

## Report Cards

The stock market posted its first down week of 2021. For the week, the Dow Jones Industrial Average declined 0.3%, the S&P 500 Index declined 0.7%, and the NASDAQ 100 Index declined 1.6%. Small cap stocks and oil both posted gains for the week.

We start to move deeper into fourth quarter earnings reports this week with 43 companies in the S&P 500 Index scheduled to report earnings. Of the 26 companies in the Index that have reported quarter-to-date, 96.2% have reported earnings above consensus. Fourth quarter 2020 earnings are currently expected to decline 7.8% year-over-year on a revenue decline of 1.2%. Full-year 2020 earnings are expected to decline 15.1% year-over-year and full-year 2021 earnings are expected to rise 23.9% year-over-year.

Initial unemployment claims during the week of January 9th increased to 965,000 versus 784,000 the previous week. Continuing claims for the week of January 2nd were 5.216 million versus 5.275 million the week prior. Continued improvement in employment is one of the major factors required to sustain economic recovery in 2021.

We are likely to see a flurry of executive orders signed by president-elect Biden once he takes office on Wednesday. The more substantial economic issues, such as further stimulus and a tax plan, will still need to move through the traditional legislative process.

In our *Dissecting Headlines* section, we look at the recent Fed Beige Book.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.7%	1.1%	Aggregate Bond Index	0.1%	-0.8%
Dow Jones Industrial Average	-0.3%	1.3%	U.S. Dollar Index	0.2%	0.3%
NASDAQ 100	-1.6%	0.1%	WTI Crude Oil	0.2%	7.9%
Russell 2000 (Small Cap Index)	3.1%	9.2%	Gold	-1.2%	-3.7%
International Stocks (MSCI ex-US)	0.0%	4.4%	Real Estate (US REIT Index)	1.3%	-1.4%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Beige Book

Each of the twelve Federal Reserve Banks gather regional data on economic conditions that is released eight times a year in a report titled the Commentary on Current Economic Conditions, more commonly known as the “Beige Book”. The Beige Book provides granular information and anecdotes through interviews with business contacts, economists, market experts, and other sources. It is a qualitative report and meant to characterize current dynamics and identify emerging trends in the economy.

Last week’s Beige Book release indicated that economic activity increased modestly at the end of 2020. Manufacturing improved across almost all districts. Due to varying levels of COVID-19 restrictions, overall economic activity remains mixed across districts. Leisure and hospitality remain weak as some districts increased COVID-related restrictions in December.

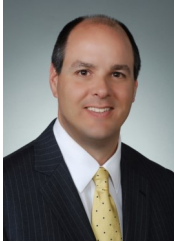
While the near-term outlook remains clouded due to COVID restrictions and slow rollout of vaccines, most respondents expected the economy to be back on trend in the second half of 2021.

## The NovaPoint Capital Team



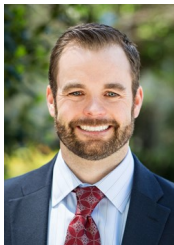
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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).



**Alan J. Conner / President and Chief Compliance Officer / [aconner@novapointcapital.com](mailto: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](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).

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