

September 24th, 2021

## From Wall Street to Main Street

*Highlights from the past week*

### Market / Macro Economic Summary

Well, this was a week to remember! Monday saw a pretty ugly day for the markets as most of the indexes (S&P 500, Nasdaq and Dow Jones) were roughly 2% lower on news from China. Real Estate developer Evergrande was rumored to be in default risk on their upcoming bond payments. This was a particularly big issue in that the Chinese government has had a recent public run against "greed, capitalism and the perceived wealth-gap" being created within its borders. This meant there would be no help or bailout to Evergrande who has roughly over \$300 billion in debt. The reason I'm not overly concerned is that most of their corporate debt is issued and owned by Chinese investors therefore we shouldn't have any negative repercussions on U.S. investors. Our markets used the negative news, in my opinion, to give it a reason to turn down. We have since recouped Monday's losses and are looking to end a little higher. One last tidbit, Chinese government also came out and made it illegal to work and/or transact in crypto currencies. The reason behind this is that they're developing a virtual currency themselves, the electronic Chinese yuan (e-CNY). Crypto prices are falling as I type this to the tune of about 6% on Bitcoin and 8% on Ethereum.

### Company Specific / Macro Economic Summary

#### FedEx (FDX)

Shares were down as much as 5.7% as the company reported disappointing results. Earnings per share of \$4.37 were a far cry from the \$4.92 that Wall Street was looking for. Revenues of \$22 billion were also shy of expectations as CEO Fred Smith blamed the shortfall of the quarter on higher labor costs. He said the company saw a \$450 million hit to the quarter in a much tighter labor market. Forecasts for the upcoming quarter were also adjusted lower.

#### Adobe (ADBE)

Shares slid 3% as the company reported a very strong quarter but had seen an almost 40% increase heading into the quarterly results. Earnings per share of \$3.11 were well above the \$3.01 analysts expected. Revenues in the quarter grew 22% to \$3.94 billion dollars and also exceeded the expectations of \$3.89 billion. CEO Shantanu Narayen was proud of the work being done within the company in the "creative, document and experience cloud continue to transform the storytelling in a digital first world".

#### Nike (NKE)

Share are falling 6% today as the company reported a mixed quarter. Earnings per share of \$1.16 were ahead of the estimates of \$1.11. Revenues of \$12.25 billion were short of the calls for \$12.46 billion. Management said supply chain issues are hurting the business more than anticipated and labor shortages in Vietnam (added to Covid-related issues) are proving hard to overcome. Initially the company had projected mid-double-digit growth this year and now projections are mid-single digits. One last item that doesn't help is that as of today, there are some 70 plus cargo ships anchored outside California waiting to unload.

#### Costco (COST)

Shares are trading higher as the company reported good results. Revenue grew 17% to \$62.68 billion, ahead of calls for \$61.56 billion. Same store sales grew 9.4%, higher than the 8.5% expected. Memberships were up 12% from last year and the company said they would be limiting purchases of toilet paper once again.

### 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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