

Navigating

Markets rose as bond yields halted their ascent and energy prices stabilized. For the week, the S&P 500 Index rose 1.2%, the Dow Jones Industrial Average gained 1.0%, and the NASDAQ 100 advanced 0.3%. The Consumer Staples, Utilities, and Energy sectors led the S&P 500 Index for the week, while Industrials, Technology, and Communication Services lagged. The 10-year U.S. Treasury note yield ended Friday at 5.241%, down from 5.278% the previous week.

Gasoline prices, as measured by AAA, declined 0.2% for the week to \$4.3585 per gallon and diesel fuel prices fell 1.0% to \$6.2771 per gallon. Fuel prices have been a significant contributor to headline inflation. We get an update on September inflation when the Consumer Price Index (CPI) and Producer Price Index (PPI) are released later this week.

CME fed funds futures indicate that investors expect the Federal Reserve to hold rates steady at its October policy meeting, followed by a 25-basis-point increase in the federal funds target range at its December meeting.

The quarterly earnings reporting pace accelerates this week with 25 companies in the S&P 500 Index scheduled to report third-quarter results. Third-quarter earnings are expected to grow 29.6% year-over-year, with revenue growth of 12.4%. Full-year 2026 earnings are expected to grow 32.7%, with revenue growth of 12.5%.

In our Dissecting Headlines section, we look at the upcoming CPI and PPI reports.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	1.2%	15.1%	Aggregate Bond Index	0.3%	-1.9%
Dow Jones Industrial Average	1.0%	8.8%	U.S. Dollar Index	0.3%	4.0%
NASDAQ 100	0.3%	22.9%	WTI Crude Oil	0.8%	60.0%
Russell 2000 (Small Cap Index)	-0.9%	14.1%	Gold	1.4%	-2.8%
International Stocks (MSCI ex-US)	-0.3%	13.9%	Real Estate (US REIT Index)	0.0%	10.4%

Sources: S&P Global, FactSet

Dissecting Headlines: Inflation Watch

Inflation returns to the spotlight this week with the release of the September Consumer Price Index (CPI) and Producer Price Index (PPI). CPI measures prices paid by consumers, or retail inflation, and PPI measures prices received by domestic producers, or wholesale inflation.

Energy has driven much of the volatility in consumer inflation this year. Following the initial military action in the Strait of Hormuz at the end of February, energy prices surged 10.9% in March. Prices fluctuated as hostilities eased and intensified in subsequent months. Through August, CPI showed energy prices 16.3% higher year-over-year, compared with a 3.4% increase in overall consumer prices. Core CPI, which excludes the impact of food and energy prices, increased a more modest 2.4%. Shelter remained a source of pressure on core inflation, with prices up 3.0% year-over-year.

Higher fuel prices have also affected producer inflation. The PPI increased 5.4% year-over-year in August, while PPI excluding food, energy, and trade services rose 4.7%. Diesel fuel prices were 24.1% higher during August alone. This contributed to higher transportation costs. These costs can impact business profitability and can potentially be passed along to consumers for goods and services.

One concern of inflation hawks is whether the elevated energy prices spread further into core inflation. Alternatively, an easing of hostilities in the Middle East and restoration of the energy supply chain could lower energy prices and help slow overall inflation.



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Joe has over 25 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 United States 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 has over 25 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 has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth. Frederick began his investment career in 1991 at Balentine & Co. 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 United States 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 leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint. Larry began his career as a Field Artillery officer in the United States Army. Larry holds a BS 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 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 is a Certified Financial Planner (CFP) and a Federal Retirement Counselor (FRC).

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