

Slow Start

The S&P 500 Index snapped its nine-week winning streak to open the year down 1.5%. The other major benchmarks also closed lower with the Dow -0.6% and the NASDAQ -3.1%. The S&P 500 Index was led by the Health Care, Utility, and Energy sectors, while the Technology, Consumer Discretionary, and Industrial sectors lagged. The 10-year U.S. Treasury note yield increased to 4.042% at Friday's close versus 3.860% the previous week.

A combination of the Federal Open Market Committee (FOMC) minutes from its December meeting and a more robust December Employment Situation Report have shifted the probabilities of an initial 0.25% rate cut in March to 60.9% from 73.4% last week, based on CME Fed funds futures. In December, the U.S. produced 216,000 new jobs versus an expectation of 170,000.

Fourth quarter earnings reports begin at the end of this 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 earnings growth projections for the S&P 500 sectors heading into the fourth quarter reporting period.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	-1.5%	-1.5%	Aggregate Bond Index	-1.0%	-1.0%
Dow Jones Industrial Average	-0.6%	-0.6%	U.S. Dollar Index	1.1%	1.1%
NASDAQ 100	-3.1%	-3.1%	WTI Crude Oil	3.0%	3.0%
Russell 2000 (Small Cap Index)	-3.7%	-3.7%	Gold	-0.8%	-0.8%
International Stocks (MSCI ex-US)	-1.5%	-1.5%	Real Estate (US REIT Index)	-1.6%	-1.6%

Sources: S&P Global, Thomson Reuters

Dissecting Headlines: Fourth Quarter Earnings Forecast

For the fourth quarter of 2023, S&P 500 earnings growth is currently forecast at +5.2%. Data from LSEG I/B/E/S shows seven of the eleven sectors are forecast to show year-over-year earnings growth. By sector, the Utility sector is expected to have the highest year-over-year growth at +49.4%, followed by the Communication Services sector at +48.8%, Consumer Discretionary sector at +21.9%. Rounding out the growing sectors are the Technology sector at +16.7%, Real Estate at 11.0%, Financials at +8.4%, and Consumer Staples at +1.8%. The four sectors expected to show a decline in year-over-year earnings growth are the Energy sector at -24.5%, Materials at -20.3%, Health Care at -18.5%, and Industrials at -1.6%.

Revenue growth is currently forecast at +2.6%. The highest revenue growth is expected in the Real Estate sector at +8.5%, followed by the Technology sector at +6.2% and Financial sector at +5.4%. Nine of eleven sectors are forecast to show year-over-year revenue growth. The two sectors expected to show a decline in year-over-year revenue are the Energy sector at -7.5% and Materials sector at -5.8%.

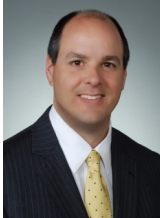
The actual earnings results for companies and sectors relative to these expectations, along with their future outlooks, are key determinants of price performance.

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).



Larry Dixon, EA / 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. 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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