Calming Effect

The equity markets rose last week as some stability returned to the banking system and the Federal Reserve signaled it was nearing the final increases in its monetary policy tightening cycle. The S&P 500 Index ended the week +1.4%, the Dow was +1.2%, and the NASDAQ was +2.0%. The 10-year U.S. Treasury note yield decreased to 3.389% at Friday's close versus 3.423% the previous week.

The Federal Open Market Committee (FOMC) increased the Fed funds rate by 0.25% to a target range of 4.75% to 5.00%. The committee left the 2023 Fed funds terminal rate unchanged at a 5.00% to 5.25% range, which implies only one additional rate increase is currently planned. The Fed has repeatedly stated that policy decisions are data dependent, so close monitoring of the economic data released between now and the next FOMC meeting scheduled for May 2nd to 3rd should give a clearer picture of the Fed's actions in closing out the policy cycle.

Over the weekend, First Citizen's Bank agreed to buy Silicon Valley Bank's deposits and loans from the FDIC. This is another step in returning the banking system to normal.

In our *Dissecting Headlines* section, we correlate the current state of the economy to the FOMC's current Summary of Economic Projections released last week.

Financial Market Update

	Weekly Return	YTD Return
S&P 500 Index	1.4%	3.9%
Dow Jones Industrial Average	1.2%	-2.2%
NASDAQ 100	2.0%	17.0%
Russell 2000 (Small Cap Index)	0.5%	-1.2%
International Stocks (MSCI ex-US)	1.7%	3.2%

	Weekly Return	YTD Return
Aggregate Bond Index	0.4%	3.3%
U.S. Dollar Index	-0.6%	-0.4%
WTI Crude Oil	3.8%	-13.7%
Gold	-0.5%	8.4%
Real Estate (US REIT Index)	-1.2%	-3.8%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Economic Update

The FOMC's latest Summary of Economic Projections was released at its March policy meeting held last week. The committee members' views on the economy are what underpin their decisions on monetary policy. We thought it would be helpful to look at where the economic data is currently relative to the FOMC's outlook for the remainder of the year to better understand what could unfold over the next few months.

Gross Domestic Product (GDP): The committee expects the economy, as measured by GDP, to grow 0.4% in 2023. The level of growth is below trend, but does show positive economic growth implying the potential avoidance of a recession. While GDP is not the only measure of whether the U.S. is in a recession, positive GDP would point to a potential soft landing and avoidance of a recession.

Unemployment: As of February, the unemployment rate was 3.6%. The FOMC projects the unemployment rate rising to 4.5% by the end of 2023. This increase in unemployment could provide the necessary slack in the labor market to decrease wage inflation. Wage inflation has been one of the stickiest factors in bringing down overall core inflation.

Inflation: The FOMC measures inflation via the Personal Consumption Expenditures (PCE) Price Index. January PCE Prices were +5.4% year-over-year in January and core PCE Prices, which exclude food and energy prices, were +5.2%. The FOMC's projections show PCE Prices declining to 3.3% by year-end and core PCE Prices declining to 3.6% year-over-year. Part of the projected decline is due to year-over-year comparisons against lower inflation levels as we move through the year, but would also incorporate impacts of declining labor inflation due to higher unemployment levels.

In summary, declining inflation and increasing unemployment levels are vital inputs to the FOMC being able to complete its cycle of higher interest rates. Monetary policy should unfold consistent with progress toward the FOMC's projections.

The NovaPoint Capital Team

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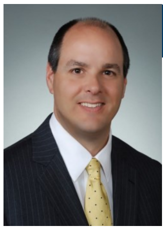
Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and 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.