

It's as easy as 1, 2, 3

Each week Econ Wealth's Asset Management team provides insight to the markets and what they're seeing in the charts.

Step 1

Read J.P. Morgan's "[Weekly Market Recap](#)" for their latest update and note the following:

- "The week in review" in the top left of the page
- "Weekly Data Center" for the Index Returns over various timeframes
- S&P 500 Sector Returns in the bottom right corner for YTD and last week's performances

Step 2

Read TD Ameritrade's "[Macro Monday](#)" for an insight into technical analysis and focus on:

- "Recapping Last Week" in the middle of the page
- The Chart of the Week at the bottom to learn more about general techniques as they describe their chart of the week

Step 3

Follow EWM's latest insights in the following areas:

- **Technical Overview:** Last week, we discussed the longer-term chart of the Dow Jones and how our technical analysis suggested that we were around levels of support above the 33k mark. Below, is a shorter-term chart of the Dow and is annotated with several different techniques that we like to use when performing our analysis. Of the move up from the 24th of February to the top at the open of March 4th, you can see we closed last week right around the 61.8% retracement area of that move as depicted by the red lines. The blue and green Fibonacci lines are shorter term views of the same chart, looking at other possible support lines over various time frames which helps us gauge different possible scenarios and plan accordingly.

*Courtesy of Stockcharts.com



Disclosures

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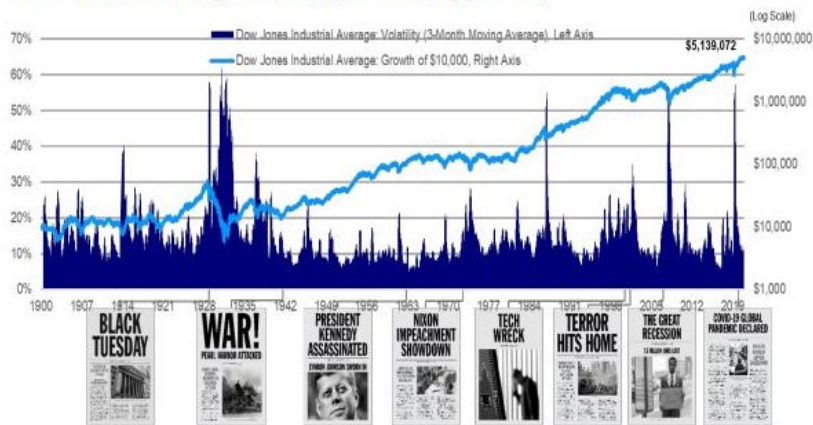
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Dow Jones Industrial Average: Growth of \$10,000 and Volatility (1900–2021)

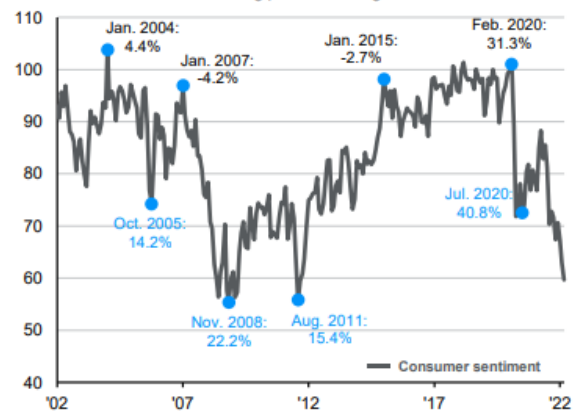
*Courtesy of Invesco



- *The continuing tension and uncertainty involving the Russian – Ukraine conflict has continued to impact markets both domestically and abroad and we know it can be a difficult time for investors. We encourage you to have a longer-term outlook on the market as we try to maneuver through these times together. As seen in the picture above, the market doesn't always go up, but when volatility spikes and markets drop, buying opportunities can present themselves for a benefit in the long-term.*
- **Economy:** *Rising interest rates and inflationary pressures continue to weigh heavily in the minds of US citizens. The increase in gas prices keeps pressuring inflation higher as February's CPI report presented inflation at a 40 year high. As of now, the current circumstances have not decreased consumer spending; however, market sentiment has dipped to its lowest level since 2011.*
- **Markets:** *Both the equity and fixed income markets have seen negative returns year-to-date (YTD) as interest rate increases and inflationary pressures continue to push consumer sentiment lower. Energy remains the only sector in the positive on the year and utilities and financials are leading (both with negative YTD returns). Defensive sectors continue to gain support as investors are continuing their trend of value purchasing and movement from cyclical stocks.*

Troughs in sentiment typically precede stellar equity returns

12-month S&P 500 returns following peaks and troughs of consumer sentiment



*Courtesy of JP Morgan

Consumer sentiment is an indicator that measures how optimistic consumers feel about their finances and the state of the economy. As described in Step 1, consumer sentiment is often a driver of consumer spending. While it appears, spending hasn't slowed down, the current levels of sentiment could be a showing sign for the market. We're currently approaching levels that have been associated with previous market bottoms which supports our technical analysis view and reasoning to why we've been buyers around current market levels on the Dow Jones.

- **Portfolios:** *To combat the volatility, we've continued to be active across our portfolios. Last week, we added to another mid-cap ETF, a financial sector ETF, as well as select individual stocks including Disney. We were also active on the sell side, taking gains in some shorter-term trades for certain portfolios. We're still looking to be buyers in this area but will take gains off the table when available.*