

Grand Central Banking

A determined Federal Reserve marching along with another 0.75% increase in short-term interest rates gave investors pause again last week. The S&P 500 was -4.6% for the week, the Dow was -4.0%, and the NASDAQ was -4.6%. The 10-year U.S. Treasury note yield increased to 3.697% at Friday's close versus 3.447% the previous week.

The Federal Open Market Committee (FOMC) increased the Fed funds target rate by 0.75% to a range of 3.00% to 3.25% and indicated that ongoing increases in the target range will be appropriate with the goal of reducing the pace of inflation to a 2% range over the long term while still maximizing employment. The September Summary of Economic Projections showed the FOMC's median projection for Fed funds is 4.4% for 2022 versus 3.4% previously and 4.6% for 2023 versus 3.8% previously.

Looking ahead to third quarter earnings, the current consensus expectation is 4.6% earnings growth on 9.6% revenue growth. For calendar year 2022, earnings growth is currently forecast at 7.7% on 11.6% revenue growth. This week, five companies in the S&P 500 Index are scheduled to report earnings.

In our *Dissecting Headlines* section, we review the FOMC meeting from last week.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-4.6%	-21.6%	Aggregate Bond Index	-1.3%	-12.6%
Dow Jones Industrial Average	-4.0%	-17.3%	U.S. Dollar Index	3.1%	17.9%
NASDAQ 100	-4.6%	-30.3%	WTI Crude Oil	-7.5%	4.7%
Russell 2000 (Small Cap Index)	-6.6%	-24.5%	Gold	-1.9%	-10.1%
International Stocks (MSCI ex-US)	-5.2%	-25.1%	Real Estate (US REIT Index)	-6.5%	-27.1%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: FOMC Meeting Review

The Federal Open Market Committee (FOMC) held its September meeting last week. As mentioned, the FOMC raised the Fed funds rate by 0.75% to a target range of 3.00% - 3.25%.

Since this was a meeting on a quarter-end month, the FOMC issued its updated Summary of Economic Projections. In this summary, the FOMC publishes the economic projections that underlie its views for what monetary policy should be. For GDP, the FOMC currently projects 0.2% growth in 2022, 1.2% growth in 2023 and 1.7% growth in 2024. This is a reduced growth outlook from 1.7% in 2022, 1.7% in 2023, and 1.9% in 2024 in its previous projections from June. For unemployment, the FOMC currently projects a 3.8% unemployment rate in 2022, 4.4% in 2023, and 4.4% in 2024. This is slightly higher than its June projection of 3.7% in 2022, 3.9% in 2023, and 4.1% in 2024. The move higher in the unemployment projection is a signal the FOMC is planning on letting unemployment rise in exchange for making progress in the fight against inflation.

For inflation, the FOMC's projection for the Personal Consumption Expenditures (CPE) Price Index is for 5.4% price inflation in 2022, 2.8% in 2023, and 2.3% in 2024. This is slightly higher than the previous projection of 5.2% in 2022, 2.6% in 2023, and 2.2% in 2024, but indicates the FOMC is squarely focused on lowering inflation by lower aggregate demand as it raises the Fed funds target rate.

Lastly, the FOMC's current projections for the Fed funds rate is currently 4.4% in 2022, 4.6% in 2023, and 3.9% in 2024. This is higher than the previous projection of 3.4% in 2022, 3.8% in 2023, and 3.4% in 2024. The 4.6% rate for 2023 indicates a Fed funds target rate of 4.50% to 4.75% versus the current rate of 3.00% to 3.25%, so the FOMC currently sees another 1.50% in total rate increases for this cycle. While the FOMC's actions are data dependent, a downward change in the rate of inflation is the key point to watch over coming month. We also believe the outcome of the U.S. midterm elections could impact the FOMC because what shape fiscal policy takes in 2023 is dependent on the composition of Congress.

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.



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.

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.