

Data Check

A flurry of economic data created both an air of pessimism and optimism depending on the day. A 0.3% contraction in first quarter Gross Domestic Product (GDP) growth added to recession fears on Wednesday, but a strong jobs report ended the week on a note of optimism. For the week, the S&P 500 Index was +2.9%, the Dow Jones Industrials +3.0%, and the NASDAQ +3.5%. The S&P 500 Index was led by the Industrial, Communication Services, and Technology sectors, while the Energy, Health Care, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield increased to 4.308% at Friday's close versus 4.260% the previous week.

The Federal Reserve's Federal Open Market Committee (FOMC) meeting is the highlight of the calendar this week. There is no change expected to the current 4.25% to 4.50% Fed funds target range at the meeting, but CME Fed funds futures indicate there could be up to 0.75% in reductions to the Fed funds rate by December, starting at the July meeting. Post-meeting commentary from Fed Chairman Jerome Powell will be important to shaping expectations for monetary policy following last week's reports on GDP, inflation, and the labor market.

First quarter earnings season continues this week with 92 companies in the S&P 500 Index scheduled to report earnings results. First quarter 2025 earnings growth is currently forecast at 12.8% year-over-year with 4.8% revenue growth. Full-year 2025 earnings are expected to grow by 9.5% with revenue growth of 5.0%.

In our *Dissecting Headlines* section, we look at the economic reports from last week.

Financial Market Update

| | <u>Weekly Return</u> | <u>YTD Return</u> | | <u>Weekly Return</u> | <u>YTD Return</u> |
|-----------------------------------|----------------------|-------------------|-----------------------------|----------------------|-------------------|
| S&P 500 Index | 2.9% | -2.9% | Aggregate Bond Index | -0.2% | 2.3% |
| Dow Jones Industrial Average | 3.0% | -2.4% | U.S. Dollar Index | 0.6% | -7.8% |
| NASDAQ 100 | 3.5% | -4.1% | WTI Crude Oil | -7.5% | -18.7% |
| Russell 2000 (Small Cap Index) | 3.2% | -9.0% | Gold | -2.2% | 23.4% |
| International Stocks (MSCI ex-US) | 3.2% | 11.0% | Real Estate (US REIT Index) | 2.9% | -0.2% |

Sources: S&P Global, FactSet

Dissecting Headlines: Data Driven

The Federal Reserve has committed to being data driven in its approach to monetary policy. While it is widely expected to keep interest rates steady at the conclusion of this week's FOMC meeting, there has been much data to absorb and much more on the way over the next few months as the initial policy moves in the first 100 days of the Trump administration start to flow through to the economy. These reports on economic growth, inflation, and employment are important to monetary policy since the Federal Reserve has the dual mandate of price stability and maximum sustainable employment.

The first quarter GDP report showed economic output decreased at a seasonally adjusted annual rate of 0.3% versus consensus forecast of +0.8% and versus +2.4% in the fourth quarter of 2024. The main factor driving lower growth was the high level of growth in imports of 41.3%, which subtracted 5 points from GDP growth. Imports and Exports are netted against each other, so higher net imports is a negative factor. This was likely a pull-ahead of goods in anticipation of the tariffs being enacted. Federal government spending was also 5.1% lower and a large swing from +4.0% growth in government spending in the fourth quarter.

Price stability is expressed through the Fed's 2% annualized inflation target. The March Personal Consumption Expenditures (PCE) Price Index, the Fed's preferred inflation gauge, showed prices +2.3% year-over-year and core prices, which exclude the impact of food and energy, were +2.6%. There is concern the tariff environment could cause inflation, so the Fed will likely need more data that captures the tariff period before deciding the impact on price stability.

Maximum sustainable employment is measured by the monthly Employment Situation report. The April unemployment rate was steady at 4.2% from March and April showed 177,000 net new jobs created versus an expectation of 130,000.

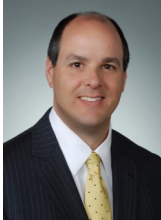
In the Fed's quarterly Summary of Economic Projections from March, it indicated 2025 GDP growth could be 1.7%, PCE could be 2.7%, core PCE could be 2.8%, and the unemployment rate could be 4.4%. Under that scenario, the Fed projected a 0.50% decrease in interest rates was an appropriate policy path. Additional data over the next few months should continue to shape the Fed's monetary policy path.

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).



Alan J. Conner / President and Chief Compliance Officer / 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

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

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.



Meghan Hoover / Investment Associate / mhoover@novapointgroup.com

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.



Blake McDaniel / Investment Associate / bmcdaniel@novapointgroup.com

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.

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.