

From Wall Street to Main Street

Highlights from the past week



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Market / Macro Economic Summary

Markets will remain murky for the next month as we look towards a new quarter of earnings coming in July but also have to wait to get more economic readouts from the Fed. This past Friday morning we were dealt a blow by seeing the inflation figures come in much hotter than expected. We had seen the inflation numbers come in lower for April and May than they had been for March, which was a great trend I hoped to remain. Sadly, Friday morning the inflation came in at 8.6%, which was higher than expectations of 8.3% and highest on record since 1981. While it not only breaks the downward trend, I think it makes the Federal Reserve more likely to raise rates by more than the market expects this year in an effort to curtail inflation. My main point at the moment is to remain patient as we might have some serious buying opportunities within the likes of like Microsoft, Google, Apple, and other great technology names as markets will probably look to be shaky for a bit.

Company Specific / Macro Economic Summary

JM Smucker (SJM)

Shares fell 3% as the retail giant reported a top and bottom line beat but had to adjust full year numbers because of the Jif-peanut butter recall currently in the works. Earnings per share of \$2.23 were 35 cents above the estimates of \$1.88. Revenues of \$2.03 billion were also higher than the Wall Street expectations of \$1.98 billion. Management credited inflation, supply chain issues and other factors that continue to impact overall results and increase uncertainty for the remainder of the year.

Campbell's (CPB)

Shares rose 3% as it reported a slight beat to expectations but raised its full year sales forecast. Earnings per share rose 37% to 70 cents, which beat the analyst calls for 61 cents. Sales of \$2.1 billion also narrowly beat the calls for \$2.04 billion. Brands such Kettle brand chips, Goldfish crackers, and Snyder's of Hanover pretzels were among the brands that stood out and helped the sales beat. Management said while the expectations for inflation running at high levels remain, they also expect pricing actions to mitigate these effects.

Brown Foreman (BF.B)

Shares were up 5% on the top and bottom-line beats for the maker of Jack Daniels. Earnings per share of 31 cents beat Wall Street by 5 cents. Revenues of \$996M were a 22% growth year over year and beat the estimates by \$162 million. While Jack Daniels grew 17%, Woodford Reserve and Old Forester also led the premium bourbon category.

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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