

Participating

As COVID restrictions continue to ease in many areas, the jobs are coming back. Last week's monthly employment report showed the U.S. added 916,000 jobs in March. Many new jobs came in areas that suffered over the past year such as leisure and hospitality, as well as education. The stock market was closed for Good Friday when the report was released, so Monday's open should be reflective of the news.

The Dow Jones Industrial Average closed the week +0.3%, the S&P 500 Index was +1.2% and the NASDAQ 100 Index was +2.7%. The 10-year U.S. Treasury yield moved higher on the week to 1.7143% at Friday's close versus 1.660% the previous week.

Initial unemployment claims for the week of March 27th increased to 719,000 versus the previous week at 658,000. Initial claims data has been volatile lately, whereas continuing claims have continued their downward move, albeit at a slower pace than seen in previous months. Continuing claims for March 20th were 3.794 million versus 3.840 million the week prior.

The current consensus expectation for first quarter earnings is growth of 24.2% year-over-year and full-year 2021 earnings growth of 25.9%.

In our *Dissecting Headlines* section, we look at the Labor Force Participation Rate.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.2%	7.4%	Aggregate Bond Index	0.2%	-2.8%
Dow Jones Industrial Average	0.3%	8.9%	U.S. Dollar Index	0.2%	3.3%
NASDAQ 100	2.7%	3.6%	WTI Crude Oil	0.8%	26.6%
Russell 2000 (Small Cap Index)	1.5%	14.4%	Gold	-0.1%	-8.8%
International Stocks (MSCI ex-US)	0.7%	5.4%	Real Estate (US REIT Index)	0.4%	10.1%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Labor Force Participation Rate

The Labor Force Participation Rate measures how much of the workforce is active. The numerator is all workers who are employed or actively looking for work. The denominator is the total civilian working-age population. The rate typically declines during recessions as unemployed workers get frustrated looking for work and their benefits run out.

The March Labor Force Participation Rate was 61.5% versus 61.4% in February and 62.6% in March 2020. Just prior to COVID impacting the economy, the January 2020 rate was 63.4% and the low point of participation during the pandemic was April 2020 at 60.2%. To put these in perspective, the all-time high in Labor Force Participation was 67.3% in January 2000 and the low was 58.1% in December 1954.

One factor during COVID was the need for some families to have one parent at home as younger children were home schooling. As schools fully open and the economy continues to add jobs, the Labor Force Participation Rate should continue to recover.

The Participation Rate is just one of many labor-focused data points to help understand the health of the economy as we recover from the pandemic.

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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