

Projections

Equities rose modestly as investors await the final Federal Reserve meeting of the year. The weekly return for the S&P 500 Index was +0.2%, the Dow was flat, and the NASDAQ was +0.6%. The S&P 500 Index was led by the Consumer Discretionary, Communication Services, and Technology sectors. The Energy, Materials, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield increased to 4.245% at Friday's close versus 4.224% the previous week.

The Federal Reserve is widely expected to hold short-term interest rates steady at its Federal Open Market Committee (FOMC) meeting this week. The important insight may come from the Fed's quarterly Summary of Economic Projections where economic data, to include the Committee's view of the appropriate Fed funds rate for 2024, will be published. Current CME Fed funds futures anticipate a reduction in the Fed funds rate by May 2024.

With only three companies remaining to report third quarter earnings for the S&P 500 Index, earnings are expected to grow by 7.2% year-over-year on revenue growth of 1.8%. This is a substantial increase from the 1.6% earnings and 0.8% revenue growth forecasted at the start of the earnings reporting period. For full-year 2023, S&P 500 Index earnings are expected to grow by 2.6% on revenue growth of 2.0%. Current consensus for full-year 2024 is 11.4% earnings growth on 5.2% revenue growth.

In our *Dissecting Headlines* section, we look at the Summary of Economic Projections heading into this week's FOMC meeting.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	0.2%	21.8%	Aggregate Bond Index	0.2%	3.2%
Dow Jones Industrial Average	0.0%	11.4%	U.S. Dollar Index	0.8%	0.5%
NASDAQ 100	0.6%	48.2%	WTI Crude Oil	-4.7%	-12.1%
Russell 2000 (Small Cap Index)	1.0%	8.4%	Gold	-3.3%	9.8%
International Stocks (MSCI ex-US)	0.0%	10.2%	Real Estate (US REIT Index)	0.1%	2.7%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Summary of Economic Projections

The FOMC publishes its Summary of Economic Projections each quarter. This is the collective roadmap for how Federal Reserve officials view the economy unfolding over the next two to three years and what monetary policy actions they view as likely based on these projections. The projections are updated at the FOMC meetings each March, June, September, and December.

Underlying assumptions for 2024 in the summary, as of the September meeting, are Gross Domestic Product (GDP) growth of 1.5%, the unemployment rate at 4.1%, inflation measured by Personal Consumption Expenditures (PCE) prices of 2.5% and core inflation, which exclude food and energy prices, of 2.6%. The summary also shows the FOMC's projected path of monetary policy, which in September anticipated a Fed funds rate in 2024 of 5.00% to 5.25% versus the current Fed funds rate target range of 5.00% to 5.25%.

With third quarter GDP growth reported at 5.2% and the November unemployment rate at 3.7%, the FOMC is currently anticipating a significant slowing of economic activity in 2024. The October PCE Price Index showed year-over-year inflation at 3.0% and core inflation at 3.5%, so the FOMC is also anticipating further slowing in the rate of inflation in 2024. The December update of the Summary of Economic Projections should give us insight to how the FOMC sees the pace of economic slowing in 2024 and how it plans to adjust interest rates to maintain its mandates of full employment and price stability in the economy.

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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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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