

Checking In

Stocks advanced to start the third quarter. For the week, the S&P 500 Index was +2.0%, the Dow was +0.7%, and the NASDAQ was +3.0%. Within the S&P 500 Index, the Consumer Discretionary, Technology, and Communication Services sectors led, while the Energy, Health Care, and Industrial sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.278% at Friday’s close versus 4.370% the previous week.

The June Employment Situation Report showed 206,000 net new jobs created versus an expectation of 170,000. The May report was revised down to 218,000 jobs from 272,000 previously. The June unemployment rate increased to 4.1% from 4.0% in May. The report gave investors confidence the Federal Reserve may be able to start lowering short-term interest rates this year. Based on CME Fed funds futures, the probability of a September rate cut is currently 73.9%. Futures also imply a second rate cut by year end, contrary to the Fed’s current projections.

Fed Chairman Jerome Powell will provide reports to the Senate Banking Committee and the House Finance Committee this Tuesday and Wednesday. Investors will also be able to assess June inflation data this week with the Consumer Price Index (CPI) scheduled for Thursday and the Producer Price Index (PPI) scheduled for Friday.

Second quarter earnings reports start flowing this week with ten companies in the S&P 500 Index scheduled to report earnings. For the second quarter, 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 11.2% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at the sector level earnings expectations for the S&P 500 Index.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	2.0%	17.6%	Aggregate Bond Index	0.6%	0.4%
Dow Jones Industrial Average	0.7%	5.5%	U.S. Dollar Index	-0.9%	3.5%
NASDAQ 100	3.6%	21.7%	WTI Crude Oil	2.0%	16.1%
Russell 2000 (Small Cap Index)	-1.0%	0.7%	Gold	2.8%	15.8%
International Stocks (MSCI ex-US)	2.0%	8.2%	Real Estate (US REIT Index)	-0.1%	-0.5%

Sources: S&P Global, FactSet

Dissecting Headlines: Sector Earnings

Second quarter earnings for the S&P 500 Index are forecast to grow 8.8% year-over-year with revenue growth of 4.6%. This would be the fourth consecutive quarter of earnings growth following the earnings recession experienced in the first and second quarters of 2023.

Eight of the Index’s eleven sectors are forecast to show positive earnings growth in the second quarter with the Communication Services sectors at +18.4%, Health Care +16.9%, Information Technology +16.4, Energy +12.4%, Utilities +8.5%, Consumer Discretionary +6.9%, Financials +4.3%, and Real Estate +2.1%. Three sectors are forecast to see an earnings contraction for the quarter with Consumer Staples –0.4%, Industrials –3.4%, and Materials –9.7%.

Revenue growth is forecast across nine of the eleven sectors with Information Technology at +9.5%, Energy +9.0%, Communication Services +7.3%, Real Estate +6.3%, Health Care +5.8%, Utilities +4.6%, Consumer Discretionary +4.4%, Financials +2.7%, and Consumer Staples +2.3%. Revenue for the Industrial sector is forecast to be flat and the Materials sector is expected to see a revenue decline of 2.0%.

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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