

Pan-Pacific Pragmatism

The U.S. – China Summit pointed to trade stabilization between the two countries, but higher energy prices kept a lid on market advances last week. For the week, the S&P 500 Index was +0.2%, the Dow Jones Industrials -0.1%, and the NASDAQ -0.3%. The Energy, Consumer Staples, and Technology sectors led the S&P 500 Index for the week, while the Consumer Discretionary, Real Estate, and Materials sectors lagged. The 10-year U.S. Treasury note yield was 4.595% at Friday’s close versus 4.370% the previous week.

Inflation has remained elevated due to energy prices. The April Consumer Price Index (CPI) showed prices 0.6% higher month-over-month and core CPI, which excluded the impact of food and energy prices, was +0.4% month-over-month. On a year-over-year comparison, CPI was +3.8% and core CPI was +2.8%.

Kevin Warsh has been confirmed as the new Chairman of the Federal Reserve. Warsh’s first Federal Open Market Committee (FOMC) meeting will be June 16 - 17th and the FOMC should publish an updated Summary of Economic Projections at the meeting. This should highlight monetary policy expectations for the remainder of the year.

We move into the final leg of the quarterly earnings reporting period with 91% of companies having already reported. This week 18 companies are scheduled to report results. First quarter earnings are expected to grow by 27.7% and quarterly revenue growth is expected at 11.4%. Full-year 2026 earnings are expected to grow by 21.5% with revenue growth of 10.3%.

In our Dissecting Headlines section, we look at the business outcomes of the U.S.—China Summit.

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	0.2%	8.7%	Aggregate Bond Index	-1.0%	-0.4%
Dow Jones Industrial Average	-0.1%	3.6%	U.S. Dollar Index	1.4%	1.0%
NASDAQ 100	-0.3%	15.6%	WTI Crude Oil	10.5%	83.6%
Russell 2000 (Small Cap Index)	-2.3%	13.0%	Gold	-3.8%	5.2%
International Stocks (MSCI ex-US)	-1.8%	10.4%	Real Estate (US REIT Index)	-2.2%	12.6%

Sources: S&P Global, FactSet

Dissecting Headlines: U.S.—China Summit

President Trump traveled to China last week to meet with Chinese President Xi. In addition to U.S. government officials, the delegation included executives from major U.S. companies to include Apple, Blackrock, Blackstone, Boeing, Cargill, Cisco, Citigroup, Coherent, GE Aerospace, Goldman Sachs, Illumina, Mastercard, Meta, Micron Technologies, Nvidia, Qualcomm, Tesla, and Visa, seeking to expand business opportunities in China.

The most significant business announcements included China agreeing to purchase 200 Boeing aircraft and related engines from GE Aerospace. China also pledged to expand purchases of U.S. agricultural products by \$17 billion per year through 2028 for corn, soybeans, pork, poultry, beef, and other commodities. Combined with prior soybean commitments, this would bring total annual agricultural purchases from China to around \$27 billion.

Discussions also included the potential for increased U.S. LNG and other energy exports to China, expanded access for financial services firms, and continued dialogue for cooperation in various technology areas to include artificial intelligence and semiconductors.

Beyond the aerospace and agricultural commitments, other discussions were an effort to re-start business dialogues between the countries. The broad takeaway from the summit regarding business and economics is an effort from both sides to be pragmatic toward sector-by-sector discussions where cooperation is a better course of action and acknowledgement that it is necessary for the two countries to be rivals in other sectors where the countries compete.

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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