

March Madness

Uncertainty over the economic impact of the coronavirus (COVID-19) continues to negatively impact markets. The declaration of a national emergency on Friday allows coordinated action and financial resources to be used to shore up the economy and provide assistance to public health organizations. In our *Dissecting Headlines* section, we look at the national emergency declaration from Friday and why national emergencies need to be declared to deal with crisis situations.

The Federal Reserve lowered short-term interest rates to a target range of 0% to 0.25% and is planning to purchase \$700 billion of bonds (\$500B treasury bonds and \$200B mortgage-backed bonds) to keep ample liquidity in the banking system. The action was done as part of a global coordinated effort along with Canada, the United Kingdom, Japan, the European Central Bank and Switzerland. Fed Chairman Powell reiterated that the Fed is prepared to use the full range of tools at its disposal to keep the economy on stable footing.

Additional legislation is in front of Congress to address specific actions and we expect those to be passed in the coming week. Treasury Secretary Steve Mnuchin said we are only in the “second inning” of actions to support the economy.

While strong measures are being taken to minimize the economic impact of the crisis, news flow regarding COVID-19 is likely to have a bigger impact in the minds of consumers and investors.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-8.7%	-16.1%	Aggregate Bond Index	-2.7%	-0.4%
Dow Jones Industrial Average	-10.2%	-18.8%	U.S. Dollar Index	2.9%	2.4%
NASDAQ 100	-6.2%	-8.4%	WTI Crude Oil	-23.1%	-48.0%
Russell 2000 (Small Cap Index)	-16.4%	-27.5%	Gold	-8.6%	0.8%
International Stocks (MSCI ex-US)	-13.9%	-22.8%	Real Estate (US REIT Index)	-13.1%	-16.8%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: National Emergencies

President Trump declared a national emergency to deal with the coronavirus. The declaration comes as part of The National Emergencies Act of 1976. The Act allows the President to activate emergency powers to deal with a crisis from a Congressionally approved list of 136 powers. The President needs to notify Congress and Congress can terminate an emergency declaration with a joint resolution.

National emergencies occur more than one might think. The declaration needs to be made to marshal resources to deal with an emergency. Since the passage of the National Emergencies Act, every U.S. President has declared multiple national emergencies with Jimmy Carter (2), Ronald Reagan (6), George H.W. Bush (4), Bill Clinton (17), George W. Bush (12), Barrack Obama (13) and Donald Trump (5) all needing to deal with crisis situations at various points in time. Many emergencies declared by past presidents are still in effect such as the 1979 declaration by Jimmy Carter to block Iranian government property as part of the hostage crisis.

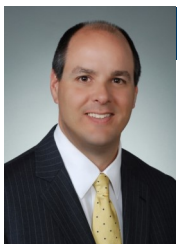
Friday's declaration included funding to deal with the coronavirus to include expansion of testing through a public/private partnership with retailers, diagnostic, and healthcare companies. The President also announced the United States would be purchasing oil for the Strategic Petroleum Reserve and that interest on government-based student loans would be waived for a period of time. Additional actions are likely to be taken under the declaration over the next few weeks.

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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