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The S&P 500 is on a 5-day losing streak. Biden announced new COVID-19 mandates. Inflation continues to rise. Job openings hit record.

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The Hot List

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1. COVID-19

President Biden issued new COVID-19 mandates (<https://www.cbsnews.com/live-updates/biden-covid-19-vaccine-mandates-announcement/>) that could affect over 100 million workers. The new Mu variant (<https://www.nationalgeographic.com/science/article/the-mu-variant-is-on-the-rise-scientists-weigh-in-on-how-much-to-worry>) is continuing to be monitored.

2. Inflation

PPI report showed wholesale prices rose
(<https://www.cnbc.com/2021/09/10/august-wholesale-prices-rise-8point3percent-on-an-annual-basis-biggest-advance-on-record.html>) by 8.3% from last year, which was the largest advance on record.

3. Federal Reserve

Some Fed officials are still pushing to taper
(<https://www.reuters.com/business/fed-officials-say-tapering-could-still-get-started-this-year-2021-09-08/>) by the end of the year.
(<https://www.investors.com/news/economy/federal-reserve-meeting-wall-street-expects-yield-curve-control/>)

4. Employment

JOLTS report jobs job openings hit another record
(<https://www.cbsnews.com/news/job-openings-jolts-report-11-million/>) as labor shortage continues.

5. Geopolitics

China continues its crackdown
(https://www.washingtonpost.com/world/asia_pacific/china-crackdown-tech-celebrities-xi/2021/09/09/b4c2409c-0c66-11ec-a7c8-61bb7b3bf628_story.html) on its technology industry.

Last Week

Monday: Market closed for Labor Day.

Tuesday: S&P 500 -15.40 (-0.34%) to 4520.03. No major headlines.

Wednesday: S&P 500 -5.96 (-0.13%) to 4514.07. JOLTS report released.

Thursday: S&P 500 -20.79 (-0.46%) to 4493.28. Weekly jobless claims announced.

Friday: S&P 500 -34.70 (-0.77%) to 4458.58. PPI data comes in hotter than expected.

Technical Look

Possible Support: The S&P 500 broke the key support level of 4500 Friday, also taking out the 20-day moving average. If the index continues to drop, look to the 50-day moving average near 4400 for further support.

average, near 4400, for further support.

Possible Resistance: Now that the key support level of 4500 was broken, it could serve as resistance as the market moves back to the upside.

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

The S&P 500 is currently on a 5-day losing streak which is the worst since February. This isn't a huge surprise, as I have recommended getting defensive over the past couple weeks. While the Fed's easy money can do a lot to offset some of the negative forces in the economy, it may be doing more harm than good at this point.

Inflation appears to be heating up by almost any metric, whether it is supply chain related or not. When it comes to employment, there is currently a labor shortage as job openings hit another record, so I'm not really sure how more easy money helps that. And if they are concerned about keeping rates low for first time home buyers, the Fed's easy money policy has probably made prices too high for them.

As you can see, Powell is getting put into a corner where he either need to start to taper earlier than he wants or risks losing control of inflation – and the confidence of investors.

While inflation is my prime concern, we can't lose focus of the pandemic or that the Chinese government is making some very aggressive moves. Afghanistan remains a mess and the U.S. government is pushing massive spending and tax increases.

If you haven't gotten more defensive yet, you may want to consider it as volatility could start to pick up. But for any long-term investor, volatility is just part of the game. Just be sure to have a plan in place to help you navigate it. Or better yet, **contact me at DreamWork Financial Group** (<https://dreamwork.financial/contact/>) for help in building your Investing GamePlan™.

Until next time,

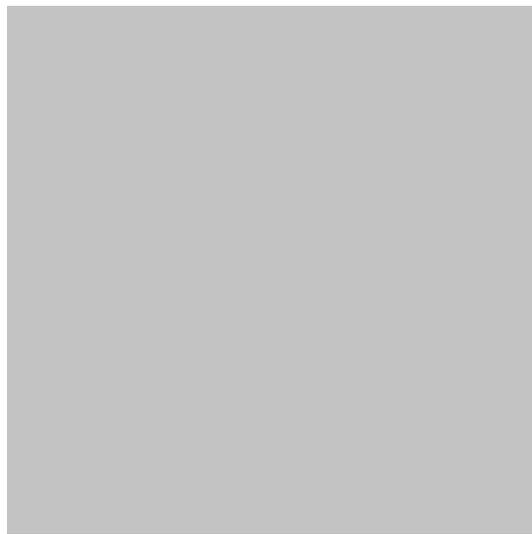
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