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## From Wall Street to Main Street

*Highlights from the past week*



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### Market / Macro Economic Summary

We were headed for a positive week until Friday's activity drew us to negative territory. I always say that these last few weeks of the quarter are a bit of a washing machine because there is little news for the markets to seek direction from since most of the corporate giants have already reported earnings. We should remain patient here as the 3<sup>rd</sup> quarter of earnings should be another strong earnings quarter and should have a positive impact on stocks. We should see sustained markets until the year end with a slight chance that we also end higher by year's end.

### Company Specific / Macro Economic Summary

#### Oracle (ORCL)

Shares slid 3% as the company reported results that failed to inspire analysts. Revenues of \$9.73 billion fell just shy of the estimates of \$9.77 billion. Earnings per share \$1.03 did come in higher than the estimates for 97 cents. CEO Safra Catz said the company was increasing its cloud investment to over \$1 billion dollars for the year as compared to \$436 million a year ago. She said they're looking to ensure they have adequate infrastructure to handle the growing cloud-based demand they're seeing.

#### Weber (WEBR)

I don't normally cover recent IPO's (Initial Public Offerings) but this is one that everyone should recognize and it's been a slow week. Weber, the maker of all types of grills, smokers, and accessories. For its first quarter as a public company, they reported sales of \$669 million and net income of \$134 million. Year to date sales have grown over 41% year over year. For the full year, management expects sales to be \$1.96 to \$1.97 billion dollars and net income to come in the range of \$305-\$310 million dollars.

#### Cisco Systems (CSCO)

The company held an investor day presentation and since there were little news in the way of earnings reports, figure I'd go over the highlights as well. To start, investor day presentations are geared towards giving analysts and shareholders a much deeper dive into the business that the time allows on quarterly conference calls. Management shares growth prospects for each business segment, new products and strategic decisions that can impact future results. CFO Scott Herren said the company's subscription revenue is expected to be half of its overall revenue by 2025. This is big news because subscription revenue is consistent, recurring and helps forecast results more accurately. The company also forecasted annual growth rate in the range of 5%-7% per year. As one of the largest IT companies in the world, CEO Chuck Robbins has been trying to change the company from an old-line tech company towards a cloud based one. When he took over in 2015, \$3.4 billion a year came from subscription software, today that numbers stands at almost \$12 billion. Lastly, 81% of the company's current sales are made on a subscription basis.

### 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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