

## A Market of Stocks

The stock market is often seen as a large system that moves in unison based on macroeconomic or geopolitical factors. During corporate earnings season, the bottom-up impact of each company reporting earnings can be seen individually, often with significant disparity, making it more of a market of stocks. The volume of second quarter earnings reports increases this week with 145 companies scheduled to report earnings.

Seventy-nine companies in the S&P 500 have reported quarter-to-date with 77% reporting earnings above expectations, 20% below expectations, and 3% in-line. Due to relative upbeat earnings reports last week, the current [consensus expectations](#) for the S&P 500 Index has flipped from a -0.4% expectation last week to a current expectation of +1.0% earnings growth year-over-year. The expectation for revenue growth has increased from +3.3% to +3.4%.

The 10 largest companies in the S&P 500 Index comprise almost 23% of the Index, so their earnings impact can be significant. Three companies (Microsoft, JP Morgan, and Johnson & Johnson) have already reported. Four more of the top 10 report this week (Amazon, Facebook, Alphabet and Visa).

On the horizon, July will close with a two-day meeting of the [Federal Open Market Committee](#) to discuss its assessment of current economic conditions and vote on whether to reduce its short term interest rate target. The current market probabilities are for a reduction of 0.25% which would bring the target range for the Fed Funds Rate to 2.00% to 2.25%.

*Disclosure: We own Microsoft and Johnson & Johnson in the NovaPoint Dividend Growth Strategy.*

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-1.2%	18.7%	International Stocks (MSCI ex-US)	-0.1%	11.6%
Dow Jones Industrial Average	-0.6%	16.4%	Aggregate Bond Index	0.3%	4.4%
NASDAQ 100	-1.4%	23.8%	U.S. Dollar Index	0.4%	0.9%
Russell 2000 (Small Cap Index)	-1.4%	14.8%	WTI Crude Oil	-7.6%	32.6%

Sources: S&P Global, Thomson Reuters

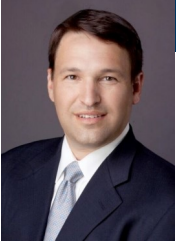
## Dissecting Headlines: The Volatility Index (VIX)

Investor sentiment of the stock market can swing back-and-forth between fear and greed. One way to measure this level of fear versus greed is through the Volatility Index, or VIX. This is a measure of investor expectations of market volatility over the next 30-days. The VIX was created by the Chicago Board Options Exchange (CBOE) and is derived from prices of S&P 500 Index options.

The VIX is sometimes referred to as the Fear Gauge because when it rises it reflects rising fear, or pessimism, on the direction of the market. During the May 2019 6.4% market decline, the VIX began the month at 14.80, peaked at 20.55 on May 13th and ended the month at 18.71. During June's 7.0% market increase, the VIX peaked at 18.86 on June 3rd and then declined to 15.08 by month end. The indicator can often be a contrarian signal, meaning that it is advantageous to buy when fear is high and sell when optimism reigns.

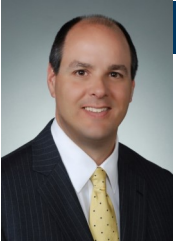
Over the past 10-years, the VIX has averaged 17.26, with a low of 9.14 and a high of 48.00. The VIX is currently at 14.45. Take a look at week's end and see if market sentiment has become more optimistic (VIX declines) or more pessimistic (VIX advances).

## The NovaPoint Capital Team



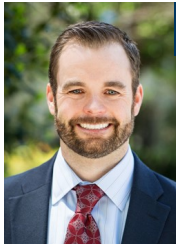
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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).



**Alan J. Conner, CPFA / President and Chief Compliance Officer / [aconner@novapointcapital.com](mailto:aconner@novapointcapital.com)**

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.



**Jeffery Wright, CFA / Managing Director & Portfolio Manager / [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).



**Frederick Wright, CFA / Managing Director & Portfolio Manager / [fwright@novapointcapital.com](mailto:fwright@novapointcapital.com)**

Frederick has over 25 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 and has also worked at Balentine & Co, Wright Investment Management, and Smith Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).

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