

In Like a Lion and Out Like a Lamb

The S&P 500 closed out its best first quarter since 2009. The quarter came in like a lion and went out like a lamb. The giant January rebound (+8.0%) stepped down to more normal returns in February (+3.2%) and March (+1.9%). The quarterly gain almost erased the steep decline from the fourth quarter of 2018.

What lies ahead? U.S.-China trade issues remained unresolved. This uncertainty is impacting economic growth in both countries. Employment remains healthy and mortgage rates have moved back toward 4%. Oil and gasoline prices have increased during the first quarter, turning a consumer tailwind into a consumer headwind for additional discretionary spending.

These uncertainties likely keep the Fed on hold for any additional interest rate increases. The patient, data dependent stance from the Fed should keep a very flat yield curve from any prolonged period of significant inversion. The Fed even has the ability to reduce interest rates if the economy weakens significantly. The conversation has certainly shifted from “How many interest rate increases might there be in 2019?” to “Could the Fed reduce interest rates in 2019?”. Stay tuned.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.2%	13.1%	International Stocks (MSCI ex-US)	1.0%	10.3%
Dow Jones Industrial Average	1.7%	11.2%	Aggregate Bond Index	0.4%	2.4%
NASDAQ 100	0.7%	16.6%	U.S. Dollar Index	0.7%	1.1%
Russell 2000 (Small Cap Index)	2.2%	14.2%	WTI Crude Oil	1.9%	32.4%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Retail Sales

The Census Bureau publishes a monthly report on U.S. Retail Sales. Data is collected from retailers in most major retail categories, big and small stores, and both traditional and online retailers. The report provides a good snapshot of the state of retail spending overall, and in specific categories.

Volatile categories such as gasoline sales are included and the impact on gasoline prices on other categories can be analyzed. Automobile sales are also included in the report.

Food services (restaurants and bars) are included, but other service-based outlets are not included.

Consumer spending makes up approximately two-thirds of the U.S. economy, so the data provided in the Retail Sales report is a valuable tool to monitoring the health of the consumer.

Current and previous Retail Sales reports can be found on the Census Bureau website: <https://www.census.gov/retail/index.html>

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.

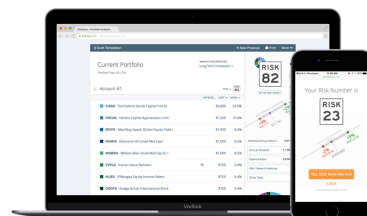
One Moderate investor may feel uncomfortable if their portfolio fell 5% while another may not feel uncomfortable until their portfolio falls more than 10%.

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.

Take our complimentary [risk analysis questionnaire](#).



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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.



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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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