

Pumped Up

Equities declined for a fourth consecutive week as military action in the Middle East has pushed energy prices higher. For the week, the S&P 500 Index was -1.9%, the Dow Jones Industrials -2.1%, and the NASDAQ -2.0%. The Energy, Financials, and Communication Services sectors led the S&P 500 Index for the week, while the Utilities, Materials, and Consumer Staples sectors lagged. The 10-year U.S. Treasury note yield was 4.389% at Friday's close versus 4.284% the previous week.

Gasoline prices continue to rise. The U.S. average price of regular unleaded gasoline is \$3.925/gallon. This 6.8% higher than a week ago and 33.7% higher than a month ago. Diesel fuel is also higher at \$5.208/gallon, +5.4% from a week ago and +40.6% from a month ago.

The Federal Reserve held interest rates steady at its policy meeting last week with the Fed funds rate in a 3.50% to 3.75% target range. The Summary of Economic Projections was updated with a modestly higher GDP outlook for 2026 of 2.4% versus 2.3% previously, but also higher inflation of 2.7% versus 2.4% previously.

The projected year-end 2026 Fed funds rate range is 3.25% to 3.50% which is consistent with the Fed's prior projection. CME Fed funds futures have shifted in the opposite direction and currently expect a 0.25% increase at the September policy meeting.

This week three companies in the S&P 500 Index are scheduled to report quarterly earnings. First quarter earnings are expected to grow by 12.5% and quarterly revenue growth is expected at 9.6%. Full-year 2026 earnings are expected to grow by 16.3% with revenue growth of 8.3%.

In our Dissecting Headlines section, we look at the impact of higher energy prices.

Financial Market Update

<u>MARKET DATA</u>	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-1.9%	-4.7%	Aggregate Bond Index	-0.5%	-0.5%
Dow Jones Industrial Average	-2.1%	-4.8%	U.S. Dollar Index	-0.7%	1.3%
NASDAQ 100	-2.0%	-5.2%	WTI Crude Oil	-0.4%	71.2%
Russell 2000 (Small Cap Index)	-1.7%	-1.5%	Gold	-10.4%	4.2%
International Stocks (MSCI ex-US)	-1.6%	0.4%	Real Estate (US REIT Index)	-3.7%	3.5%

Sources: S&P Global, FactSet

Dissecting Headlines: Fuel Impacts

Higher energy prices induced by the conflict in the Middle East is having near-term inflationary pressure on consumers. In a normal energy price environment, the average U.S. family spends about 3% to 4% of its monthly budget on gasoline and about 6% total on energy expenses to include electricity and natural gas. In periods of spiking energy prices that rises to about 4% to 5% on gasoline and 7% to 8% on total energy costs.

Higher diesel fuel prices impact the cost of moving freight and can translate into higher cost for almost all goods. Seeing higher prices at the pump and on store shelves can cause consumers to pullback on spending. One way of reducing costs at the pump is a temporary suspension of fuel taxes. Georgia has already enacted a 60-day suspension of state gasoline and diesel taxes, which are \$0.33 and \$0.37 per gallon respectively. Other states have announced proposals to suspend fuel taxes but none have enacted yet. The U.S. federal level fuel tax is \$0.184 per gallon and state taxes range from \$0.07 per gallon in Alaska to \$0.71 in California. The U.S. national average state fuel tax is \$0.335 per gallon.

The International Energy Agency member countries, to include the U.S., have already announced plans to release oil reserves to lower prices during the current crisis. This along with potential fuel tax suspensions like those enacted in Georgia can help consumers bridge the gap. A cessation of hostilities is the longer-term solution to lower prices.

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, FRCSM / 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 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.