Palacios' Perspectives

February 14th, 2020

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

From Wall Street to Main Street

Highlights from the past week

We hope you have a very Happy Valentine's Day!

Market / Macro Economic Summary

Markets have continued their trek higher towards high all-time highs. Dow is back near 30,000 and Nasdaq is close to 10,000. While the Corona virus continues to affect China, more and more companies seem to be adjusting their numbers or omitting from giving guidance at all. What is puzzling is that markets seem to be shrugging off those concerns for now, which **I do not** like. Earnings though continue to come in at good levels and are showing this fundamental investment manager that while stocks are a bit overvalued, we're not at bubble territory. In today's climate, I wait for pull backs (as infrequent as they are) to put cash to work, but also not running to put money in the markets.

Company Specific / Micro Economic Summary

Under Armour (UA)

Stock slid down 17% as the company reported a mixed quarter. Earnings per share of 10 cents matched estimates however Revenues of $1.44 billion were short of the $1.47 billion Wall Street was looking for. CEO Patrick Frisk mentioned on the call that Corona-virus related impacts could be nearly $50-$60 million-dollar impact on this year's earnings. The company is also seeing heightened competition from Nike, Lululemon and Adidas in the clothing space and even went as far as mentioning Kohl's discounting as having negatively affected revenues.

Lyft (LYFT)

Shares fell over 5% on the heels of a report that exceeded estimates, but they didn't provide an update on when the company would permanently remain profitable. Their report was a week after Uber reported earnings and said they would d be a profitable company by the end of this year. Lyft lost $1.19 per share versus Wall Street's estimates of a loss of $1.39. On earnings before income and taxes (EBITA), the company lost $130.7 million when most expected a $164 million loss. Uber and Lyft will continue to be compared and it seems like for the time being, Uber is performing ahead of expectations.

Shopify (SHOP)

Shares soared nearly 8% on earnings that beat estimates. Revenues of $505 million were ahead of the $482.1 million analysts were looking for but even more impressive was that it was 47% higher than last year! Earnings per share of 43 cents were also much higher than the 24 cents Wall Street was looking for. The company saw a 61% increase in Black Friday and Cyber Monday holiday sales over last year.

Palacios' Perspectives

February 14th, 2020

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

From Wall Street to Main Street

Highlights from the past week

Cisco (CSCO)
Shares fell as of 4% as the company even though they beat on the top and bottom lines. Earnings per share of 77 cents were slightly ahead of the 76 cents Wall Street was looking for. Revenues of $12.01 billion were also ahead of the estimates that called for $11.98 billion. Cisco's Infrastructure platform revenues were down 8% and CEO Chuck Robbins said they see large customers pausing their spending plans because of global economic uncertainties. This has been the same reasoning that he had used for the last several quarters so Wall Street might be growing impatient.

Alibaba (BABA)
Shares remained steady as the company reported strong quarterly numbers, but the Corona virus loomed large over the next several quarters. Earnings per share were 16% higher than estimates coming in at $2.61. Revenues of $23.19 billion were up 38% over the prior quarter and higher than the estimates of $22.68 billion.

Nvidia (NVDA)
Shares rallied over 10% on the heels of a "return to growth" quarter. As analysts were expecting $1.66 earnings per share, the company reported a whopping $1.89! Revenues of $3.11 billion were also ahead of the $2.96 billion Wall Street was looking for. CEO Jensen Huang noted Data Center revenues were a huge driver of the positive surprise and also credited a 56% gain in gaming revenues!

Roku (ROKU)
Shares initially rallied in the afterhours market yesterday only to drop once trading began today. While analysts were expecting a loss of 14 cents, the company actually only lost 13 cents. Revenues of $411 million were also ahead of the $392 million Wall Street was looking for. While the good numbers gave shares a lift, the forecast for growth for this year left analysts slightly desiring.

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