

Dovish Shift

Friday's speech from Fed Chair Jerome Powell rallied the S&P 500 Index to a gain for the week as expectation for a September interest rate cut rose. For the week, the S&P 500 Index was +0.3%, the Dow Jones Industrials +1.6%, and the NASDAQ -0.9%. The Energy, Real Estate, and Financial sectors led the S&P 500 Index for the week, while the Technology, Communication Services, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.257% at Friday's close versus 4.321% the previous week.

At the Federal Reserve Economic Policy Symposium, Fed Chair Jerome Powell said with monetary policy still in restrictive territory, the baseline outlook and shifting balance of risks may warrant adjusting the policy stance. The market widely regarded this commentary as an indication of an interest rate cut at the September Federal Open Market Committee (FOMC) meeting. Current CME Fed funds futures are projecting two 0.25% rate cuts for 2025 starting at the September meeting. One 0.25% cut is also projected for the first quarter of 2026.

Key events on the economic calendar this week include Consumer Confidence for August scheduled for Tuesday and the Personal Consumption Expenditures (PCE) Price Index scheduled for Friday.

Over 95% of companies in the S&P 500 Index have reported earnings for the second quarter earnings period. This week, eight companies in the S&P 500 Index are scheduled to report earnings. With these few reports remaining, S&P 500 Index earnings growth expectations for the quarter to are 11.8%, up from 4.8% at the start of the reporting period, and revenue growth is expected at 6.3%, up from 4.2%. Full-year 2025 earnings are expected to grow by 10.3% with revenue growth of 5.8%.

In our *Dissecting Headlines* section, we look at the potential shift in Federal Reserve sentiment.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	0.3%	10.9%	Aggregate Bond Index	0.4%	4.7%
Dow Jones Industrial Average	1.6%	8.4%	U.S. Dollar Index	-0.1%	-9.9%
NASDAQ 100	-0.9%	12.4%	WTI Crude Oil	1.4%	-11.2%
Russell 2000 (Small Cap Index)	3.3%	6.8%	Gold	1.1%	28.4%
International Stocks (MSCI ex-US)	0.5%	23.4%	Real Estate (US REIT Index)	2.8%	2.4%

Sources: S&P Global, FactSet

Dissecting Headlines: Hawks and Doves

Hawkish and Dovish are often used to describe the disposition of the Federal Reserve or its officials. Hawkish describes an action or disposition to raise interest rates. Increasing rates is meant to curb inflation. This can increase the cost of borrowing and can tighten economic conditions. Dovish conversely describes the action or disposition to decrease interest rates. This is meant to stimulate economic growth and employment through less restrictive conditions.

For most of the year, the data driven policy stance at the Fed has leaned neutral to Hawkish with the premise that the widespread tariff actions would lead to an acceleration in inflation. Recent break in sentiment from Fed governors Michelle Bowman and Christopher Waller, who are more concerned about employment stability than inflation, led to two dissenting votes at the July FOMC policy meeting. This is a rare occurrence as a two vote dissent last occurred in 1993.

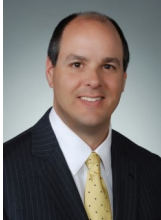
One role of the Fed Chair is often seen as working to create consensus among the voting members of the FOMC. Jerome Powell has sided with the tariffs are inflationary premise so far this year, but his comments at the Jackson Hole Symposium last week took on a more Dovish tone and appear to be setting the stage for at least an initial 0.25% reduction in the Fed funds rate at the September meeting.

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.

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.