

## Ducks in a Row

April is off to a modest start in the equity markets. The S&P 500 Index ended the holiday shortened week -0.1%, the Dow was +0.7%, and the NASDAQ was -0.9%. The 10-year U.S. Treasury note yield decreased to 3.383% at Friday's close versus 3.490% the previous week.

The March employment report showed 236,000 new jobs created versus an expectation of 200,000. The unemployment rate decreased to 3.5% versus 3.6% in February as the labor force participation rate rose to 62.6% from 62.5%. The Federal Reserve's stated goal is to reduce wage inflation by creating slack in the labor market. This is appearing in pockets as we have seen many companies announce layoffs, but it is not yet economy-wide.

The key data points on this week's calendar include the March Consumer Price Index (CPI) on Wednesday and Producer Price Index (PPI) on Thursday. The employment and inflation reports are key inputs to the Federal Open Market Committee's (FOMC) next decision on monetary policy at its May 2nd and 3rd meeting.

First quarter earnings reports start this week. For the first quarter, the S&P 500 Index is expected to see earnings decline 5.2% on revenue growth of 1.6%. For full year 2023, S&P 500 Index earnings are expected to grow 0.9% on revenue growth of 1.7%.

In our *Dissecting Headlines* section, we look at the sector breakdown for first quarter earnings reporting period.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-0.1%	7.4%	Aggregate Bond Index	1.0%	4.0%
Dow Jones Industrial Average	0.7%	1.6%	U.S. Dollar Index	-0.7%	-1.6%
NASDAQ 100	-0.9%	19.7%	WTI Crude Oil	6.6%	0.5%
Russell 2000 (Small Cap Index)	-2.6%	0.0%	Gold	2.0%	10.1%
International Stocks (MSCI ex-US)	0.2%	7.1%	Real Estate (US REIT Index)	-1.0%	0.7%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: First Quarter Earnings

First quarter earnings reports kick off at the end of this week with several of the money center banks reporting. Earnings are expected to decline 5.2% year-over-year on 1.6% revenue growth.

Four sectors are expected to show year-over-year earnings growth: Consumer Discretionary +36.5%, Industrials +17.1%, Energy +13.7%, and Financials +4.3%.

The remaining seven sectors are expected to see year-over-year earnings decline: Materials -32.9%, Health Care -18.9%, Info Tech -14.4%, Communication Services -12.3%, Utilities -10.1%, Real Estate -8.4%, and Consumer Staples -4.3%.

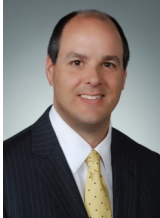
S&P 500 earnings declined 3.2% year-over-year in the fourth quarter of 2022, so a second consecutive quarterly decline in earnings would be an "earnings recession". The first half of 2023 should be the low point of the earnings declines and potentially the end of the Fed's tightening cycle.

## The NovaPoint Capital 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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