

## Back to Work

The equity markets were mixed in the final week of August. For the week, the S&P 500 was +0.3%, the Dow was +1.1%, and the NASDAQ was -2.0%. Within the S&P 500 Index, the Financials, Industrials, and Materials sectors led the market, while the Technology, Communication Services, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield increased to 3.918% at Friday's close versus 3.804% the previous week.

The July Personal Consumption Expenditures (PCE) Price Index was +2.5% year-over-year and Core PCE was +2.6% year-over-year. This was inline with forecasts and supportive with the Federal Reserve's current stance on inflation. Last week's second estimate for second quarter Gross Domestic Product (GDP) saw an increase in growth to 3.0% from the 2.8% advance estimate released in July. One key reason for the increase was higher consumer spending (personal consumption expenditures) to 2.9% from 2.3% in the advance estimate. Spending on goods was 3.0% versus 2.5% and spending on services was 2.9% versus 2.2%.

The key data point for the upcoming week is the August Employment Situation Report scheduled for Friday. Current forecast is for 165,000 new jobs and an unemployment rate of 4.2%. 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 Federal Open Market Committee (FOMC) meeting and a total of 1.00% in cumulative reductions by year-end.

Second quarter earnings ended with growth of 11.4% year-over-year on revenue growth of 5.3%. Looking ahead, third quarter earnings are currently forecast at 4.7% on revenue growth of 4.6%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 10.8% with revenue growth of 5.4%.

In our *Dissecting Headlines* section, we look at some historical and current perspective on September in the markets.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.3%	19.5%	Aggregate Bond Index	-0.4%	3.3%
Dow Jones Industrial Average	1.1%	11.7%	U.S. Dollar Index	1.0%	0.4%
NASDAQ 100	-2.0%	15.5%	WTI Crude Oil	-1.7%	2.7%
Russell 2000 (Small Cap Index)	0.0%	10.4%	Gold	-0.3%	21.2%
International Stocks (MSCI ex-US)	0.4%	11.6%	Real Estate (US REIT Index)	0.8%	12.7%

Sources: S&P Global, FactSet

## Dissecting Headlines: September

September has historically produced the lowest average monthly price returns for the S&P 500 Index since 1950. The average September price return (excludes dividends) is -0.7%. Reasons cited include a change in portfolio positions following late summer vacations, the start of tax loss harvesting, or quarterly rebalancing. In election years, October can also see weakness. The average return since 1950 for any given month is +0.7% with September the lowest and November the highest at +1.7%

But there is no need to run and hide. The fourth quarter of the calendar year (October through December) is historically the highest returning quarter of the year, with a +4.2% average return versus the first quarter at +2.1%, second quarter at +1.8%, and third quarter at +0.8%. Potential uncertainty heading into the election likely turns into certainty once the outcome for both the presidency and legislature is known. Additionally, with the FOMC in a position to begin lowering short-term interest rates, likely starting at its September meeting, the market could benefit from a soft landing scenario where interest rates decline but the economy avoids any severe downturn or recession.

## The NovaPoint Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointgroup.com](mailto: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](mailto: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](mailto: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](mailto: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.

**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.