

A Duller Quarter

Equities declined for a fifth consecutive week as military action in the Middle East and higher energy prices continue to weigh on investor sentiment. For the week, the S&P 500 Index was -2.1%, the Dow Jones Industrials -0.9%, and the NASDAQ -3.2%. The Energy, Materials, and Utility sectors led the S&P 500 Index for the week, while the Communication Services, Technology, and Financial sectors lagged. The 10-year U.S. Treasury note yield was 4.435% at Friday's close versus 4.389% the previous week.

We are in the news gap between quarterly earnings reports and there has been a low level of fundamental company news over the past week to help investors make fundamental decisions. This only adds to the focus on geopolitical events. We end the first quarter this week and should start to see greater fundamental news flow when the first quarter earnings season kicks into gear the week of April 13th.

The next update on the labor market is this week with the March Employment Situation report scheduled for release on Friday. CME Fed funds futures are currently forecasting no changes to short-term interest rates for the remainder of the year.

This week four companies in the S&P 500 Index are scheduled to report quarterly earnings. First quarter earnings are expected to grow by 13.0% and quarterly revenue growth is expected at 9.7%. Full-year 2026 earnings are expected to grow by 17.1 % with revenue growth of 8.6%.

In our Dissecting Headlines section, we look at the frequency of market corrections.

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	-2.1%	-6.7%	Aggregate Bond Index	-0.1%	-0.6%
Dow Jones Industrial Average	-0.9%	-5.6%	U.S. Dollar Index	0.5%	1.9%
NASDAQ 100	-3.2%	-8.2%	WTI Crude Oil	1.3%	73.5%
Russell 2000 (Small Cap Index)	0.5%	-1.0%	Gold	0.2%	4.5%
International Stocks (MSCI ex-US)	-0.4%	0.0%	Real Estate (US REIT Index)	-0.5%	3.0%

Sources: S&P Global, FactSet

Dissecting Headlines: Corrections and Recoveries

The NASDAQ composite is down 12.3% from its high seen in October and the Dow Jones Industrial Average is down 10.0% from its high seen in February. The S&P 500 Index has fared the best, down only 8.5% from its high seen in late January.

Whenever stocks decline by 10% it is deemed a market correction. Corrections can usually be tied to events, whether economic or geopolitical, and are not rare. Declines in the S&P 500 Index between 5% and 10%, often referred to as a pull-back, can occur multiple times a year. Corrections between 10% and 20% normally occur every 18-months to two years. Bear markets, the term given to declines over 20% and 40%, happen about every five years, with the last one seen in 2022.

The recoveries from these downturns tend to be proportionate to the magnitude of the declines. The average time to recover from a 5% to 10% decline is one month. For a 10% to 20% decline, the recoveries have averaged four months. For a 20% to 40% decline, the recoveries have averaged 14 months, and for the few severe declines over 40% the recovery time has averaged 58 months.

The current decline can be tied to the war with Iran and its follow-on effects of higher oil prices and inflationary pressures. The timing of a recovery depends on both investors' view on the military situation and their assessment of the short- or longer-term economic impact.

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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