

## Index Returns

### Year-to-Date

As of 12/16 close

S&P 500: -17.88%

Dow Jones: -7.50%

Nasdaq: -31.02%

Agg Bond: -11.13%

Muni Bond: -6.08%

Small Cap: -20.40%

Int'l Stock: -14.39%

## Compass Market Minute



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# EWM A.M. Cup of Joe

## ASSET MANAGEMENT

Edition 41 – Week of December 19<sup>th</sup>



Our weekly blend of information to help keep you alert so you can stay the course and maintain your path using EWM as your COMPASS.

## I. The Beans – The foundation of this week's analysis



### The Grounds – Pathway of the market

**Key Point:** Equity markets moved lower for the second consecutive week after the Fed announced they would continue to aggressively pursue inflation.

- *What does that mean for me?* – The stock market reaction was negative because investors may believe the Fed's policy could cause a recession into 2023.



### The Brew – Economic Drivers

**Key Point:** November's inflation report was deemed as favorable for investors as the actual inflation number came in lower than expectation.

- *How that may affect you* – The most recent inflation report suggested that inflation has peaked, however, the labor and wage readings continue to trend higher.

## II. The Aroma – Highlights of market activity



### Broad Market Analysis - Potential direction of the market

**Key Point:** Last week, the Dow was staging itself for a move lower to its 2022 Trend line after breaking above overhead price resistance. It is currently within that range above the 200-day.

- *What does that mean?* – There has been recent negativity as the Federal Reserve looks to raise rates into 2023 and the Dow saw a selloff as a result. The price currently sits above the 200-day moving average (**red line**) and is now inside a possible buy range (**red box**) above the trend line for 2022 price highs (**black line**). The market could see a year-end rally higher if the price holds here and buyers come into play.

**Chart Name** – Dow Jones

**Chart Type** – Daily

**Chart Period** – 14 Months



### III. The Cream & Sugar – The road EWM has taken



## What We're Doing – *\*The following activity is not necessarily representative of every client portfolio whether positive or negative*

*Legend*		Security	Action	Description
Buy	New holding	Invesco S&P 500 Equal Weight ETF (RSP)	Buy	Purchased a starting position in RSP as equity markets moved to area of possible support. RSP looks to provide a heavier weighting to smaller market cap companies in the S&P 500 which could provide higher price movement versus the underlying index (S&P 500) if the market moves higher.
Sell	Sell All			
Trim	Sell Percent			
Add	Increase Holding			

Disclosure: EWM employees may own shares of certain companies mentioned in personal brokerage accounts

### Chart of the Week – Holding Highlight



#### Moving Averages (MA)

20-day	Green
50-day	Blue
200-day	Red

\*Courtesy of StockCharts.com

NAME	KRAFT HEINZ CO. (KHC)
SECTOR	Staples
INDUSTRY	Food Products
ANALYSIS	<ul style="list-style-type: none"> <li>The Kraft Heinz Co. engages in the manufacture and market of food and beverage products. Its brands include Oscar Meyer, Velveeta, Smart Ones, Caprisun, Kool-Aid, Golden circle and Honig.</li> <li>In this recent high inflationary environment, Consumer Staple companies have outperformed the broader equity market, Kraft Heinz has been a recipient of that sector strength.</li> <li>The three moving averages shown above are all turning upwards and are aligned 20,50 and then 200. This pattern demonstrates strength in both short-term and long-term price movement.</li> </ul>

### IV. The Double Shot of Espresso – Information to boost your Cup of Joe



- Read J.P. Morgan's "[Weekly Market Recap](#)" for their latest update
- Read TD Ameritrade's "[Macro Monday](#)" for an insight into technical analysis

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