

## Working

The stock market struggled most of the week but staged a comeback rally on Friday on the better than expected employment report for November. The Labor Department reported nonfarm payrolls increased by 266,000 in November, well above expectations of 180,000. The unemployment rate also declined from 3.6% to 3.5%. This marks the 21st consecutive month of unemployment below 4%. The trade dispute between the U.S. and China has caused some headwinds in employment growth in some manufacturing industries, but otherwise many industries are competing to find qualified workers.

With just a few weeks left in 2019, two key events to keep watch on are the Federal Reserve meeting on December 10th and 11th and the next U.S.—China tariff deadline on December 15th. We anticipate the Fed will hold short term interest rates steady after the December 11th meeting. The trade talks between the U.S. and China continue with some hope of a Phase One agreement soon. There may be some push this week ahead of the tariffs scheduled to go in place on December 15th on \$156 billion of Chinese goods not already under tariff.

Job growth in the monthly employment report is quoted as “nonfarm payrolls”. In our *Dissecting Headlines* section, we explain what nonfarm payrolls are.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.2%	25.5%	Aggregate Bond Index	-0.2%	5.7%
Dow Jones Industrial Average	-0.1%	20.1%	U.S. Dollar Index	-0.6%	1.6%
NASDAQ 100	0.0%	32.7%	WTI Crude Oil	6.9%	29.9%
Russell 2000 (Small Cap Index)	0.6%	21.2%	Gold	-0.5%	13.8%
International Stocks (MSCI ex-US)	0.7%	15.1%	Real Estate (US REIT Index)	-0.4%	20.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Nonfarm Payrolls

The change in the number of jobs in the U.S. economy each month are phrased as an increase or decrease in “nonfarm payrolls”. From the title, we would assume that we are counting all U.S. workers except those working on farms. This isn’t entirely accurate. In addition to excluding farm workers, some government employees such as military and some of the intelligence services are excluded, as well as domestic household employees, sole proprietors, unincorporated self-employed workers, and nonprofit employees.

It takes a little more than 100,000 new jobs to be created each month to keep up with the growth of the working age population. The U.S. has averaged just over 160,000 new job created per month in 2019.

## 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).



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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.



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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 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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