

Earnings on Tap

Over 20% of the U.S. population has been fully vaccinated for COVID-19. The economy has been looking up and the Federal Reserve is being patient with interest rates. Fed Chair Jerome Powell also expressed a positive view of the economy in an interview that was aired on Sunday, but also said it is highly unlikely the Fed would raise short-term interest rates this year.

The Dow Jones Industrial Average closed the week +2.0%, the S&P 500 Index was +2.8% and the NASDAQ 100 Index was +3.9%. The 10-year U.S. Treasury yield moved lower on the week to 1.666% at Friday's close versus 1.714% the previous week.

Initial unemployment claims for the week of April 3rd increased to 744,000 versus the previous week at 728,000. Initial claims data has been volatile lately, whereas continuing claims have continued their downward move, albeit at a slower pace. Continuing claims for March 27th were 3.734 million versus 3.750 million the week prior.

The first quarter earnings season kicks off this week with 22 companies in the S&P 500 Index scheduled to report. The current consensus expectation for first quarter earnings is growth of 25.0% year-over-year and full-year 2021 earnings growth of 26.5%.

In our *Dissecting Headlines* section, we outline some of the key data to look for when companies report their quarterly earnings.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.8%	10.4%	Aggregate Bond Index	0.2%	-2.6%
Dow Jones Industrial Average	2.0%	11.0%	U.S. Dollar Index	-0.8%	2.5%
NASDAQ 100	3.9%	7.6%	WTI Crude Oil	-3.5%	22.3%
Russell 2000 (Small Cap Index)	-0.5%	13.9%	Gold	0.7%	-8.1%
International Stocks (MSCI ex-US)	0.8%	6.3%	Real Estate (US REIT Index)	0.2%	10.3%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Quarterly Earnings Data Points

When companies report their quarterly earnings, there are typically three quick data points that investors look at immediately: earnings per share, revenue, and any change to outlook.

Earnings per share is compared both to the currently quarterly expectation and earnings for the same period a year ago. Revenue is viewed with the same framework. For the coming first quarter reporting period, we may see large but expected year-over-year increases for some companies which experienced a decline in both revenue and earnings due to the fallout from COVID-19 last year. The overall first quarter earnings growth for the S&P 500 Index is expected to be 25% versus the first quarter of 2020, so sizeable increases are expected.

Many companies will also comment on their expectations for the next quarter or balance of the year. This potential change in outlook can have a big impact on the stock since stock prices tend to be forward looking. Commentary on outlook may be stated in the earnings press release or presented when management hosts its conference call.

Each industry also has its unique data points to look for. Many large banks will be reporting earnings this week, so a key data point is net interest income, which is the profit generated between interest earned from credit products like loans and mortgages versus the outgoing interest paid to account holders for savings, money markets and certificates of deposit.

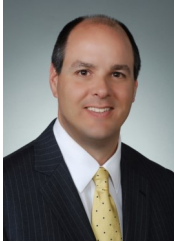
In most cases, these quarterly earnings releases are the most important events over the course of the year and provide an opportunity to analyze each company's merit as an investment.

The NovaPoint Capital Team



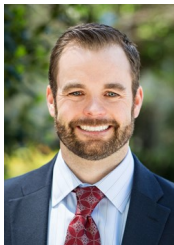
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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked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



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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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