NovaPoint CAPITAL LLC

Weekly Market Commentary

April 13, 2020

Looking Under the Hood

Global equity markets had a strong recovery rally last week as scenarios begin to firm up of when the COVID-19 peaks in various countries and the global economy begins to re-open. While the social and economic recovery is likely to last several months or longer, the financial markets tend to anticipate outcomes and a view that the worst could possibly be over is serving as a catalyst for investors.

In an attempt to bring some stability to the oil market, the OPEC+ members, mainly Saudi Arabia and Russia, will reduce oil production by 9.7 million barrels per day and a group of other countries to include Brazil, Canada and the U.S. will reduce production by 3.7 million barrels per day. The world is still likely to have excess production versus current market demand until there is an increase in demand for transportation fuels (airlines, cars, etc.) when economies start to re-open.

We continue to monitor employment as a key metric to gauge the potential economic impact from COVID-19. First-time unemployment claims for the week of April 4th were 6.6 million, a modest decrease from 6.9 million the week prior. The four-week moving average increased to 4.3 million from 2.7 million as the larger increases from the past two weeks average into the moving average calculation. The levels in these numbers over the next few weeks are going to be important to see if we've hit the peak and how it ramps down.

This week provides us with a look under the hood as the first quarter earnings season kicks off with several Financial, Healthcare and other companies reporting. The usual quarterly consensus for earnings is likely useless for comparison or evaluation. The value in the earnings reports and, more importantly conference calls, is to hear as much real-time data and observations of what companies are doing to manage through the current economic environment and what they are planning for the coming months.

In our *Dissecting Headlines* section, we look at recovery shapes to see what V-shaped, U-shaped and L-shaped mean to market watchers and economists.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	12.1%	-13.6%	Aggregate Bond Index	0.5%	4.3%
Dow Jones Industrial Average	12.7%	-16.9%	U.S. Dollar Index	-1.1%	3.2%
NASDAQ 100	9.4%	-5.7%	WTI Crude Oil	-19.7%	-62.7%
Russell 2000 (Small Cap Index)	18.5%	-25.3%	Gold	4.2%	11.0%
International Stocks (MSCI ex-US)	8.7%	-20.4%	Real Estate (US REIT Index)	23.8%	-19.1%

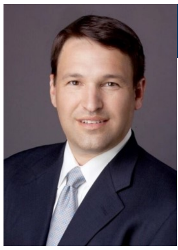
Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Recovery Shapes

When looking at chart of any type of data, shapes and patterns can emerge. When there is a downturn in data, especially a steep downturn, it can form the left side of a V, U or L. Market watchers and economists often speculate on how the change in the data may turn out on the other side. If there is a steep decline and steep recovery, that is referred to a V-shaped recovery. A more moderate bottoming formation in the data, indicating that activity has stopped incrementally declining but hasn't started to recover is referred to as a U-shaped recovery. A steep decline with no visible recovery, or a prolonged recovery, is referred to as a L-shaped recovery.

The current debate in the economy and financial markets is what shape of recovery may emerge, which is another way of referencing whether we will experience a rapid, moderate, or prolonged recovery. We don't have GDP data to determine the recovery in the economy yet. The stock market has exhibited the start of a V-shape, but it is too early to know. Time will tell.

The NovaPoint Capital Team



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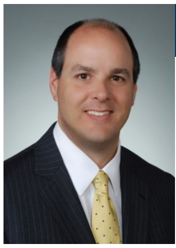
Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and 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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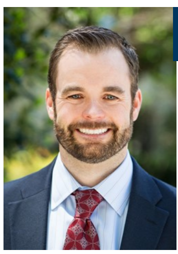
Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet 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.



Jeffery Wright, CFA / Managing Director & Portfolio Manager / 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

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).