

## The Gift that Keeps on Giving

Equities rose and bond yields fell as investors continue to press the case that the Federal Reserve is likely done with the current monetary tightening cycle. The weekly return for the S&P 500 Index was +0.8%, the Dow was +2.6%, and the NASDAQ was +0.1%. The S&P 500 Index was led by the Real Estate, Materials, and Industrial sectors. The Communications Services and Energy services lagged. The 10-year U.S. Treasury note yield decreased to 4.224% at Friday's close versus 4.484% the previous week.

Federal Reserve Chairman Jerome Powell commented on Friday that inflation "is moving in the right direction," but added, "It would be premature to conclude with confidence that we have achieved a sufficiently restrictive stance, or to speculate on when policy might ease." Investors clung to the dovish side of the comment. Based on Chicago Mercantile Exchange (CME) futures contracts, expectations for the Federal Open Market Committee (FOMC) to hold rates steady at the December meeting are currently 97.5% and that the Fed funds rate could start to decline in March. Key data points ahead are the November Employment Situation Report scheduled for this Friday and the November Consumer Price Index (CPI) report scheduled for the following Tuesday, both prior to the FOMC's next rate decision on December 13th.

With 490 companies in the S&P 500 Index complete on third quarter earnings reporting, S&P 500 earnings are expected to grow by 7.2% y/y on revenue growth of 1.7% for the quarter. 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%. Looking ahead, current consensus for full-year 2024 is 11.4% earnings growth on 5.1% revenue growth.

In our *Dissecting Headlines* section, we look at the Santa Claus Rally.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.8%	21.5%	Aggregate Bond Index	1.8%	3.0%
Dow Jones Industrial Average	2.6%	11.4%	U.S. Dollar Index	-0.2%	-0.3%
NASDAQ 100	0.1%	47.4%	WTI Crude Oil	-1.9%	-7.7%
Russell 2000 (Small Cap Index)	3.1%	7.3%	Gold	3.4%	13.5%
International Stocks (MSCI ex-US)	0.5%	10.2%	Real Estate (US REIT Index)	4.5%	2.6%

Sources: S&P Global, Thomson Reuters

## Dissecting Headlines: Santa Claus Rally

The stock market's strong upside move in November had several commentators describing it as if it was the Santa Claus Rally. It certainly was a gift after the declines seen from August through October, and the giant lump of coal that was 2022. If this was the Santa Claus Rally, it came early this year.

According to the Stock Trader's Almanac, the actual Santa Claus Rally time period measures the five final trading days of the year and the first two trading days of January. Since 1950, the S&P 500 Index has recorded a positive return on 58 occasions, or 80% of the time, during that time period. The average increase over those seven trading days has been +1.3%.

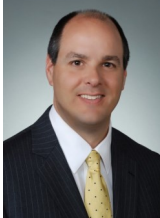
Whether it is optimism surrounding the U.S. consumer spending money, institutional positioning ahead of the new year, or just the holiday spirit, the impact has been a positive one over the years. This year, the FOMC certainly has the potential to bring joy to all by issuing a more favorable outlook for interest rates at the conclusion of its meeting on December 13th. As mentioned above, a look at the data over the next week could give us a sneak peek.

## 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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