

## Laboring

A well below forecast employment report may allow the Federal Reserve to be judicious when it decides to start tapering monthly bond purchases. The August employment report showed an increase of only 235,000 net new jobs versus expectations of 725,000 to 750,000 jobs.

The S&P 500 Index closed the week +0.6%, the NASDAQ +1.4% and the Dow was slightly negative at -0.1%. The U.S. 10-year Treasury bond yield increased to 1.33% at Friday's close versus 1.31% the previous week.

The final three companies in the S&P 500 Index report 2Q earnings this week. Earnings for the quarter should finish +95.6% higher year-over-year. Looking ahead, the current forecast for 3Q earnings for the S&P 500 Index is +29.8% year-over-year and the 4Q earnings forecast is +21.7%. This ramp down in growth reflects the impact of year-over-year comparisons versus the second half of 2020 as the economy was in its early rebound from the COVID-induced recession.

Initial unemployment claims for the week of August 28th decreased to 340,000 versus the previous week at 354,000. Continuing claims for August 21st were 2.748 million versus 2.908 million the week prior. Jobs have been a critical factor in the economic recovery and also now a barometer for when the Federal Reserve starts to remove some of its accommodative policies.

In our *Dissecting Headlines* section, we look at the August Employment Report.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.6%	22.0%	Aggregate Bond Index	0.0%	-0.5%
Dow Jones Industrial Average	-0.1%	17.1%	U.S. Dollar Index	-0.7%	2.3%
NASDAQ 100	1.4%	22.1%	WTI Crude Oil	0.8%	42.8%
Russell 2000 (Small Cap Index)	0.7%	16.8%	Gold	0.5%	-3.7%
International Stocks (MSCI ex-US)	2.1%	10.0%	Real Estate (US REIT Index)	3.5%	30.2%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: August Employment Report

The Labor Department reported that the U.S. gained 235,000 jobs in August. As mentioned above, this was well below the forecasts of 725,000 to 750,000 net new jobs.

The leisure and hospitality industry had been an engine for new jobs over the past few months with 397,000 jobs in June and 415,000 in July, but saw no growth in August. The retail industry lost 28,500 jobs, a second consecutive monthly decline. Healthcare, government, utilities, and construction also saw declines for the month.

Job growth was highest in professional and business services with 74,000 net new jobs. Transportation and warehousing grew by 53,200 jobs. Gains were also seen in manufacturing, education, information, and financial industries.

The extension of Federal government excess employment benefits has been cited for some of the slack in the labor market. Those excess benefits expired this week for the remaining seven million people still receiving them. In half the States, those benefits had already been eliminated.

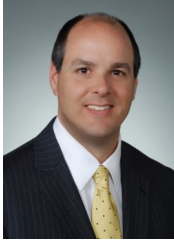
The matching of job seekers to open jobs may remain choppy. COVID caused both an industry and geographic disruption for workers. While both job seekers and job postings are plentiful, it may take some time for the remaining job seekers to match with available jobs.

## The NovaPoint Team



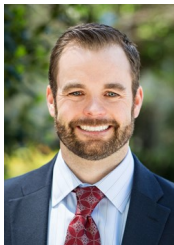
**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointcapital.com](mailto:jsroka@novapointcapital.com)**

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).



**Alan J. Conner / President and Chief Compliance Officer / [aconner@novapointcapital.com](mailto: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](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).



**Frederick Wright, CFA / Managing Director & Portfolio Manager / [fwright@novapointcapital.com](mailto: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).



**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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