

January 31st, 2020

From Wall Street to Main Street

Highlights from the past week



Erick J Palacios, MBA



Jon Xynidis



Randall Beardsley

Managing
Wealth
Servicing
Generations

For more information on
creating and reviewing
your financial plan

www.xcelwealth.com

386-872-3440

Market / Macro Economic Summary

Markets are finally showing some signs of effect from the possible economic impacts from the Corona virus. Monday the markets sold off and while they regained the losses with good gains on Tuesday and Wednesday, today's 2% sell off is what most feared would occur. The main thing we will be watching on Monday is if the markets have follow-through days to the downside. For now, earnings continue to come in stronger than expected for the most part, which is great news! There were some companies that made Corona virus mentions in their calls and forecasts, so we hope that our pharmaceutical companies can find a cure.

Company Specific / Micro Economic Summary

Apple (AAPL)

Shares rose #% on the heels on an impressive and unexpectedly good quarter. Earnings per share of \$4.99 were well ahead of the \$4.54 analysts were looking for. Revenues of \$91.8 billion dollars for the quarter, were up 9% over the prior quarter and ahead of the estimates of \$88.5 billion. Iphone revenues were up 8% and Services revenues were \$12.7 billion, which mind you are more than other companies earn in an entire year! CEO Tim Cook did say the Corona virus led the company to issue a larger than normal range for their guidance of revenues because the uncertainty of how the Chinese consumer will spend despite the issue.

Boeing (BA)

Shares rose slightly as investors breathed a sigh of relief with the current quarter and forecasts to see the 737 Max get back in the air. The company reported an earnings per share loss of \$2.33 for the year, which is its first annual loss in over 20 years! Revenues declined 37% \$17.91 billion for the year. Newly minted CEO Dave Calhoun is vowed to be as transparent as possible with the FAA and hopes to have the 737 Max back in operation by sometime in July. The costs associated with the grounding are up to a staggering \$18 billion dollars!

McDonald's (MCD)

Shares rose 1% as the company reported a bottom-line beat but top line miss. Earnings per share of \$1.97 were one penny ahead of expectations. Revenue of \$5.3 billion matched expectations and same store sales grew 5.9%, which were higher than the 5.2% analysts were looking for. Management also highlighted that they have closed all of the stores in the Hubei province, but assured investors China only makes up 3-4% of global sales.

AT&T (T)

Shares fell 3.24% as the telecommunications giant reported earnings per share of 89 cents, two cents ahead of estimates. Revenues declined \$2.4% to \$46.8 billion but mainly due to higher than anticipated costs with the HBO Max launch. CEO Randall Stephenson remains confident the company will make good on its promises to bring debt levels back to normal, posts it's Time Warner acquisition.

January 31st, 2020

From Wall Street to Main Street *Highlights from the past week*



Erick J Palacios, MBA



Jon Xynidis



Randall Beardsley

**Managing
Wealth
Servicing
Generations**

For more information on
creating and reviewing
your financial plan

www.xcelwealth.com

386-872-3440

Tesla (TSLA)

Shares popped 10% on the heels of the company's best quarterly results. CEO Elon Musk reported earnings per share of \$2.14, which blasted the \$1.72 estimates. Revenues of \$7.38 billion were ahead of Wall Street's calls for \$7.02 billion. Elon said he expects the company to remain cash flow positive from here on out, barring any one-time giga-factory investments. Q4 2019 marked the highest vehicle delivery in the company's history at 112,00 units! Lastly, Tesla guided to an estimated goal of 500,000 deliveries expected for 2020.

FaceBook (FB)

Shares fell on the back of a top and bottom line beat for the company. Earnings per share of \$2.56 were three cents ahead of estimates. Revenues of \$21.08 billion were also ahead of the \$20.89 billion analysts were looking for. Daily Active Users topped out at 1.66 billion people, and Average Revenue per User (ARPU) came in at a solid \$8.52 versus estimates of \$8.38. At the heart of the decline was a 51% rise in expenses in 2019 but should be understandable as the company is putting tons of money to compliance post its settlement with the U.S. Federal government.

Microsoft (MSFT)

Shares rose 4% earnings per share of \$1.51 versus \$1.32 estimates. Revenues of \$36.91 billion were ahead of the \$35.68 billion Wall Street was looking for. Microsoft AZURE, its cloud-based program, grew its revenues by a whopping 62%! This is on the heels of the announcement from the government that it had awarded the Joint Enterprise Defense Infrastructure (JEDI) contract to Microsoft.

Parting Thoughts

We welcome an opportunity to discuss the above detail and wish you much success in the rest of your week!

Regards,

E. Palacios

Erick J. Palacios, MBA
Wealth/Financial Advisor