

April 16th, 2021

## From Wall Street to Main Street

*Highlights from the past week*

### Market / Macro Economic Summary

Markets have really turned up the heat as we continue the month of April, which I mentioned historically is one of the better performing months of the year. We have kicked off earnings season and as expected, the results have not disappointed so far! Moreover, it should lead to more optimism for the rest of earnings season as the banks have really set the bar high. Of the thirty or so companies that have already reported earnings, 80% of them have beat Wall Street estimates and they have beat by an average of over 22%. These are very impressive and should combine with other factors to help markets head higher! One last positive note from an economic perspective this week was the retail sales number that came in at 9.8%, which was also much higher than expected. This shows the consumer is getting back to "normal"/shopping post the pandemic and is spending their stimulus funds.

### Company Specific / Macro Economic Summary

#### JP Morgan Chase (JPM)

Shares were flat even though the bank posted a blow out quarter. Earnings per share were \$4.50 for the quarter when analysts were looking for \$3.10. Revenues of \$33.12 billion also much stronger than the \$30.52 billion Wall street was looking for. Almost every division did really well, from fixed income trading being up 15% to investment banking increasing revenue by a whopping 222%.

#### Bank of America (BAC)

Shares were a bit mixed in trading after the results which were strong, but share had rallied into the announcement of the quarterly results. Earnings per share of 86 cents crushed the expectations for 66 cents. Revenues of \$22.9 billion were also ahead of the \$22.1 billion analysts were looking for. Investment banking and trading divisions came in strong as well and the bank set aside much lower amounts of funds for loan loss reserves, showing a great trend that they believe losses or loan defaults are expected to decline.

#### Goldman Sachs (GS)

Shares rose 4% as shares had also rallied into the report but still managed to show blow out quarterly numbers. Earnings per share of \$18.60 were so far above the expectations of \$10.22. Revenues of \$17.7 billion were also in a different stratosphere than the \$12.6 billion Wall street was looking for. Investment banking revenues rose 73% from a year earlier and their equity underwriting revenues were an all time high of \$3.77 billion on the quarter.

#### Delta (DAL)

Shares fell 2.8% as management reported a rather grim outlook for travel, more specifically the recovery of international and business travel. Delta lost \$3.55 per share which was far worse than the \$2.94 analysts were looking for. Revenues of \$4.15 billion were slightly ahead of the estimates. The company said that the average cash burned in the quarter was \$11 million per day, but in March it started to make \$4 million per day as leisure travel resumed.

### 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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