

From Wall Street to Main Street

Highlights from the past week

Market / Macro Economic Summary

Markets have continued their upward trek as we wait for the Federal Reserve to raise interest rates to help curtail inflation. The jobs number came in above expectations on Friday as earnings reports for the 1st quarter came to an end. As we closed out the quarter, it was a negative quarter for the first time in a while, but considering we had an unexpected war and some higher-than-expected inflation, we did well. To end up where we did, which entailed an extremely positive last couple of weeks, it should be noted that the markets see the strength of the US economy. Several earnings reports reflected an improving supply chain and an increased customer demand, so things sound like they are strong heading into the second quarter.

Company Specific / Macro Economic Summary

Micron (MU)

Shares rose 4% as the company reported a top and bottom-line beat. Earnings per share of \$2.14 were well above the estimates of \$1.97. Revenues of \$7.79 billion were also above the Wall Street expectations of \$7.53 billion. CEO Sanjay Mehrotra also guided higher for 2022 in terms of earnings per share and revenue expectations.

Walgreen's Boots Alliance (WBA)

Shares fell 6% as the company reported a top and bottom line beat but warned it might not be able to keep up with the demand that was once created by Covid. Earnings per share of \$1.59 were above expectation of \$1.40. Revenues of \$33.76 billion were also ahead of Wall Street estimates of \$33.4 billion dollars. CEO Roz Brewer, a former Starbucks executive, said the company is still in the early stages of implementing several changes to make it a full stop medical services and prescription provider.

Lululemon Athletica (LULU)

Shares rose 7% as the company as the company reported a mixed quarter but also announced a \$1 billion dollar stock buy back program. Earnings per share of \$3.36 were well above the expectations of \$3.27. Revenues of \$2.1 billion were also up 23% over the same period last year. Online sales were 44% of the overall revenue as the company continues to roll out its online offering. CEO Calvin McDonald did say that prices should see a 10% increase as the company fights the on-going inflation issues.

Parting Thoughts

As we draw to an end of the first quarter, we are reminded of the difficulty of staying invested over time. While we did see a decline in the markets to start as we saw the events unfold in Ukraine, the markets got too pessimistic and rebounded in a remarkable way in the last two weeks. This goes to show that investors must look to remain invested rather than trying to time the market and attempt to guess when to get out and concurrently get back in.

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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