

## From Wall Street to Main Street

*Highlights from the past week*



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### Market / Macro Economic Summary

Month of August has been unkind to the markets so far as we seem to be consolidating (meaning going up and down but not really a clear direction). Market historians and technicians will comment that this phenomenon occurs quite often after a period of growth, to which we have had a very good year so far. The Dow Jones is up 6%, the Nasdaq is up 30% and the S&P 500 is up 18% so far in 2023. While seeing the markets move lower from recent highs isn't ideal, here is a very good thing for us long-term investors.....this is a classic signal that is required for new bull cycles to begin. Here are the things that I see happening in the economy; 1) inflation is falling and fairly quickly as evidenced by CPI numbers 2) the Fed has a lot less pressure to increase interest rates thereby creating an environment which is good for business 3) earnings remain strong which indicate an economy that is resilient and growing. These factors all combine forces to create a recipe for an economy well on its way towards a start of a new bull cycle.

### Company Specific / Micro Economic Summary

#### United Postal Service (UPS)

Shares fell 5% as the company reported a mixed quarter but ongoing labor contract disputes will negatively affect future quarters. Earnings per share of \$2.54 beat analyst expectations by four cents. Revenue on the quarter fell 11% and failed to reach the \$23.1 billion Wall Street was looking for. CEO Carol Tome vowed to keep the company focused on trying to capture growth in the more attractive parts of the market.

#### Eli Lilly Pharmaceuticals (LLY)

Shares rallied 15% as the company blew out numbers on the quarter and raised guidance for the full year. Earnings per share of \$2.11 were stronger than the calls for \$1.98. Revenue of \$8.31 billion were also stronger than the estimates of \$7.58 billion. Behind the success on the quarter were strong sales of its diabetes drug Mounjaro and cancer fighting drug Verzenio.

#### Datadog (DDOG)

Shares of the cloud-based data company unfairly dropped 17% marking its worst day since the Covid pandemic on a top and bottom-line beat but a slight decrease in revenue forecast. Earnings per share of 36 cents handily exceeded the calls for 28 cents and were up 50% over the same period a year ago. Revenue jumped 25% to \$509 million and beat calls for \$501.6 million. At the cause of the decline was revenue projections that are now expected to be in the range of \$2.055 billion versus a prior estimate of \$2.09 billion.

#### Walt Disney (DIS)

Shares were up 4% as the company reported a mixed quarter. Earnings per share of \$1.03 beat expectations of 98 cents. Revenue of \$22.33 billion fell just shy of the calls for \$22.5 billion. Disney + subscriber totals came in at 146.1 million when Wall Street was looking for 151.1 million. CEO Bob Iger said the company will continue to work towards restructuring its businesses.

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### Alibaba (BABA)

Shares rose by 4.5% on the heels of a strong quarter. Revenue grew 14% as compared to the prior quarter and marked its biggest quarterly increase since 2021. Revenue of 234.16 billion yuan exceeded the calls for 224.92 yuan. CEO Daniel Zhang, who replaced outspoken prior leader Jack Ma, said the company continues to shift its focus on international growth and saw a 60% increase in its international retail commerce business. The company's cloud business also grew 4% to 25.12 billion.

### CyberArk Software (CYBR)

Shares jumped 12% as the security firm's numbers on the top and bottom-lines came in stronger than expected. Earning per share of 3 cents beat the estimates of a loss of 12 cents. Revenue grew 14% to \$175.8 million dollars and exceeded the calls for \$173.4 million. For the next quarter, management guided to an earnings per share range of 19-27 cents per share when analysts were looking for 15 cents per share.

### theTradeDesk (TTD)

Shares fell 6% on the heels of a very strong quarter. Earnings per share of 28 cents beat Wall Street estimates by 2 cents. Revenue of \$464 million, a growth of 23% over the prior period, was also ahead of consensus estimates by \$9.03 million. Management said advertising client retention rate remains strong at over 95%.

### Twilio (TWLO)

Shares rose 10% after CEO Jeff Lawson and his team reported a top and bottom-line beat. Earnings per share of 54 cents beat the analyst estimates of 30 cents. Revenues of \$1.04 billion were also ahead of calls for \$986 million. Management highlighted how AI would positively impact business and the company would seek driving efficient growth across its business.

### 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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