

## Positive GDP Surprise

The advance report on First Quarter U.S. Gross Domestic Product (“GDP”) was reported at +3.2%. This was an upside surprise to the 2% widely anticipated by most economists. Part of the surprise was in net trade (exports versus imports) which was refreshing to see given the concern over the U.S.—China trade standoff. Personal consumption also grew, but at a slower rate than the Fourth Quarter. This indicates some concern over the health and spending of the U.S. consumer. With employment strong, we do expect consumer spending to remain healthy, but with fewer incremental individuals to enter the workforce, the pace of gains may moderate. Additionally, retail gasoline prices are on the rise year-to-date and this expense could pressure discretionary spending in other areas.

The Federal Reserve’s Federal Open Market Committee (“FOMC”) will meet this week to make decisions on monetary policy. We do not expect them to raise short-term interest rates. Inflationary data in the GDP report was tame.

Quarterly earnings reports continue to have a positive surprise averaging +6.1% above consensus. For the S&P 500, 229 out of 500 companies have reported with 77% beating expectations, 6% matching and 17% below expectations. The combined (reported and estimated) earnings growth for the first quarter now stands at -0.3% versus -2.3% two weeks ago.

The coming week is packed with information as approximately 150 more companies report earnings, the FOMC meets, U.S. trade negotiators are in China, and the April employment report is released on Friday.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.2%	17.3%	International Stocks (MSCI ex-US)	-0.6%	13.0%
Dow Jones Industrial Average	-0.1%	13.8%	Aggregate Bond Index	0.5%	2.1%
NASDAQ 100	1.8%	23.6%	U.S. Dollar Index	0.5%	2.0%
Russell 2000 (Small Cap Index)	1.7%	18.0%	WTI Crude Oil	-1.1%	39.4%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: FOMC

The Federal Open Market Committee, or “FOMC”, is a branch of the Federal Reserve Board that meets several times a year to make decisions on monetary policy. The Committee is comprised of the seven-member Board of Governors and five Federal Reserve Bank presidents.

The FOMC meets eight times a year to discuss the U.S. economy and make decisions to keep the economy on track. The goal, as mandated by Congress, is to promote maximum employment, stable prices, and moderate long-term interest rates.

At the conclusion of each meeting the FOMC chairman typically holds a press conference to discuss any decisions the Committee has made. This can sometimes be a decision to raise or lower short-term interest rates. Even when a specific decision is not made, many market watchers will dissect the language of the policy statement to gain an understanding of what the FOMC may do in the future.

## 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.

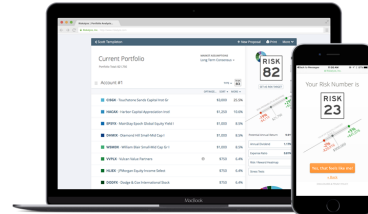
One Moderate investor may feel uncomfortable if their portfolio fell 5% while another may not feel uncomfortable until their portfolio falls more than 10%.

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.

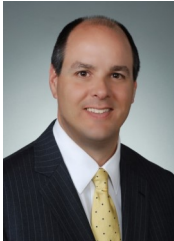
We work with our clients to identify the risk they are comfortable taking and balance it with the investment objectives they are seeking to achieve.

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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