

## Reservations

The equity markets declined during the holiday shortened week. The steep decline came on Friday following concerns that travel restrictions from the latest COVID variant could negatively impact global growth. The S&P 500 Index finished the week -2.2%, the Dow was -2.0% and the NASDAQ was -3.3%. The U.S. 10-year Treasury bond yield decreased to 1.482% at Friday's close versus 1.548% the previous week.

Earnings season for the third quarter is almost wrapped up with 486 companies in the S&P 500 Index having reported. Current forecast for the S&P 500 Index is for earnings to be +42.4% year-over-year versus an expectation of +42.3% last week. Revenue growth for the quarter should be approximately 16.9%. At the outset of the earnings season in early October, third quarter year-over-year earnings growth was expected to be 29.4%. This week 10 companies in the S&P 500 are scheduled to report earnings. Looking ahead, fourth quarter earnings are expected to grow 21.6% on 11.7% revenue growth.

The November employment report is scheduled for release this Friday. Further improvement in the labor market should be additional evidence for the Federal Reserve to continue its reduction of accommodative policy in coming months. The most recent weekly initial jobless claims were 199,000, a post-COVID low. The reappointment of Jerome Powell to a second term as Chairman of the Federal Reserve should allow for consistent implementation of announced policy changes.

In our *Dissecting Headlines* section, we look at the Strategic Petroleum Reserve.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-2.2%	23.9%	Aggregate Bond Index	0.2%	-1.1%
Dow Jones Industrial Average	-2.0%	15.9%	U.S. Dollar Index	0.1%	6.8%
NASDAQ 100	-3.3%	25.1%	WTI Crude Oil	-10.4%	40.5%
Russell 2000 (Small Cap Index)	-4.1%	14.7%	Gold	-2.9%	-5.5%
International Stocks (MSCI ex-US)	-3.9%	3.3%	Real Estate (US REIT Index)	-1.6%	29.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Strategic Petroleum Reserve

The U.S. announced it plans to release up to 50 million barrels of oil from the Strategic Petroleum Reserve in coming months. This is being done in a coordinated effort with other countries: the United Kingdom, India, Japan, South Korea and China. Those countries are scheduled to release 11 million barrels in total. The U.S. uses about 20 million barrels per day, so while additional oil is being pushed into the system, it seems more symbolic than a significant effort to change market prices.

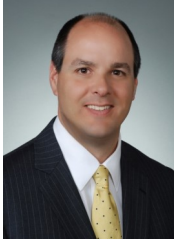
The Strategic Petroleum Reserve was authorized in 1975 in a response to the global oil crisis. The plan was to create reserves that could be drawn on in the event of a severe supply disruption. The reserve is stored in underground salt domes in four locations along the Louisiana and Texas Gulf Coast and has a capacity of approximately 713.5 million barrels. The reserve currently holds approximately 600 million barrels of oil. There have been three releases in the reserve's history: after the Iraqi invasion of Kuwait in 1991, after Hurricanes Rita and Katrina in 2005, and following supply disruptions from the middle east in 2011. There have also been several planned sales of oil from the reserve. The announced 50 million barrel release would be the largest so far.

## 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).



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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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