

Debatable

The NASDAQ increased 2.0% for the week to snap its three-week losing streak while the S&P 500 fell 0.6%. The S&P 500 Index has declined 5.8% since the beginning of September and the relatively higher technology weighted NASDAQ 100 Index has declined 7.9% over the same time frame.

This Friday we get data from the Labor Department on September employment. This will be the last Employment Report before the election. The unemployment rate should continue to trend down from August's 8.4% rate.

Weekly Initial Claims for Unemployment averaged 210,000 per week leading up to the COVID pandemic. After a peak of 6.9 million the week ending March 28th, they have fallen to a current 870,000 last week. Continuing Claims for Unemployment is the recovery gauge to us. Continuing Claims averaged 1.7 million leading up to the COVID pandemic, peaked at 24.9 million the week ending May 9th, and are currently at 12.6 million. As we saw in the State-level unemployment data from last week, most unemployed workers are in States with still high levels of lockdowns or other restricted activity (CA, NY, NJ, IL, etc.) or are tourist destinations such as Hawaii and Nevada.

Much of the headline focus should start to tilt toward the election which is just over a month away. The first Presidential debate is scheduled for Tuesday night. This will be followed by the Vice-Presidential debate on October 7th and two more Presidential debates on October 15th and 22nd.

With September ending this week, we will soon be in the third quarter reporting period. Current expectations are for third quarter earnings for the S&P 500 to be down 21.7% year-over-year versus the 30.6% decline for the second quarter. The current estimate for calendar year 2020 earnings is -19.8% and the estimate for calendar year 2021 earnings is +28.0%.

In our *Dissecting Headlines* section, we monitor the Volatility Index (VIX) as we lead up to the election.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-0.6%	2.1%	Aggregate Bond Index	-0.1%	5.1%
Dow Jones Industrial Average	-1.7%	-4.8%	U.S. Dollar Index	1.8%	-1.9%
NASDAQ 100	2.0%	27.7%	WTI Crude Oil	-2.1%	-34.1%
Russell 2000 (Small Cap Index)	-4.0%	-11.6%	Gold	-4.6%	22.6%
International Stocks (MSCI ex-US)	-3.1%	-7.7%	Real Estate (US REIT Index)	-2.9%	-20.6%

Sources: S&P Global, Thomson Reuters

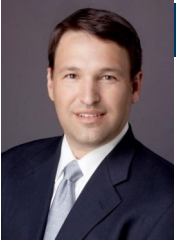
Dissecting Headlines: Minding the VIX

The stock market likes certainty. In times of uncertainty, stock movement gets volatile. As we lead up to the election, we can measure that level of certainty or uncertainty by using the Volatility Index, or VIX. When the results of the Presidential election were unknown late in the evening of November 8, 2016, the S&P 500 Index futures began falling. Once the results were known, the S&P 500 Index finished +1.5% the day following the election.

The VIX is a measure of investor expectations of market volatility over the next 30-days. The VIX was created by the Chicago Board Options Exchange (CBOE) and is derived from prices of S&P 500 Index options. When the VIX rises it reflects rising fear, or pessimism, on the direction of the market.

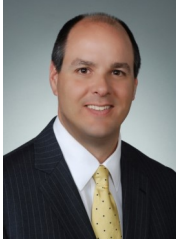
The VIX hit a high of 82.7 as fear and uncertainty over the Coronavirus was peaking in March. It has since returned to a more normal level of 26.4. Watching the VIX over the next few weeks may give some indication of investor certainty or uncertainty leading up to Election Day.

The NovaPoint Capital Team



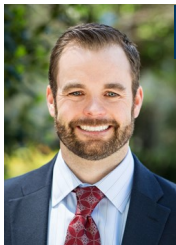
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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked 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 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).



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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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