

Markets Take a Pause

A combination of concern regarding a re-acceleration of COVID-19 cases and a natural tendency for a pause once the market regained its beginning year levels resulted in a decline in major market averages last week. The Federal Reserve which has pledged economic support throughout the COVID-19 crisis left short-term interest rates unchanged near zero at its meeting last week and indicated it plans to keep them near that level through 2022 to support an economic recovery.

The current consensus for second quarter S&P 500 earnings is for a year-over year decline of 42.9% on a 12.0% revenue decline. The bulk of the COVID related impact to the economy should be experienced in the second quarter and should mark a trough in both earnings and GDP decline in the U.S. Second quarter GDP is currently forecast to be down 35%. First quarter GDP fell 5.0% and the second quarter decline would confirm the economy as in a recession. Barring another COVID-like event, we should see incremental growth in the second half of 2020 and above-average growth in 2021.

Initial unemployment claims for the week of June 6th decreased to 1.542 million versus 1.897 million the week prior. The four-week moving average decreased to 2.002 million. Continuing Claims for May 30th were 20.929 versus 21.268 the week prior. The weekly new claims are being counterbalanced by new jobs created and furloughed workers returning to jobs. We view gains in employment to be a significant indicator of the health of the economy and a measure of a return to normal economic and social activity.

In our *Dissecting Headlines* section we look at the upcoming report on May Retail Sales.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-4.7%	-5.9%	Aggregate Bond Index	0.7%	4.6%
Dow Jones Industrial Average	-5.5%	-10.3%	U.S. Dollar Index	0.4%	0.8%
NASDAQ 100	-1.6%	10.7%	WTI Crude Oil	-8.3%	-40.6%
Russell 2000 (Small Cap Index)	-7.9%	-16.8%	Gold	2.6%	14.0%
International Stocks (MSCI ex-US)	-3.5%	-11.8%	Real Estate (US REIT Index)	-5.1%	-17.7%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Retail Sales

The Census Bureau publishes a monthly report on U.S. Retail Sales. Data is collected from retailers in most major retail categories, big and small stores, and both traditional and online retailers. The report provides a good snapshot of the state of retail spending overall, and in specific categories. Consumer spending makes up approximately two-thirds of the U.S. economy, so the data provided in the Retail Sales report is a valuable tool to monitoring the health of the consumer.

Retail sales have been a tale of two economies during the COVID crisis. Shopping at grocery stores and other consumer staples outlets remained strong, while gasoline stations, food service, apparel, and other discretionary categories suffered due to the lockdowns. April retail sales were down 16.4% versus March with most categories down in significant double-digits. Online sales were a bright spot and served as a key outlet for consumers during the lockdowns.

Many States and businesses started to re-open in May, so May Retail Sales are likely to be a mixed bag. Evidence of a return to spending across a broader set of retail categories is an important factor toward an economic recovery.

May Retail Sales are scheduled for release on June 16th. Current and previous Retail Sales reports can be found on the Census Bureau website: <https://www.census.gov/retail/index.html>

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 / 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 an endurance athlete and three-time IRONMAN finisher.



Jeffery Wright, CFA / Managing Director & Portfolio Manager / jwright@novapointcapital.com

Jeff has 10 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).



Christina McGeehen, CPA / Managing Director – Accounting & Tax Strategies / cmcgeehen@novapointcapital.com

Christina has 25 year of accounting experience. She earned her CPA license in 1998 while working as a Senior Accountant for Bennett Thrasher PC. She has also worked in accounting roles in the financial services, public relations, and manufacturing industries. She earned her BS in Accounting at Miami University in Oxford, Ohio magna cum laude. She is a member of the American Institute of Certified Public Accountants (AICPA) and a member of the Georgia Society of CPAs.

NovaPoint Capital LLC (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

Not an offer of advisory services or securities: This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

Investment risk: The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

Limitation of liability: While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

Trademarks and copyrights: All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.