

Out Like a Lamb

Despite a strong showing on Friday, the S&P 500 Index closed lower for both the week and month. For the week, the S&P 500 Index was -1.0%, the Dow Jones Industrials +1.0%, and the NASDAQ -3.4%. The S&P 500 Index was led by the Financial, Real Estate, and Health Care sectors, while the Technology, Communication Services, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.197% at Friday's close versus 4.425% the previous week. For the month of February, the S&P 500 Index was -1.3%, the Dow Jones Industrials -1.4%, and the NASDAQ -2.7%.

The Personal Consumption Expenditures (PCE) Price Index saw prices rise 0.3% month-over-month and 2.5% year-over-year, and core PCE prices, which exclude the impact of food and energy prices, were 0.3% higher month-over-month and +2.6% year-over-year. The PCE Price Index is the Federal Reserve's preferred index to track inflation. The February Employment Situation Report is scheduled for this Friday. That should give the Federal Reserve a view on the labor market ahead of its March 19th policy meeting. As of now, the Fed looks to be on hold at its March meeting with no rates cuts seen until at least the June meeting. We think the Fed's outlook will also be clearer once fiscal policy is firmly set by Congress and the Trump administration with the passing of a budget in late March or early April.

The fourth quarter earnings reporting period is almost complete. This coming week, another nine companies are scheduled to report earnings. Fourth quarter earnings growth is currently forecast at 18.2% year-over-year with revenue growth of 5.3%. For the companies that have already reported earnings, 75% have exceeded their forecasted estimates. This is roughly inline with the 5-year average of 77% and 10-year average of 75%. Full-year 2024 earnings for the S&P 500 Index are expected to grow by 10.4% with revenue growth of 5.2%. Full-year 2025 earnings are expected to grow by 12.1% with revenue growth of 5.5%.

In our *Dissecting Headlines* section, we look how the sectors within the S&P 500 Index have performed in February and year-to-date.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-1.0%	1.4%	Aggregate Bond Index	1.1%	2.6%
Dow Jones Industrial Average	1.0%	3.3%	U.S. Dollar Index	0.9%	-0.8%
NASDAQ 100	-3.4%	-0.5%	WTI Crude Oil	-0.9%	-2.7%
Russell 2000 (Small Cap Index)	-1.4%	-2.9%	Gold	-2.6%	8.9%
International Stocks (MSCI ex-US)	-1.8%	5.5%	Real Estate (US REIT Index)	2.2%	4.7%

Sources: S&P Global, FactSet

Dissecting Headlines: Sector Scorecard

With the S&P 500 Index -1.3% in February and +1.4% year-to-date, the sector rankings look a little different than they have over the past two years. The leading sectors in February were Consumer Staples +5.7%, Real Estate +4.2%, Energy +4.0%, and Utilities +1.7%. Lagging sectors for the month were Consumer Discretionary -9.4%, Communication Services -6.3%, Industrials -1.4%, and Technology -1.3%.

Year-to-date, the leading S&P 500 sectors are Health Care +8.4%, Financials +8.6%, Consumer Staples +7.9%, and Real Estate +6.1%. The lagging sectors year-to-date are Consumer Discretionary -5.4%, Technology -4.2%, Communication Services +2.3%, and Industrials +3.5%.

While struggles among some previously high flying sectors and stocks can cause concern among investors, we view a broadening of market participation among other sectors to be a healthy signal for a more coordinated advance as we move through the year.

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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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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