

Deal or No Deal

Equities stemmed their five-week decline last week. For the week, the S&P 500 Index was +3.4%, the Dow Jones Industrials +3.0%, and the NASDAQ +4.0%. The Communication Services, Technology, and Real Estate sectors led the S&P 500 Index for the week, while the Energy, Consumer Staples, and Utility sectors lagged. The 10-year U.S. Treasury note yield was 4.304% at Friday's close versus 4.435% the previous week.

The war with Iran continues to influence energy and other financial markets. Several countries are working on mediation efforts between the U.S. and Iran. There is currently a Tuesday deadline imposed by the U.S. on Iran opening the Strait of Hormuz.

The March Employment Situation report showed a net gain of 178,000 jobs versus an expectation of 65,000 jobs. Stability in the labor market coupled with an uncertain outlook on inflation due to higher energy prices likely has the Federal Reserve on hold regarding interest rates until either factor changes. We should see two inflation data points this week with the February Personal Consumption Expenditures (PCE) Price Index scheduled for release on Thursday and the March Consumer Price Index (CPI) scheduled for release on Friday. Current CME Fed funds futures show no changes to short-term interest rates for the remainder of the year.

This week three companies in the S&P 500 Index are scheduled to report quarterly earnings. The first full week of earnings reporting starts next week. First quarter earnings are expected to grow by 13.2% and quarterly revenue growth is expected at 9.7%. Full-year 2026 earnings are expected to grow by 17.4% with revenue growth of 8.8%.

In our Dissecting Headlines section, we look at expectations for first quarter earnings.

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	3.4%	-3.5%	Aggregate Bond Index	0.8%	0.2%
Dow Jones Industrial Average	3.0%	-2.8%	U.S. Dollar Index	-0.1%	1.7%
NASDAQ 100	4.0%	-4.6%	WTI Crude Oil	11.9%	94.3%
Russell 2000 (Small Cap Index)	3.3%	2.3%	Gold	3.7%	8.4%
International Stocks (MSCI ex-US)	1.9%	1.9%	Real Estate (US REIT Index)	3.5%	6.6%

Sources: S&P Global, FactSet

Dissecting Headlines: First Quarter Earnings

For the first quarter of 2026, S&P 500 Index earnings growth is currently forecast at +13.2%. Data from FactSet shows nine 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 +45.1%, followed by the Materials sector at +23.9%, and the Financial sector at +15.1%. Rounding out the growing sectors are Utilities at +9.9%, Energy at +8.9%, Real Estate at +3.7%, Industrials at +3.2%, Consumer Discretionary at +1.8%, and Consumer Staples at +1.6%. The two sectors expected to show a decline in year-over-year earnings are Communication Services at -3.6% and Health Care at -8.7%.

First quarter revenue growth for the S&P 500 Index is currently forecast at +9.7%. The highest revenue growth is expected in the Technology sector at +27.4%, followed by Communication Services at +12.7%, and Financials at +10.0%. All eleven sectors are forecast to show year-over-year revenue growth. The remaining eight sectors are Utilities at +9.4%, Consumer Discretionary at +8.5%, Consumer Staples at +6.8%, Real Estate at +6.7%, Health Care at +5.9%, Industrials at +5.8%, Materials at +5.2%, and Energy at +1.6%.

The actual earnings results for companies and sectors relative to these expectations, along with their future outlooks, are key determinants of price performance. War in the Middle East has dominated headlines over the past few weeks and the quarter earnings discussions are likely to also be dominated by questions about the impact of the conflict and higher energy prices on many companies. Other key discussion points are likely to be 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



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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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