NovaPoint CAPITAL LLC

Weekly Market Commentary

September 25, 2023

Higher for Longer

The Federal Reserve refrained from raising short-term interest rates last week, but revisions in the Summary of Economic Projections that pointed to a "higher for longer" scenario weighed on stocks. The weekly return for the S&P 500 Index was -2.9%, the Dow was -1.9%, and the NASDAQ was -3.3%. All eleven S&P sectors were negative for the week with the Consumer Discretionary and Real Estate sectors declining the most and the Health Care and Utility sectors declining the least. The 10-year U.S. Treasury note yield increased to 4.440% at Friday's close versus 4.322% the previous week.

The Federal Open Market Committee (FOMC) left the current Fed funds target range at 5.25% to 5.50%. The committee also left the terminal range at 5.50% to 5.75% for 2023, indicating a potential 0.25% increase at either the November or December meetings. The higher for longer scenario was projected in the revision to the 2024 Fed funds target range, now at 5.00% to 5.25% versus 4.50% to 4.75% previously.

We head into this week with the potential for a short-term government shutdown on October 1st. The political parties are still debating terms on a spending bill for the upcoming fiscal year. There have been 14 shutdowns since 1981 with most lasting only a day or two. The situation should continue to unfold over the week.

In our *Dissecting Headlines* section, we review the economic projections that underpin current FOMC monetary policy.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-2.9%	13.9%	Aggregate Bond Index	-0.4%	0.4%
Dow Jones Industrial Average	-1.9%	4.1%	U.S. Dollar Index	0.2%	2.0%
NASDAQ 100	-3.3%	35.2%	WTI Crude Oil	-0.8%	12.2%
Russell 2000 (Small Cap Index)	-3.8%	2.0%	Gold	0.1%	5.5%
International Stocks (MSCI ex-US)	-2.2%	6.8%	Real Estate (US REIT Index)	-5.2%	-3.2%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: FOMC Meeting Review

The FOMC left the Fed funds rate unchanged at a 5.25% to 5.50% target range, as expected. There were changes in the Summary of Economic Projections that pointed to better near-term economic performance and a "higher for longer" scenario for the Fed funds rate.

For 2023, the FOMC sees Gross Domestic Product (GDP) at 2.1% growth versus 1.0% previously and unemployment is seen at 3.8% versus 4.1%, indicating stronger economic growth and a stronger labor market than previous forecast. Inflation, as measured by Personal Consumption Expenditures (PCE) prices, is seen at +3.3% versus +3.2% previously. This is likely due to the recent increase in energy prices. Core PCE, which excludes the impact of food and energy prices, is now projected at +3.7% versus +3.9% previously, indicating the FOMC sees progress on the fight against core inflation.

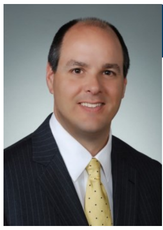
For 2024, GDP growth is now seen at 1.5% versus 1.1% previously and unemployment is seen at 4.1% versus 4.5%, likely a carry over from the change to 2023 mentioned above. Inflation, as measured by 2024 PCE prices, is seen consistent with the previous estimate at 2.5% and core PCE is seen at 2.6%, also consistent with previous estimate. Core PCE prices at 2.0%, the Federal Reserve's stated target, is seen as a 2026 event.

A lot can happen over the next 12 to 18 months, so economic projections are likely to be continuously revised and the Federal Reserve is likely to remain data dependent in its approach to appropriate monetary policy.

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

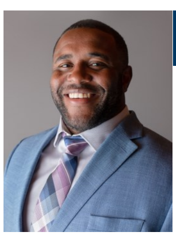
Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet 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.