

Not in a Hurry

Stocks gave back some of their post-election gains as concerns over the pace of interest rate cuts by the Federal Reserve emerged based on comments from Fed Chair Jerome Powell. For the week, the S&P 500 Index was -2.0%, the Dow Jones -1.2%, and the NASDAQ -3.4%. The Financial, Energy, and Utility sectors led the market, while the Health Care, Materials, and Technology sectors lagged. The 10-year U.S. Treasury note yield increased to 4.441% at Friday's close versus 4.228% the previous week.

In a speech last week, Powell said the economy is not sending any signals that the Federal Reserve needs to be in a hurry to lower rates. While he confirmed that the Fed is planning to return to a neutral stance on monetary policy, it will be a data dependent path. October Consumer Price Index (CPI) data showed inflation +0.2% month-over-month and +2.6% year-over-year. Core CPI, which excludes food and energy prices, was +0.3% month-over-month and +3.3% year-over-year. Current CME Fed funds futures still show a 0.25% reduction predicted for the December Federal Open Market Committee (FOMC) meeting on December 18th. At that point, the FOMC should issue an updated Summary of Economic Projections, providing a road map for the first quarter of 2025. Fed funds futures for the first quarter currently show a 0.25% reduction in interest rates.

We are 93% of the way through the third quarter earnings reporting period. Reports continue this week with 14 companies in the S&P 500 Index scheduled to release results. Third quarter earnings growth is currently forecast at 5.4% year-over-year with revenue growth of 5.5%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 9.3% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at the Thanksgiving travel forecast.

Financial Market Update

| | <u>Weekly Return</u> | <u>YTD Return</u> | | <u>Weekly Return</u> | <u>YTD Return</u> |
|-----------------------------------|----------------------|-------------------|-----------------------------|----------------------|-------------------|
| S&P 500 Index | -2.0% | 24.6% | Aggregate Bond Index | -0.7% | 1.8% |
| Dow Jones Industrial Average | -1.2% | 17.1% | U.S. Dollar Index | 1.6% | 5.3% |
| NASDAQ 100 | -3.4% | 22.0% | WTI Crude Oil | -4.8% | -6.5% |
| Russell 2000 (Small Cap Index) | -4.0% | 15.0% | Gold | -4.6% | 24.0% |
| International Stocks (MSCI ex-US) | -2.9% | 6.8% | Real Estate (US REIT Index) | -1.9% | 12.7% |

Sources: S&P Global, FactSet

Dissecting Headlines: Thanksgiving Travel

The American Automobile Association (AAA) projects 79.86 million travelers will head 50 miles or more from home over the Thanksgiving holiday travel period, a 2.1% increase versus 2023.

Volumes are expected to increase across all major modes of travel. Auto, the largest category, is expected to increase 1.9% year-over-year to 71.74 million travelers. Air travel is expected to increase 1.9% to 5.84 million. All other travel, which includes train, bus, and cruise, is expected to increase 9.1% to 2.28 million, with cruise bookings 20% higher year-over-year.

Annual changes in cost of travel varies. The current average price of regular gasoline nationwide is \$3.071 per gallon, down 7.5% year-over-year. The average price of a domestic flight is 3% higher year-over-year while international flights are down 5%. Based on data from the recent Consumer Price Index (CPI) report, hotel rooms are 0.1% lower year-over-year.

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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