

Fed Watch

A broadening of industry participants in the market advance helped the S&P 500 Index rise as the tech-heavy NASDAQ 100 fell this past week. The Energy, Healthcare, and Financial Sectors led the market. The weekly return for the S&P 500 Index was +0.7%, the Dow was +2.1%, and the NASDAQ was -0.9%. The 10-year U.S. Treasury note yield increased modestly to 3.839% at Friday's close versus 3.820% the previous week.

The Federal Open Market Committee (FOMC) meets this week and is widely expected to raise the Fed funds rate by 0.25% on Wednesday afternoon to a 5.25% to 5.50% target range. Current probability for this 0.25% increase in the Fed funds rate on Wednesday is 99.8% versus 98.0% a week ago. After this likely increase, probabilities start to split if there will be a second 0.25% increase before year-end. Based on CME Fed funds futures, the probabilities of Fed funds staying in the 5.25% to 5.50% range for the September, November, and December meetings are 83.9%, 68.2%, and 61.2% respectively.

Earnings reporting picks up steam this week with 173 companies in the S&P 500 Index scheduled to report earnings. Of the 89 companies in the S&P 500 that have reported earnings, 73.0% have reported earnings above analyst estimates. This compares to a long-term average of 66.4% and prior four quarter average of 73.4%. Second quarter earnings expectation for the S&P 500 Index is a 7.9% year-over-year earnings decline on a revenue decline of 0.8%. Current consensus for full year 2023 earnings is an increase of 0.4% on revenue growth of 1.6%.

In our *Dissecting Headlines* section, we look at current investor sentiment in the American Association of Individual Investors survey.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	0.7%	19.2%	Aggregate Bond Index	-0.3%	2.6%
Dow Jones Industrial Average	2.1%	7.5%	U.S. Dollar Index	1.2%	-2.4%
NASDAQ 100	-0.9%	41.6%	WTI Crude Oil	2.2%	-4.0%
Russell 2000 (Small Cap Index)	1.5%	12.2%	Gold	0.3%	7.4%
International Stocks (MSCI ex-US)	-0.3%	12.1%	Real Estate (US REIT Index)	0.9%	7.5%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Investor Sentiment

The American Association of Individual Investors (AAII) survey asks for investors' weekly opinions of where the stock market will be (up or down) in the next six months. The current data for the start of the second half of the year indicates that 51.4% of survey respondents are bullish and 21.5% are bearish. This is a huge change since the start of this year when bullish sentiment was 26.5% and bearish sentiment was 47.6%. The AAI survey is often seen as a contrarian indicator, so overly bullish or bearish sentiment is worth noting. The contrarian nature of the survey showed itself in the first half of 2023.

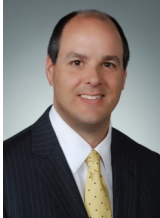
The current 51.4% bullish sentiment is 1.4 standard deviations above its 37.5% historical mean. The historical six-month S&P 500 Index return when sentiment is at this level is 1.4%. The current 26.5% bearish sentiment is 1.0 standard deviation below its 31.0% historical mean. The historical six-month S&P 500 Index return when sentiment is at this level is 5.2%. The two indicators together, if the historical correlation holds, means that modest returns are possible for the remainder of the year.

The NovaPoint Team



Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointgroup.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@novapointgroup.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@novapointgroup.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@novapointgroup.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).



Larry Dixon / Tax Managing Partner / ldixon@novapointgroup.com

Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team.

NovaPoint Capital LLC (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

Not an offer of advisory services or securities: This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

Investment risk: The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

Limitation of liability: While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

Trademarks and copyrights: All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.