

Down the Jackson Hole

Equities fell on Friday following comments from Federal Reserve Chairman Jerome Powell that the Federal Reserve plans to keep raising interest rates to bring down inflation. The S&P 500 was -4.0% for the week, the Dow was -4.2%, and the NASDAQ was -4.8%. The 10-year U.S. Treasury note yield increased to 3.087% at Friday's close versus 2.989% the previous week.

Fed Chair Powell reaffirmed comments similar to those in the minutes of the Fed's July meeting. The Fed's objective in raising rates is to reduce aggregate demand among both consumers and businesses to reduce the demand side of the inflation equation. Powell didn't commit to a specific rate increase for the September Federal Open Market Committee (FOMC) meeting, but other Fed officials offered a 0.50% to 0.75% range, dependent on data.

For the 486 companies in the S&P 500 Index that have reported earnings for Q2, 78.0% have exceeded consensus estimates. The current consensus for 2Q22 earnings growth is 8.5% on 13.7% revenue growth. This is a downward revision to last week's consensus of 8.8% earnings growth while the forecast for revenue growth remained at 13.7%. For CY2022 earnings growth is currently forecast at 7.9% on 11.7% revenue growth. This week 10 companies in the S&P 500 Index are scheduled to report earnings.

In our *Dissecting Headlines* section, we look deeper at the Jackson Hole Economic Symposium.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-4.0%	-14.0%	Aggregate Bond Index	-0.3%	-9.3%
Dow Jones Industrial Average	-4.2%	-10.0%	U.S. Dollar Index	0.6%	13.4%
NASDAQ 100	-4.8%	-22.3%	WTI Crude Oil	2.5%	23.7%
Russell 2000 (Small Cap Index)	-2.9%	-14.7%	Gold	-0.6%	-5.0%
International Stocks (MSCI ex-US)	-1.1%	-16.7%	Real Estate (US REIT Index)	-3.8%	-17.4%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Jackson Hole Economic Symposium

The Jackson Hole Economic Symposium is an annual event held by the Federal Reserve Bank of Kansas City in Jackson Hole, Wyoming. The event brings together economists, financial market participants, academics, U.S. government representatives and news media to discuss long-term policy issues of mutual concern.

With the Federal Open Market Committee several innings into a rate tightening cycle, this year's speech by Fed Chairman Jerome Powell received even more attention than usual. We did not find his comments to present any new or course altering information, but he did appear to present the case for tightening monetary policy with a firmer conviction. The FOMC urgently wants to reduce the pace of inflation. To do this they plan to raise interest rates until they alter demand for goods and services from both individuals and businesses, and they are prepared keep rates higher than normal for a longer period of time.

The labor market has remained strong since emerging from the pandemic. The Fed originally focused on leaving monetary policy at an accommodative level until the labor market was back to near pre-pandemic levels. Now with their pivot in 2022 to focus on inflation, they are willing to let the labor market retrench if that is necessary to crack the inflation cycle.

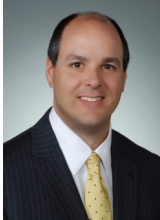
The next FOMC meeting is September 20th to 21st. Between now and the meeting, the Fed will be able to evaluate August data on the labor market, CPI, and PPI. The August labor report is scheduled for release on Friday, September 2nd. August CPI is scheduled for September 13th and PPI for September 14th.

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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