



Weekly Market Commentary

April 26, 2021

Over the Hump

Despite generally positive corporate earnings reports, the equity markets were flattish last week on concerns surrounding proposals from the White House for higher capital gains taxes. Of the 123 companies in the S&P 500 Index that have reported earnings to date for Q1, 85.4% have reported earnings above analyst estimates. This compares to a long-term average of 65.3% and prior four quarter average of 75.5%. The Dow Jones Industrial Average closed the week -0.4%, the S&P 500 Index was -0.1% and the NASDAQ 100 Index was -0.7%. The U.S. 10-year Treasury bond yield declined to 1.567% at Friday's close versus 1.573% the previous week.

We get over the hump this week with 180 companies in the S&P 500 Index scheduled to report earnings. First quarter earnings are expected to grow 33.9% year-over-year, an increase from last week's expectation of 30.9% growth and 25.0% at the start of the quarterly reporting. Full-year 2021 earnings are expected to grow 29.3% year-over-year versus expectations of 27.9% growth last week and 26.5% at the start of the quarterly reporting.

Initial unemployment claims for the week of April 17th decreased to 547,000 versus the previous week at 586,000. Continuing claims for April 10th were 3.674 million versus 3.708 million the week prior. As we explain below, unemployment remains stickiest in the states with more COVID-19 restrictions.

In our *Dissecting Headlines* section, we provide an update on state-level unemployment data.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-0.1%	11.8%	Aggregate Bond Index	0.1%	-2.2%
Dow Jones Industrial Average	-0.4%	11.9%	U.S. Dollar Index	-0.8%	1.0%
NASDAQ 100	-0.7%	8.4%	WTI Crude Oil	-1.6%	28.1%
Russell 2000 (Small Cap Index)	0.4%	15.3%	Gold	0.0%	-6.3%
International Stocks (MSCI ex-US)	-0.1%	7.8%	Real Estate (US REIT Index)	1.8%	14.8%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: State-level Unemployment

The March Labor Department report showed the nationwide unemployment at 6.0%. Unemployment rates vary widely by state. The ten states with the lowest unemployment rates are Nebraska (2.9%), South Dakota (2.9%), Utah (2.9%), Vermont (2.9%), New Hampshire (3.0%), Idaho (3.2%), Iowa (3.7%), Kansas (3.7%), Alabama (3.8%), and Montana (3.8%).

The ten states with the highest unemployment rates are Hawaii (9.0%), New York (8.5%), New Mexico (8.3%), Connecticut (8.3%), California (8.3%), Nevada (8.1%), New Jersey (7.7%), Pennsylvania (7.3%), Louisiana (7.3%) and Rhode Island (7.1%).

The ten states with the highest unemployment rates all still have fairly stringent COVID-19 mandates as it relates to masking and capacity limitations. Nevada announced that casino capacity will be moving to 80% beginning May 1st and will move to 100% when 60% of adults are vaccinated. Meanwhile, California plans to reopen by June 15th assuming certain benchmarks are met.

The direction of employment from here likely mirrors the final reductions in COVID-related restrictions.

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.



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).



Frederick Wright, CFA / Managing Director & Portfolio Manager / 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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