

## Slow Leak

The equity markets had a slow leak over the short, four-day trading week last week. The S&P 500 Index closed the week -1.7%, the NASDAQ -1.4% and the Dow -2.1%. The U.S. 10-year Treasury bond yield increased to 1.343% at Friday's close versus 1.326% the previous week.

With second quarter earnings reporting complete, the rest of September is likely to be dominated by political headlines surround infrastructure and budget bills, the debt ceiling, and the Sept 21-22nd Federal Reserve meeting. Looking ahead, the current forecast for third quarter earnings for the S&P 500 Index is +29.8% and fourth quarter earnings forecast is +21.8%.

Initial unemployment claims for the week of September 4th decreased to 310,000 versus the previous week at 345,000. Continuing claims for August 28th were 2.783 million versus 2.805 million the week prior. The below expectation August employment report should cause a sharp focus to remain on jobs as a gauge for potential Federal Reserve policy shifts.

In our *Dissecting Headlines* section, we look at the recent Federal Reserve Beige Book release.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-1.7%	19.9%	Aggregate Bond Index	0.0%	-0.5%
Dow Jones Industrial Average	-2.1%	14.6%	U.S. Dollar Index	0.6%	2.9%
NASDAQ 100	-1.4%	20.4%	WTI Crude Oil	0.6%	43.7%
Russell 2000 (Small Cap Index)	-2.8%	13.5%	Gold	-2.1%	-5.8%
International Stocks (MSCI ex-US)	-1.3%	8.6%	Real Estate (US REIT Index)	-4.2%	24.8%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Beige Book

Each of the twelve Federal Reserve Banks gather regional data on economic conditions that is released eight times a year in a report titled the "Commentary on Current Economic Conditions", more commonly known as the "Beige Book". The Beige Book provides granular information and anecdotes through interviews with business contacts, economists, market experts, and other sources. It is a qualitative report and meant to characterize current dynamics and identify emerging trends in the economy.

Last week's Beige Book release indicated that economic activity decreased to a more moderate pace in July and August. Stronger sectors of the economy included manufacturing, transportation, nonfinancial services, and residential real estate. Activity slowed in dining out, travel, and tourism. This decline was attributed in most cases to impact of the COVID Delta variant.

Most districts reported labor shortages which constrained activity, as well as restrained sales of autos due to the chip shortage and home sales due to low inventories. Wages have been rising to attract workers and selling prices have been rising to pass along increased input costs.

However, most districts remained optimistic about near-term prospects, though concern about supply disruptions and resource shortages remain prevalent.

## The NovaPoint Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto: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](mailto: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).



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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).



**Timothy Benbow, CFP / Managing Director & Portfolio Manager / [tbenbow@novapointcapital.com](mailto:tbenbow@novapointcapital.com)**

Tim has over 15 years of experience in the investment management industry. Prior to joining NovaPoint, Tim was the managing partner of Bull's Eye Wealth Management. Tim began his investment career at Raymond James & Associates and was a co-founder of Black Diamond Investment Partners. Following Black Diamond's merger with Waterloo Capital Management, Tim left to found Bull's Eye. He holds a BS from the University of South Carolina and an MBA from the University of Rochester. Tim is a Certified Financial Planner (CFP).

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