

## Earnings Tricks and Fed Treats

The corporate earnings season has so far been less negative than originally anticipated. Of the 199 companies that have reported 3Q earnings, 78% have exceeded expectations, 7% have met expectations, and 15% have reported below expectations. This has improved current earnings estimates for the quarter to a 2.0% decline in year/year earnings on 3.4% revenue growth versus last week's consensus of a 3.1% earnings decline on a 3.1% increase in revenue. For the coming week, 158 companies in the S&P 500 are scheduled to report earnings.

Outside of the corporate earnings reports, the Federal Reserve comes back to the forefront with a two-day meeting on October 29th and 30th. Based on current futures contracts, investors are pricing in a 93.5% probability the Fed reduces its target interest rate range by 0.25% to a 1.50% to 1.75% range. Given the Fed's proactiveness in adjusting policy, we feel this may be the last interest rate reduction needed unless economic conditions weaken significantly from here or inflation falls significantly. The Fed has been data dependent in its decision making and is likely to remain that way for the time being.

The U.S. consumer remains a key engine of economic growth. We take a look at Halloween spending in our *Dissecting Headlines* section below. We will continue to monitor consumer spending as we close out the year with the all important holiday shopping season which is right around the corner.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.2%	20.6%	International Stocks (MSCI ex-US)	1.2%	12.8%
Dow Jones Industrial Average	0.7%	15.6%	Aggregate Bond Index	-0.1%	5.7%
NASDAQ 100	2.0%	26.8%	U.S. Dollar Index	0.6%	1.6%
Russell 2000 (Small Cap Index)	1.5%	15.6%	WTI Crude Oil	5.4%	24.8%

Sources: S&P Global, Thomson Reuters

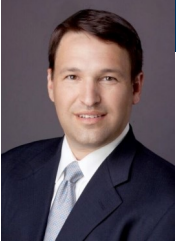
## Dissecting Headlines: The Halloween Economy

What can be a fun holiday for both children and adults, Halloween also provides a spending boost to the economy. The National Retail Federation estimates that Americans plan to spend approximately \$8.8 billion on Halloween this year roughly consistent with 2018's \$9 billion.

Approximately \$3.2 billion will be spent on costumes, \$2.7 billion on decorations, \$2.6 billion on candy and \$390 million on greet cards. Most Halloween merchandise was in the country before the tariffs on consumer goods took effect on September 1st, so there should be much price dislocation due to tariffs. Most consumers will shop at discount stores (42%) or specialty Halloween stores (36%).

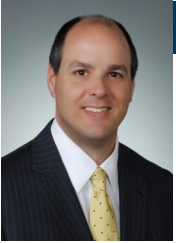
A strong labor market and low inflation are providing a tailwind to consumer spending. Despite some economic slowing in the manufacturing sector, the consumer remains a bright spot for the economy.

## The NovaPoint Capital Team



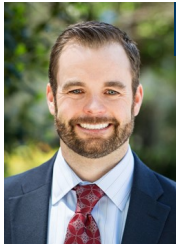
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at 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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