

## Upbeat Week Heading into Next Fed Meeting

The 2.9% move in the S&P 500 Index this past week erased the previous week's 2.0% decline. The market shrugged off global economic worries and posted its best single week since last November. The U.S.-China trade meter shifted back to optimism this week.

Oil continued its advance as well. WTI Crude was +4.4% for the week. OPEC led production cuts have tightened supply and supported prices. A decline in U.S. inventories also helped support prices this past week. U.S. production continues to be robust and rig counts have fallen only slightly. Wholesale gasoline prices are +40.5% since the beginning of the year. While the decrease in gasoline prices in the 4th quarter (down 37% between September 30th and December 31st) were a tailwind to consumers during the holiday shopping season, the recent run up may present a tailwind to the Summer driving season.

The FOMC meets on Wednesday and we do not expect any change to the interest rate target. A slow week for potential market moving news could focus extra speculation on any comments, words, or facial expressions out of the FOMC. Any posture outside of "patience" will catch the market's attention.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.9%	12.6%	International Stocks (MSCI ex-US)	2.8%	10.7%
Dow Jones Industrial Average	1.6%	10.8%	Aggregate Bond Index	0.2%	1.1%
NASDAQ 100	4.2%	15.4%	U.S. Dollar Index	-0.7%	0.4%
Russell 2000 (Small Cap Index)	2.1%	15.2%	WTI Crude Oil	4.4%	28.9%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Gasoline Prices

When most consumers think of gasoline prices, they think of the price they see at the pump. The national average retail price for regular gasoline this past week was \$2.55 gallon. The average wholesale price last week were \$1.86 gallon. What makes up the difference? While the major input to gasoline is crude oil, which typically makes up approximately 53% of cost. Refining costs make up another 8% of input costs and transportation and retail mark-up make up approximately 18%. Twenty-one percent of gasoline prices are excise taxes.

Federal excise tax is 18.3 cents per gallon and total taxes average 52 cents per gallon nationwide. Additional excise and sales taxes vary widely by state. The highest taxes (combined Federal and State) are in Pennsylvania (77 cents per gallon) and California (73 cents per gallon). The lowest taxes are in Alaska (33 cents per gallon) and Missouri (36 cents per gallon).

## Do You Know Your Risk Number?

Individuals often classify their investment risk tolerance with adjectives such as "Conservative", "Moderate", or "Aggressive".

These can be highly subjective and may not correctly identify the amount of risk someone is actually comfortable taking.

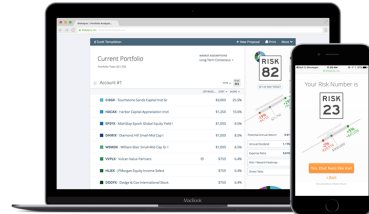
One Moderate investor may feel uncomfortable if their portfolio fell 5% while another may not feel uncomfortable until their portfolio falls more than 10%.

While investors understand that the purpose of taking risk is to achieve investment returns, they may not have a realistic sense of how much risk is required to achieve a targeted level of return. In this case, they may not be taking enough risk and won-

dering why they are not able to achieve the returns they want.

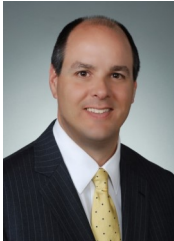
We work with our clients to identify the risk they are comfortable taking and balance it with the investment objectives they are seeking to achieve.

Contact us about our complimentary risk analysis questionnaire.



**Joseph Sroka, CFA, CMT / Chief Investment Officer and Portfolio Manager / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is Certified Plan Fiduciary Adviser (CPFA) and an endurance athlete and three-time IRONMAN finisher.



**Jeffrey Wright, CFA / Managing Director / [jwright@novapointcapital.com](mailto:jwright@novapointcapital.com)**

Jeff has 9 years of industry experience. Prior to joining NovaPoint, Jeff was a Vice President in the Private Banking and Investment Group at Merrill Lynch. Jeff also worked at Booz Allen Hamilton and the Department of Defense. Prior to his private sector career, Jeff was a Field Artillery officer in the U.S. Army. He holds a BA from the University of Texas and an MBA from the University of Maryland. Jeff is Chartered Financial Analyst (CFA).

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