

Inside Inflation

The eruption of violence in the Middle East created a demand for safe haven assets last week as treasury bonds, gold, and oil all rose. The weekly return for the S&P 500 Index was +0.5%, the Dow was +0.8%, and the NASDAQ was +0.1%. The Energy, Utilities, and Real Estate sectors led the market, while the Consumer Discretionary and Materials sectors were negative for the week. The 10-year U.S. Treasury note yield declined to 4.629% at Friday's close versus 4.782% the previous week.

The September Consumer Price Index (CPI) was +0.4% month-to-month and +3.7% year-over-year. Core CPI, which excludes food and energy prices, was +0.3% month-to-month and +4.1% year-over-year. The year-over-year core CPI at +4.1% is still above the Federal Reserve's target range but trending in the right direction. Current CME futures place a 90.2% probability the Federal Reserve will hold rates steady at the November 1st Federal Open Market Committee (FOMC) meeting.

The third quarter earnings reporting period continues this week with 56 companies in the S&P 500 Index scheduled to report earnings. S&P 500 Index earnings are expected to grow by 2.2% year-over-year on revenue growth of 1.0%. For full-year 2023, S&P 500 Index earnings are expected to grow by 2.2% on revenue growth of 2.0%.

In our *Dissecting Headlines* section, we look closer at September CPI to see where inflation is impacting consumers.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	0.5%	14.2%	Aggregate Bond Index	0.9%	-0.6%
Dow Jones Industrial Average	0.8%	3.0%	U.S. Dollar Index	0.6%	3.0%
NASDAQ 100	0.1%	38.0%	WTI Crude Oil	5.9%	9.3%
Russell 2000 (Small Cap Index)	-1.5%	-1.2%	Gold	5.4%	5.9%
International Stocks (MSCI ex-US)	1.2%	4.6%	Real Estate (US REIT Index)	1.5%	-5.3%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Inflation

The rate of inflation has been trending in the right direction since recent peak levels seen in the summer of 2022. We are currently in a mixed inflationary environment. Some categories of goods and services have seen prices continue to climb at an above average pace, some are seeing moderating increases, and some are seeing lower prices year-over-year. Several of the changes are related to changes in supply chain, interest rates, labor costs or consumer patterns.

Shelter prices are higher year-over-year, but many household goods categories to include furniture and appliances are lower. New car prices are moderately higher year-over-year, but the price of used vehicles has declined significantly. The cost of motor vehicle insurance and motor vehicle service has increased significantly year-over-year and gasoline prices are up moderately year-over-year.

Within food cereals and grain prices are higher year-over-year, along with beef and vegetable prices. Milk, eggs, pork, chicken and seafood have seen prices decline year-over-year.

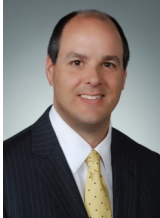
In service categories, prices are higher year-over-year in some recreational expenses to include concert and movie tickets and legal expenses. Service prices are lower year-over-year in airline fares and medical care services.

The NovaPoint Team



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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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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. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.

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