

## Taking Stock

A refocus on corporate earnings across a broad set of industries boosted equity markets last week. The S&P 500 Index was +2.6% for the week, the Dow was +2.0%, and the NASDAQ was +3.4%. The 10-year U.S. Treasury note yield decreased to 2.781% at Friday's close versus 2.930% the previous week.

The next Federal Open Market Committee (FOMC) meeting is July 26th-27th and an increase in the Fed funds rate of 0.75% is likely. This would move the Fed fund target rate from 1.50% - 1.75% to 2.25% - 2.50%. Two key economic data points are scheduled for release later in the week, after the FOMC meeting, with Second Quarter Advance Gross Domestic Product (GDP) on Thursday and the Personal Consumption Expenditures (PCE) Price Index on Friday.

For the 106 companies in the S&P 500 Index that have reported earnings for Q2, 75.5% have exceeded consensus estimates. The current consensus for 2Q22 earnings growth is 6.2% on 11.3% revenue growth. This is an upward revision to last week's consensus of 5.6% earnings growth on 10.8% revenue growth. For the full year 2022, earnings growth is currently forecast at 9.2% on 11.5% revenue growth. This week 172 companies in the S&P 500 Index are scheduled to report earnings, including several of the mega cap technology companies.

In our *Dissecting Headlines* section, we look at the upcoming advance release of second quarter GDP.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	2.6%	-16.2%	Aggregate Bond Index	1.1%	-8.3%
Dow Jones Industrial Average	2.0%	-11.2%	U.S. Dollar Index	-1.2%	11.2%
NASDAQ 100	3.4%	-23.7%	WTI Crude Oil	-3.0%	25.9%
Russell 2000 (Small Cap Index)	3.6%	-19.0%	Gold	1.2%	-5.6%
International Stocks (MSCI ex-US)	4.0%	-17.1%	Real Estate (US REIT Index)	3.3%	-18.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: GDP

Gross Domestic Product, or GDP, is a measure of the total dollar value of all goods and services produced by a nation's economy. It can be calculated by summing consumption, fixed investment, government spending, and net exports. More than two-thirds of U.S. GDP is personal consumption of goods and services. Business and government spending each about equally make up the remainder, and net exports typically subtracts a few percentage points since the U.S. imports more than it exports. The U.S. economy is approximately \$20 trillion dollars, ranking it as the largest economy in the world, followed by China, Japan, and Germany.

GDP is often expressed as an annual growth rate based on the sequential change between quarters. A positive percentage indicates the economy is growing, while a negative percentage indicates the economic growth has declined. Two consecutive quarters of decline in GDP is classified as a recession. First quarter 2022 GDP was -1.6%. This coming Thursday, we get the advanced data for second quarter GDP. The current consensus for second quarter GDP is for 0.6% growth, which would avoid being deemed a recession.

The first quarter's GDP was a small decline and led by lower government spending and higher net imports. If the second quarter GDP winds up being negative, it will also likely be a small decline. Strength in the labor market has been a pleasant surprise year-to-date and while some consumers are likely tightening their belts due to higher food and energy costs, high employment levels are keeping overall consumer spending in reasonably good shape. The duration of the Federal Reserve's need to focus on reducing inflation may be the main factor impacting economic growth for the remainder of the year.

## 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).



**Alan J. Conner / President and Chief Compliance Officer / [aconner@novapointcapital.com](mailto: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.



**Frederick Wright, CFA / Managing Director & Portfolio Manager / [fwright@novapointcapital.com](mailto: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](mailto: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](mailto: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.

**NovaPoint Capital LLC** (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

**Not an offer of advisory services or securities:** This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

**Investment risk:** The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

**Limitation of liability:** While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

**Trademarks and copyrights:** All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.