

## Back to Work

Equities both ended August and began September on a down note. Friday’s employment report from the labor market showed a still healthy labor market, which investors viewed as a signal the Federal Reserve would be diligent with rate increases during upcoming Federal Open Market Committee (FOMC) meetings. The S&P 500 was -3.2% for the week, the Dow was -2.9%, and the NASDAQ was -4.0%. The 10-year U.S. Treasury note yield increased to 3.191% at Friday’s close versus 3.110% the previous week.

The economy generated 315,000 net new jobs in August. This was slightly ahead of the consensus expectation of 300,000 jobs. Within industries, professional and business services and education and health services led the way, each with 68,000 new jobs, followed by retail with 45,000, and leisure and hospitality with 31,000. The manufacturing sector added 22,000 jobs and the construction sector added 16,000 jobs. The unemployment rate rose to 3.7% from 3.5% in July, as the labor force participation rate increased.

We are wrapping up the very end of the second quarter earnings season. For the 496 companies in the S&P 500 Index that have reported earnings for the quarter, 77.4% have exceeded consensus estimates. The current consensus for second quarter earnings growth is 8.5% on 13.6% revenue growth. With only four companies left to report, earnings should end at about the current forecasted level. This compares to an initial expectation of 5.6% earnings growth on 10.4% revenue growth when the earnings period began in July. For third quarter earnings, the current consensus expectation is 5.1% earnings growth on 9.8% revenue growth. For calendar year 2022, earnings growth is currently forecast at 7.9% on 11.7% revenue growth. This week two companies in the S&P 500 Index are scheduled to report earnings.

In our *Dissecting Headlines* section, we countdown to some significant events between now and year-end.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-3.2%	-16.8%	Aggregate Bond Index	-0.9%	-10.2%
Dow Jones Industrial Average	-2.9%	-12.5%	U.S. Dollar Index	0.7%	14.1%
NASDAQ 100	-4.0%	-25.4%	WTI Crude Oil	-6.7%	15.5%
Russell 2000 (Small Cap Index)	-4.7%	-18.7%	Gold	-1.5%	-6.4%
International Stocks (MSCI ex-US)	-3.2%	-19.3%	Real Estate (US REIT Index)	-3.9%	-20.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: The Days

With Labor Day marking the unofficial end of summer, we turn our attention to the major events that could impact the economy and markets between now and year-end.

The next Federal Open Market Committee (FOMC) meeting is scheduled for September 20th to 21st. We expect the FOMC to increase the Fed Funds rate by 0.75%, unless there is a significant slowing in the pace of inflation and the economy. After September, the two remaining FOMC meetings are November 1st to 2nd and December 13th to 14th.

We are 55 days from Halloween. This should be the first back-to-normal Halloween since pre-COVID. However, global supply chain disruptions have made cocoa and other candy ingredients scarcer and more expensive. Sounds like a fun-size holiday.

We are 63 days from Election Day. Issues regarding inflation, taxes, and spending should be front-and-center among candidates campaigning for the House of Representatives, Senate, and various State level offices.

We are 79 days from Thanksgiving. Along with all the other inflationary pressures that American consumers have experienced this year, the cost of turkeys is on the rise. A combination of overall food price inflation plus outbreaks of bird flu are sending turkeys to record prices.

We are 110 days from Christmas. Impacts from price inflation and consumer confidence will determine the strength of the holiday shopping season for retailers.

## 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).



**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).



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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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