NovaPoint CAPITAL LLC

# Weekly Market Commentary

October 13, 2025

## Flare Up

A flare up in U.S. – China trade led to a sharp decline into Friday's close. For the week, the S&P 500 Index was -2.4%, the Dow Jones Industrials -2.7%, and the NASDAQ -2.3%. The Utility, Consumer Staples, and Health Care sectors led the S&P 500 Index for the week, while the Energy, Consumer Discretionary, and Real Estate sectors lagged. The 10-year U.S. Treasury note yield decreased to 4.055% at Friday's close versus 4.123% the previous week.

Tensions reemerged in U.S.- China trade following a Chinese tightening of export controls on additional rare earth elements and retaliatory port fees on U.S. ships docking in Chinese ports. The U.S. responded with President Trump announcing a 100% tariff on Chinese goods to take effect November 1st. The situation appears to have been defused over the weekend with President Trump saying, "Don't worry about China, it will all be fine!"

Trade tensions aside, the U.S. government remains closed. Both parties are likely to resume both negotiations and rhetoric this week in search of a solution. Economic data is scare due to the shutdown, but investors are still expecting a 0.25% rate cut at the October 29th Federal Reserve meeting, and additional cuts in December and March

The pace of quarterly earnings reports increases this week with 37 companies in the S&P 500 Index scheduled to report results. Third quarter S&P 500 Index earnings growth is forecast at 8.0% with revenue growth of 6.3%. Full-year 2025 earnings are expected to grow by 10.9% with revenue growth of 6.1%.

In our *Dissecting Headlines* section, we preview the sector level outlook for third quarter earnings.

## Financial Market Update

| | Weekly Return | YTD Return | | Weekly Return | YTD Return |
|---|---|---|---|---|---|
| S&P 500 Index | -2.4% | 12.5% | Aggregate Bond Index | 0.3% | 6.5% |
| Dow Jones Industrial Average | -2.7% | 8.3% | U.S. Dollar Index | 1.3% | -8.8% |
| NASDAQ 100 | -2.3% | 15.9% | WTI Crude Oil | -3.3% | -17.9% |
| Russell 2000 (Small Cap Index) | -3.3% | 8.5% | Gold | 3.4% | 53.1% |
| International Stocks (MSCI ex-US) | -1.5% | 26.8% | Real Estate (US REIT Index) | -3.5% | 1.0% |

*Sources: S&P Global, FactSet*

## Dissecting Headlines: Third Quarter Earnings

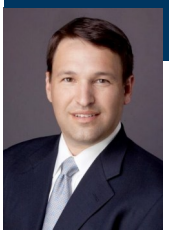
Beyond headlines of trade flare ups and government closures, the rubber meets the road for equity investors when quarterly earnings are reported. The heart of the third quarter earnings season kicks off this week with the large banks and companies in several other sectors.

For the third quarter, S&P 500 Index earnings growth is currently forecast at +8.0%. Data from FactSet shows seven of the eleven sectors are forecast to show year-over-year earnings growth. The Technology sector is expected to have the highest year-over-year growth at +20.9%, followed by the Utility sector at +17.1%, Materials at +13.7%, Financials at +13.2%, and Industrials at +9.8%. Sectors with positive earnings growth, but below the overall Index level are Communication Services at +2.8% and Real Estate at +2.3%. The four sectors expected to show a decline in year-over-year earnings growth are the Energy sector at -4.2%, Consumer Staples at -3.1%, Health Care at -1.7%, and Consumer Discretionary at -1.7%.

Revenue growth for the S&P 500 Index is currently forecast at +6.3%. The highest revenue growth is expected in the Technology sector at +14.2%, followed by the Communication Services sector at +8.5%, Health Care at +7.9%, Financials at +6.6%, and Utility at +6.5%. Five sectors should see positive growth, but below the overall Index level with Real Estate at +5.7%, Industrials at +4.7%, Consumer Discretionary at +4.6%, Materials at +4.0%, and Consumer Staples at +3.4%. Only the Energy sector is forecast to see a revenue decline at -1.8%.

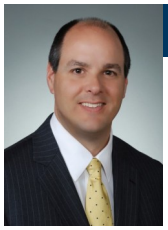
The actual earnings results for companies and sectors relative to these expectations, along with their future outlooks, are key determinants of price performance.

# 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

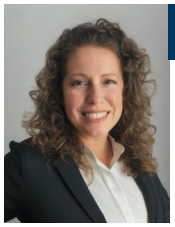
Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet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

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