

## Economic Goals

The equity markets rebounded after the prior down week. For the week, the S&P 500 Index was +0.7%, the Dow Jones Industrials +0.7%, and the NASDAQ +2.4%. The Materials, Consumer Staples, and Financial sectors led the S&P 500 Index for the week, while the Communications Services, Energy, and Utility sectors lagged. The 10-year U.S. Treasury note yield was 4.479% at Friday's close versus 4.546% the previous week.

Recent reports on inflation showed higher energy prices pushing overall inflation, and core inflation more moderate. The May Consumer Price Index (CPI) was +0.5% month-over-month (m/m) and core CPI (ex food and energy) was +0.2% m/m. The year-over-year (y/y) change in CPI was +4.2% and core CPI was +2.9%. The May Producer Price Index (PPI) rose +1.1% m/m and core PPI (ex food, energy & trade) rose +0.8%. The y/y change in PPI was +6.5% and core PPI was +5.1%.

We should get a clearer sense of monetary policy direction when the Federal Reserve publishes its updated Summary of Economic Projections at the June 17th Federal Open Market Committee (FOMC) meeting. Current CME Fed funds futures show the potential for a 0.25% increase at the December FOMC meeting.

We are at the cross over point in earnings reporting this week with one company reporting first quarter earnings and two companies reporting second quarter earnings. The first quarter earnings should close out with a y/y gain of 28.8% and revenue growth of 11.8%. Second quarter earnings are expected to grow by 21.9% and quarterly revenue growth is expected at 12.0%. Full-year 2026 earnings are expected to grow by 23.2% with revenue growth of 11.0%.

In our Dissecting Headlines section, we look at economic impact of the World Cup.

## 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	0.7%	9.2%	Aggregate Bond Index	0.4%	0.5%
Dow Jones Industrial Average	0.7%	7.4%	U.S. Dollar Index	-0.3%	1.4%
NASDAQ 100	2.4%	17.7%	WTI Crude Oil	-6.3%	47.8%
Russell 2000 (Small Cap Index)	3.9%	19.2%	Gold	-2.7%	-2.3%
International Stocks (MSCI ex-US)	0.7%	13.6%	Real Estate (US REIT Index)	2.4%	18.0%

Sources: S&P Global, FactSet

## Dissecting Headlines: World Cup Impact

The FIFA World Cup tournament can have a positive economic impact not just in host countries but around the world. FIFA and the World Trade Organization estimate the tournament could impact global GDP by over \$40 billion. The largest host nation, the United States, would receive 42% of that impact, or over \$17 billion. That would add a small 0.056% increase to total annual U.S. GDP. Co-host nations Mexico and Canada should also see benefits but on a smaller dollar scale.

The tournament brings host city capital investment and operating expenditures, tourism spending, and FIFA expenditures. The recent Federal Reserve Beige Book identified hiring in the hospitality sector in host cities because of the tournament. This was visible in the May Employment Report which showed 70,000 new jobs created in the leisure and hospitality sector. The robust stadium and transportation infrastructure within the U.S. lessened the need for massive construction projects seen in some World Cup host nations, likely limiting wasteful, tournament specific spending. Global wagering on the World Cup is likely to top \$50 billion versus \$35 billion from the 2022 tournament. The growth in betting apps and prediction markets and the favorable time zone for U.S. participants is likely to create increased demand.

An interesting aspect of World Cup economics is the economic productivity of the fan base. A survey from consulting firm UKG estimates the 2026 tournament could lead to \$17 billion in lost productivity across the globe as workers sacrifice work in favor of watching the tournament. The survey showed 37% of workers surveyed plan to alter their schedules, 27% plan to miss work, and 14% even plan to watch the tournament while at work. Another 22% expect to show up exhausted and 11% plan to work while hungover. A counterargument to the lost work shows watching a game can positively impact a worker's mood and that can increase productivity when your team wins. A loss, however, can negatively impact productivity.

## The NovaPoint Team



**Joseph Sroka, CFA, CMT / Chief Investment Officer / [jsroka@novapointgroup.com](mailto: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](mailto: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](mailto: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](mailto: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, FRC<sup>SM</sup> / Investment Associate / [mhoover@novapointgroup.com](mailto: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.

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