

## From Wall Street to Main Street

*Highlights from the past week*



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### Market / Macro Economic Summary

Markets ended the week on a high on Friday as several items provided some relief to investors' fears. For starters, one of the largest stocks in the U.S. (Apple) reported better than expected earnings. Secondly, the Federal Reserve announced their highly anticipated/expected 25 basis point increase on Wednesday. Lastly, we saw some economic data that helped curtail some recession fears. Friday morning, the Labor Department reported that the U.S. economy added 235,000 non-farm jobs in April, well above the 180,000 new jobs economists had predicted. This is good news because it shows the economy has been able to weather the storm despite the Fed's aggressive attempt to fight inflation by raising rates. This has been my argument against a recession for some time now....as I see a good likeliness of the Fed being able to pull off a soft landing.

So far, of the 417 companies that have reported (83% of the S&P 500), 77% are beating earnings per share estimates by a median of 8%. In terms of the revenue results, the harder number to manipulate, 75% of those reporting are beating estimates by an average of 5%. This is where I see the data that leads me to believe the economy is doing fine as the old saying goes, "under the hood."

### Company Specific / Micro Economic Summary

#### Uber (UBER)

Shares rose 10% as the company reported a top and bottom-line beat. On the top line, CEO Dara Khosrowshahi said revenues grew 29% (year over year) to \$8.82 billion versus the expectations of \$8.72 billion. Earnings per share came in at a loss of 8 cents but analysts expected a loss of 9 cents.

#### Pfizer (PFE)

Stock fell roughly 1% as the company reported a top and bottom-line beat but on lowered expectations from a year ago. Earnings per share of \$1.23 were better than the 98 cents Wall Street was looking for but lower than the \$1.37 a year ago. Revenues were down 29% to \$18.28 billion although higher than the \$16.59 billion analysts had projected.

#### Advanced Micro Devices (AMD)

Shares fell 5% as both earnings and revenues came in slightly above expectations. Earnings per share of 60 cents and revenues of \$5.35 billion came in higher than the 56 cents and \$5.3 billion respectively. I believe the decline was mainly due to management's lack of clarity for the coming quarter although CEO Lisa Su did say she expected a PC demand rebound by end of the year.

#### Starbucks (SBUX)

Shares fell as the company reported a strong quarter on some rebound in China sales. Earnings per share of 74 cents were ahead of the calls for 65 cents. Revenues of \$8.72 billion also topped estimates of \$8.4 billion. Net sales jumped 14.2% as same store sales jumped 12% on a 6% growth in traffic. One last note, management highlighted the growth of its U.S. loyalty program members of 15% over last year to 30.8 million.

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#### Moderna (MRNA)

Shares rose 3% as the company reported a top and bottom-line beat in addition to showing promise in a new RSV drug. Earnings per share of 19 cents were much higher than the expected loss of \$1.77 per share. Revenues of \$1.86 billion were also much better than the \$1.18 billion Wall Street was looking for. CEO Stephane Bancel said the roughly \$5 billion in revenue for 2023 is coming from signed governmental contracts. The company is also in talks with European and Japanese agencies.

#### Apple (APPL)

Apple's shares were up nearly 5% after its late Thursday report of first-quarter earnings per share (EPS) of \$1.52, about 9 cents above Wall Street forecasts, on revenue of \$94.84 billion. Although the company's overall sales were down for the second straight quarter, revenue from iPhone sales was up 5.1% from a year earlier. The company also announced a dividend increase and a \$90 billion stock buyback.

#### Shell (SHELL)

Shares rose 2% as the company beat numbers on Thursday. Revenues of \$9.6 billion were comfortably ahead of the calls for \$8.6 billion. CEO Wael Sawan said the company will maintain its dividend and also use the "undervaluation" of its stock to repurchase another \$4 billion dollars in the coming three months.

#### Shopify (SHOP)

Shares rose 18% on the heels of a strong quarter but also layoffs that would impact up to 20% of its workforce. Earnings pre share of 5 cents beat were better than the analyst estimates of a loss of 4 cents and much improved over the loss last year of \$1.17. Revenues of \$1.51 billion were also ahead of the Wall Street estimates of \$1.43 billion.

#### Coinbase (COIN)

Shares rose 18% for the beaten-up crypto player as it reported a smaller-than-expected loss of 34 cents a share. Revenues of \$773 million were up 23% and better than the calls for \$665 million.

#### 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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