

Summer Spend

Equity markets rose heading into the Memorial Day weekend, helped by continued earnings strength and a modest retreat in bond yields. For the week, the S&P 500 Index was +0.9%, the Dow Jones Industrials +2.2%, and the NASDAQ +1.2%. The Utility, Health Care, and Real Estate sectors led the S&P 500 Index for the week, while the Communication Services, Consumer Staples, and Energy sectors lagged. The 10-year U.S. Treasury note yield was 4.544% at Friday’s close versus 4.595% the previous week.

Minutes from the April Federal Open Market Committee (FOMC) meeting showed Fed officials viewed economic expansion positively, but the energy-driven inflation concerns have overshadowed most of the discussion around monetary policy. The new Fed Chair, Kevin Warsh, will preside over the June FOMC meeting. Between now and the mid-June meeting, we should see reports on April Personal Consumption Expenditure prices, a revision on first quarter Gross Domestic Product, the May employment situation, and the May Consumer and Producer Price Indices.

The first quarter earnings reporting period is almost complete, with 94% of companies having already reported. This week 18 companies are scheduled to report results. First quarter earnings are expected to grow by 28.4% and quarterly revenue growth is expected at 11.6%. Full-year 2026 earnings are expected to grow by 22.1% with revenue growth of 10.4%.

In our Dissecting Headlines section, we look at the impact of higher prices on Memorial Day travel.

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	0.9%	9.7%	Aggregate Bond Index	0.3%	-0.2%
Dow Jones Industrial Average	2.2%	5.9%	U.S. Dollar Index	0.0%	0.9%
NASDAQ 100	1.2%	17.1%	WTI Crude Oil	-8.4%	68.2%
Russell 2000 (Small Cap Index)	2.7%	16.1%	Gold	-0.7%	4.4%
International Stocks (MSCI ex-US)	1.8%	12.4%	Real Estate (US REIT Index)	2.8%	15.7%

Sources: S&P Global, FactSet

Dissecting Headlines: Memorial Day Travel

The American Automobile Association (AAA) projected that 45 million Americans would be traveling greater than 50 miles from home for the Memorial Day holiday. This is a 0.4% increase from last year. The majority, 39.12 million, were expected to travel by car, despite higher gas prices year-over-year. Air travel was estimated at 3.66 million and other transportation to include bus, train, and cruise were estimated at 2.22 million.

Gasoline prices are likely having a strong impact on travel budget decisions. AAA reported national average price for regular unleaded gasoline at \$4.515 per gallon. This is 41.7% higher year-over-year and represents the highest Memorial Day weekend gasoline prices since 2022 when regular unleaded was \$4.596 per gallon. Gasoline prices later peaked at all-time highs of \$5.016 per gallon by mid-June of that year.

Air travel purchased well in advance averaged approximately 6.0% lower year-over-year, but recently purchased airfares were sharply higher due to increases in jet fuel prices. Hotel prices were 3% to 8% higher year-over-year depending on destination, with resort markets at the higher end of the range and urban markets at the lower end.

Food prices were also higher for holiday cookouts. Ground beef prices were 20.0% higher year-over-year, while beef hot dog prices increased 12.0%. There was some mild relief in boneless chicken breasts with prices 0.2% lower. Most condiments and toppings were greater than 10.0% higher year-over-year.

Depending on progress toward resolving the current hostilities in the Middle East and restoring oil flows from the region, price pressures could persist further into the summer season.

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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