

## Pause

A 90-day pause in the U.S. tariff implementation plan provided equities a large relief rally last week. For the week, the S&P 500 Index was +5.7%, the Dow Jones Industrials +5.0%, and the NASDAQ +7.4%. The S&P 500 Index was led by the Technology, Industrial, and Communication Services sectors, while the Energy, Real Estate and Health Care sectors lagged. The 10-year U.S. Treasury note yield increased to 4.468% at Friday's close versus 4.013% the previous week.

The U.S. government announced a 90-day pause on recently increased tariffs for most countries to allow time for trade negotiations. China was not included in the pause and the tariff rate on Chinese goods was increased to 125%. Some exemptions are being made for smart phones and other electronics.

March reports on inflation showed a less inflationary scenario, but the data is prior to the enactment of most tariffs, so the extent of tariffs impacting inflation continues to be a heavily debated issue. The March Consumer Price Index (CPI) showed consumer prices -0.1% month-over-month and +2.4% year-over-year. Core CPI, which excludes food and energy prices, was +0.1% month-over-month and +2.8% year-over-year. The March Producer Price Index (PPI) showed wholesale prices -0.4% month-over-month and +2.7% year-over-year. Core PPI, which excludes food, energy, and trade prices, was +0.1% month-over-month and +3.4% year-over-year. Both reports were less inflationary than anticipated. Current CME Fed funds futures indicate there could be up to 0.75% in reductions to the Fed funds rate by December.

First quarter earnings season ramps up this week with 33 companies in the S&P 500 Index scheduled to report earnings results. First quarter 2025 earnings growth is currently forecast at 7.3% year-over-year with 4.3% revenue growth. Full-year 2025 earnings are expected to grow by 10.6% with revenue growth of 5.3%.

In our *Dissecting Headlines* section, we look at the volatility index.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	5.7%	-8.5%	Aggregate Bond Index	-2.3%	1.0%
Dow Jones Industrial Average	5.0%	-5.0%	U.S. Dollar Index	-2.8%	-7.7%
NASDAQ 100	7.4%	-10.9%	WTI Crude Oil	-0.8%	-14.2%
Russell 2000 (Small Cap Index)	1.8%	-16.3%	Gold	6.6%	23.3%
International Stocks (MSCI ex-US)	-0.3%	0.9%	Real Estate (US REIT Index)	-0.2%	-7.1%

Sources: S&P Global, FactSet

## Dissecting Headlines: Volatility Index

The Volatility Index, or VIX, is a measure of investor expectations of market volatility over the next 30-days. The VIX was created by the Chicago Board Options Exchange (CBOE) and is derived from prices of S&P 500 Index options. The VIX is sometimes referred to as the Fear Gauge because when it rises this reflects rising investor fear, or pessimism, on the direction of the market.

The VIX has increased from 17.4 at the end of December to a recent high of 52.3 on April 8th and is now currently at 37.6. The sharp move up was coincident with the retreat in the major stock market indices. While down from the recent level of 52.3, the current 37.6 level is still above the VIX's historical average of just under 20 and is a reading that reflects considerable near-term uncertainty.

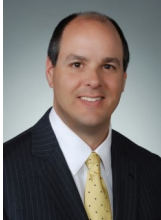
The indicator can often be a contrarian signal, meaning that it is advantageous to buy when fear is high and sell when optimism reigns.

## 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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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.

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