

June 17th, 2020

From Wall Street to Main Street

Highlights from the past week

Market / Macro Economic Summary

Dow Jones closes today on the negative side as it snaps a three-day positive streak. The Nasdaq however has closed on the positive end and continues to diverge from other indexes. This continues to be a factor with investment performance on the year as big tech seems to be in favor and consumer cyclicals and other sectors seem to be more adversely impacted. Retail sales were reported to have jumped 17% on the month as we get more economic data that points to a recovery. Covid-19 cases are on the rise and Secretary of the Treasury Steve Mnuchin and Larry Kudlow, head of US Nat'l Economic Council both have said that the economy will not be shut down. This puts a heavy burden on contract tracing as the next line of defense to prevent the spread of the corona virus. Lastly, we did get good news from a study by the University of Oxford that showed promising results from the use of a steroid called dexamethasone, as it showed to reduce the death rate of seriously ill patients (on ventilators) by 35%.

Company Specific / Macro Economic Summary

Chewy (CHWY)

Stock fell 2.4% as it reported a top and bottom line beat in the quarter. The company reported a loss of 12 cents but that was 6 cents ahead of expectations for a loss of 18 cents. Revenues of \$\$1.62 billion were also higher than the \$1.53 billion analysts were expecting. The company ended the quarter with 15 million active customers and a 32.6% growth in that figure from the same period a year ago.

AMC Entertainment (AMC)

Stock rose on pure optimism as the company announced it will be opening again to customers in July, ending the shut down that was in place since March. This comes on the heels of last week's announcement that the company had "substantial doubts" about its ability to continue operations. Lastly, when it opens in mid-July the company said it would be doing so on limited capacity and blocked seating. This will be a real tug-of-war stock that remains to be seen as to its long-term viability.

Adobe (ADBE)

Shares rose slightly as the company reported rising revenue amid the pandemic as more users work from home. Earnings per share of \$2.45 were ahead of the \$2.32 estimates. Revenues of \$3.13 billion were just shy of the \$3.16 billion analysts were looking for.

Lululemon Athletica (LULU)

Shares were knocked 17% lower as the effects of store closures impact quarterly results. Earnings per share of 22 cents were just shy of the 23 cents Wall Street was looking for. Revenues of \$651.96 million were also short of the \$688.4 million expectations. The lone bright spot of the company still only having 50% of its US stores open was the 54% of total revenues that were made up of online sales.

Parting Thoughts

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

Regards,

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