

Launch 2024

The equity markets had a quiet, but positive, last week of the year. The weekly return for the S&P 500 Index was +0.3%, the Dow was +0.8%, and the NASDAQ was +0.3%. The S&P 500 Index was led by the Utility, Consumer Staples, and Real Estate sectors. The Energy, Consumer Discretionary, and Communication Services sectors lagged. The 10-year U.S. Treasury note yield decreased to 3.860% at Friday's close versus 3.908% the previous week.

The first major economic data point of the year is scheduled for Friday with the release of the December Employment Situation Report. A continued softening in job growth is likely needed to keep the Fed on track for an eventual easing of monetary policy. The current CME Fed funds futures show a 0.25% decrease in the Fed funds rate as early as March.

Fourth quarter earnings reports begin at the end of next week. Current fourth quarter expectations for the S&P 500 Index are earnings growth of 5.2% and revenue growth of 2.6%. For full-year 2023, S&P 500 Index earnings are expected to grow by 3.1% with revenue growth of 1.9%. For full-year 2024, earnings are expected to grow by 11.1% with revenue growth of 5.1%.

In our *Dissecting Headlines* section, we look at investor sentiment heading into 2024.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	0.3%	26.3%	Aggregate Bond Index	0.4%	5.8%
Dow Jones Industrial Average	0.8%	15.9%	U.S. Dollar Index	-0.4%	-2.1%
NASDAQ 100	0.3%	55.1%	WTI Crude Oil	-2.6%	-10.7%
Russell 2000 (Small Cap Index)	-0.3%	16.9%	Gold	0.5%	13.1%
International Stocks (MSCI ex-US)	1.7%	16.2%	Real Estate (US REIT Index)	0.7%	13.8%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Investor Sentiment

We start 2024 with above average Bullish sentiment and below average Bearish sentiment in the American Association of Individual Investors (AAII) Sentiment Survey. The week of December 27th survey had Bullish sentiment of 46.3% versus the historical average of 37.5% and Bearish sentiment of 25.1% versus the historical average of 31.0%.

The survey is often seen as a contrarian indicator since below-average market returns have often followed unusually high levels of optimism while above-average market returns have often followed unusually low levels of optimism. While not a perfectly correlated indicator, we can see the value in being greedy when others are fearful and fearful when others are greedy.

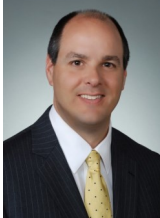
The contrarian value of the survey can be illustrated from just a few months ago when the November 1, 2023 survey was at a 1-year Bearish high of 50.3% right before the two-month rally took off to close out 2023. Additionally, if we go back a year ago, the December 29, 2022 survey was 26.5% Bullish and 47.6% Bearish before 2023's large return. The survey was more in-line with historical averages before 2022's big down year with December 30, 2021 Bullish sentiment at 37.7% and Bearish sentiment at 30.1%.

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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