

## Summer Jobs

The S&P 500 Index had a third consecutive weekly increase, though more muted than the previous two weeks. The S&P 500 was 0.4% for the week, the Dow was -0.1%, and the NASDAQ was +2.0%. The 10-year U.S. Treasury note yield increased to 2.840% at Friday's close versus 2.642% the previous week.

Continued strength in the labor market is providing the Federal Reserve enough support to continue tightening monetary policy. The July employment report showed an increase of 528,000 jobs and the unemployment rate declined to 3.5%. This week we return to the focus on inflation with the Consumer Price Index (CPI) and Producer Price Index (PPI) reports for July.

For the 432 companies in the S&P 500 Index that have reported earnings for the second quarter, 77.5% have exceeded consensus estimates. The current consensus for second quarter earnings growth is 9.2% on 13.4% revenue growth. This is an upward revision to last week's consensus of 7.7% earnings growth on 12.1% revenue growth. For full-year 2022 earnings growth is currently forecasted at 8.1% on 11.5% revenue growth. This week 23 companies in the S&P 500 Index are scheduled to report earnings.

In our *Dissecting Headlines* section, we look at the July Employment Report.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.4%	-12.2%	Aggregate Bond Index	-0.7%	-8.5%
Dow Jones Industrial Average	-0.1%	-8.7%	U.S. Dollar Index	0.7%	11.1%
NASDAQ 100	2.0%	-18.7%	WTI Crude Oil	-9.7%	18.3%
Russell 2000 (Small Cap Index)	2.0%	-13.8%	Gold	0.5%	-3.0%
International Stocks (MSCI ex-US)	-0.2%	-15.8%	Real Estate (US REIT Index)	-2.0%	-16.3%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: July Employment Report

Despite slower economic growth and high inflation, one bright spot in the economy year-to-date has been the labor market. The employment report for July showed 528,000 net new jobs created. Job growth was led by Leisure and Hospitality with 96,000 new jobs, followed by Professional and Business Services with 89,000, and Health Care with 70,000. The unemployment rate is now 3.5%, back to its pre-pandemic levels.

Average hourly earnings rose by 0.5% to \$32.27. Over the past 12 months, average hourly earnings have increased by 5.2%. While jobs have returned to their pre-pandemic level, the labor force participation rate of 62.1%, or the percentage of the working age population either working or looking for work, remains below its pre-pandemic level of 63.4%.

Strength in the labor market allows the Federal Reserve to continuing tightening monetary policy to reduce inflation. After the employment report was released, Federal Reserve governor Michelle Bowman commented that she supported similar sized rate increases (to the recent 0.75% increase) until inflation meaningfully declines. Between now and the Federal Reserve's meeting on September 20th and 21st, we will have two months of CPI and PPI data (July and August), one month of Personal Consumption Expenditures (PCE) Price Index (July), as well as one more employment report (August) to help shape the Fed's data-driven decision making on monetary policy.

## 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).



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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.



**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).



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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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