

## Halftime

Stocks fell modestly last week but closed out the first half of 2024 with gains. For the week, the S&P 500 Index was -0.1%, the Dow was -0.1%, and the NASDAQ was -0.1%. Within the S&P 500 Index, the Energy, Communication Services, and Consumer Discretionary sectors led, while the Utility, Materials, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield increased to 4.370% at Friday's close versus 4.253% the previous week.

The Personal Consumption Expenditures (PCE) Price Index for May showed prices flat month-over-month and core prices, which exclude food and energy, +0.1%. Prices for PCE and core PCE were both +2.6% year-over-year. For the coming week, the June Employment Situation Report is scheduled for release on Friday. Based on CME Fed funds futures, the probability of a September rate cut is currently 62.6%. Futures also imply a second rate cut by year end, contrary to the Fed's current projections.

Second quarter earnings reports will ramp up as we move into July. For the second quarter, S&P 500 Index earnings growth is expected to be 8.8% higher year-over-year with revenue growth of 4.6%. 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 where the market stands at halftime and what to look for in the second half of the year.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.1%	15.3%	Aggregate Bond Index	-0.5%	-0.2%
Dow Jones Industrial Average	-0.1%	4.8%	U.S. Dollar Index	0.1%	4.5%
NASDAQ 100	-0.1%	17.5%	WTI Crude Oil	1.0%	13.8%
Russell 2000 (Small Cap Index)	1.3%	1.7%	Gold	0.2%	12.6%
International Stocks (MSCI ex-US)	0.4%	6.0%	Real Estate (US REIT Index)	1.3%	-0.4%

Sources: S&P Global, FactSet

## Dissecting Headlines: Second Half Outlook

The S&P 500 Index ended the first half of 2024 with a 15.3% gain year-to-date. The majority of the year-to-date gain came from the first quarter's 10.6% advance. The second quarter gain was 4.3%. U.S. stocks outperformed International stocks with the S&P 500 Index at +15.3% versus the MSCI ex-US Index at +6.0%. Large cap stocks also outperformed small cap stocks with the S&P 500 Index at +15.3% and the Russell 2000 Index at +1.7%.

Ten of the Index's eleven sectors are positive for the year. In order, returns by sector are Information Technology +28.2%, Communication Services +26.7%, Energy +10.9%, Financials +10.2%, Utilities +9.4%, Consumer Staples +9.0%, Health Care +7.8%, Industrials +7.8%, Consumer Discretionary +5.7%, Materials +4.1%, and Real Estate -2.5%.

Looking at growth for the remainder of the year, second quarter earnings for the S&P 500 Index are forecasted at +8.8% on 4.6% revenue growth. Third quarter earnings are currently expected at +8.2% on 4.9% revenue growth. Fourth quarter earnings are currently expected at +17.6% on revenue growth of 5.5%.

Market drivers for the second half of the year include the timing and degree of changes in short-term interest rates by the Federal Reserve, the health of the U.S. consumer as high inflation continues to take its toll, and the Presidential election in November.

Investor sentiment, as measured by the American Association of Individual Investors (AAII) survey, is modestly positive compared to historical levels. The current survey reading is 44.5% Bullish, 27.2% Neutral, and 28.3% Bearish versus the historical average of 37.5% Bullish, 31.5% Neutral, and 31.0% Bearish. Extremes in the survey can sometimes be contrarian indicators. At the start of the year, the survey was 46.3% Bullish, 28.6% Neutral, and 25.1% Bearish, so sentiment has moderated a bit after the strong first half of the year.

## 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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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.

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