

Unyielding

A relatively good week for corporate earnings was overshadowed by Federal Reserve jawboning pointing to an almost certain 0.50% rate increase at the May Federal Open Market Committee (FOMC) meeting. The S&P 500 ended the week -2.7%, the Dow was -1.8%, and the NASDAQ was -3.9%. The 10-year U.S. Treasury note yield increased to 2.905% at Friday's close versus 2.828% the previous week.

Fed Chairman Jerome Powell stated last week that, "It is appropriate in my view to be moving a little more quickly" (than the Fed has in the recent past). "I also think there's something in the idea of front-end loading" (with respect to reaching the Fed funds target faster). A supporting cast of Fed officials made similar remarks during the week. The next FOMC meeting is May 3rd/4th.

The first quarter earnings reporting period hits the halfway point this week with 178 companies in the S&P 500 Index scheduled to report earnings. The current consensus for the first quarter is 7.3% earnings growth on 11.4% revenue growth versus 6.1% earnings growth on 10.9% revenue growth at the start of the earnings season. For the 99 companies in the S&P 500 that have already reported first quarter earnings, 77.8% have reported earnings above analyst estimates. This compares to a long-term average of 66% and prior four quarter average of 83.1%.

In our *Dissecting Headlines* section, we look at the FOMC and why their commentary matters.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-2.7%	-10.0%	Aggregate Bond Index	-0.9%	-8.8%
Dow Jones Industrial Average	-1.8%	-6.4%	U.S. Dollar Index	0.9%	5.5%
NASDAQ 100	-3.9%	-18.0%	WTI Crude Oil	-4.6%	35.7%
Russell 2000 (Small Cap Index)	-3.2%	-13.3%	Gold	-2.2%	5.5%
International Stocks (MSCI ex-US)	-2.2%	-10.0%	Real Estate (US REIT Index)	0.9%	-3.8%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Federal Open Market Committee

The Federal Open Market Committee, or "FOMC", is a branch of the Federal Reserve Board that makes decisions on monetary policy. The Committee is comprised of the seven-member Board of Governors and five Federal Reserve Bank presidents. The FOMC meets eight times a year to discuss the U.S. economy and make decisions to keep the economy on track. The goal, as mandated by Congress, is to promote maximum employment, stable prices, and moderate long-term interest rates.

Jerome Powell is the current Chairman of the Federal Reserve and his commentary between meetings gets the most notice, since it is assumed he has the greatest influence over the actions at the central bank. Several other members have received notice during the current period of shifting monetary policy. John Williams is president of the New York Fed and Vice Chair of the FOMC. His comments get notice because the New York Fed is responsible for the Fed's open market operations, which include buying and selling securities. James Bullard has been one of the outspoken members of the FOMC this year. He is president of the St. Louis Fed and has advocated for higher rate increases.

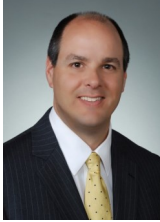
While policy decisions are made at the meetings, the inter-meeting speeches and interviews by Fed officials help investors understand how some Fed officials are leaning. This helps the market anticipate and absorb the information. The FOMC had made only one 0.25% increase so far in this cycle, but the Fed's published economic outlook, the minutes of the FOMC meetings, and commentary from Fed officials have already moved interest rates closer to where the Fed wants them to be. This potentially provides flexibility in the pace of executing monetary policy and open market operations.

The NovaPoint Team



Joseph Sroka, CFA, CMT / Chief Investment Officer / 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

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

Jeff has 10 years of experience in the investment management industry. 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

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

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).



Allan Duncan / Investment Adviser / aduncan@novapointcapital.com

Allan has over 7 years of investment industry experience. Prior to joining NovaPoint, he worked at an independent RIA firm. Allan began his investment advisory career with Edward Jones. He earned his BA from the University of West Georgia.

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