

## Thankful

Stocks retreated from record levels last week. The third quarter earnings season is near finished with 476 of 500 companies having reported earnings. The earnings reporting season has materialized better than first thought a few months ago. Earnings should finish with a mild year-over-year decline of less than 0.5% versus expectations of a 2.2% decline at the end of September. Excluding the Energy sector, earnings are expected to grow 2.1% y/y.

Looking ahead, fourth quarter earnings are currently expected to be flat year-over-year and excluding the Energy sector are expected to grow 2.2%. While much can happen between now and 2020, earnings for 2020 are currently expected to grow 10.5%. Trade, political, and economic issues are likely to make 2020 a volatile year.

There is much to be thankful for. At this point in 2018, the market was heading into freefall with fears of the Federal Reserve pushing the economy into recession. 2019's rebound in equities and the Federal Reserve lowering rates have put recession fears on the backburner, for now.

In our *Dissecting Headlines* section, we'll look at the economic impact of the holiday shopping season.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.3%	24.1%	Aggregate Bond Index	0.3%	6.0%
Dow Jones Industrial Average	-0.4%	19.5%	U.S. Dollar Index	0.3%	2.2%
NASDAQ 100	-0.5%	30.7%	WTI Crude Oil	0.1%	27.2%
Russell 2000 (Small Cap Index)	-0.5%	17.8%	Gold	-0.3%	14.0%
International Stocks (MSCI ex-US)	-0.6%	14.2%	Real Estate (US REIT Index)	-1.2%	19.2%

Sources: S&P Global, Thomson Reuters

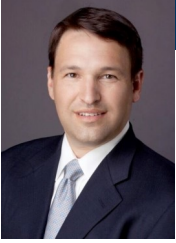
## Dissecting Headlines: Holiday Shopping Season

With 30 days until Christmas, the holiday shopping season is already upon us. More than half of consumers surveyed by the National Retail Federation had already begun their holiday shopping season by the first week of November. Reasons cited for starting early include spreading out their budgets, avoiding crowds, and last minute stress. The later date of Thanksgiving this year leaves the least number of days possible between Thanksgiving and Christmas, six days shorter than last year.

Retail sales between November 1st and December 31st are expected to be between \$728 and \$731 billion, an increase of 4% from last year. Online sales are expected to grow 11% to 14% year-over-year and make up approximately 23% of holiday sales. Holiday shopping grew only 2.1% in 2018 likely due to some of the concerns cited earlier such as higher interest rates, stock market decline, and recession fears.

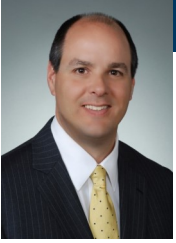
The holiday shopping season also impacts employment. Retailers are expected to hire between 530,000 and 590,000 temporary workers versus 554,000 in 2018. In a tight labor market, that may be tough to do.

## The NovaPoint Capital Team



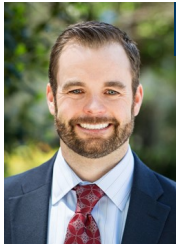
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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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