Weekly Market Commentary

February 18, 2025

Information Flow

Equity markets rebounded last week as investors continue to absorb new information on the economy, government spending, and proposed tariffs at rapid speed. For the week, the S&P 500 Index was +1.5%, the Dow Jones Industrials +0.6%, and the NASDAQ +2.5%. The S&P 500 Index was led by the Technology, Communication Services, and Consumer Staples sectors, while the Health Care, Financials, and Industrials sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.476% at Friday's close versus 4.488% the previous week.

Progress on inflation did not make any significant strides in January. The January Consumer Price Index (CPI) was +0.5% month-over-month and +3.0% year-over-year. Core CPI, which excludes food and energy prices, was +0.4% month-over-month and +3.3% year-over-year. The January Producer Price Index (PPI) was +0.4% month-over-month and +3.5% year-over-year. Core PPI, which excludes food, energy, and trade prices, was +0.3% month-over-month and +3.4% year-over-year. At his testimony to Congress last week, Fed Chair Jerome Powell kept a consistent message of the Fed being patient. Much of what could impact monetary policy this year is yet to be determined until a budget plan is passed by Congress. CME Fed funds futures reflect the Fed's patient stance with no rate cuts seen until July.

We continue the downslope of the fourth quarter earnings reporting period with 46 companies in the S&P 500 Index scheduled to report earnings this coming week. Fourth quarter earnings growth is currently forecast at 16.9% year-over-year with revenue growth of 5.2%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 10.2% with revenue growth of 5.2%. Full-year 2025 earnings are expected to grow by 12.7% with revenue growth of 5.5%.

In our *Dissecting Headlines* section, we look at a roundup of tariff news.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.5%	4.1%	Aggregate Bond Index	0.2%	1.1%
Dow Jones Industrial Average	0.6%	4.9%	U.S. Dollar Index	-1.2%	-1.6%
NASDAQ 100	2.5%	4.9%	WTI Crude Oil	-0.4%	-1.4%
Russell 2000 (Small Cap Index)	0.0%	2.3%	Gold	0.8%	9.8%
International Stocks (MSCI ex-US)	2.2%	7.0%	Real Estate (US REIT Index)	0.3%	2.5%

Sources: S&P Global, FactSet

Dissecting Headlines: Tariff Roundup

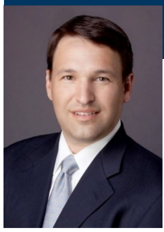
The initial tariff announcements from the Trump administration were 10% across the board on China and 25% on Canada and Mexico. The Canada and Mexico tariffs are currently on hold for 30 days after the two countries agreed to strengthen border security to stop the flow of illegal immigration and fentanyl.

The 25% steel and aluminum tariffs were announced second and those are scheduled to go into effect on March 12th. Those seem purely economic in design. They go into effect for all countries as of now, to include Canada and Mexico. Canada is the largest supplier of both aluminum and steel to the United States. The UAE, South Korea, Bahrain, and China round out the aluminum top five and Brazil, Mexico, South Korea, and German round out the steel top five.

The Trump administration is also exploring reciprocal tariffs on countries where there are tariffs being placed on U.S. goods. These are designed to exactly match existing tariffs, no more or no less. The administration is scheduled to announce decisions by April 1st. These are designed to level the playing field with countries where the administration feels unilateral tariffs and other financial methods are responsible for U.S. trade deficits with each country. The trade partners where the U.S. has the largest trade deficits are China, Mexico, Vietnam, Ireland, and Germany.

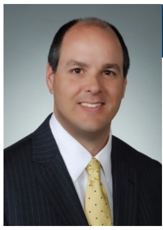
As we have seen so far, the tariff announcements have been designed to speed trade negotiations and get quick concessions from trade partners. We will have a better idea of the outcomes when the Canada and Mexico 30-day period expires in early March, and then at the March 12th steel and aluminum implementation, and the reciprocal tariff plan at the start of April.

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.

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).

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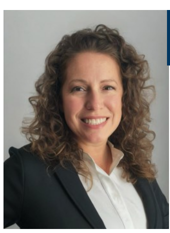
Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from 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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Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and is a member of the Financial Planning Association.

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Blake is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Blake served in the United States Army with 7th Special Forces Group, specializing in intelligence. Following his service, he worked as a financial planner in Atlanta. Blake has a Bachelor's degree in business administration and business analytics from the American Military University and a Bachelor's degree in finance from Georgia State University.