



# INCISIVE INVESTOR

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## WEEK IN REVIEW

### RECORDS SET DESPITE SIGNS OF SOFT RETAIL SALES AND CORONAVIRUS

#### Stock Market News



The Nasdaq and S&P 500 finished at records Friday, after bouncing between small gains and losses, as investors parsed mixed data on the strength of the U.S. consumer and monitored the spread of COVID-19 in China.

The bond and stock markets will be closed Monday in observance of Presidents Day.

The Dow Jones Industrial Average DJIA shed 25.23 points, or nearly 0.1%, to end at 29,398.08, while the S&P 500 SPX gained 6.22 points, or 0.2%, to finish at an all-time high close at 3,380.16. The Nasdaq Composite Index COMP added 19.21 points, or 0.2%, to close at a record 9,731.18.

For the week, the Dow advanced 1%, the S&P 500 1.6%, and the Nasdaq 2.2%.



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## MACRO NEWS

### Powell rejects negative Fed rates



With monetary policy likely on hold for an extended period, US Federal Reserve Chair Jerome Powell testified on Capitol Hill this week but made little news. The head of the US central bank said that with the economy growing at an adequate pace, a policy likely remains appropriate, though the Fed is looking for economic spillovers from the coronavirus. Household basics remain solid, he said, but noted that business investment and exports have been weak due to trade developments and slow foreign growth. Powell dismissed the use of negative interest rates in the United States, testifying that they would hurt bank profitability and limit credit expansion. Like his predecessors, the Fed chair called on Congress to reduce the nation's fiscal deficit. Cybersecurity is the biggest single threat to the US financial system, Powell said.

### New coronavirus cases increase after criteria amendment

Officials in Hubei province on Thursday

amended the criteria for determining who is considered a coronavirus patient, creating a sudden rush in newly reported cases. The new standard included patients who display the lung damage like the infection but do not test positive. Before the shift, the pace of new infections appeared to be slowing. A total of 1,380 deaths were reported inside China as of Wednesday, but only three deaths resulting from the virus have been reported outside the country. With many factories idled for an extended period and supply chains significantly disrupted, China is taking both monetary and fiscal steps to cushion the economic upset caused by the outbreak, which is expected to be extreme but temporary. A Reuters poll of economists released this week showed expectations for Q1 Chinese GDP have been lowered to 4.5%, down from 6% last quarter.

### EARNINGS NEWS

With about 77% of the constituents of the S&P 500 Index having reported for Q4 2019, blended earnings per share (which combines reported data with estimates for those who have yet to report) shows that earnings growth is running just below a 1% year-over-year pace while revenues are seen rising 3.5% compared with the same quarter a year ago, according to FactSet Research. At the beginning of earnings season, analysts expected a 2% drop in EPS for the quarter, so recent reports have been trending stronger than anticipated, setting the stage for an expected earnings rebound of around 8% in 2020.

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## HEADLINERS

Nominal household debt rose more than \$600 billion in 2019, the largest rise since just before the financial crisis, the US Federal Reserve reported this week. However, household debt as a percentage of disposable income fell to the lowest level since at least 1980, showing that consumers are having little trouble servicing their obligations.

The US Federal Trade Commission announced this week that it is investigating acquisitions made by dominant technology companies as possibly anti-competitive.

US retail sales rose 0.3% in January, in line with expectations, while industrial production lowered 0.3%, slightly more than forecasts.



## MAJOR STOCK MOVES

Shares of Nvidia Corp. NVDA were up nearly 7.3% in early action after reporting late Thursday record quarterly data sales of \$968 million. Opinion: Nvidia shocks Wall Street with surging data-center sales.

Roku Inc. ROKU shares were down 5.2%. The streaming-media company late Thursday delivered a better-than-expected earnings report and an upbeat forecast for the quarter and year ahead.

Tesla Inc. TSLA shares were slightly lower a day after the company surprised investors by announcing plans to offer around \$2 billion of common stock in an underwritten deal.

Shares of Newmark Group Inc. NMRK were down 1.9% after an analyst downgrade.

Canopy Growth Corp.'s U.S.-listed stock CGC WEED surged 16% after reporting a narrower-than-expected fiscal third-quarter loss.

Drug wholesaler stocks fell after The Wall Street Journal reported that 21 states had rejected their offer for a settlement over their alleged roles in spurring the opioid crisis. McKesson Corporation MCK shares and AmerisourceBergen Corporation ABC shares were mostly flat.

Shares of Newell Brands Inc. NWL were up 3.3% after it delivered fourth-quarter earnings Friday morning that topped Wall Street estimates.

Shares of Expedia Group Inc. EXPE gained 11%, as the online travel booking company missed earnings.

Kraft Heinz Co. KHC shares slumped 3.2% after Fitch Ratings cut its investment-grade debt ratings to speculative-grade or "junk" status (after Friday's close S&P Ratings firm also downgraded the company), amid concerns over its ability to reduce its leverage.

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## THE WEEK AHEAD

Date	Country/Area	Release/Event
Mon, Feb 17	Japan	Q4 gross domestic product, industrial production
Tue, Feb 18	United Kingdom	Unemployment rate
Wed, Feb 19	United Kingdom	Consumer and producers prices
Wed, Feb 19	United States	Housing starts, producer prices, FOMC minutes
Thu, Feb 20	China	People's Bank of China rate decision
Thu, Feb 20	United Kingdom	Retail sales
Fri, Feb 21	Global	Flash purchasing managers' indices
Fri, Feb 21	United States	Existing home sales



## SIX MOST OVERLOOKED TAX DEDUCTIONS

[Six overlooked tax deductions](#) to help manage your tax bill.

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