

## Steady Feddy

Stocks posted back-to-back down weeks despite reaching record highs near the start of September. The downside was felt more in the technology and growth-oriented sectors of the market. The S&P 500 Index has declined 4.55% since the beginning of September and the relatively higher technology weighted NASDAQ 100 Index has declined 8.45% over the same time frame.

The Federal Reserve's Open Market Committee meets this coming Tuesday and Wednesday, with a policy statement scheduled for Wednesday afternoon. The Fed should keep rates steady and will likely provide supportive commentary. There is still slack in the labor market and low inflation, so the Fed should be willing to keep rates low and liquidity high until employment improves, even if it eventually triggers increasing inflation. This is consistent with its new average inflation targeting strategy that was recently announced. Importantly, this is the last scheduled meeting until after the November election.

The third quarter reporting season is still several weeks away. Current expectations are for third quarter earnings for the S&P 500 to be down 22.3% year-over-year versus the 30.2% decline for the recently completed second quarter. The current estimate for calendar year 2020 earnings is -19.8% and the estimate for calendar year 2021 earnings is +27.9%.

In our *Dissecting Headlines* section, we look at weekly gasoline demand and price data.

## 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%	3.4%	Aggregate Bond Index	0.1%	0.0%
Dow Jones Industrial Average	-1.6%	-3.1%	U.S. Dollar Index	0.7%	0.0%
NASDAQ 100	-4.6%	27.0%	WTI Crude Oil	-6.1%	-38.9%
Russell 2000 (Small Cap Index)	-2.5%	-10.3%	Gold	0.5%	28.0%
International Stocks (MSCI ex-US)	-0.1%	0.0%	Real Estate (US REIT Index)	-2.6%	-18.1%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Gasoline Demand

Each week, the U.S. Energy Information Agency (EIA) releases supply and demand data on petroleum and other fuels. Most consumers are used to thinking about transportation fuels in terms of purchasing gasoline at the pump for their cars. The COVID combination of work from home and many other aspects of life being locked down earlier in the year reduced driving and the demand for gasoline. Prices also dropped, with the week-ending April 27th marking a multi-year low of \$1.773/gallon.

If you have been to the gas station recently, you'll see that prices have increased from their Spring lows. Average prices in the U.S. last week were \$2.211/gallon. Prices are 13.3% lower than a year ago as demand has still not fully returned to normal. Current gasoline demand levels of 8.39 million barrels per day are 14.5% lower year over year. This is an improvement versus the 5.07 million daily barrels of demand seen during the peak of the lockdowns in April.

As the remaining areas of the country open up and consumers feel more comfortable venturing out for vacations, recreation, entertainment and other purposes, demand should eventually return to more normal levels.

## 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).



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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 an endurance athlete and three-time IRONMAN finisher.



**Jeffery Wright, CFA / Managing Director & Portfolio Manager / [jwright@novapointcapital.com](mailto: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](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).



**Christina McGeehen, CPA / Managing Director – Accounting & Tax Strategies / [cmcgeehen@novapointcapital.com](mailto: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.

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