

Weekly Rebound

The stock market rebounded last week. For the week, the Dow Jones Industrial Average was +0.6%, the S&P 500 Index was +2.0%, and the NASDAQ 100 Index was +4.4%.

The flurry of fourth quarter earnings reports continue this week with 120 companies in the S&P 500 Index scheduled to report earnings. Of the 66 companies in the Index that have reported quarter-to-date, 87.9% have reported earnings above consensus. Fourth quarter 2020 earnings are currently expected to decline 5.7% year-over-year on a revenue decline of 0.8%. Full-year 2020 earnings are expected to decline 14.1% year-over-year and full-year 2021 earnings are expected to rise 23.7% year-over-year.

Initial unemployment claims during the week of January 16th declined to 900,000 versus 926,000 the previous week. Continuing claims for the week of January 9th were 5.054 million versus 5.181 million the week prior. Industries such as entertainment, recreation, lodging, and food service remain the weakest employment areas.

The Federal Reserve’s Federal Open Market Committee (FOMC) meets this week for their initial meeting of 2021. We expect them to keep interest rate policy unchanged.

In our *Dissecting Headlines* section, we look at the Federal Open Market Committee.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	2.0%	2.4%	Aggregate Bond Index	0.0%	-0.6%
Dow Jones Industrial Average	0.6%	1.4%	U.S. Dollar Index	-0.6%	0.3%
NASDAQ 100	4.4%	3.7%	WTI Crude Oil	-0.2%	7.7%
Russell 2000 (Small Cap Index)	2.2%	9.8%	Gold	1.4%	-2.3%
International Stocks (MSCI ex-US)	1.5%	4.4%	Real Estate (US REIT Index)	2.3%	0.9%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: FOMC

The Federal Open Market Committee, or “FOMC”, is a branch of the Federal Reserve Board that meets several times a year to make decisions on monetary policy. The Committee is comprised of the seven-member Board of Governors and five Federal Reserve Bank presidents.

The FOMC meets eight times a year to discuss the U.S. economy and make decisions to keep the economy on track. The goal, as mandated by Congress, is to promote maximum employment, stable prices, and moderate long-term interest rates.

At the conclusion of each meeting the FOMC chairman typically holds a press conference to discuss any decisions the Committee has made. This can sometimes be a decision to raise or lower short-term interest rates. Even when a specific decision is not made, many market watchers will dissect the language of the policy statement to gain an understanding of what the FOMC may do in the future.

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).



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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.



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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).



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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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