

## Labor Force

Labor news had an impact on markets last week. The port workers went on strike on Tuesday and then back to work on Friday, and the September labor market report was well above expectations. Stocks labored most of the week before a relief rally on Friday. For the week, the S&P 500 was +0.3%, the Dow was +0.1%, and the NASDAQ was +0.2%. Within the S&P 500 Index, the Energy, Communication Services, and Financial sectors led the market. The Materials, Real Estate, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield increased to 3.875% at Friday's close versus 3.748% the previous week.

The September Employment Situation report showed 254,000 net new jobs created versus an expectation of 135,000. The September unemployment rate decreased to 4.1% from 4.3% in August. Investor reaction to the employment report suggests a soft landing is possible for the economy. CME fed funds futures for November now imply a 0.25% reduction in the fed funds target rate. An additional 0.25% reduction projected for December would bring the year in at a 1.0% reduction which is inline with the FOMC's recent Summary of Economic Projections.

The third quarter earnings reporting period begins this week with nine companies in the S&P 500 Index scheduled to report earnings. Third quarter earnings growth is currently forecast at 4.2% y/y with revenue growth of 4.8%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 9.8% with revenue growth of 4.7%.

In our *Dissecting Headlines* section, we look at current investor sentiment.

## 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%	21.9%	Aggregate Bond Index	-1.1%	3.6%
Dow Jones Industrial Average	0.1%	14.0%	U.S. Dollar Index	2.1%	1.2%
NASDAQ 100	0.2%	19.8%	WTI Crude Oil	9.1%	3.8%
Russell 2000 (Small Cap Index)	-0.5%	10.3%	Gold	-0.1%	28.4%
International Stocks (MSCI ex-US)	-2.2%	13.4%	Real Estate (US REIT Index)	-1.4%	13.2%

Sources: S&P Global, FactSet

## Dissecting Headlines: Investor Sentiment

On the eve of the quarterly earnings season and presidential election, we wanted to check on investor sentiment from the American Association of Individual Investors (AAII) weekly survey. The survey asks for investors' opinions of whether the stock market will be up or down in the next six months.

The current survey data for last week shows 45.5% of survey respondents are bullish and 27.3% are bearish. The bullish sentiment is above its 37.5% historical average and the bearish sentiment is below its 31.0% historical average. The spread between bulls and bears is 18.2 percentage points and it has been above its historical average of 6.5 percentage points for 21 of the past 22 weeks, reflecting optimism that has driven the market year-to-date.

Survey respondents were also asked how the election is currently affecting their expectations for the stock market. The majority, 52.2%, said it was making them more cautious. Another 32.9% said it had no impact, and 11.1% said it was making them more optimistic.

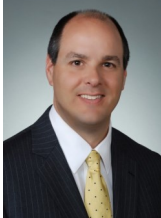
We view the above average bullish sentiment coupled with caution over the election as understandable and it feels like the classic Ronald Reagan phrase "cautiously optimistic". The next month should let us know which half of the phrase winds up being more accurate.

## 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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