

Monitoring Headlines

The equity markets rebounded this past week to finish with their first weekly gain in five weeks. Optimism on international trade between the U.S. and China was the major catalyst for the weekly gain in stocks. With no significant corporate earnings news, we've stressed that economic and geopolitical news is likely to set market direction for the next few weeks.

U.S. and Chinese trade representatives held a brief meeting this past week and are scheduled to hold further talks in September. The market took comfort that China stated it was not planning to retaliate against the latest U.S. tariffs going into effect this week and it was willing to resolve the trade dispute through calm negotiations. Despite the scheduled meetings, additional tariffs go into effect this week. The U.S. is placing a 15% tariff on several categories of consumer goods from China, with some in effect September 1st and the remainder on December 15th. China is placing a 5% to 10% tariff on agricultural products, crude oil, and small aircraft from the U.S. on September 1st and a 5% to 25% tariff on automobiles and auto parts on December 15th.

The [ISM Manufacturing and Non-Manufacturing Reports](#), the [Fed's Beige Book](#) and the Employment Report will give investors plenty of economic data to examine in the holiday shortened week. This data will begin to shape investor expectations for what actions the [FOMC](#) will take at its September 18th meeting. Based on interest rate futures, there is a 97% 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 3% probability they leave the target rate at its current 2.00% to 2.25% range. We explain the components of the Employment Report below.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.8%	16.7%	International Stocks (MSCI ex-US)	2.2%	6.9%
Dow Jones Industrial Average	3.1%	13.2%	Aggregate Bond Index	0.2%	7.1%
NASDAQ 100	3.0%	21.5%	U.S. Dollar Index	1.3%	2.7%
Russell 2000 (Small Cap Index)	2.5%	10.8%	WTI Crude Oil	1.7%	21.3%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: The Employment Report

One of the most watched monthly economic data points is the Employment Situation Summary issued by the Department of Labor. Also known as the Employment Report or Jobs Report, it provides two potentially market moving numbers, the current unemployment rate and the number of jobs created or lost.

The Household Survey measures the labor force status, including unemployment, and produces the unemployment rate which currently stands at 3.7% based on the July data. The Establishment Survey measures nonfarm employment, hours worked, and earnings. It provides the increase/decrease in nonfarm payroll employment. Farm employment is extremely seasonal, so it is excluded from the Establishment Survey.

The Employment Report is an important gauge of the health of the U.S. economy. One of the primary objectives of the Federal Reserve is maximizing employment, so the data from the Employment Report can have a significant impact on monetary policy.

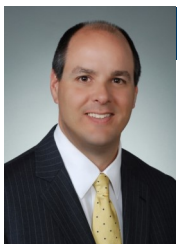
The August Employment Report will be issued on Friday, September 6th.

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).



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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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