

## The Time Has Come

The equity market finished higher on the week as Fed Chair Jerome Powell said the time has come for monetary policy to adjust. For the week, the S&P 500 was +1.5%, the Dow was +1.3%, and the NASDAQ was +1.1%. Within the S&P 500 Index, the Real Estate, Materials, and Consumer Discretionary sectors led the market, while the Energy, Technology, and Communication Services sectors lagged. The 10-year U.S. Treasury note yield decreased to 3.804% at Friday's close versus 3.888% the previous week.

The Fed Chairman outlined his view that monetary policy would loosen and short-term interest rates would start to decline. He stated that while inflation is still above the Fed's policy target of 2% that it was on a sustainable path to get there. Based on CME Fed funds futures, investors currently see a 0.25% reduction to the Fed funds target rate to a 5.00% to 5.25% range at the September FOMC meeting and a total of 1.00% in cumulative reductions by year-end.

We are 96% done with second quarter earnings reports. Fifteen companies in the S&P 500 Index are scheduled to report earnings this week. For the second quarter, earnings growth is expected to be 10.9% higher year-over-year with revenue growth of 5.2%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 10.1% with revenue growth of 5.1%.

In our *Dissecting Headlines* section, we look at a few end of Summer data points to include Labor Day travel and back-to-school shopping.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.5%	19.2%	Aggregate Bond Index	0.6%	3.7%
Dow Jones Industrial Average	1.3%	10.6%	U.S. Dollar Index	-1.7%	-0.6%
NASDAQ 100	1.1%	17.8%	WTI Crude Oil	-2.4%	4.4%
Russell 2000 (Small Cap Index)	3.6%	10.4%	Gold	0.2%	21.6%
International Stocks (MSCI ex-US)	2.1%	11.2%	Real Estate (US REIT Index)	3.6%	11.8%

Sources: S&P Global, FactSet

## Dissecting Headlines: Farewell Summer

Labor Day weekend is on the horizon, marking the traditional end of the Summer season. Despite several years of above-average inflation and dwindling pandemic-era savings, American consumers are still hanging tough, but have grown a bit more cautious.

The National Retail Federation is forecasting back-to-school spending of \$38.8 billion, the second highest on record, but down 6.5% from 2023's record \$41.5 billion in spending. Part of the lower spending is a decrease in prices for many common back-to-school purchases with several essential supplies such as paper, pencils, crayons, and sticky notes all down more than 10% year-over-year. Backpacks, however, are more expensive year-over-year. Data from other surveys indicate that over 30% of parents say that they expect to take on debt to cover their back-to-school shopping needs.

While back-to-school shopping is posing some challenges, Labor Day weekend travel is expected to increase 9% year-over-year, based on data from the American Automobile Association (AAA). Similar to back-to-school, travel prices have come down with the overall cost to travel domestically lower by 2% year-over-year. One big contributor to lower travel costs is gasoline prices. The national average price for regular unleaded is \$3.351 per gallon, which is 12.3% lower than a year ago.

## 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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