

From Wall Street to Main Street

Highlights from the past week



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Market / Macro Economic Summary

Markets started the week with some down days up until Friday when the markets had some resounding positive returns. The Dow Jones jumped over 500 points and the Nasdaq over 178 points on the day as some labor data came in better than expected. The rate of wage growth slowed which translates towards more data that shows inflation keeps coming down and makes the case for the Federal Reserve to stop raising rates. As I mentioned last week in my preview last week, this is hopefully the types of catalysts that are positive for stocks to go up. Should we continue to see indicators that show falling inflation, with so many market participants being positioned towards a decline in markets, stocks could go up in a meaningful way as those investors hurry to reposition themselves.

Company Specific / Macro Economic Summary

Walgreens Boots Alliance (WBA)

Shares dropped 5% as the company reported a better-than-expected quarter. Earnings per share of \$1.16 were two cents better than analyst expectations. Revenues of \$33.38 million were well above the \$32.84 million Wall Street was looking for. Unfortunately, the reason for the decline was that the company was ordered to pay a \$5.2 billion dollar settlement with the government over opioid related litigation. Also, management painted a weaker than expected picture for the next couple of quarters as it sees covid-related headwinds, some higher labor costs to acquire pharmacists and higher taxes.

Conagra (CAG)

Shares rose nearly 4% on the heels of a top and bottom-line beat. On the topline, revenues of \$3.31 billion were an 8% rise from last quarter but also beat the expectations of \$3.277 billion. As for the bottom-line, earnings per share of 81 cents were a 26% rise from last quarter and higher than the 66 cents analysts were looking for. CEO Sean Connolly was optimistic about the remainder of the year as he sees the company managing the current environment well.

Constellation Brands (STZ)

Shares fell 8% on the heels of a weak quarter where supply chain issues remained an overhang on the company. Earnings per share of \$2.83 were short of the expectations of \$2.89. Sales had grown 5% to \$2.44 billion which were better than the \$2.39 billion analysts were looking for. The maker of Corona, Modelo and other brands said higher input costs are affecting profitability and the company will likely raise prices to offset higher costs.

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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