

Looking Up

Heading into the tail-end of the second quarter earnings season, 441 companies in the S&P 500 have reported earnings with 82% reporting results above consensus. This is better than the long-term average of 64.9%. A fourth consecutive better than expected week has moved current consensus for second quarter S&P 500 earnings to down 31.7% year-over-year versus -33.8% last week. Expectations a month ago were for earnings to be down 44% year-over-year when the reporting season kicked off.

This week we should continue to see some political wrangling as Congress continues debating a next round of stimulus measures. As talks deadlocked last week, the President signed an executive order to take some measures to bridge the gap including a \$400/week enhanced unemployment benefit, a temporary elimination of the payroll tax for workers earning less than \$100,000/year, and some protections for student loans and renters. Negotiations should resume this week for a broader solution.

After a brief stall the week of July 25th, the weekly initial unemployment claims continued their downward trend. Initial unemployment claims for the week of August 1st decreased to 1.186 million versus 1.435 million the week prior. Continuing Claims for July 25th were 16.107 million versus 17.018 million the week prior. The July Employment Report showed 1.8 million jobs created and the unemployment rate declined to 10.2%.

In addition to employment, other economic data is supporting a rebound in the economy. The Institute for Supply Management (ISM) reports for both manufacturing and services are indicating expansion. For July, the ISM manufacturing index had a reading of 54.2 and the services index had a reading of 58.1. A value over 50 indicates expansion and a value below 50 indicates contraction. Important in both reports were data indicating new order activity was strong, with readings in both reports above 60.

In our *Dissecting Headlines* section, we look at recent Consumer Credit activity.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.5%	3.7%	Aggregate Bond Index	0.1%	6.3%
Dow Jones Industrial Average	3.9%	-3.9%	U.S. Dollar Index	0.1%	-3.1%
NASDAQ 100	2.2%	27.6%	WTI Crude Oil	2.4%	-32.5%
Russell 2000 (Small Cap Index)	6.0%	-6.0%	Gold	3.0%	34.1%
International Stocks (MSCI ex-US)	2.2%	-6.5%	Real Estate (US REIT Index)	1.6%	-15.5%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Consumer Credit

Consumer credit is the personal debt that a person draws on to purchase a variety of goods and services. It can take the form of installment credit for items like automobiles or revolving credit which typically is a credit card. Mortgages for home purchases are classified differently.

According to data from the Federal Reserve, consumer credit decreased at a 6.75% rate in the second quarter of 2020, with revolving credit decreasing at 31.75%. Some of the reasons for the decline are COVID related. Spending decline during the second quarter as consumers hunkered-down due to uncertainties with employment and the economy, as well as having a lower ability to spend as many restaurants, retail and travel outlets were closed during the lockdowns. Mortgage rates declined as well some refinance dollars may have gone toward paying down higher interest rate revolving debt.

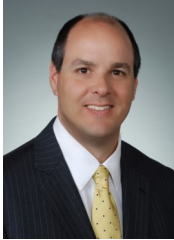
We've seen spending recover June and July. This coming Friday the July retail sales data is scheduled for release. While consumer spending is a key factor toward recovery, consumers maintaining a healthy personal balance sheet is also an important balance to strike.

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.