

## Labor Strength

Equity markets gained last week after supportive comments from Federal Reserve Chairman Jerome Powell that the Fed could start slowing the pace of interest rate increases. The S&P 500 was +1.2% for the week, the Dow was +0.4%, and the NASDAQ was +2.1%. The 10-year U.S. Treasury note yield decreased to 3.503% at Friday's close versus 3.702% the previous week.

Speaking at the Brookings Institution last Wednesday, Fed Chair Jerome Powell indicated the Federal Open Market Committee (FOMC) was in a position to reduce the size of rate hikes as soon as the December meeting. He did caution, however, that monetary policy is likely to be restrictive for some time until real signs of progress emerge on inflation. The Fed is likely to keep its data dependent posture into the first quarter of 2023.

The labor market has remained strong. The economy produced 263,000 new jobs in November and the unemployment rate stands at 3.7%. Continued strength in the labor market provides incentive for the Fed to keep raising interest rates.

For this week, we will see a first look at inflation for November with the Producer Price Index (PPI) scheduled for Friday. The November Consumer Price Index (CPI) is scheduled for next Monday, just days ahead of the December FOMC meeting.

In our *Dissecting Headlines* section, we look at the impact of the November employment report.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.2%	-13.3%	Aggregate Bond Index	1.3%	-10.6%
Dow Jones Industrial Average	0.4%	-3.3%	U.S. Dollar Index	-1.3%	8.9%
NASDAQ 100	2.1%	-25.9%	WTI Crude Oil	4.9%	6.3%
Russell 2000 (Small Cap Index)	1.3%	-14.6%	Gold	2.4%	-1.7%
International Stocks (MSCI ex-US)	1.6%	-14.2%	Real Estate (US REIT Index)	0.7%	-22.9%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Inside Jobs

The economy produced 263,000 new jobs in November and the unemployment rate stands at 3.7%. The strength in the labor market is a positive for GDP, as approximately two-thirds of U.S. GDP is consumer spending based. However, continued demand for workers, potentially at higher wage levels, can be a contributing factor to the inflation that the Fed is busy trying to contain.

November's non-farm payrolls of 153.5 million are above the pre-pandemic level of 152.5 million from February 2020. Despite two quarters of GDP contraction in the first half of 2022, the U.S. economy continues to grow jobs even as the Fed is raising interest rates to slow the pace of inflation. Much of the job growth has been in areas such as leisure and hospitality where employment has nearly doubled from a pandemic low of 8.8 million in April 2020 to a post-pandemic high of 16.0 million jobs in November. This is still below the pre-pandemic level of 17.0 million in February 2020.

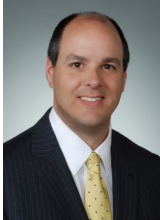
When we hear large layoff announcements from major companies in the S&P 500 Index, we need to understand the context that the combined employment within the S&P 500 Index is less than 20% of the total U.S. workforce. Outside of the S&P 500 employers and the government, most Americans are employed by small to medium-sized businesses.

## 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.

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