

Passing the Baton

The market succumbed to COVID Delta variant fears last Monday, then snapped back to a record close by week's end. All major averages closed higher for the week with the S&P 500 Index +2.0%, the NASDAQ +2.9% and the Dow +1.1%. The U.S. 10-year Treasury bond yield decreased to 1.28% at Friday's close versus 1.30% the previous week.

The second quarter earnings reporting season continues this week with the large capitalization technology companies carrying the baton. Apple, Microsoft, Amazon, Alphabet, and Tesla all report this week. Collectively, these companies represent over 20% of the S&P 500's market cap. In all, 177 companies in the S&P 500 Index are scheduled to report earnings this week. The current expectation is for S&P 500 earnings growth of 78.1% year over year, an increase from the expectation of 72.0% year over year growth from last week.

Initial unemployment claims for the week of July 17th increased to 419,000 versus the previous week at 368,000. Continuing claims for July 10th were 3.236 million versus 3.265 million the week prior. We expect some choppiness in the labor market over the next few months as individuals contend with expiring unemployment benefits and decisions about returning to the workplace.

In our *Dissecting Headlines* section, we take a look at current back-to-school shopping forecasts.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.0%	18.4%	Aggregate Bond Index	0.1%	-0.6%
Dow Jones Industrial Average	1.1%	15.7%	U.S. Dollar Index	0.2%	3.3%
NASDAQ 100	2.9%	17.7%	WTI Crude Oil	0.4%	48.5%
Russell 2000 (Small Cap Index)	2.2%	12.4%	Gold	-0.5%	-5.0%
International Stocks (MSCI ex-US)	0.3%	7.0%	Real Estate (US REIT Index)	0.5%	25.2%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Back-to-School Shopping

Inconsistent education schedules shifted traditional back-to-school shopping in 2020 to accommodate online education. This year, the expectation that school gets back to normal (barring Delta variant disruptions) means a more consistent pattern of back-to-school shopping.

According to the National Retail Federation, families with children in elementary through high school plan to spend \$848.90 per family, \$59 more than last year, on average for back-to-school items. Total back-to-school spending is expected to reach \$37.1 billion, a 9.4% increase from 2020 and an all-time high in the survey's history. Major categories for spending include electronics, clothing, and shoes. While online shopping continues to be a prime destination, the survey indicated shoppers are more comfortable in stores this year. Forty-three percent of survey respondents said they plan to use money received from government stimulus for back-to-school purchases.

College students and their families are also setting records in spending. Total spending on back-to-college is expected to reach \$71.0 billion, a 4.9% increase from 2020. Major spending categories for college students include electronics, dorm and apartment furnishings, and clothing.

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 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).

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