

## Policy Path

The S&P 500 Index finished the week higher to break its four-week losing streak. For the week, the S&P 500 Index was +0.5%, the Dow Jones Industrials +1.2%, and the NASDAQ +0.3%. The S&P 500 Index was led by the Energy, Financial, and Health Care sectors, while the Materials, Utility, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.250% at Friday’s close versus 4.316% the previous week.

The Federal Reserve held interest rates steady in the 4.25% to 4.50% target range at its Federal Open Market Committee (FOMC) meeting. The FOMC made some adjustments to its economic outlook but no changes to its policy path for interest rates. The FOMC still sees its year-end Fed funds rate target at 3.75% to 4.00%. The outcome of fiscal policy initiatives and resulting economic impact are needed for the FOMC to solidify a monetary policy path for 2025 and into 2026. CME Fed funds futures indicate there could be up to 0.75% in reductions to the Fed funds rate by December.

Four companies in the S&P 500 Index are scheduled to report first quarter earnings this week. First quarter 2025 earnings growth is currently forecast at 7.1% year-over-year with 4.2% revenue growth. Full-year 2025 earnings are expected to grow by 11.4% with revenue growth of 5.4%.

In our *Dissecting Headlines* section, we look at the updates to the Federal Reserve’s economic outlook.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.5%	-3.3%	Aggregate Bond Index	0.5%	2.4%
Dow Jones Industrial Average	1.2%	-0.9%	U.S. Dollar Index	0.4%	-4.1%
NASDAQ 100	0.3%	-5.8%	WTI Crude Oil	1.6%	-4.8%
Russell 2000 (Small Cap Index)	0.6%	-7.5%	Gold	1.2%	15.2%
International Stocks (MSCI ex-US)	1.0%	8.3%	Real Estate (US REIT Index)	-0.4%	-0.9%

Sources: S&P Global, FactSet

## Dissecting Headlines: Federal Reserve Outlook

The Federal Reserve’s Federal Open Market Committee (FOMC) kept the Fed funds rate steady at the 4.25% to 4.50% target range at its meeting last week. It indicated in the post-meeting statement that uncertainty around the economic outlook has increased. This is consistent with recent statements that several fiscal policy initiatives around tariffs and trade, immigration and border security, government spending reductions, and extension of tax cuts are creating near-term uncertainty.

The FOMC made some adjustments to its economic outlook with 2025 Gross Domestic Product (GDP) now projected at 1.7% versus 2.1% previously, year-end unemployment at 4.4% versus 4.3%, Personal Consumption Expenditures (PCE) inflation at 2.7% versus 2.5%, and core PCE at 2.8% versus 2.5%. The committee left its projected policy path unchanged at a year-end Fed funds target range of 3.75% to 4.00%, a 0.50% reduction from the current range.

The FOMC also announced a slowing to its balance sheet reduction starting in April by reducing its sale of Treasury securities from \$25 billion per month to \$5 billion per month and keeping its sale of agency securities at the current \$35 billion per month.

In addition to updates on legislation to firm up a fiscal policy outlook, key data in the near-term includes the February PCE Price report on Friday, the March employment situation report on April 4th, and first quarter GDP on April 30th.

## 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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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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