

## Equinox

The equity markets continued their slow downward move last week. The S&P 500 Index closed the week -0.5%, the NASDAQ -0.7% and the Dow was flat. Small capitalization stocks and oil bucked the trend. The U.S. 10-year Treasury bond yield increased to 1.363% at Friday's close versus 1.343% the previous week.

Nine companies in the S&P 500 Index that are on the front end of the third quarter reporting cycle are scheduled to report earnings this week. The heart of the quarterly earnings season won't start until October. The current forecast for third quarter earnings for the S&P 500 Index is +29.5%. The main driver of the market over the next few weeks is likely to be the macroeconomic impacts of the spending bills currently in Congress and the impact of any announcements from the Federal Reserve regarding its economic outlook and eventual taper of monthly bond purchases.

Initial unemployment claims for the week of September 11th increased to 332,000 versus the previous week at 312,000. Continuing claims for September 4th were 2.665 million versus 2.852 million the week prior. More sustainable progress on job growth is likely to be a key topic for the Federal Reserve meeting this week.

In our *Dissecting Headlines* section, we look at the upcoming Federal Reserve meeting.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.5%	19.3%	Aggregate Bond Index	0.0%	-0.5%
Dow Jones Industrial Average	0.0%	14.6%	U.S. Dollar Index	0.7%	3.6%
NASDAQ 100	-0.7%	19.6%	WTI Crude Oil	3.2%	48.3%
Russell 2000 (Small Cap Index)	0.5%	14.0%	Gold	-1.9%	-7.5%
International Stocks (MSCI ex-US)	-1.3%	7.2%	Real Estate (US REIT Index)	-0.4%	24.2%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Upcoming Federal Reserve Meeting

The Federal Reserve's Federal Open Market Committee (FOMC) meets this Tuesday and Wednesday. While we expect them to keep the Fed Funds target interest rate at 0% to 0.25%, there are a few other items that bear watching for this meeting.

For meetings that occur on the quarter-end months, in this case September, the FOMC releases economic projections for GDP growth, the unemployment rate, inflation, and what each member believes the appropriate Fed Funds rate should be.

The "assessment of appropriate monetary policy", also known as the "dot plot" gives clues as to when policy on short-term interest rates may change. At the last quarterly meeting in June, the 2023 median projection for short-term rates increased from 0.1% to 0.6% for 2023. This was an explicit shift that rates would likely start going up in late 2022 to early 2023.

The projections for GDP growth may also be worth a look. The current debate around the infrastructure plan, budget, debt ceiling, and COVID measure could swing projections for economic growth at this meeting or the December quarterly.

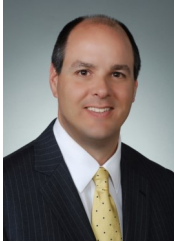
The biggest question for the FOMC currently is when will the tapering of monthly bond purchases begin and how quickly will the Fed move through the process. Prior to the August employment report and with momentum behind the spending bills, it was likely the tapering of bond purchases could begin in October. Several Fed officials were out "jawboning" to that course of action. With a poor showing for job growth in August and the opposition to the large spending bills, there is a chance this action could be pushed out by a month or two. Either way, it is very likely a taper is completed before the first half of 2022.

## The NovaPoint 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.



**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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