

Whipsaw

Following the [Federal Open Market Committee \(FOMC\)](#) announcement to lower its target range for the Fed Funds Rate by 0.25%, Fed Chairman Jerome Powell stated that the move was a “midcycle adjustment to policy” and that future rate cuts were not a guarantee. Despite the Fed Chairman’s comments, the markets are currently forecasting an 85% chance that there is an additional rate cut at the September FOMC meeting. We think the Federal Reserve will continue to monitor economic conditions and act appropriately.

The White House also announced that it plans to place a 10% tariff on the remaining \$300 billion of Chinese imports not already covered by existing tariffs. This came as a surprise as the two countries had agreed to resume trade talks following the [G20](#) summit in June.

On the earnings front, 380 companies in the S&P 500 have reported quarter-to-date with 74% reporting earnings above expectations, 18% below expectations, and 8% in-line. The current [consensus expectations](#) for the S&P 500 Index earnings growth for the quarter increased to +2.7% from +0.5% the week prior and expectations for a 0.4% decline at the start of the earnings reporting season. The expectation for revenue growth increased week-to-week from +3.6% to +4.5%.

This combination of central bank, trade, and earnings news left the S&P 500 Index down 3.1% for the week.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-3.1%	17.0%	International Stocks (MSCI ex-US)	-3.3%	7.7%
Dow Jones Industrial Average	-2.6%	13.5%	Aggregate Bond Index	0.8%	5.1%
NASDAQ 100	-4.0%	21.5%	U.S. Dollar Index	0.1%	2.0%
Russell 2000 (Small Cap Index)	-2.8%	13.7%	WTI Crude Oil	-1.0%	22.5%

Sources: S&P Global, Thomson Reuters

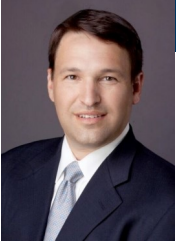
Dissecting Headlines: Institute for Supply Management (ISM)

The Institute for Supply Management (ISM) is a business organization of purchasing and supply chain professionals around the world. The ISM produces two highly watched monthly economic reports it creates from survey data of its members: The ISM Manufacturing Report which covers the manufacturing sector and the ISM Non-Manufacturing Report which covers the service sector.

The Manufacturing Report monitors changes in production levels, employment, new orders, deliveries, and inventories from month to month. A diffusion index is created from the data and an index reading above 50 indicates expansion of activity versus the previous month and a reading below 50 indicates contraction of activity. The Non-Manufacturing Report is similar and measures employment trends, prices, and new orders in the service sector.

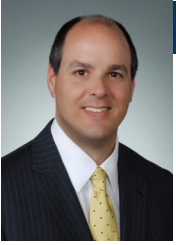
The July ISM Manufacturing Report was released last week with a reading of 51.2 indicating continued expansion in the manufacturing sector. The Non-Manufacturing Report will be released this coming week and the forecast is for continued expansion in the service sector.

The NovaPoint Capital Team



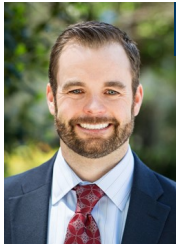
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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

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

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

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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