Weekly Market Commentary

June 9, 2025

Labor Market Calm

A healthy labor market report kept stocks in the green last week. For the week, the S&P 500 Index was +1.5%, the Dow Jones Industrials +1.2%, and the NASDAQ +2.0%. The Communication Services, Technology, and Energy sectors led the S&P 500 Index for the week, while the Consumer Staples, Utilities, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield increased to 4.505% at Friday's close versus 4.390% the previous week.

The May Employment Situation report showed 139,000 net new jobs created versus an expectation of 125,000. The May unemployment rate was steady from April at 4.2%. This is trending slightly below the Federal Reserve's projection that unemployment should be 4.4% in 2025. This week the main economic data is the May Consumer Price Index (CPI) on Wednesday and Producer Price Index (PPI) on Thursday. These reports should provide the latest reading on inflation before the Federal Reserve meets on June 17th and 18th for its policy meeting. It is widely expected the Fed will keep the Fed funds rate steady in the current 4.25% to 4.50% target range but lay out an updated policy path for the remainder of the year. Current CME Fed funds futures show a total of 0.50% in reductions forecast for 2025.

We are entering the final part of the first quarter earnings reporting period and early part of the second quarter. This week four companies in the S&P 500 Index are scheduled to report earnings results with two for the first quarter and two for the second quarter. First quarter 2025 year-over-year earnings growth should finish at 13.3% with revenue growth of 4.9%. This was a strong improvement from the 7.2% earnings growth and 4.3% revenue growth forecast when the earnings period began at the end of March. Second quarter earnings are expected to grow 4.9% with revenue growth of 4.1%. Full-year 2025 earnings are expected to grow by 9.1% with revenue growth of 4.9%.

In our *Dissecting Headlines* section, we look at the differences in the two measures of consumer inflation, the Consumer Price Index and the Personal Consumption Expenditures Price Index.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	1.5%	2.6%	Aggregate Bond Index	-0.4%	2.0%
Dow Jones Industrial Average	1.2%	1.3%	U.S. Dollar Index	-0.1%	-8.6%
NASDAQ 100	2.0%	3.9%	WTI Crude Oil	6.2%	-10.0%
Russell 2000 (Small Cap Index)	3.2%	-3.8%	Gold	0.6%	26.1%
International Stocks (MSCI ex-US)	1.2%	15.8%	Real Estate (US REIT Index)	0.5%	0.8%

Sources: S&P Global, FactSet

Dissecting Headlines: Measuring Inflation

As we prepare for the June Federal Reserve meeting, we will be monitoring this week's Consumer Price Index (CPI) report to see how tariffs have impacted consumer prices. When the Fed meets next week, they will be discussing inflation in terms of the Personal Consumption Expenditures (PCE) Price Index.

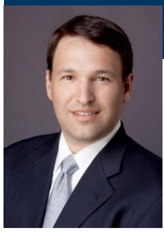
Both indices measure the change in price of a basket of goods and services, but the weightings in each basket can differ. The CPI is based on a survey of what households are buying in their out-of-pocket expenses, while the PCE is broader measurement of all domestic personal consumption. One example is that the CPI doesn't include some expenditures such as medical care paid for by employer-provided insurance, Medicare, and Medicaid, all of which are included in the PCE. Housing expense has a much higher weight in the CPI than in the PCE as well. The last major difference is the substitution effect. If the price of beef increases more than the price of chicken, consumers may buy less beef and more chicken. This realignment of the basket is accounted for in the PCE, but not the CPI.

The long-term correlation between the two reports is high, between 95% to 98%, with the CPI being slightly more volatile month-to-month. The CPI has also shown slightly higher annual inflation, perhaps because of the differences mentioned earlier.

The CPI gets released earlier in the month. The May CPI is scheduled for June 11th and the PCE won't be released until June 27th. The CPI is used to adjust social security and is used to adjust the return on Treasury Inflation Protected Securities (TIPS). The Federal Reserve prefers to look at the PCE when it is considering the level of price inflation in the economy. We will see projections for PCE in the Federal Reserve's updated Summary of Economic Projections released after the meeting on June 18th.

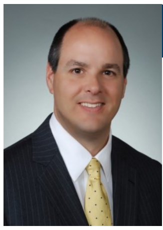
Both measures are useful in understanding the level of inflation in the economy and can provide decision making input for individuals, businesses, policy makers, and investors.

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

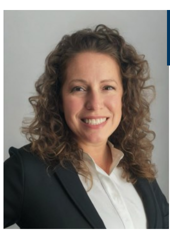
Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet 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.