

## Navigating the Waters

We head into the end of the first quarter with all three major U.S. equity indices positive for the year. We are fortunate to be in a better economic and social environment versus this time last year when the initial impact of the COVID-19 pandemic was driving equity markets lower and forcing people into lock-downs.

The Dow Jones Industrial Average closed the week +1.4%, the S&P 500 Index was +1.6%, and the NASDAQ 100 Index was +0.9%. The 10-year U.S. Treasury yield moved lower on the week to 1.660% at Friday's close versus 1.732% the previous week. In testimony last week, Fed Chair Jerome Powell and Treasury Secretary Janet Yellen supported the thesis that any current inflationary pressures are transitory from the COVID rebound versus long-run inflation pressures.

Initial unemployment claims for the week of March 20th decreased to 684,000 versus the previous week at 781,000. Continuing claims for March 13th were 3.870 million versus 4.134 million the week prior. As a comparison, the weekly average of continuing claims for unemployment were 1.7 million prior to the COVID-induced escalation last year.

We end the first quarter of the year this week. The current consensus expectation for first quarter earnings is growth of 23.9% year-over-year and full-year 2021 earnings growth of 25.5%.

In our *Dissecting Headlines* section, we look at what's going on in the Suez Canal.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.6%	6.2%	Aggregate Bond Index	0.3%	-3.0%
Dow Jones Industrial Average	1.4%	8.6%	U.S. Dollar Index	0.9%	3.1%
NASDAQ 100	0.9%	0.9%	WTI Crude Oil	-0.7%	25.7%
Russell 2000 (Small Cap Index)	-2.9%	12.7%	Gold	-0.7%	-8.7%
International Stocks (MSCI ex-US)	-0.4%	4.7%	Real Estate (US REIT Index)	2.7%	9.6%

Source: S&P Global, Thomson Reuters

## Dissecting Headlines: The Suez Canal

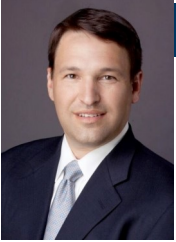
The stuck ship in the Suez Canal has gone from an odd, one-off story to a short-term crisis for global shipping. The ship got wedged in the Canal on Tuesday and, as of Monday morning, has been partially refloated. Tugboats had initially been unable to free the ship and because of its position with the bow and stern anchored on the Canal's shallows, the potential for a structural collapse in the middle of the hull had been a possibility.

The ship was en route from Malaysia to Rotterdam in the Netherlands. The Suez route reduces an Asia to Europe passage by around 5,000 miles. Resuming the route around Africa can add up to two-weeks to the journey.

The ship has been blocking the path of other vessels traveling in both directions across the Suez. Data from shipping Lloyd's List said that over 160 vessels are waiting at either end of the canal, including 41 bulk carriers and 24 crude tankers. Even with the ship eventually getting through, it should take a while to clear the traffic jam. Other shipping was being rerouted around the Cape of Good Hope, adding time and expense to the journeys. Friday's 4.2% increase in the price of Brent Crude (and 4.1% increase in West Texas Intermediate Crude) was attributed to the risk the Canal could be blocked for weeks. The added transit time reduces global shipping capacity. A.P. Moller–Maersk A/S, the world's largest container vessel operator, said Sunday it had rerouted 15 of its ships away from the Suez Canal and is turning some new clients away as it assesses its capacity.

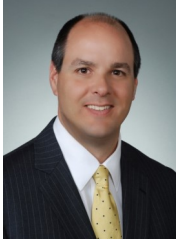
The Suez Canal transports 12% of global container trade and 10% of maritime oil shipments.

## The NovaPoint Capital Team



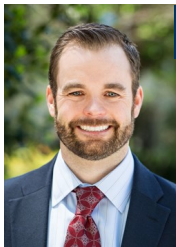
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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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