

## Taking Action

As the measures taken to slow the spread of the coronavirus (COVID-19) are beginning to take a toll on the economy through a reduction in activity in travel, dining, entertainment and other consumer spending categories, the U.S. government has been formulating ways to help stem the economic impact on both consumers and businesses.

Two smaller bills have already been passed to cover spending for response to COVID-19 through the government health agencies, testing, protection for healthcare, family sick leave, and other immediate matters. The larger economic stimulus package that has been discussed, initially at \$1 trillion and possibly higher, is still being worked on in Congress. Unfortunately, we will likely see much political wrangling before a final bill gets approved. We expect that to pass in some form early this week.

The Federal Reserve continues to take actions to stabilize the financial markets. The Fed is providing support for the bond markets, money markets, and a large range of other financial assets, as well as the banking system.

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 over the near-term. A slowing in the rate of spread of the virus would improve the national psyche and restore some confidence.

In our *Dissecting Headlines* section, we look at Initial Unemployment Claims and why we think they are an important metric to monitor for the next several weeks.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-15.0%	-28.7%	Aggregate Bond Index	-1.5%	-2.1%
Dow Jones Industrial Average	-17.3%	-32.8%	U.S. Dollar Index	4.1%	6.0%
NASDAQ 100	-12.5%	-19.9%	WTI Crude Oil	-29.3%	-63.3%
Russell 2000 (Small Cap Index)	-16.2%	-39.2%	Gold	-2.1%	-1.3%
International Stocks (MSCI ex-US)	-11.8%	-32.0%	Real Estate (US REIT Index)	-25.5%	-38.0%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Initial Unemployment Claims

The most concerning economic impact of the COVID-19 response is rising unemployment in hard hit industries to include travel, lodging, restaurants, and other consumer-facing industries. The best way to gauge the impact on a weekly basis is to monitor initial unemployment claims. The initial claims data is released each Thursday by the Department of Labor. The data is collected at local unemployment offices and flows up to the Department of Labor.

For the week ending March 14th, initial claims increased to 281,000 from 211,000 the week prior. We expect this number to climb significantly over the next few weeks as the announced layoffs move through the system. As the data can be volatile week-to-week, a four-week moving average is also reported. For the week ending March 14th, the moving average increased to 232,250 from 214,000 the prior week.

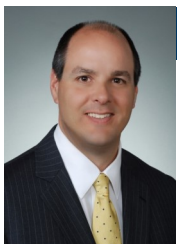
As individuals remain unemployed they are reported as continuing claims. After the initial claims peak, it will be important to monitor an eventual decrease in continuing claims so we can measure the pace of individuals returning to work.

## The NovaPoint Capital Team



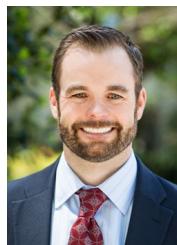
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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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