

Three Weeks

Equities declined for a third consecutive week. For the week, the S&P 500 Index was -1.6%, the Dow Jones Industrials -1.9%, and the NASDAQ -1.0%. The Energy, Utilities, and Consumer Staples sectors led the S&P 500 Index for the week, while the Financials, Industrials, and Consumer Discretionary sectors lagged. The 10-year U.S. Treasury note yield was 4.284% at Friday's close versus 4.146% the previous week.

The on-going conflict with Iran has pushed energy prices higher across the world. In the U.S., the average price of regular unleaded gasoline is \$3.675/gallon. This 7.7% higher than a week ago and 25.4% higher than a month ago. Diesel fuel is high at \$4.942/gallon, +9.6% from a week ago and +35.0% from a month ago.

The concern about energy-induced inflation has pushed out investor expectations for a Federal Reserve interest rate cut. At the Federal Open Market Committee (FOMC) policy meeting this week, the FOMC is widely expected to keep short-term interest rates in the 3.50% to 3.75% range. There will also be an update to the Fed's Summary of Economic Projections including what the FOMC views at an appropriate interest rate policy path for the remainder of 2026. The projection from the December meeting showed a single 0.25% interest rate reduction for 2026, and that is reflected in the CME Fed funds futures for October.

This week ten companies in the S&P 500 Index are scheduled to report quarterly earnings. First quarter earnings are expected to grow by 11.6% and quarterly revenue growth is expected at 9.4%. Full-year 2026 earnings are expected to grow by 15.3% with revenue growth of 8.0%.

In our Dissecting Headlines section, we look at actions intended to lower energy prices.

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%	-2.9%	Aggregate Bond Index	-0.8%	0.0%
Dow Jones Industrial Average	-1.9%	-2.8%	U.S. Dollar Index	1.4%	2.1%
NASDAQ 100	-1.0%	-3.3%	WTI Crude Oil	8.6%	71.9%
Russell 2000 (Small Cap Index)	-1.7%	0.1%	Gold	-2.9%	16.3%
International Stocks (MSCI ex-US)	-2.0%	2.1%	Real Estate (US REIT Index)	-1.2%	7.5%

Sources: S&P Global, FactSet

Dissecting Headlines: Oil Reserve Releases

The conflict in Iran has severely curtailed the flow of oil coming from the Persian Gulf, which accounts for 20% of the world's oil production. The International Energy Agency (IEA), an intergovernmental organization representing 32 member countries to include the United States, Japan, Germany, South Korea and most European nations, confirmed plans for a coordinated 400 million barrel release from government and industry strategic reserves. The 400 million barrels would help bridge the supply disruption from the Persian Gulf for about two to three months. IEA member countries hold over 1.2 billion barrels of petroleum reserves.

As part of the IEA release, the U.S. plans to release 172 million barrels from its Strategic Petroleum Reserve over the next 120 days. The Trump administration indicated it plans to replenish the reserve with about 200 million barrels within the next year, exceeding the amount withdrawn. The U.S. Strategic Petroleum Reserve currently holds about 415 million barrels of oil.

In addition to the release of reserves, the U.S., European Union, and other interested nations are in discussions to protect shipping through the Persian Gulf. The E.U. currently secures shipping in the Red Sea to make sure commercial shipping can move through the Suez Canal.

As the conflict enters its third week, the markets likely remain volatile in the near-term.

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 currently holds the Federal Retirement Consultant designation.

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