

Laboring

Continued concerns from the potential impact of the omicron variant, Federal Reserve Chairman Jerome Powell’s comments that the Fed may need to accelerate the tapering of bond purchases, and a lackluster employment report drove a decline across equity markets. The S&P 500 Index finished the week -1.2%, the Dow was -0.8% and the NASDAQ was -1.9%. The U.S. 10-year Treasury bond yield decreased to 1.356% at Friday’s close versus 1.482% the previous week.

In testimony before the Senate Banking Committee, Fed Chair Powell said it is time to retire the "transitory" description for inflation and that the Fed may revisit its taper timeline at its next meeting in two weeks. The general view was the tapering of purchases would last until almost mid-year 2022, leaving the door open for an initial increase in the Fed Funds rate early in the second half of the year. A potential acceleration in the taper could pull forward the start of rate increases.

Nonfarm payrolls for November were 210,000 versus an expectation of 573,000. The unemployment rate fell from 4.6% to 4.2%. We explain a potential cause for slowing job growth yet lower unemployment in our *Dissecting Headlines* section below.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-1.2%	22.4%	Aggregate Bond Index	0.4%	-0.7%
Dow Jones Industrial Average	-0.8%	15.0%	U.S. Dollar Index	0.0%	6.9%
NASDAQ 100	-1.9%	22.7%	WTI Crude Oil	-2.8%	36.6%
Russell 2000 (Small Cap Index)	-3.8%	10.3%	Gold	-0.5%	-5.9%
International Stocks (MSCI ex-US)	-0.2%	3.1%	Real Estate (US REIT Index)	-0.4%	29.1%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Employment Surveys

There are two employment surveys that are conducted each month, the Current Population Survey (aka Household Survey) and the Current Employment Statistics (aka Establishment Survey). Each survey provides potentially market moving data.

The Household Survey contacts individuals to measure the labor force status, including unemployment, labor force participation, hours worked, and earnings. This survey produces the unemployment rate which declined to 4.2% in November, a 0.4% decline from October.

The Establishment Survey contacts employers to measure nonfarm employment, hours worked, and earnings of workers on payroll. It provides the increase/decrease in nonfarm payroll employment each month. Farm employment is extremely seasonal, so it is excluded from the Establishment Survey. Nonfarm payrolls grew 210,000 in November, but this was well below expectations for an increase of 573,000 jobs.

There are many inputs that can impact a different result between the two separate surveys, one explanation is the lower unemployment rate, which comes from the household survey, is being driven by new, smaller businesses, whereas the slowing growth in nonfarm payrolls, which comes from the establishment survey of approximately 150,000 large companies and government agencies, is being dragged by the “great resignation”. Given the geographic and industry dislocation that has happened during COVID, we continue to believe the employment recovery could be volatile month-to-month.

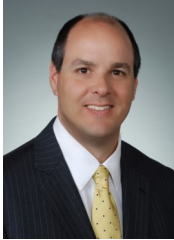
Both surveys are important to measure the health of the economy and the American worker. They provide data that can impact the decisions of policy makers, financial institutions, and investors.

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.



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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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