

Frozen

The equity market advance froze this week along with most of the country. The Dow Jones Industrial Average was +0.2%, the S&P 500 Index was -0.7%, and the NASDAQ 100 Index was -1.6%.

With 399 companies in the S&P 500 Index having reported fourth quarter earnings, 81.7% have reported earnings above consensus. Continuing the trends since the earnings reporting started, the outlook for the fourth quarter results has continued to inch up. Fourth quarter earnings are expected to increase 3.7% year-over-year versus an expectation of a 3.4% increase as of last week and an expectation of a 10.6% decline a month ago. Quarterly revenue is expected to increase 1.2% year-over-year versus a 1.3% increase last week and a 1.4% decline a month ago. Full-year 2020 earnings are expected to decline 12.0% year-over-year and full-year 2021 earnings are expected to rise 23.3% year-over-year. This week, another 66 companies in the S&P 500 are scheduled to report earnings.

The employment situation has gotten lumpier. Initial unemployment claims for the week of February 13th were 861,000 versus the previous week at 848,000. Continuing Claims for February were 4.494 million versus 4.558 million the week prior. Continued improvement in employment is a key factor to a lasting economic recovery.

In our *Dissecting Headlines* section, we look at the potential economic impact of the recent winter storms.

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%	4.2%	Aggregate Bond Index	-0.5%	-1.5%
Dow Jones Industrial Average	0.2%	3.2%	U.S. Dollar Index	-0.1%	0.5%
NASDAQ 100	-1.6%	5.5%	WTI Crude Oil	-0.8%	21.6%
Russell 2000 (Small Cap Index)	-1.0%	14.9%	Gold	-2.3%	-6.1%
International Stocks (MSCI ex-US)	-0.1%	6.8%	Real Estate (US REIT Index)	-1.5%	3.9%

Sources: S&P Global | Thomson Reuters

Dissecting Headlines: Winter Storm Impact

Winter weather is an annual event, but the breadth of the storms this past week into areas of the country not accustomed to or typically not equipped for severe weather was a rare occurrence. The event is likely to have some visible but temporary impact when February economic data is analyzed.

AccuWeather estimates the economic impact of the storms to be in the \$45 to \$50 billion range. This includes damage to homes and businesses, as well as their contents, job and wage losses, infrastructure damage, medical expenses and cost of closures. To put the dollar figure into perspective, the economic impact of 2020's hurricane season, which was severe, was in the \$60 to \$65 billion range.

Based on data from the National Oceanic and Atmospheric Administration (NOAA), the combination of all the winter storms and freezes between 1980 and 2020 cost a total of \$80.8 billion, on an inflation-adjusted basis. If this 2021 storm hits the forecasted \$45 to \$50 billion mark, it should be a significant, severe outlier.

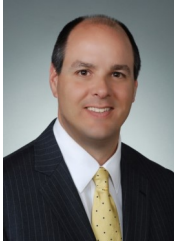
Some economic losses in February should be made up in March and subsequent months as home and commercial repairs are made, as well as planned business and consumer spending that was delayed during the storm.

The NovaPoint Capital Team



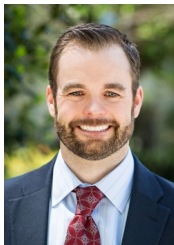
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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked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



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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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