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*The weak August jobs report may have prolonged tapering. There is a new COVID-19 variant to monitor. Inflation is rising globally.*

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

## The Hot List

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### 1. COVID-19

As states like Alabama have run out of ICU beds (<https://www.wsfa.com/2021/08/27/alabama-hospital-crisis-intensifies-66-now-waiting-icu-beds/>) from the Delta Variant, a Mu Variant ([https://www.cnn.com/2021/09/01/who-says-it-is-monitoring-a-new-covid-variant-called-mu.html?\\_\\_source=iosappshare%7Ccom.apple.UIKit.activity](https://www.cnn.com/2021/09/01/who-says-it-is-monitoring-a-new-covid-variant-called-mu.html?__source=iosappshare%7Ccom.apple.UIKit.activity)) has emerged and is being monitored.

## 2. Federal Reserve

At Jackson Hole, it was apparent that the Fed wanted a strong August jobs report as the green light was expected to taper. However, that report came in much weaker than expected.

## 3. Inflation

Inflation spiked (<https://finance.yahoo.com/news/inflation-jumps-annual-3-europe-091854967.html>) in Europe in August to 3% annually, the highest since 2008. (<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

## 4. Employment

U.S. employers added 235,000 jobs in August which was much fewer (<https://www.wsj.com/articles/august-jobs-report-unemployment-rate-2021-11630624394>) than the 733,000 expected.

## 5. Geopolitics

A Taliban spokesperson said “China is our most important partner” and it says “it is ready to invest and rebuild our country.” South Korea passed a bill (<https://finance.yahoo.com/news/koreas-parliament-passes-bill-curb-101524656.html>) that aims to curb Google and Apple’s dominance which could provide framework for other countries.

# Last Week

**Monday:** S&P 500 +19.42 (0.43%) to 4528.79. Pending home sales fell for second straight month.

**Tuesday:** S&P 500 -6.11 (0.43%) to 4522.68. Consumer confidence falls to 6 month low. Home prices rose by 18.6% annually, fastest in 30 years.

**Wednesday:** S&P 500 +1.41 (0.03%) to 4524.09. ADP report fell short of estimates by a wide margin.

**Thursday:** S&P 500 +12.86 (+0.28%) to 4536.95. Weekly jobless claims meet expectations.

**Friday:** S&P 500 -1.52 (-0.03%) to 4535.43. August jobs report came in weaker than expected.

# Technical Look



**Possible Support:** After testing and retesting the 4500 level on the S&P 500, that area is now more significant support than before. If it broke below 4500, I'd look to the 20-day moving average for additional support.

**Possible Resistance:** As the S&P 500 is back at all-time highs, there is no clear technical resistance in sight.

## My Watchlist

**Tech Titans (US)** (<https://dreamwork.financial/tech-titans-us/>): Strong future cash flows, hedge against potential deflation

**Financials** (<https://dreamwork.financial/defensive/>): Good play if we get higher rates, stronger economic data

**Healthcare** (<https://dreamwork.financial/healthcare/>): Defensive trade, COVID-19 play

**Defensive** (<https://dreamwork.financial/defensive/>): Increasing uncertainty

## My Take

Just when I'm starting to think that Powell may be a little behind the curve, Friday's jobs number may have played right into his hand. It missed expectations by such a margin that the pendulum has now shifted away from a probable taper at the next meeting.

This should put the focus back on corporate earnings which have been exceedingly good. Combined with low rates and rising inflation, the stock market remains the best place to generate real returns (net of inflation).

However, we obviously can't discount that there is still no end in sight to the pandemic, tapering is around the corner and tensions are rising around the globe. The market has a way of staying two steps ahead of the average investor and corrections tend to happen when people least expect it. Just make sure to be prepared in case it does.

Please contact me at **DreamWork Financial Group** (<https://dreamwork.financial/contact/>) if you'd like a professional review of your portfolio while the market is still at all-time highs.

Until next time,

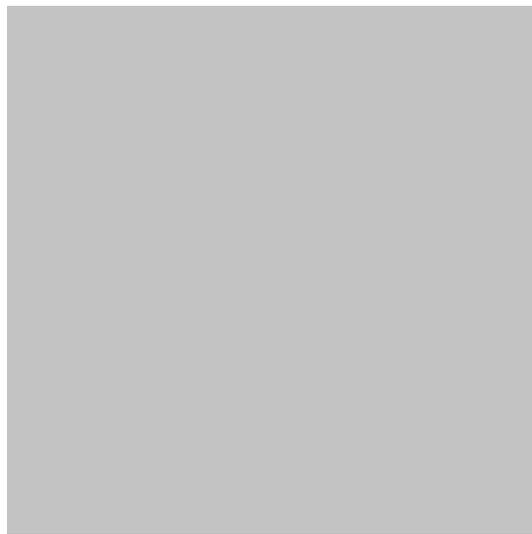
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