

Super Market

The S&P 500 Index rallied last week as investors became more comfortable with the Fed's plan to stem the pace of inflation. The S&P 500 ended the week +6.5%, the Dow was +5.4%, and the NASDAQ was +7.5%. The 10-year U.S. Treasury note yield decreased to 3.138% at Friday's close versus 3.231% the previous week.

Federal Reserve Chairman Jerome Powell completed his semi-annual economic testimony in front of Congress last week and reiterated the Fed's plan to tighten monetary policy to tackle inflation. Several influential Fed members also commented last week that they were each individually leaning toward a 0.75% Fed funds rate increase for the July meeting (July 26-27th). This week, we get data on Personal Consumption Expenditures Prices (PCE Prices), which is the Fed's preferred measurement on inflation. If it follows the steeper increase seen in the Consumer Price Index (CPI) earlier in the month, then the 0.75% rate increase for July looks likely.

As we head into the end of the second quarter, the current consensus for second quarter earnings growth is 5.8% on 10.5% revenue growth. Both the earnings and revenue growth expectations have inched up over the past few weeks. For CY2022, earnings growth is currently forecast at 9.7% on 11.3% revenue growth. In addition to impact of inflation on demand and input costs, headwinds from foreign currency translation may impact some companies with high foreign revenue exposure.

In our *Dissecting Headlines* section, we look at continued strength in Summer travel and the cost of a cookout.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	6.5%	-17.3%	Aggregate Bond Index	0.5%	-10.2%
Dow Jones Industrial Average	5.4%	-12.4%	U.S. Dollar Index	-0.5%	8.6%
NASDAQ 100	7.5%	-25.5%	WTI Crude Oil	-1.8%	43.1%
Russell 2000 (Small Cap Index)	6.0%	-20.9%	Gold	-0.7%	-0.1%
International Stocks (MSCI ex-US)	2.1%	-17.4%	Real Estate (US REIT Index)	5.9%	-19.7%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Travel Demand and Cooking Out

The national average for retail gasoline prices is 58% higher year-over-year. This does not seem to be dampening consumers desire to travel this Summer. With the Independence Day holiday weekend on the way, the American Automobile Association (AAA) predicts 47.9 million people will travel 50 miles or more from home over the holiday weekend (June 30th to July 4th). This is an increase of 3.7% over 2021, bringing travel volumes almost to the levels seen in 2019. A coincident indicator is the TSA checkpoint data which showed 2.4 million people passed through TSA checkpoints last Friday, the highest level since prior to the onset of the COVID-19 pandemic.

In addition to gasoline, prices are higher across almost all travel input categories. The average lowest airfare is +14% year-over-year to \$201 per ticket. Hotel rates are +23% year-over-year with the average lowest nightly rates coming in at \$244 per night. One relative bright spot is car rental rates which have decreased 34% year-over-year with the average rate coming in at \$110 per day, although this level is still \$40 per day more than prior the pandemic.

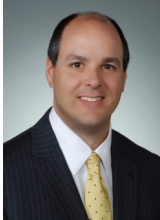
For those staying home to cookout, the Farm Bureau estimates the average cost of a BBQ for four people is \$76.94. This is 12.9% higher than in 2021. Most BBQ-centric categories are significantly higher year-over-year to include ground beef +16.8%, hot dogs +37.4%, chicken breasts +27.9%, and ice cream +14.1%.

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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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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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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