

May Flowered

The S&P 500 Index rose 4.96% in May to recover the 4.08% decline from April. For the week, the S&P 500 Index was -0.5%, the Dow was -0.9%, and the NASDAQ was -1.4%. Within the S&P 500 Index, the Energy, Real Estate, and Utility sectors led, while the Technology, Industrial, and Health Care sectors lagged. The 10-year U.S. Treasury note yield increased to 4.486% at Friday's close versus 4.464% the previous week.

The economic focus this week should be the May Employment Situation Report scheduled for release on Friday. Current CME Fed funds futures show no changes in interest rates are likely for the June and July meetings. The probability for an initial cut in the Fed funds target rate in September is at 53.9%.

With over 98% of companies in the S&P 500 Index complete on first quarter earnings reports, year-over-year earnings growth for the quarter should finish around 5.9% with revenue growth of 4.2%. For the coming week, seven companies in the S&P 500 Index are scheduled to report earnings. Looking ahead to the second quarter, earnings growth is expected to accelerate to 9.2% year-over-year with revenue growth of 4.7%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 11.3% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at the Personal Consumption Expenditures (PCE) Price Index and data leading up to the June Federal Open Market Committee (FOMC) meeting.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.5%	11.3%	Aggregate Bond Index	0.0%	-1.2%
Dow Jones Industrial Average	-0.9%	3.5%	U.S. Dollar Index	-0.1%	3.3%
NASDAQ 100	-1.4%	10.5%	WTI Crude Oil	-0.9%	7.5%
Russell 2000 (Small Cap Index)	0.0%	2.7%	Gold	-0.3%	12.7%
International Stocks (MSCI ex-US)	-0.9%	6.1%	Real Estate (US REIT Index)	1.7%	-3.1%

Sources: S&P Global, FactSet

Dissecting Headlines: Updating Data

The Personal Consumption Expenditures (PCE) Price Index is a measure of price changes for consumer goods and services. Like the Consumer Price Index (CPI), it measures prices of goods and services commonly purchased by households. While the CPI often captures the headlines when it is reported, the Federal Reserve focuses on the PCE as its primary gauge for consumer inflation.

The April PCE Price Index, reported last week, was +2.7% year-over-year and the core PCE, which excludes food and energy prices, was +2.8%. Based on the March Summary of Economic Projections, the Federal open Market Committee (FOMC) is targeting the PCE Price Index to get to a +2.4% level by the end of 2024 and core PCE to a +2.6% level. For 2025, the FOMC is forecasting the PCE Price Index at +2.2% versus 2024 and core PCE at +2.2% versus 2024.

The next FOMC meeting is scheduled for June 11th and 12th. Based on data accumulated since the March meeting, the FOMC will issue a new Summary of Economic Projections. While the FOMC is not expected to lower the Fed funds rate at the meeting, the new summary should provide insight to the committee members collective thinking and help gauge the prospects for a reduction in the Fed funds rate between now and year-end.

New York Fed Governor John Williams stated last week that he expects PCE inflation to moderate to 2.5% this year and move closer to 2.0% next year. This is consistent with the FOMC's March Summary of Economic Projections. While an annualized PCE target of 2.0% is the Fed's goal, Fed officials have said they could see a reduction in the Fed funds rate when it has gained confidence that inflation is moving sustainably toward the 2% goal. As mentioned above, current CME Fed funds futures are currently pricing in a 0.25% reduction in the Fed funds rate at the September meeting. Persistent inflation has made this initial rate reduction move further out on the calendar several times.

Watching this week's Employment Report and the May CPI, scheduled for June 12th, should provide the last data before the Fed's June update.

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.



Steven Chrysoferidis / Vice President / schrysoferidis@novapointgroup.com

Steven is a Vice President at NovaPoint. Prior to joining NovaPoint, Steven's financial experience includes corporate finance at The Home Depot, contributing on Seeking Alpha, and leading investments in real estate projects. Prior to starting his business career, he served in the U.S. Army as a Special Forces Medic with 1st Special Forces Group. Steven is currently attending the Georgia Institute of Technology, Scheller College of Business for his MBA. He also has a Master of Science in Finance degree from Auburn University and a Bachelor of Science in Mechanical Engineering degree from Georgia Southern University. He is currently a member of a local Special Forces Association Chapter.

NovaPoint Capital LLC (referred to herein as "NovaPoint" or "the Company") is registered with the SEC as an investment adviser, but registration does not imply any certain level of skill or training. The information contained in this document has not been filed with, reviewed by or approved by any regulatory or self-regulatory authority.

Not an offer of advisory services or securities: This document is limited to the dissemination of general information about the services provided by the Company and is provided for informational purposes only. This document is intended for residents of the United States only and the information contained herein does not constitute and should not be construed as an offering of advisory services or an offer to sell or solicitation to buy any securities or other financial instruments in any jurisdiction in which such offer or solicitation, purchase or sale would be unlawful under the securities, or other applicable laws of such jurisdiction. Nothing contained in this document constitutes tax, legal or investment advice. Responses to any inquiry which may involve the rendering of personalized investment advice for compensation or effecting or attempting to effect transactions in securities will not be made absent compliance with state broker-dealer, investment adviser, broker-dealer agent or investment adviser representative registration requirements, or applicable exemptions or exclusions from such requirements.

Investment risk: The Company makes no representation, and it should not be assumed, that past investment performance is any indication of future results. Moreover, wherever there is the potential for profit there also is the possibility of loss. Certain of the Company's strategies may involve investments that are illiquid, are subject to a substantial risk of loss and are not suitable for certain investors.

Limitation of liability: While the Company uses reasonable efforts to include accurate and up-to-date information in this document, errors or omissions sometimes occur. The Company makes no warranties or representations as to the accuracy of this document. Opinions expressed herein are subject to change without notice. Under no circumstances shall the Company or any party involved in creating, producing, or delivering this document be liable for any direct, incidental, consequential, indirect, or punitive damages that result from the use of the information contained in this document, even if the Company's authorized representative has been advised of the possibility of such damages. Applicable law may not allow the limitation or exclusion of liability or incidental or consequential damages, so the above limitation or exclusion may not apply to you.

Trademarks and copyrights: All trademarks, service marks, trade names, logos, and icons are proprietary to the Company. Nothing contained in this document should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any trademark displayed in this document without the prior written permission of the Company or such third party that may own the trademarks displayed in this document. Your use of the trademarks displayed in this document, or any other content in this document, except as provided herein, is strictly prohibited.