

## Action

The S&P 500 Index hit a new high last week before closing lower on Friday. For the week, the S&P 500 Index was +1.8%, the Dow Jones Industrials +2.2%, and the NASDAQ +1.6%. The S&P 500 Index was led by the Communication Services, Health Care, and Industrial sectors, while the Energy, Materials, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield increased to 4.621% at Friday's close versus 4.610% the previous week.

President Trump spoke remotely to the World Economic Forum at Davos. He said the U.S. is open for business and he welcomes investment and cooperation with countries and companies that want to do business. He reiterated several of his agenda points to include greater utilization of U.S. energy assets, NATO member countries increasing their defense spending to 5% of their GDP, and the use of tariffs as a negotiating tool to encourage investment and manufacturing in the U.S.

We will hear from the Federal Reserve at the conclusion of its meeting on Wednesday. At the post meeting press conference, Fed Chair Jerome Powell is likely to get questions not only on monetary policy but also on President Trump's recent demand that interest rates drop. The Fed is widely seen as being on pause with interest rates for both the January and March meetings. Based on CME Fed funds futures, probabilities for a 0.25% reduction at the May meeting are now at 61.6% versus being seen as a pause last week.

The fourth quarter earnings reporting period continues to ramp up this week with 102 companies in the S&P 500 Index scheduled to report earnings. Fourth quarter earnings growth is currently forecast at 12.7% year-over-year with revenue growth of 4.6%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 9.5% with revenue growth of 4.9%. Full-year 2025 earnings are expected to grow by 14.8% with revenue growth of 5.9%.

In our *Dissecting Headlines* section, we look at DeepSeek, the Chinese AI start-up that is rattling the technology industry.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.8%	3.8%	Aggregate Bond Index	0.1%	0.1%
Dow Jones Industrial Average	2.2%	4.5%	U.S. Dollar Index	-1.7%	-1.0%
NASDAQ 100	1.6%	3.7%	WTI Crude Oil	-4.1%	4.1%
Russell 2000 (Small Cap Index)	1.4%	3.5%	Gold	2.6%	5.6%
International Stocks (MSCI ex-US)	2.7%	3.5%	Real Estate (US REIT Index)	1.6%	1.6%

Sources: S&P Global, FactSet

## Dissecting Headlines: DeepSeek

The tech industry was buzzing over the weekend of the potential impact of Chinese AI start-up DeepSeek. The company has developed an artificial intelligence model on par with OpenAI and Meta's Llama, but is said to have been developed for a substantially lower cost of approximately \$6 million and using less powerful chips. The open-source application has quickly shot to the top of the Apple App Store ranking as users want to try the latest tech.

The news is raising some concern whether the current AI "arms race" among big technology companies is worth the high level of spending seen in recent quarters. This in turn likely puts some pressure on the AI supply chain to include chips and other areas of high spend.

This comes at a time when newly inaugurated President Donald Trump would like the United States to be the world leader in artificial intelligence. Last week, the president held a press conference along with leaders from SoftBank, Open AI, and Oracle to announce a joint venture for AI infrastructure called Stargate. The venture is expected to draw up to \$500 billion in investment starting with a large data center in Texas.

The evolution of AI continues at a rapid pace. The breadth of its adoption and commercial viability are still unknown, but its re-shaping of many areas of the economy are already underway.

## 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.