

Earnings Take the Field

Equities rose Friday following a subdued employment report, but the S&P 500 and Dow still finished lower for the week. For the week, the S&P 500 Index fell 0.2%, the Dow Jones Industrial Average fell 1.3%, and the NASDAQ 100 gained 0.7%. The Technology, Energy, and Utilities sectors led the S&P 500 Index for the week, while Health Care, Financials, and Consumer Staples lagged. The 10-year U.S. Treasury note yield was 5.278% at Friday's close, versus 5.160% the previous week.

The economy added 29,000 jobs in September versus the expectation for 90,000 jobs, and the unemployment rate rose to 4.2% versus 4.1% in August. The softer report eased some pressure on the Federal Reserve to raise the fed funds rate at its October policy meeting. August payroll growth was revised down by 29,000 to a gain of 133,000, while July payrolls were revised down by 31,000 to a loss of 10,000. CME fed funds futures now price in a single 0.25% increase by the December meeting, compared with increases at both remaining meetings earlier.

This week, four companies in the S&P 500 Index are scheduled to report third-quarter earnings. Third-quarter earnings are expected to grow 29.5% year-over-year, with revenue growth of 12.3%. Full-year 2026 earnings are expected to grow 32.4%, with revenue growth of 12.4%.

In our Dissecting Headlines section, we look at the upcoming third quarter earnings season.

Financial Market Update

	<u>Weekly Return</u>	<u>YTD Return</u>		<u>Weekly Return</u>	<u>YTD Return</u>
S&P 500 Index	-0.2%	13.8%	Aggregate Bond Index	-0.5%	-2.3%
Dow Jones Industrial Average	-1.3%	7.8%	U.S. Dollar Index	1.0%	3.7%
NASDAQ 100	0.7%	22.6%	WTI Crude Oil	-1.4%	58.7%
Russell 2000 (Small Cap Index)	-0.1%	15.2%	Gold	-3.5%	-4.1%
International Stocks (MSCI ex-US)	-1.4%	14.2%	Real Estate (US REIT Index)	-1.3%	10.5%

Sources: S&P Global, FactSet

Dissecting Headlines: Third Quarter Earnings

The early part of the third quarter earnings season kicks off this week. According to FactSet, S&P 500 Index earnings are forecast to grow 29.5% year-over-year, with all eleven sectors expected to report growth. Higher oil prices are expected to drive Energy sector earnings growth of 114.0%. The Technology sector follows at 65.0%, then Communication Services at 51.5%, both benefiting from spending on artificial intelligence. The eight remaining sectors are expected to grow, but below the overall Index level. These are the Materials sector at 29.4%, Industrials at 14.6%, Real Estate at 8.7%, Utilities at 6.9%, Health Care at 5.5%, Consumer Discretionary at 3.2%, Financials at 3.0%, and Consumer Staples at 2.9%.

S&P 500 Index revenue is forecast to grow 12.3% year-over-year. Technology is expected to lead at 40.5%, followed by Energy at 21.4% and Communication Services at 15.4%. The remaining eight sectors are forecast to report revenue growth, but below the overall Index level with Real Estate at 9.8%, Utilities at 9.4%, Industrials at 9.1%, Materials at 8.8%, Financials at 7.3%, Consumer Staples at 5.9%, Consumer Discretionary at 5.0%, and Health Care at 4.0%.

How companies perform relative to these expectations, and what management teams say about their outlooks, should determine stock price performance. Commentary on energy prices, inflation, hiring plans, and the adoption of artificial intelligence should also give a clearer picture of where the economy is headed.



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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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