

Earnings Focus

Stocks remained near all-time highs during the first week of the quarterly earnings reporting period. For the week, the S&P 500 Index was +0.6%, the Dow Jones Industrials -0.1%, and the NASDAQ +1.3%. The Technology, Utility, and Industrial sectors led the S&P 500 Index for the week, while the Energy, Health Care, and Materials sectors lagged. The 10-year U.S. Treasury note yield increased to 4.427% at Friday's close versus 4.419% the previous week.

The June Consumer Price Index (CPI) report showed some creep in inflation with prices +0.3% month-over-month and +2.7% year-over-year. Core CPI, which excludes food and energy prices, was +0.2% month-over-month and +2.9% year-over-year. The June Producer Price Index (PPI) was more subdued with prices flat month-over-month and +2.3% year-over-year. Core PPI, which excludes food, energy, and trade prices, was also flat month-over-month and +2.5% year-over-year. The Federal Reserve is expected to hold interest rates steady at its July 30th meeting. CME Fed funds futures forecast 0.25% rate cuts at the September and December meetings.

The economic data calendar is light this week, so investors focus should be on quarterly earnings reports to take direction. Trade and tariff news is likely to accelerate as we move closer to the August 1st deadline.

The second quarter earnings reporting period ramps up further this week with 112 companies in the S&P 500 Index scheduled to report earnings. Of the 12% of companies that have reported so far, 83% have reported upside results versus consensus expectations. This has increased S&P 500 Index earnings growth expectations for the quarter to 5.6% from 4.8% last week, and revenue growth to 4.4% from 4.2%. Full-year 2025 earnings are expected to grow by 9.3% with revenue growth of 5.1%.

In our *Dissecting Headlines* section, we look at trends in Back-to-School shopping.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.6%	7.8%	Aggregate Bond Index	0.0%	3.2%
Dow Jones Industrial Average	-0.1%	5.2%	U.S. Dollar Index	0.6%	-9.2%
NASDAQ 100	1.3%	10.2%	WTI Crude Oil	-1.6%	-6.1%
Russell 2000 (Small Cap Index)	0.2%	1.2%	Gold	-0.1%	27.7%
International Stocks (MSCI ex-US)	0.4%	18.9%	Real Estate (US REIT Index)	0.0%	0.5%

Sources: S&P Global, FactSet

Dissecting Headlines: Back-to-School Shopping

Back-to-school shopping is underway, and consumers are expected to spend \$128.2 billion on essentials such as clothing, shoes, electronics, and school supplies. This is a 2.2% increase from 2024. K-12 spending is forecast to rise 1.5% and college spending is expected to rise 2.5%.

The survey, conducted by the National Retail Federation and Prosper Insights & Analytics, also showed that more consumers have started their shopping earlier with 67% of survey respondents starting their shopping in early July. More than half of respondents cited fear of prices increases from tariffs as the motivation to start their shopping early. While the majority have started their shopping early, 84% still have more than half their shopping to complete. Reasons cited were still waiting for the best deals, not knowing what items are needed, and the need to spread out spending over a few months to stay within their budgets.

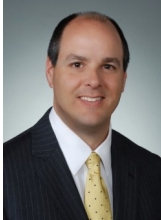
The most popular destinations for back-to-school shopping are online, followed by department stores, discount stores, and clothing stores. Online shopping is driven by promotional activity among the large online players such as Amazon and Walmart. Discount stores have increased share by a few points as stretched budgets prompt bargain shopping. Use of buy now, pay later options have also increased.

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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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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