

Gone Viral

The enthusiasm from the Phase One U.S. - China trade agreement was quickly tempered as fear of the economic impact of the Coronavirus on global growth seeped into the markets. Major market averages saw their first weekly decline for the year.

Despite the headline health scare, corporate earnings reporting season rolls on. With 85 companies having reported 4Q earnings, 68% have exceeded expectations, 8% have been in-line and 24% have been below expectations. Current consensus expectations are for a year/year EPS decline of -0.5% on revenue growth of +4.5% versus last week's consensus EPS decline -0.8% on revenue growth of +4.4%. Another 141 companies are scheduled to reporting earnings this week. Current consensus expectations for full-year 2020 earnings for the S&P 500 are +9.5% year/year with revenue growth of +12.1%.

This coming week the Federal Reserve holds its first meeting of the year. Based on recent commentary from the Fed, we expect they will hold short-term interest rates steady in their targeted 1.50% to 1.75% range.

In our *Dissecting Headlines* section, we look at the impact of the Coronavirus.

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%	2.0%	Aggregate Bond Index	0.6%	1.3%
Dow Jones Industrial Average	-1.2%	1.6%	U.S. Dollar Index	0.2%	1.6%
NASDAQ 100	-0.4%	4.7%	WTI Crude Oil	-7.4%	-11.3%
Russell 2000 (Small Cap Index)	-2.2%	-0.4%	Gold	0.9%	3.5%
International Stocks (MSCI ex-US)	-1.8%	0.0%	Real Estate (US REIT Index)	0.7%	2.7%

Sources: S&P Global, Thomson Reuters

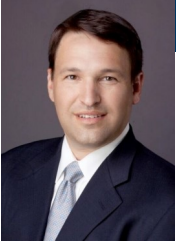
Dissecting Headlines: Coronavirus

A Coronavirus is common virus that causes an infection in the nose, sinuses, or upper throat. While most coronaviruses are not dangerous, there have been some recent situations where higher than normal death rates have resulted.

The severe acute respiratory syndrome (SARS) outbreak in 2003 caused 774 deaths. The Middle East respiratory syndrome (MERS) outbreak from 2012 to 2015 caused 858 deaths. The current Coronavirus was identified by the World Health Organization this month with its source in Wuhan, China. The situation is still evolving, but the outbreak has caused almost 100 deaths in China and five cases have been reported in the U.S. from travelers arriving from China.

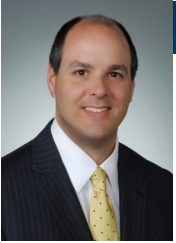
The potential for a slowdown in economic activity, mainly centered in travel and tourism, caused a decline in airline, hotel and casino, and other travel related stocks late last week. Economically sensitive sector such as energy also declined. It is far too early to gauge any significant economic impact from the current Coronavirus outbreak, but the stock market is quick to re-price risk when uncertainty emerges.

The NovaPoint Capital Team



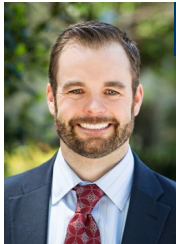
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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked 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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