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From Wall Street to Main Street

Highlights from the past week



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I'd like to first off take a moment to say "Thank You" to those that have served & currently serve in all aspects of government that work tirelessly on a daily basis to keep us safe. We remember the lives lost on 9/11 and I pray we don't have to see such a tragic event/loss of life on our soil ever again.

Market / Macro Economic Summary

Markets are closing out the week and it's been a softer week overall. There really isn't much to point the finger at, other than some companies that have reported some disappointing figures, but they are in areas where we should expect a slowdown. Mainly those areas are construction-related companies that are seeing a slowing demand concurrent with a slight slowdown in construction. The month of September will mark the end of the third quarter, so in about a week we will have quarter end window dressing (where mutual funds will be buying stocks and making moves) and should help the markets a bit. Until then, we sort of wind down the quarter slowly, as less important companies report earnings.....so we're in a bit of a lull.

Company Specific / Macro Economic Summary

GameStop (GME)

Shares fell 9% as the company reported a top line (revenue) beat but fell short on the bottom line (earnings). Revenues came in at \$1.18 billion when analysts expected \$1.12 billion. Earnings per share came in at a loss of 76 cents when Wall Street was looking for a loss of 67 cents. I know there have been many stances on this stock, here is one reason I am not a fan.... the conference call lasted seven minutes, I repeat 7 minutes and provided very little in what the company will be doing to address its future business endeavors.

Lululemon Athletica (LULU)

Shares rose more than 13% as the company reported a top and bottom-line beat. Earnings per share of \$1.5 came in well above the \$1.19 analyst expectations. Revenues of \$1.45 billion were also ahead of the \$1.34 billion estimates. CEO Calvin McDonald credited strong demand, improving productivity in its stores and strength in its e-commerce business to highlight the great results.

Restoration Hardware (RH)

Shares rose 9% as the results were better than expected. Earnings per share of \$5.07 were ahead of the calls for \$4.76. Revenues of \$813 million were also ahead of the \$798 million analysts were looking for. CEO Gary Freidman said he expects 15%-20% revenue growth as they head into the remainder of the year.

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

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