NovaPoint CAPITAL LLC

Weekly Market Commentary

May 4, 2020

Replenishing

Incremental social and economic activity continues across the globe. Some harder hit countries and specific areas of the United States will take longer to re-open, but the transition can be seen as restrictions on individuals and businesses in many areas continue to relax. Increased economic activity should follow.

For first quarter earnings, 275 companies in the S&P 500 have reported earnings through last week. Of those reporting, 68% have beaten reduced expectations and 29% have reported below. This week 156 companies in the S&P 500 are scheduled to report earnings. Current consensus is for earnings to be down 12.7% year over year, an improvement from last week's expectation of -14.8%, and revenue is expected to increase 0.2% for the quarter versus last week's expectation for a 0.3% decrease in revenue.

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 25th decreased to 3.839 million versus 4.442 for the week of April 18th. The four-week moving average decreased to 5.033 million. Continuing Claims for the week of April 18th were 17.992 million, up from 15.818 million on April 11th. This is reported on a one week lag, so given the falloff in new claims, we may start to see continuing claims decrease as States continue to relax restrictions and businesses re-open.

In our *Dissecting Headlines* section we look at the Baltic Dry Index as a data point for monitoring global supply chain activity.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-0.2%	-12.4%	Aggregate Bond Index	-0.1%	4.0%
Dow Jones Industrial Average	-0.2%	-16.9%	U.S. Dollar Index	-1.3%	3.0%
NASDAQ 100	-0.8%	-0.2%	WTI Crude Oil	9.5%	-69.6%
Russell 2000 (Small Cap Index)	2.2%	-24.5%	Gold	-1.6%	12.0%
International Stocks (MSCI ex-US)	0.1%	-20.5%	Real Estate (US REIT Index)	2.5%	-24.7%

Sources: S&P Global, Thomson Reuters

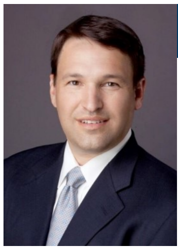
Dissecting Headlines: BDI and Global Supply Chain

After Richard Nixon's visit to China in the early 1970's, the US has been steadily moving manufacturing jobs to China and other southeast Asian countries as a means of reducing costs. After decades of moving manufacturing and assembly of various products to lower cost countries, we fast forward to early 2018 when President Trump initiated trade tariffs on Chinese manufactured products as a means of reducing the US trade deficit with China and increasing the number of American manufacturing jobs.

As the CVOID-19 pandemic hit, companies and countries alike have learned that managing a global supply chain is not always about getting the cheapest price or minimizing inventory with just-in-time delivery. Companies having to shut down their Chinese factories meant that a wide range of products were not going to be produced, keeping some consumer products from store shelves. Many countries also faced the harsh reality that the long list of offshore manufactured products also included hospital equipment such as Personal Protective Equipment and ventilators.

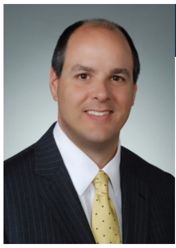
One data point that can help monitor the global supply chain is the Baltic Dry Index (BDI). The BDI measures multiple shipping rates across more than 20 routes for each of the BDI component vessels that carry sea-going freight, mainly raw materials. Rising or contracting index can be a leading indicator of future economic growth. The BDI appears to have bottomed the week of February 6th. We can continue to monitor this as one of many inputs to measure the pace of economic recovery.

The NovaPoint Capital Team



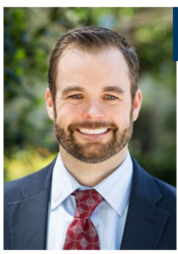
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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

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).

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