NovaPoint CAPITAL LLC

Weekly Market Commentary

June 21, 2021

Dot Plot

The Federal Reserve increased its outlook for U.S. economic growth but maintained its narrative that current inflationary pressures are likely to be transitory as the early part of the post-COVID economic recovery moderates to longer-term sustainable growth. The Dow Jones Industrial Average closed the week –3.4% and the S&P 500 Index was –1.9%. The NASDAQ 100 Index was +0.4%. The U.S. 10-year Treasury bond yield decreased to 1.443% at Friday's close versus 1.453% the previous week, and a mid-week level of 1.580%.

The May Producer Price Index (PPI) report showed continued inflationary pressures with wholesale prices increasing 0.8% month-to-month and 6.6% higher year-over-year. Food, energy, and transportation prices all contributed to the increase. Despite this near-term acceleration in prices, the Federal Reserve maintained its outlook that inflationary pressures are transitory and likely to fade as we move deeper into the economic recovery and growth moderates. As discussed below, the Fed also upgraded its outlook for GDP growth and potentially could raise short-term interest rates in 2023. The Fed also indicated it will continue its monthly bond purchase program with no indication of when it will taper its buying.

Initial unemployment claims for the week of June 12th increased to 412,000 versus the previous week at 375,000. Continuing claims for June 5th were 3.518 million versus 3.517 million the week prior. The churn in the work force and subsequent staggered reopening has left employment as the last major obstacle to a full economic recovery.

In our *Dissecting Headlines* section, we review the change in the Fed's economic outlook and interest rate dot plot.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-1.9%	11.7%	Aggregate Bond Index	0.2%	-1.4%
Dow Jones Industrial Average	-3.4%	9.8%	U.S. Dollar Index	1.8%	2.5%
NASDAQ 100	0.4%	9.4%	WTI Crude Oil	1.0%	47.7%
Russell 2000 (Small Cap Index)	-4.2%	13.8%	Gold	-6.0%	-7.0%
International Stocks (MSCI ex-US)	-2.8%	7.4%	Real Estate (US REIT Index)	-3.7%	19.6%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: The Dot Plot

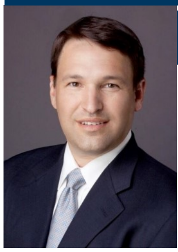
Each quarter, the eighteen members of the Federal Reserve's Federal Open Market Committee (FOMC) update their forecast of where they see interest rates over the next few years. The forecasts are assembled into a "dot plot" and the mid-point of each plot is seen as the likely target level for interest rates for each period.

At the recent FOMC meeting, the median of the dots for 2022 remained at 0.1% (within the 0% to 0.25% target range). The median of the 2023 dots increased from 0.1% to 0.6%, indicating the potential for two 0.25% interest rate increases for 2023. The longer run outlook for rates remained at 2.5%.

The upwardly revised interest rate forecast comes alongside an increase in the FOMC's outlook for the economy. The committee increased its 2021 GDP growth projection to 7.0% versus 6.5% at the last quarterly outlook and its 2023 GDP projection to 2.4% from 2.2% previously. It left its 2022 GDP growth projection at 3.3%. The robust GDP growth forecast in 2021 is indicative of the pace of the post-COVID economic recovery that eventually steps down toward moderate growth in 2022 and 2023.

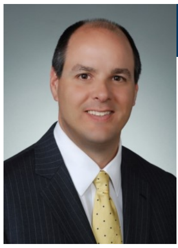
The FOMC's belief that the strength of the recovery eventually trends toward more moderate and consistent growth the is premise for the assessment that the current increase in inflation is transitory and should moderate over time.

The NovaPoint Capital Team



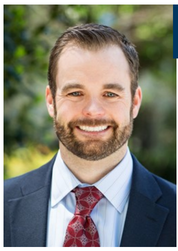
Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointcapital.com

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).



Alan J. Conner / President and Chief Compliance Officer / 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

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 30 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).