

July 30th, 2021

## From Wall Street to Main Street

*Highlights from the past week*



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### Market / Macro Economic Summary

Markets have done well this week as we have continued to get extremely strong earnings reports from the major technology leaders this week. This section will be unusually short as there are tons of earnings reports to speak to and I do not want you to have to read a five-page report. One last point of reference from the macro-economic area that I would like to note is that Federal Reserve Jerome Powel has his monthly meeting with the rest of the Federal Reserve Board and the collective thought is maintaining an accommodative stance on our economy. This means continued support for the stock market. There is a ton to get to, so let's get to it!

### Company Specific / Micro Economic Summary

#### Tesla (TSLA)

Shares initially rose but then fell as the company reported a very good quarter. Earnings per share of \$1.45 versus estimates of 98 cents. Revenues of \$11.96 billion were also ahead of the \$11.30 billion analysts were looking for. CEO Elon Musk reported net income of \$1.1 billion, which is the company's first ever billion-dollar quarter. Plants in Germany and Texas are to be open this year.

#### UPS Inc (UPS)

Shares fell as the company reported otherwise good numbers. Earnings per share of \$3.06 were higher than the estimates for \$2.82. Revenues increased 14.5% to \$23.42 billion versus call for \$23.24 billion. CEO Carol Tome, formerly from Home Depot, continues to reposition the company for future growth and cost cutting.

#### General Electric (GE)

Shares jumped 3% as the CEO Scott Culp reported a top and bottom-line beat. Earnings per share of 5 cents were better than the 3 cents analysts were looking for. Revenues of \$18.3 billion were stronger than the \$18 billion Wall Street was expecting. Culp did mention inflationary costs were rising and might have to be passed on to end users for airplane parts.

#### Apple (AAPL)

Shares fell slightly as the company reported yet another blowout quarter but warned of the effects of the chip supply shortage. Iphone sales grew by 50% on an annualized basis as revenues grew by 36% year over year to \$84.41 billion. Earnings per share of \$1.30 crushed estimates of \$1.01.

#### Microsoft (MSFT)

Shares fell initially but then rebounded as the company reported a strong quarter. Earnings per share of \$2.17 was much better than estimates of \$1.92. Revenues of \$46.15 billion were also well ahead of calls for \$44.24 billion. Azure, Microsoft's cloud offering, saw 51% revenue growth.

#### Advanced Micro Devices (AMD)

Shares jumped 6% as the company reported blowout numbers. Earnings per share of 63 cents were higher than the 54 cents estimates. Revenues doubled to \$3.9 billion, ahead of estimates for \$3.6 billion. CEO Lisa Su said the company sees continued high demand across all businesses.

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#### Alphabet (GOOG)

Shares rose slightly as the company reported one of the best quarters I have ever seen. Revenues for this trillion-dollar company grew by a whopping 62%! Cloud revenues grew by 54% and YouTube revenue grew 84% year over year. CEO Sundar Pichai reported earnings per share were \$27.26 versus expectations for \$19.35. Total revenues on the quarter were \$61.9 billion!

#### Starbucks (SBUX)

Shares dropped 3% although the company had hit an all-time high recently. Revenues of \$7.5 billion were stronger than the \$7.3 billion estimate. Earnings per share of \$1.01 were also ahead of calls for 78 cents. CEO Kevin Johnson said the company saw same store sales in the United States grow by 83% from the same period a year ago. He also highlighted cold beverage sales that accounted for a record 74% of sales.

#### Boeing (BA)

Shares rose as the company reported its first quarterly profit in over six quarters. CEO Dave Calhoun said revenue grew 44% to \$17 billion as jet liner deliveries increased in the quarter. Earnings per share of 40 cents were extremely far ahead of the loss of 83 cents that was expected. Mr. Calhoun also said he does not expect the Delta variant to slow down demand for deliveries.

#### Facebook (FB)

Shares slumped 4% as the company reported top and bottom-line beats but a slight warning of advertising revenue slowdown in coming quarters. Earnings per share of \$3.61 was well above the estimates of \$3.03. Revenues of \$29.08 billion were also ahead of calls for \$27.89 billion. Average revenue per user of \$10.12 were much higher than the \$9.66 Wall Street was looking for.

#### Amazon (AMZN)

Shares traded 4% lower as the company reported a mixed quarter. Earning per share of \$15.12 were above analyst estimates of \$12.30. Revenues however came in at \$113.08 billion but Wall Street was looking for \$115.20 billion. AWS earnings came in strong at \$14.81 billion when analysts expected \$14.18 billion.

#### Twilio (TWLO)

Shares traded 2% lower on a top and bottom-line beat. Earnings per share came in at a loss of only 11 cents when analysts were expecting a loss of 14 cents. Revenues of \$669 million were also well-ahead of the expectations of \$595 million. CEO Jeff Lawson guided for growth of 50%-52% in Q3.

#### 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