

## Olive Branches

Some small concessions were made in the U.S.— China trade dispute with both sides taking steps to diffuse any further escalation. The U.S. said it would delay a tariff increase on \$250 billion worth of Chinese goods from October 1st to October 15th out of respect for the People's Republic of China celebrating its 70th anniversary. This was followed by China announcing that U.S. soybeans and pork would be exempt from additional tariffs. This action, coupled with the previous announcement that both countries would be holding the next round of trade talks in October, provided investors with enough optimism to push the S&P 500 Index to its third weekly increase.

The most watched event of the coming week is likely to be the Federal Open Market Committee meeting scheduled for Wednesday. Based on current interest rate futures, investors have a 80% expectation the FOMC will lower its target interest rate by 0.25% at the meeting to a 1.75% to 2.00% range and a 20% probability they leave the target rate at its current 2.00% to 2.25% range. This is a shift away from last week's 91% expectation of a 0.25% reduction, perhaps due to the expectation that the trade dispute was softening.

A drone attack in Saudi Arabia may have as much as half the country's oil output offline. It is too soon to know how long the production capacity may be offline. We provide an overview below of the major global crude oil producing countries.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.0%	20.0%	International Stocks (MSCI ex-US)	2.0%	11.4%
Dow Jones Industrial Average	1.6%	16.7%	Aggregate Bond Index	-1.4%	4.9%
NASDAQ 100	0.5%	24.7%	U.S. Dollar Index	-0.1%	1.8%
Russell 2000 (Small Cap Index)	4.9%	17.0%	WTI Crude Oil	-3.0%	20.8%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Where is Crude Oil Produced?

Saudi Arabia was forced to shut almost half of its crude oil production over the weekend. To put this in context, let's look at the top oil producing countries.

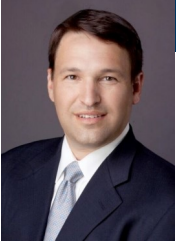
Country	Million Barrels per day	% of global production
United States	17.87	17.8%
Saudi Arabia	12.42	12.3%
Russia	11.4	11.3%
Canada	5.27	5.2%
China	4.82	4.8%
Iraq	4.62	4.6%
Iran	4.47	4.4%
UAE	3.79	3.8%
Brazil	3.43	3.4%
Mexico	2.87	2.9%

Source: Energy Information Agency

The top 10 countries shown produce more than two-thirds of all crude oil globally. The attack over the weekend which caused Saudi Arabia to shut half its oil production reduces global production by about 5%. If this stays shuttered for any prolonged period of time it could drive oil prices substantially higher, at least temporarily.

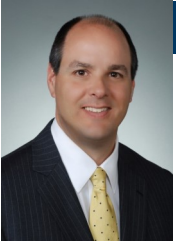
The main driver of energy demand is economic growth, so some thaw in U.S. and Chinese economic relations could stir a rebound in energy demand. The United States and China account for one-third of global oil demand. Higher demand and lower global production could lift prices until production recovers.

## The NovaPoint Capital Team



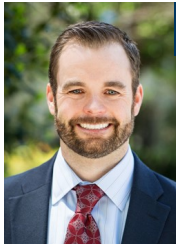
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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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