

April 30th, 2021

From Wall Street to Main Street

Highlights from the past week



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Market / Macro Economic Summary

Market commentators had been looking at earnings season as a key competent towards the idea whether stocks are over valued or not. In comes to the rescue our largest technology stocks that report absolutely monster numbers! From Apple, Amazon, Google, Microsoft and finally Facebook; they reported very good top and bottom-line beats. This should give market participants a much-needed reassurance towards feeling like the markets level are justified. We do have another heavy week of earnings next week, but we should expect more good news to come. Lastly, for those concerned about our economy..... results for the most recent quarter show that our economic growth (Gross Domestic Product) for Q1 2020 was 6.4%. This is good news that we are on solid footing. Now, onto the slew of earnings.

Company Specific / Micro Economic Summary

Tesla (TSLA)

Shares were mixed in trading as they reported earnings of 93 cents as analysts were expecting 79 cents. Revenues of \$10.39 billion where also ahead of the calls for \$10.29 billion. This was revenue growth of 74% from the same time a year ago. CEO Elon Musk spent some time on the call talking the solar roof division as well as detailing the company's 50% growth in deliveries for the next several years.

General Electric (GE)

Shares were down about 3% as the company reported earnings per share of three cents when analysts were looking for two cents. Revenues of \$17.12 billion were shy of the \$17.58 billion expectations. CEO Scott Culp also warned that price increases in their raw materials will more than likely cause them to raise prices for their goods.

Alphabet aka Google (GOOG)

Shares soared as the company reported a ridiculous 34% growth in revenue for a company that already is making billions of dollars. Earnings per share of \$26.29 were in a different planet as compared to the \$15.82 Wall street was looking for. Revenues of \$55.31 billion where almost \$4 billion more than the estimates of \$51.70 billion. YouTube advertising revenue grew by 50%! CEO Sundar Pichai also highlighted the growth of it's Tik Tok- competing app called Shorts. In January the app saw 3.5 daily views and today its pushing 6.5 billion views per day.

Boeing (BA)

Shares fell 3% on the heels of its 6th consecutive quarterly loss. Revenues of \$15.22 billion were just ahead of the estimates of \$15.02 billion. Earnings per share for the quarter were a loss of \$1.53, much wider than the analyst estimates which were looking for a loss of \$1.16. CEO Dave Calhoun said he sees the inflection point in 2021 where the company will begin their path to growth once again as the pandemic gets further in the rearview mirror and more people are vaccinated.

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Facebook (FB)

Shares jumped 6% on a monster quarter. Earnings per share of \$3.30 were much higher than the \$2.37 Wall street was looking for. Revenues of \$26.17 billion were far above the \$23.67 billion analysts were projecting and 48% growth from the same period a year ago. The average revenue per user (ARPU) was supposed to be \$8.4 billion but came in at a much higher \$9.27.

Apple (APPL)

Shares rose as the company blew out the numbers as well! Sales grew a whopping 54% from the same period a year ago. Every single product line saw double digit growth with iPhone growing 65%, iPad up 79% and Mac books up 70% from the same period one year ago. The company will increase its dividend by 7% and will buy back \$90 billion dollars' worth of shares in the coming months.

McDonald's (MCD)

Shares were climbing as the company reported great numbers as we recover from the pandemic. Revenues rose 9% to \$5.1 billion dollars as analysts were looking for \$9 billion. Earnings per share of \$1.92 were much stronger than the \$1.81 Wall street was looking for. Same store sales, a very important metric in the restaurants, were also up 7.5% over the previous quarter. By regions, the United States had the strongest same store sales growth at 13.6%.

Amazon (AMZN)

Shares climbed 4% as the company reported (wait for it) a monster quarter! Companies the size of Amazon should not still be able to grow revenues by 44%, but here we are! Revenues came in at \$108.52 billion when analysts were expecting \$104.47 billion. Earnings per share of \$15.79 were head and shoulders beyond the \$9.54 estimates. CEO Jeff Bezos is expected to give up the reigns to Andy Jassy, who is currently the head of Amazon Web Services at the end of the third quarter of this year.

Parting Thoughts

I expect the markets to tread some water for the coming months but as you can see in these earnings results, the foundation for the economy is still strong.

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

Regards,

E. Palacios

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