

## Volatile Trade

The final significant week of second quarter earnings brought upside surprises from several big retail companies, but an escalation of tariffs between the U.S. and China overshadowed everything and ended the week on the downside for the major equity indices.

On second quarter earnings, 482 companies (>96%) in the S&P 500 have reported quarter-to-date. Seventy-four percent of companies have reported earnings above expectations, 18% below expectations, and 8% in-line. The [current consensus expectations](#) for the S&P 500 Index earnings growth for the second quarter increased to +3.2% from +2.9% the week prior and versus expectations for a 0.4% decline at the start of the earnings reporting season. The expectation for revenue growth for the quarter is +4.7%.

U.S.—China trade issues dominated market action into week's end as China announced retaliatory tariffs on approximately \$75 billion of U.S. goods to include agricultural, auto, and oil imports. This was in response to the tariffs on \$300 billion of Chinese goods the U.S. announced a few weeks ago that are scheduled for September 1st and December 15th. President Trump responded with commentary suggesting further tariff increases as well as commenting that U.S. companies should seek alternatives to China and produce goods in the U.S. This escalation unnerved markets and the S&P 500 Index ended Friday down 2.6% and the week down 1.4%. This is the fourth consecutive weekly decline for the Index.

These trade headlines overshadowed Fed Chairman Jerome Powell's speech at the Federal Reserve conference where he reiterated that the [FOMC](#) would act appropriately to maintain economic expansion but cautioned that monetary policy alone cannot counter business issues arising from international trade.

Headlines on economic and geopolitical events are likely to determine market direction for the next few weeks as the news flow from corporate earnings has largely finished. The G7 summit (see below), more trade and tariff news, and speculation about the September FOMC meeting should set the tone for markets this week.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-1.4%	13.6%	International Stocks (MSCI ex-US)	-0.7%	4.6%
Dow Jones Industrial Average	-1.0%	9.9%	Aggregate Bond Index	0.1%	6.8%
NASDAQ 100	-1.8%	17.9%	U.S. Dollar Index	-0.5%	1.1%
Russell 2000 (Small Cap Index)	-2.3%	8.2%	WTI Crude Oil	-1.3%	19.3%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: The G7

The G7 summit was held this weekend in France. The G7 ("Group of 7"), is an intergovernmental economic organization consisting of seven of the world's largest nations: Canada, France, Germany, Italy, Japan, United States, and United Kingdom. It was formed in 1975 as the G6 and expanded to include Canada the following year. It was the G8 from 1997 to 2014 when it included Russia. The European Union ("EU") is included as a permanent guest.

The escalation of the U.S.-China trade dispute prior to President Trump leaving for the G7 summit likely made for interesting conversation with the other members upon his arrival. The agenda topic for this year's summit is "the fight against inequality", but discussion of global trade and economic growth, as well as the current environmental crisis in the Amazon, are likely major topics to be addressed between leaders.

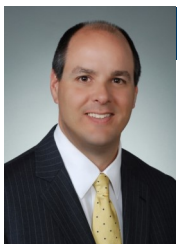
These summits provide global leaders the opportunities to meet in person to discuss and settle key political, economic, and social issues and can have impact on financial markets.

## The NovaPoint Capital Team



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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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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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