

## Rallying Back

A good set of corporate earnings reports and economic data rallied the equity markets in the second half of the week. The S&P 500 was +1.8%, the Dow was +1.6% and the NASDAQ was +2.2%. Oil continued its multi-week rally, +3.7%. The U.S. 10-year Treasury bond yield decreased to 1.574% at Friday's close versus 1.603% the previous week.

Several of the large banks reported earnings which helped pushed up expected earnings for 3Q. Current forecast for the S&P 500 Index is for earnings to be +32.0% year-over-year versus an expectation of +29.6% last week. This week 78 companies in the S&P 500 are scheduled to report earnings.

Retail sales for September surprised to the upside, rising 0.7% month-to-month versus expectation for a decline of 0.3%. The sporting goods and general merchandise categories showed good growth. Overall inflation, including higher gasoline prices, may be weighing on consumers as grocery shopping increased relative to restaurants during the month. Year-over-year, retail sales increased 13.9%.

The minutes of the Federal Reserve's September meeting indicated that conditions have largely been met to begin a tapering of monthly bond purchases starting in November. This is the first step in reducing the accommodative monetary policy put in place in the wake of the COVID-19 pandemic. The tapering program should last several months and may be adjusted based on economic conditions.

Initial unemployment claims for the week of October 9th decreased to 293,000 versus the previous week at 329,000. Continuing claims for October 2nd were 2.593 million versus 2.727 million the week prior.

In our *Dissecting Headlines* section, we look at the recent Job Openings and Turnover (JOLTs) report.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.8%	20.4%	Aggregate Bond Index	0.3%	-1.5%
Dow Jones Industrial Average	1.6%	17.0%	U.S. Dollar Index	-0.1%	4.4%
NASDAQ 100	2.2%	18.2%	WTI Crude Oil	3.7%	69.6%
Russell 2000 (Small Cap Index)	1.5%	15.6%	Gold	0.6%	-6.8%
International Stocks (MSCI ex-US)	2.5%	7.7%	Real Estate (US REIT Index)	3.9%	26.5%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: JOLTs Report

The Bureau of Labor Statistics released the August Job Openings and Labor Turnover (JOLTs) report this past week. This report illustrates the mismatch we see in the economy between job openings and job seekers. As of August, there were 10.4 million job openings, a small decrease from 11.1 million in July. August 2020 had 6.5 million job openings, so we can see how much demand has picked up for labor as the economy has re-opened over the past year.

When we compare the job openings to the recent September employment report (noting the 1-month shift in the comparison), we see the 7.7 million unemployed individuals. This mismatch is the widely quoted comparison that has been attributed to geography, extended benefits, skill differentials, COVID, and several other issues.

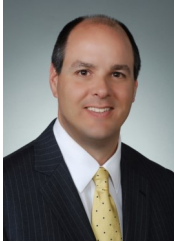
One major point in the report to call out is the 4.3 million individuals that quit their job in August. This was a record high in the report dating back to its year 2000 origin. Normally, people quitting their jobs implies high confidence of securing another job. That is likely the case here, given the high number of job openings. It also speaks to the narrative that some workers asked to return to the office have now opted to seek employment at a company that allows work-from-home.

## 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).



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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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