

June 11th, 2021

From Wall Street to Main Street

Highlights from the past week

Market / Macro Economic Summary

Markets have continued to inch their ways back towards their all-time highs! This is great for investors despite not yet having an infrastructure deal in place in Washington. More states continue to "open" up and the economy continues to show strength by way of very strong earnings reports. The markets should remain steady near the levels we are now as earnings season dies down and there is little news that should move the market in one direction or another. One last point about the health of our overall economy, data suggests our economy is creating plenty of jobs so as more states curtail some of the Covid-related unemployment benefits, we should continue to head in the right direction for growth.

Company Specific / Macro Economic Summary

Marvel Technologies (MRVL)

Shares rose 3% as the company reported strong earnings. They reported earnings per share growth of 61% to 29 cents when Wall Street was looking for 27 cents. Revenues of \$832 million were also a healthy 20% above last year and well ahead of the \$803 million analysts were looking for. Storage revenues grew by 17% and networking grew by 26%. 5G continues to be a source of growth for the company and it was the main driver behind them increasing guidance for the remainder of the year.

GameStop (GME)

I would not normally cover this stock as its valuation is so far disconnected from reality, but it was a slow week in terms of earnings so here we are. The company reported sales growth of 25% and announced that it had poached an Amazon executive (Matt Furlong) to be its new Chief Executive Officer. Despite the good quarter, they declined to give guidance for the full year and announced another 5 million share sale. The company still has very little information in what it intends to do to "reinvent" itself as a profitable company in the future. Buyer beware here; this is a stock that trades on sheer momentum and at some point one would figure the music will stop.

Restoration Hardware (RH)

Shares surged 15% as the company reported quarterly numbers that exceeded Wall Street expectations. Earnings per share of \$4.89 were well above the estimates of \$4.10. Revenues of \$861 million were also ahead of the projections of \$758 million. The company also raised full year guidance following the strong start in the first quarter.

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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