

## Election Bump

Equity markets rose sharply after the results of the U.S. elections. Equity markets had their best week of the year with the S&P 500 +4.7%, the Dow +4.6%, and the NASDAQ +5.4%. All eleven sectors in the S&P 500 Index were positive for the week. The Consumer Discretionary, Energy, and Industrial sectors posted the strongest advances, while the Consumer Staples, Utility, and Material sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.288% at Friday's close versus 4.375% the previous week.

Donald Trump was victorious in the Presidential election and the Republican Party gained control of the U.S. Senate. The race for control of the U.S. House of Representatives is still undecided. The Republicans have a strong lead in seats won, but haven't yet secured a 218 seat majority.

Following the election, the November Federal Open Market Committee (FOMC) lowered the Fed funds rate by 0.25% at its November meeting, bringing the Fed funds rate to a 4.50% to 4.75% target range. Current CME Fed funds futures show an additional 0.25% reduction predicted for the December FOMC meeting.

We are 90% of the way through the third quarter earnings reporting period. Reports continue this week with 12 companies in the S&P 500 Index scheduled to release results. Third quarter earnings growth is currently forecast at 5.3% year-over-year with revenue growth of 5.5%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 9.4% with revenue growth of 5.1%.

In our *Dissecting Headlines* section, we look at the election results.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	4.7%	27.2%	Aggregate Bond Index	0.7%	2.6%
Dow Jones Industrial Average	4.6%	18.5%	U.S. Dollar Index	0.7%	3.6%
NASDAQ 100	5.4%	26.4%	WTI Crude Oil	1.3%	-1.8%
Russell 2000 (Small Cap Index)	8.6%	19.7%	Gold	-1.9%	30.0%
International Stocks (MSCI ex-US)	0.6%	10.0%	Real Estate (US REIT Index)	3.4%	14.8%

Sources: S&P Global, FactSet

## Dissecting Headlines: Election Results

Donald Trump won the U.S. Presidential election. Despite some speculation the race could take several days to decide, Trump had enough electoral votes called to achieve more than 270 electoral votes before the market opened on Wednesday morning.

The market rallied Wednesday to Friday, most likely due to the certainty that the election brought by having a winner decided quickly, and the prospect that a Trump administration currently favors lower corporate tax rates and a rollback of many regulations that are currently unfavorable to businesses.

The market reaction also tells us that investors believe a Republican sweep is likely to get a greater part of the president-elect's agenda turned into reality. The Republican Party will take control of the U.S. Senate with a majority of 53 seats with one Senate race still undecided in Arizona. The Republican Party leads so far in the House of Representatives with 214 seats but needs an additional 4 seats to retain control.

Between now and inauguration day on January 20th there should be a steady stream of announcements regarding policy initiatives, cabinet appointments, and other news from the new administration that could influence both markets in general and specific industries. Following inauguration day, we will see how well policy is implemented and its corresponding impact on businesses, consumers, and investors.

## 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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