

## In like a Lion

The equity markets have gotten off to a good start for March. Last week, the S&P 500 Index was +2.0%, the Dow was +1.9%, and the NASDAQ was +2.7%. The 10-year U.S. Treasury note yield increased to 3.963% at Friday's close versus 3.949% the previous week.

Comments from Federal Reserve officials that the Federal Open Market Committee (FOMC) could be done raising rates by this summer, if the recent inflationary data proves to be a blip, injected some optimism for investors. Fed Chair Jerome Powell testifies to Congress this week and the February employment report is scheduled for Friday. Both events could be significant in setting expectations ahead of the March 22nd FOMC meeting.

Fourth quarter earnings reporting is nearing an end with 493 companies complete in the S&P 500 Index. Another four companies are scheduled to report earnings this week. The current consensus for fourth quarter earnings for the S&P 500 Index is a 3.2% decline in year-over-year earnings on 5.8% revenue growth. For full-year 2022, current consensus is 4.8% year-over-year earnings growth on 11.6% revenue growth. The current consensus expectation for full-year 2023 is 1.5% earnings growth on 1.8% revenue growth.

In our *Dissecting Headlines* section, we look at recent Federal Reserve comments on the influence of upcoming data on potential interest rate policy decisions for March.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.0%	5.7%	Aggregate Bond Index	0.1%	0.4%
Dow Jones Industrial Average	1.9%	1.2%	U.S. Dollar Index	-0.7%	1.0%
NASDAQ 100	2.7%	12.6%	WTI Crude Oil	4.4%	-0.7%
Russell 2000 (Small Cap Index)	2.0%	9.7%	Gold	2.4%	1.7%
International Stocks (MSCI ex-US)	1.8%	5.8%	Real Estate (US REIT Index)	1.2%	6.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Reading the Fed

Last week, Federal Reserve board member Christopher Waller said the jobs and inflation data released between now and the Fed's upcoming March meeting are likely key to whether he and other policymakers tilt towards higher interest rates. If the data shows the economy moderating and inflation slowing, then he would endorse the December target rate of 5.00% to 5.25%, but if they did not then he would advocate for higher rates.

Atlanta Fed president Raphael Bostic said he was also ready to raise interest rates higher if upcoming data did not show inflation clearly heading back towards the Fed's target of 2%. Investors focused on his more dovish comment that the impact of Fed rate increases may not fully be felt yet in the economy and that the Fed should be careful in deciding on further rate hikes so they don't overstep. He advocated a slow and steady course of action with perhaps only two more 0.25% interest rate increases needed before the Fed can pause. He thinks the impact of rate increases should start to impact the economy this spring and going at a measured pace reduces the likelihood the Fed overshoots and damages the economy.

This week Fed Chair Jerome Powell testifies to the Senate Banking Committee on Tuesday and the House Financial Service Committee on Wednesday. His comments along with the February employment report should set the tone for the week. Next week's Consumer Price Index (CPI) and Producer Price Index (PPI) reports set for Tuesday and Wednesday provide us current data points on inflation that the FOMC is likely to weigh in their policy decisions.

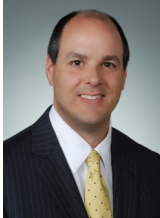
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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked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