

Still Struggling

The early year market retreat extended to a third week. The S&P 500 Index ended the week -3.9%, the Dow was -3.3%, and the NASDAQ was -4.9%. The U.S. 10-year Treasury bond yield decreased to 1.771% at Friday's close versus 1.793% the previous week.

Some of the downturn can be attributed to the high inflation trends that have prompted the Federal Reserve to plan monetary tightening for 2022. The first of this year's Federal Reserve Federal Open Market Committee meetings is scheduled for this week. We should get a current update from Fed Chairman Jerome Powell at the press conference following the Fed's post-meeting announcement on Wednesday afternoon.

For the fourth quarter of 2021, 64 companies have reported earnings results and of those 76.6% have reported earnings above analyst estimates. This compares to a long-term average of 65.9% and prior four quarter average of 83.9%. The current consensus forecast is for fourth quarter earnings to grow 23.7% on 12.4% revenue growth versus an expectation of 22.4% earnings growth on 12.1% revenue growth at the start of the earnings season. During the coming week, 104 more companies in the S&P 500 Index are scheduled to report earnings.

In our *Dissecting Headlines* section, we look at the Volatility Index.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-3.9%	-5.9%	Aggregate Bond Index	-0.2%	-1.8%
Dow Jones Industrial Average	-3.3%	-4.4%	U.S. Dollar Index	0.5%	-0.3%
NASDAQ 100	-4.9%	-9.0%	WTI Crude Oil	1.6%	13.2%
Russell 2000 (Small Cap Index)	-6.4%	-9.8%	Gold	0.9%	0.3%
International Stocks (MSCI ex-US)	-0.5%	0.2%	Real Estate (US REIT Index)	-3.9%	-7.8%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Volatility Index

The Volatility Index, or VIX, is a measure of investor expectations of market volatility over the next 30-days. The VIX was created by the Chicago Board Options Exchange (CBOE) and is derived from prices of S&P 500 Index options. The VIX is sometimes referred to as the Fear Gauge because when it rises this reflects rising investor fear, or pessimism, on the direction of the market.

The VIX has increased from 17.2 at the end of December to 30.9 currently. This is coincident with the retreat in the major stock market indices we have seen since the start of the year. The 30.9 level is above the VIX's historical average of just under 20 and is a reading that reflects considerable near-term uncertainty. While elevated, these levels are not unprecedented. The VIX was as high as 31.1 at the start of December and had spiked to 82.7 in mid-March 2020 during the initial impact of COVID on the markets.

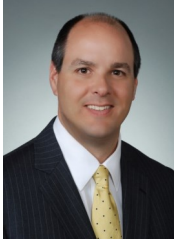
The indicator can often be a contrarian signal, meaning that it is advantageous to buy when fear is high and sell when optimism reigns. We saw this as the S&P 500 Index rose over the course of 2020 after bottoming out at the end of March 2020, less than two weeks after the spike in the VIX.

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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