

## From Wall Street to Main Street

*Highlights from the past week*



Erick J Palacios, MBA



Jon Xynidis



Randall Beardsley

Managing  
Wealth  
Servicing  
Generations

For more information on  
creating and reviewing  
your financial plan

[www.xcelwealth.com](http://www.xcelwealth.com)

386-872-3440

### Market / Macro Economic Summary

Markets were lower on the week as we had a deluge of earnings. This was the first down week in a little over a month and snapped the market's streak of four straight higher endings. The S&P 500 is now up 8% while the tech-heavy Nasdaq is up 15% and the Dow Jones is up 2.35%. Keep in mind that the Nasdaq was the index that took a bigger hit last year so it makes sense that it rebounds much better this year. This is driven by the index's composition as the Nasdaq has most of the technology names like Google, Facebook, Amazon, etc. One last point, remember when in prior newsletters I mentioned that the Federal Reserve has an opportunity to drive the economy into a "soft landing"? As a recap, this means that they can raise interest rates enough to kill inflation but not raise them enough to drive the economy into recession. Well, more and more economists are jumping along the idea that this can indeed happen. On Friday, we had a payroll report that show now that the US economy gained 517,000 jobs last month. This shows that the economy remains resilient despite the rate hikes. Let's hope the Fed pauses their rates hikes so that they can wait and see how their actions continue to both decline inflation but not kill our economy. Let's get into the fun as we had a bunch of corporate earnings reports from rather large companies that gave us a look into the health of our businesses.

### Company Specific / Micro Economic Summary

#### Apple Inc (AAPL)

Shares traded higher as the company posted a Q4 profit of \$1.88 per share, below the \$1.94 FactSet estimate, with revenues falling 5.5% year-over-year (y/y) to \$117.15 billion, versus the projected \$121.10 billion, marking its first y/y decline in sales since 2019. CEO Tim Cook attributed the lackluster results to the U.S. dollar's strength, iPhone 14 Pro and iPhone 14 Pro Max production problems in China, as well as the overall economic environment. As has been the case since 2020, AAPL did not provide any forward guidance amidst a lot of uncertainty in being able to forecast.

#### Alphabet aka Google (GOOG)

Shares fell about 3% as the company reported Q4 earnings-per-share (EPS) of \$1.05, falling short of the \$1.18 estimate, as revenues rose 1.0% y/y to \$76.05 billion, just below the Street's expectation of \$76.18 billion. The parent of Google said advertising revenue at YouTube fell 7.8% y/y to \$7.96 billion, compared to analysts' forecasts for \$8.30 billion, and sales out of its cloud unit also declined and fell short of expectations. GOOGL also said that it plans on taking a charge of between \$1.9 billion and \$2.3 billion mostly in Q1 2023, related to the 12,000 layoffs it announced.

#### McDonalds (MCD)

Shares were slightly lower as it reported a top and bottom-line beat. Earnings per share of \$2.59 beat expectations of \$2.45. Revenues fell 1.5% to \$5.93 billion dollars while estimates were for \$5.73 billion. As I've discussed before, the ever-important metric used in the restaurant business, same store sales of 12.6% were much better than the Wall Street expectations of 8.8%.

## From Wall Street to Main Street

### *Highlights from the past week*

#### Amazon (AMZN)

Shares fell 5% as they reported adjusted Q4 EPS of \$0.03, versus the expected \$0.17, with revenues rising 8.6% y/y to \$149.20 billion, versus the estimated \$145.71 billion. The online retailing behemoth cited dampened consumer spending amid the inflationary environment and rising interest rates. As such, AMZN said it sees revenues for the current quarter within a range of \$121 billion to \$126 billion, and that it anticipates an unfavorable impact from foreign currency rates, compared to the Street's forecast of roughly \$125 billion. However, AMZN's CEO said that the company is "encouraged by the continued progress" in lowering retail costs, despite an uncertain economy it faces in the near term.

#### Qualcomm (QCOM)

Chip maker's shares fell as it reported fiscal Q1 EPS of \$2.37, a penny ahead of the Street's estimates, on an 11.6% y/y fall in revenues to \$9.46 billion, compared to the projected \$9.60 billion. Similar to its peers, QCOM continued to struggle amid a challenging environment in the chips space, with sales in its CDMA segment, which includes smartphone and automotive components, down 11% y/y and falling short of estimates. Management said it sees fiscal Q2 EPS within a range of \$2.05 and \$2.25 on sales between \$8.7 billion and \$9.5 billion, compared to the FactSet estimates of \$2.29 and \$9.6 billion, respectively.

#### Facebook (META)

Shares jumped over 20% as CEO Mark Zuckerberg pulled the proverbial rabbit out of his hat. Investors had shown great concern over the company's ability to manage expenses and demonstrate strong performance amidst an advertising slowdown. Earnings per share were \$1.76 on revenues of \$32.17 billion when analysts had projected \$31.53 billion. Daily Active Users were up to 2 billion people when Wall Street was looking for 1.99 billion. Average Revenue per user of \$10.86 also came in higher of the estimates of \$10.63.

#### Starbucks (SBUX)

Shares fell 2% as the company fell just shy of estimates on the quarter. Earnings per share of 75 cents were two cents shy of the estimates of 75 cents. Revenues of \$8.71 billion were also just shy of the calls for \$8.78 billion. Back in charge after a long break, CEO Howard Schultz said the results were strong despite a 20% decline in income from China, where lockdowns affected sales. He was positive this trend would turn around.

#### 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*

Erick J. Palacios, MBA  
Wealth/Financial Advisor



Erick J Palacios, MBA



Jon Xynidis



Randall Beardsley

Managing  
Wealth  
Servicing  
Generations

For more information on  
creating and reviewing  
your financial plan

[www.xcelwealth.com](http://www.xcelwealth.com)

386-872-3440