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## From Wall Street to Main Street

*Highlights from the past week*



Erick J Palacios, MBA



Jon Xynidis



Randall Beardsley

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### Market / Macro Economic Summary

Markets continue to hover around all time highs. We continue to receive strong earnings and are still getting the economic data giving us feedback that some level of stimulus is warranted. On the surprise side, this morning we saw a jump of 943,000 jobs added this month and the unemployment rate dropping to 5.4%. Again, I will continue to reiterate that while the Federal Reserve has two mandates 1) inflation control and 2) unemployment; the inflation side for the moment is not an issue. There are some things like labor costs that are rising, but for the most part we're seeing declines in commodities like lumber and copper which indicate short lived price hikes. Unemployment is the Fed's main priority and remains high enough to allow the Fed board to remain in an accommodative stance with our economy which is great news for stocks.

### Company Specific / Macro Economic Summary

#### General Motors Company (GM)

Shares declined over 9% as the automaker reported numbers that were short of expectations due to its \$1.3 billion write down of its Chevy Volt EV recall. Earnings per share of \$1.97 were well short of the \$2.23 Wall Street was looking for. Revenues of \$34.17 billion did top the estimates for \$30.9 billion. CEO Mary Barra said the company still projects the chip shortage to affect the company's ability to produce vehicles for the remainder of the year. Three plants will be short down for a week soon due to the chip shortage and the monetary impact the chip supply issue is projected to be \$1.5 to \$2 billion dollars!

#### Roku, Inc. (ROKU)

Shares dropped over 8% for the leading streaming platform. I believe the decline was overdone as the earnings were quite impressive, but the markets placed more emphasis on the decline in streaming TV hours. To me, this should have been expected as the further we go on the reopen path from Covid, we should expect to see TV viewing hours decline from prior periods when people just sat home a lot more. Earnings per share of .52 cents crushed the estimates for 13 cents per share. Revenues grew a whopping 81% to \$645 million and above the Wall Street expectations for \$618 million.

#### Uber Technologies Inc. (UBER)

Shares slid 3% as the company reported a top and bottom-line beat. Earnings per share of 58 cents were well ahead of the 51 cents analysts were looking for. Revenues of \$3.93 billion were also ahead of the expectations of \$3.75 billion. CEO Dara Khosrowshahi said gross booking for its ride business were up by 184% from a year ago and deliveries were up by 85% as well. The company acknowledged pricing and long wait times as issues and that it is seeing a rebound in drivers as evidenced by a 420,000 increase in drivers from February of this year to July.

#### Moderna (MRNA)

Shares rose 4% as the company reported marvelous numbers on the back of its Covid-19 vaccine. Earnings per share of \$6.46 were well ahead of the estimates for \$5.96. To add further perspective, the company had reported a 31 cents per share loss just a year ago. Revenues came in at \$4.35 billion and the company said it expects annual revenues to be around \$20 billion based on signed contracts with worldwide governments.

### 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