

Are You Ready for the Summer?

The quarterly earnings reporting season is past the half-way point. Of the 303 companies in the S&P 500 Index that have reported earnings to date for Q1, 87.1% 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 -0.5%, the S&P 500 Index was flat and the NASDAQ 100 Index was -0.6%. The U.S. 10-year Treasury bond yield increased to 1.631% at Friday's close versus 1.567% the previous week.

This week another 139 companies in the S&P 500 Index scheduled to report earnings. First quarter earnings are expected to grow 46.3% year-over-year, an increase from last week's expectation of 33.9% growth and 25.0% at the start of the quarterly reporting. Full-year 2021 earnings are expected to grow 32.8% year-over-year versus expectations of 29.3% growth last week and 26.5% at the start of the quarterly reporting.

Initial unemployment claims for the week of April 24th decreased to 553,000 versus the previous week at 566,000. Continuing claims for April 17th were 3.660 million versus 3.651 million the week prior. The removal of the remaining state-level economic and social restrictions are likely necessary for employment to return to pre-pandemic levels.

In our *Dissecting Headlines* section, we look at summer travel plans.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.0%	11.8%	Aggregate Bond Index	-0.2%	-2.4%
Dow Jones Industrial Average	-0.5%	11.3%	U.S. Dollar Index	0.5%	1.5%
NASDAQ 100	-0.6%	7.8%	WTI Crude Oil	2.3%	31.0%
Russell 2000 (Small Cap Index)	-0.2%	15.1%	Gold	-0.5%	-6.7%
International Stocks (MSCI ex-US)	-1.0%	6.7%	Real Estate (US REIT Index)	1.4%	16.4%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Travel Recovery

The leisure and hospitality industries were hard hit during the COVID-19 pandemic, but are starting to bounce back. According to the U.S. Travel Association, 72% of American are planning a summer vacation trip, up from 37% in 2020. More Americans view travel activities as safe with a recent poll showing that 35.1% view travel activities as unsafe versus 57.8% with that view in January and 69.4% a year ago.

A statistic that many of us can relate to is that 75% of Americans have actively dreamt about taking a trip in the past week. In fact most respondents to the survey plan to take two leisure trips this summer. The activity will still be primarily domestic with 70% saying they will travel out of state but only 10% planning to travel abroad. The car will also still remain the main mode of transportation, although 34% Americans said they plan to travel by air.

Regarding business travel, 41% of U.S. companies plan to restart domestic business travel in the next three months, an increase from 25% last month.

We have commented that the removal of remaining COVID-based restrictions are important to bring employment back to several states with still above average unemployment, especially tourist destinations such as Nevada and Hawaii. The virtuous cycle of ending restrictions, increased travel, and the resulting boost to travel, leisure and hospitality jobs looks to be a last key step to see a full economic recovery from the pandemic.

Go out and enjoy! We'll see you when you get back!

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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