

Last Call

Equities had a modest advance during the holiday shortened week. For the week, the S&P 500 Index was +0.7%, the Dow Jones Industrials +0.4%, and the NASDAQ +0.9%. The S&P 500 Index was led by the Energy, Health Care, and Communication Services sectors, while the Materials, Consumer Staples, and Industrial sectors lagged. The 10-year U.S. Treasury note yield increased to 4.623% at Friday’s close versus 4.530% the previous week.

There has been a lull in both economic and corporate news over the holiday period. The first full week of January gets back to business with the December Employment Situation report on January 10th and a few companies starting the fourth quarter earnings reporting period.

Fourth quarter earnings growth is currently forecast at 11.9% year-over-year with revenue growth of 4.6%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 9.4% with revenue growth of 5.1%. Full-year 2025 earnings are expected to grow by 14.8% with revenue growth of 5.8%.

In our *Dissecting Headlines* section, we look at investor sentiment heading into the new year.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.7%	26.9%	Aggregate Bond Index	-0.3%	1.5%
Dow Jones Industrial Average	0.4%	16.2%	U.S. Dollar Index	0.4%	6.6%
NASDAQ 100	0.9%	28.6%	WTI Crude Oil	1.6%	-1.5%
Russell 2000 (Small Cap Index)	0.1%	12.2%	Gold	-0.1%	26.9%
International Stocks (MSCI ex-US)	1.5%	6.7%	Real Estate (US REIT Index)	0.3%	7.9%

Sources: S&P Global, FactSet

Dissecting Headlines: Investor Sentiment

The American Association of Individual Investors (AAII) weekly sentiment survey shows a good degree of balance heading into the new year. The weekly survey asks investors their thoughts on where the stock market is heading over the next six months.

For the week ending December 25th, 37.8% of investors are Bullish over the next six months, 28% are Neutral, and 34.1% are Bearish. This is close to inline with the survey’s historical average of 37.5% Bullish, 31.5% Neutral, and 31.0% Bearish.

The Bullish level has declined sharply during the month of December. The December 4th survey indicated 48.3% Bullishness. The Bullish peak for the year was 52.7% in the July 17th survey. A year ago, the final survey of 2023 indicated 46.3% Bullish, 28.6% Neutral, and 25.1% Bearish.

The survey can be a contrarian indicator when the sentiment is at positive or negative extremes. The end of 2022 survey, after a year of sharp market decline, was 26.5% Bullish, 25.9% Neutral, and 47.6% Bearish. The market went on to two years of above average gains.

The current survey indicates a healthy balance between optimism and pessimism, so there is a good chance 2025 could be a year of normalized returns for stocks. It takes two sides to make a market.

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).



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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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