NovaPoint CAPITAL LLC

Weekly Market Commentary

September 23, 2024

Start of the Cycle

Stocks advanced as the Federal Reserve lowered interest rates by 0.50%. For the week, the S&P 500 was +1.4%, the Dow was +1.7%, and the NASDAQ was +1.4%. Within the S&P 500 Index, the Energy, Communication Services, and Financial sectors led the market. The Consumer Staples, Real Estate, and Health Care sectors lagged. The 10-year U.S. Treasury note yield increased to 3.734% at Friday's close versus 3.659% the previous week.

With the Federal Reserve confident that inflation is on a path toward a 2.0% annual rate and looking to keep stability in the labor market, the Federal Open Market Committee (FOMC) introduced its initial easing of 0.50% to take the fed funds target rate to a 4.75% to 5.00% range. CME fed funds futures for November imply a near even probability between an additional 0.25% and 0.50% reduction in the fed funds target rate.

We are a few weeks away from the start of the third quarter earnings reporting period. Third quarter earnings growth is currently forecast at 4.9% year-over-year with revenue growth of 4.8%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 10.4% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at the updates to the FOMC's Summary of Economic Projections.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.4%	20.8%	Aggregate Bond Index	-0.2%	4.8%
Dow Jones Industrial Average	1.7%	13.2%	U.S. Dollar Index	-0.4%	-0.6%
NASDAQ 100	1.4%	18.3%	WTI Crude Oil	4.8%	0.4%
Russell 2000 (Small Cap Index)	2.1%	11.0%	Gold	1.6%	27.0%
International Stocks (MSCI ex-US)	1.0%	11.2%	Real Estate (US REIT Index)	-1.0%	15.1%

Sources: S&P Global, FactSet

Dissecting Headlines: Fed Vision

The FOMC's latest Summary of Economic Projections was released at its policy meeting last week. The committee members' views on the economy are what underpin their decisions on monetary policy. We thought it would be helpful to look at where the economic data is currently relative to the FOMC's outlook for the remainder of 2024 and into 2025 to better understand what could unfold over the next few months.

Gross Domestic Product (GDP): The committee expects the economy, as measured by GDP, to grow 2.0% in 2024 and 2.0% in 2025. This positive economic growth implies the likely avoidance of a recession and the Fed achieving a soft landing scenario for the current economic cycle.

Unemployment: As of August, the unemployment rate was 4.2%. The FOMC projects the unemployment rate rising to 4.4% by the end of 2024 and remaining at that level in 2025 before declining modestly. The higher unemployment represents the slack in the labor market required to keep wage inflation in check. Wage inflation had been one of the stickiest factors in bringing down overall core inflation.

Inflation: The FOMC measures inflation via the Personal Consumption Expenditures (PCE) Price Index. July's PCE Prices were +2.5% year-over-year and core PCE Prices, which exclude food and energy prices, were +2.6%. The FOMC's projections show PCE Prices declining to 2.3% by year-end and core PCE Prices remaining at 2.6%. For 2025, the FOMC sees PCE prices at 2.1% and core PCE prices at 2.2%.

Interest Rates: Based on these economic projections, the FOMC sees the fed funds rate target for year-end 2024 at 4.25% to 4.50%, a full one percent decrease from the level we have seen for most of this year. For 2025, the FOMC forecasts further easing in monetary policy to bring the fed funds rate to a 3.25% to 3.50% range. It currently expects the easing cycle to end some time in 2026 with the fed funds target rate range falling to 2.75% to 3.00%.

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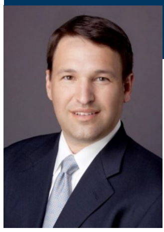
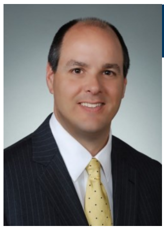
The NovaPoint Team



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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