

## Fundamental Focus

The first quarter earnings season is underway. Several of the large banks reported at the end of last week. This week we will hear from a larger and more diversified group of companies. This should keep the focus on individual company fundamentals for the next few weeks leading up to the next Federal Open Market Committee (FOMC) monetary policy meeting on May 3rd.

The S&P 500 Index ended the week +0.8%, the Dow was +1.2%, and the NASDAQ was +0.1%. The 10-year U.S. Treasury note yield increased to 3.522% at Friday's close versus 3.383% the previous week.

The March Consumer Price Index (CPI) and Producer Price Index (PPI) reports showed a continued, gradual cooling of inflationary pressure in the economy. The CPI was +0.1% month-to-month and core CPI, which excludes food and energy prices, was +0.4% month-to-month. Year-over-year, CPI was +5.0% and core CPI was +5.6%. The PPI was -0.1% month-to-month and core PPI was +0.2% month-to-month. Year-over-year, PPI was +4.6% and core PPI was +4.4%.

First quarter earnings reporting continues this week. For the first quarter, the S&P 500 Index is expected to see earnings decline 4.8% on revenue growth of 1.7%. For full year 2023, S&P 500 Index earnings are expected to grow 0.6% on revenue growth of 1.6%.

In our *Dissecting Headlines* section, we look at several categories in the recent CPI report.

## Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	0.8%	8.3%	Aggregate Bond Index	-0.4%	3.0%
Dow Jones Industrial Average	1.2%	2.8%	U.S. Dollar Index	-0.5%	-1.9%
NASDAQ 100	0.1%	19.9%	WTI Crude Oil	2.3%	2.8%
Russell 2000 (Small Cap Index)	1.5%	1.6%	Gold	-0.2%	9.8%
International Stocks (MSCI ex-US)	2.0%	9.4%	Real Estate (US REIT Index)	-2.0%	-1.3%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Consumer Prices

While the recent CPI and PPI indicate that the upward surge in inflation has likely peaked, it does not mean that prices are falling. The rate of inflation is decreasing and the Federal Reserve is trying to steer prices back to a more palatable 2% annual increase.

Looking inside the CPI report, food prices were flat month-to-month in March, but still 8.5% higher year-over-year. Energy prices have declined 3.5% month-to-month and 6.4% year over year. More visible to consumers, gasoline prices declined 4.6% month-to-month and are 17.4% lower year-over-year. Prices at the pump have increased so far in April following the increase in oil prices after the recent OPEC+ announced production cuts. New vehicle prices were +0.4% month-to-month and are 5.6% higher year-over-year. Used vehicle prices, however, declined 0.9% month-to-month and are 11.5% lower year-over-year. Shelter (housing) costs remain high with a 0.6% month-to-month increase and are 8.2% higher year-over-year.

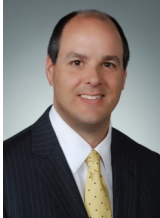
Overall consumer prices remain higher on a year-over-year basis. This is intentional as the Federal Reserve has stated that demand destruction is necessary to lower prices. This impact can be seen in the recent retail sales report. March retail sales declined 1.0% month-to-month and were 2.9% higher year-over-year. Sales declined month-to-month and year-over-year at auto dealers, furniture stores, electronics and appliance stores, building materials and garden stores, gasoline stations (mainly due to lower prices), clothing stores, and department stores.

## 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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