

July 9th, 2021

From Wall Street to Main Street

Highlights from the past week

Market / Macro Economic Summary

Markets have kept the momentum and even showed pretty good resiliency yesterday as the Dow opened for trading down over 500 points but ended rebounding midday to close only down 259 points. As I type this, the Dow closed today up 448 points, essentially covering the losses and then some. This week should mark the last week that the markets do not have major catalysts as we should begin to get earnings next week from the major banks. Earnings will continue to impress for the second quarter of 2021 and provide markets with reasoning to maintain their trek higher. Of concern to the downside (since we should be mindful that we could see some volatility), we mainly have two factors that we want to keep an eye on, the Delta COVID variant and the ongoing issues with our relations with China.

One last item I wanted to cover, is the markets and whether they are "expensive" at the moment. Most people assume since markets are at all-time highs, that we must be expensive. I like to remind our readers that as these companies report great numbers, they force analysts to adjust their numbers and account for the growth being reported and thereby make the market as a whole more "reasonably" priced. This is one of the reasons we keep tabs on earnings reports as they help justify the market levels and let us know that the growth, we're paying for is worth it.

Company Specific / Macro Economic Summary

Levi Strauss & Co (LEVI)

Shares rose even though the company reported a double-digit loss in revenues but did still manage to beat on the top and bottom lines. Earnings per share of 34 cents were higher than the 25 cents analysts were looking for. Revenue dropped 13% to \$1.31 billion but was ahead of the calls for \$1.25 billion. CEO Chip Bergh attributed the decline in revenue to decreased foot traffic and geographical issues. For example, in Europe over 40% of the company owned stores still remain closed.

Helen of Troy (HELE)

Shares fell for the designer, developer and marketer of household products, health/home, and beauty products. Earnings per share of \$2.95 were ahead of the estimates of \$2.61. Sales grew 28.6% to \$541.2 million and online sales grew by 4%.

WD-40 Company (WDFC)

Shares traded 8% higher in the after-hours market as it reported strong numbers. Revenues of \$136.4 million was much higher than the \$108.3 million analysts were looking for. Earnings per share of \$1.52 were also considerably higher than the \$1.15 Wall Street was looking for. CEO Gary Ridge even gave a more optimistic outlook for the rest of the year as he sees sales growth between 16%-20%!

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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