive” policy is likely if inflation fails to come down. A 50 or 75 basis point rate hike is likely at the July meeting. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

## 4. Employment

The June jobs report (<https://www.cnbc.com/2022/07/08/jobs-report-june-2022-.html>) came in much better than expected as payrolls increased (372K vs 250K expected). The unemployment rate remains at 3.6%.

## 5. Earnings

Second quarter earnings kick off next week with many major banks such as JP Morgan, Morgan Stanley, and Wells Fargo reporting.

# Last Week

**Monday:** Holiday

**Tuesday:** S&P 500 +6.06 (+0.16%) to 3831.39. The 2-10 year Treasury spread inverted.

**Wednesday:** S&P 500 +13.69 (+0.36%) to 3845.08. Fed minutes from the June meeting were released.

**Thursday:** S&P 500 +58.50 (+1.52%) to 3903.58. Weekly jobless claims came in as expected (235K vs 234K).

**Friday:** S&P 500 -3.24 (-0.08%) to 3899.38. June jobs report was much better than anticipated (372K vs 250K).

# S&P 500 [S&P] Technical Look

**Potential Support:** To the downside, look for support at the 20-day moving average near 3800, which was prior support. If it breaks there, look to 3700 as the next potential support level.

**Potential Resistance:** To the upside, expect some resistance at the psychological level of 4000. If it breaks there, expect some resistance at the 4100 level.

## My Watchlist

Healthcare

Growth

Tech

Military

Staples

## My Take

Stocks started the new month and new quarter with a bang as the S&P posted four straight positive days. The S&P rallied to the critical 3900 level going into the jobs report on Friday. However, after the report came in much stronger than expected, the index remained relatively unchanged. While a strong jobs report is good for the state of the economy, it's not a great thing when we're hyper focused on inflation as labor costs could remain elevated.

The the CPI report on Wednesday will be critical in determining the direction of stock prices. If inflation appears to cool even slightly, then I'd expect 3900 to hold on the S&P with a chance to get back over 4000. But if it comes out even slightly hotter, then I'd expect 3900 to serve as resistance as this could prove to be another bear market rally.

Aside from the CPI report, the other major focus for investors is second quarter earnings, as they get going this week. They will be highlighted by the major banks giving reports. Forward guidance will be the key to watch. If we start to see a theme of companies lowering guidance, then stocks could take another leg lower. But if companies are able to maintain guidance or even raise it, then there is a good chance that markets could start to break out.

As always, stick to your current game plan and remain slightly neutral with your tactical dollars. If we see signs that inflation could have peaked or that companies are reiterating guidance, then start adding to your favorite beaten down positions. However, if inflation goes higher or companies start lowering guidance, then stay defensive.

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,

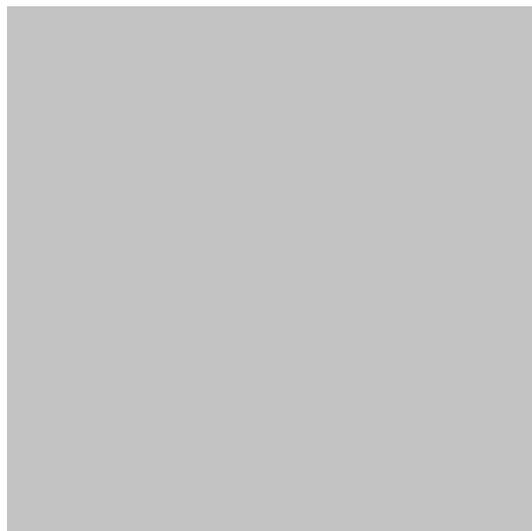
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Chief Financial Strategist

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