

## Jump Start

Stocks had a solid first full week of trading in the new year. For the week, the S&P 500 Index was +1.6%, the Dow Jones Industrials +2.3%, and the NASDAQ +2.2%. The Consumer Discretionary, Materials, and Industrial sectors led the S&P 500 Index for the week, while the Utility, Technology, and Real Estate sectors lagged. The 10-year U.S. Treasury note yield was 4.167% at Friday's close versus 4.190% the previous week.

The labor market continues to see a headwind. The December Employment Situation report showed 50,000 net new jobs created versus an expectation of 73,000. November job growth was also revised down to 56,000 from previous report of 64,000. The December unemployment rate fell to 4.4% from 4.5% in November.

This week we will see reports on inflation with the December Consumer Price Index (CPI) scheduled for Tuesday and Producer Price Index (PPI) scheduled for Wednesday. Federal Reserve monetary policy for the first half of the year hinges on striking a balance between employment and inflation. For the first half of 2026, CME Fed funds futures have shifted to forecasting a single 0.25% reduction in the Fed funds rate at the June Federal Open Market Committee (FOMC) meeting.

The fourth quarter earnings reporting season begins this week with 14 companies in the S&P 500 Index scheduled to report earnings. Quarterly earnings are expected to grow by 8.3% with revenue growth of 7.7%. Full-year 2025 earnings are expected to grow by 12.4% with revenue growth of 7.0% and 2026 full-year earnings are expected to grow by 14.9% with revenue growth of 7.3%.

In our *Dissecting Headlines* section, we look at the outlook for fourth quarter earnings by sector.

## Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.6%	1.8%	Aggregate Bond Index	0.3%	0.2%
Dow Jones Industrial Average	2.3%	3.0%	U.S. Dollar Index	0.7%	0.8%
NASDAQ 100	2.2%	2.1%	WTI Crude Oil	3.1%	3.0%
Russell 2000 (Small Cap Index)	4.6%	5.7%	Gold	4.1%	4.5%
International Stocks (MSCI ex-US)	1.4%	2.4%	Real Estate (US REIT Index)	1.4%	1.7%

Sources: S&P Global, FactSet

## Dissecting Headlines: Fourth Quarter Earnings

For the fourth quarter of 2025, S&P 500 earnings growth is currently forecast at +8.3%. Data from FactSet shows eight 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 +25.9%, followed by the Materials sector at +9.0%, and the Financial sector at +8.3%. Rounding out the growing sectors are Communication Services at +6.1%, Utilities at +4.7%, Real Estate at +2.4%, Consumer Staples at +0.7%, and Health Care at +0.2%. The three sectors expected to show a decline in year-over-year earnings are the Industrial sector at -0.5%, Energy at -1.7%, and Consumer Discretionary at -3.5%.

Fourth quarter revenue growth for the S&P 500 is currently forecast at +7.7%. The highest revenue growth is expected in the Technology sector at +18.0%, followed by Communication Services at +10.2%, and Health Care at +9.1%. Ten of eleven sectors are forecast to show year-over-year revenue growth. The other seven revenue growth sectors are Financials at +8.0%, Real Estate at +6.3%, Industrials at +5.8%, Consumer Staples at +5.3%, Utilities at +4.6%, Consumer Discretionary at +4.5%, and Materials at +3.0%. The only sector expected to show a decline in year-over-year revenue is the Energy sector at -2.2%.

The actual earnings results for companies and sectors relative to these expectations, along with their future outlooks, are key determinants of price performance. Major themes for the reporting period include capital spending and implementation of AI, hiring and work force reduction trends, the impact of tariffs and trade, and the health of the consumer.

## The NovaPoint Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointgroup.com](mailto: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](mailto: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](mailto: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](mailto: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, FRC<sup>SM</sup> / Investment Associate / [mhoover@novapointgroup.com](mailto: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 currently holds the Federal Retirement Consultant designation.

**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 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.