

Deere & Company earnings rose 36%, Foot Locker earnings fell 72%, and Wall Street closed down.

May 19, 2023

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The US & European stock markets closed the week with mixed results as investors digest the corporate earning parade numbers and the growing optimism that a Debt Ceiling deal may avert a US default. However, during a meeting, the Republican negotiators walked out, accusing the White House of delaying the discussions. The point person in the meetings is Rep. Garret Graves, R-La., who stated, "Until people are willing to have reasonable conversations about how you can move forward and do the right thing, then we're not gonna sit here and talk to ourselves".

Today Foot Locker Inc. which operates 2,692 retail stores worldwide and sells athletic shoes and apparel reported dismal sales and a whopping decrease in net income of 72.72%; on the positive side, Deere & Co world's leading manufacturer of agricultural equipment, producing those beautiful green with yellow marking machines that anyone recognizes reported double-digit sales growth of 30% and net income of 36%. As we wrap up the corporate earnings season with north of 95% of all S&P 500 companies having reported, it's worth noting that all sectors within the S&P 5000 have surpassed sales and net income growth estimates except utilities.

In European markets, we must note that the German Dax Index is trading near its all-time high as rising investor confidence is pushing the market higher. The Dax Index included the 40 largest German public companies, and the Top ten include SAP, Siemens, Deutsche Telekom, Porsche, Airbus, Allianz, Mercedes-Benz, Merck KGaA, Volkswagen, and BMW.

Corporate Earnings Parade:

- **Foot Locker Inc (FL):** reported 1Q23 revenues of \$1.931 billion, down 11.34%, and a net income of \$36 million, falling 72.72%, missing estimates; it provided decreasing sales guidance for the entire year of 6.5% to 8%. The stock has a price objective of \$44.16.
- **Deere & Co (DE):** reported 2Q23 revenues of \$17.387 billion, up 30%, and net income of \$2.860 billion, up 36%, beating estimates. The stock has a price objective of \$470.88.

Key Economic Data:

- **Germany Producer Price Index YoY:** fell to 4.10%, compared to 6.70% last month.
- **Germany Producer Price Index MoM:** rose to 0.30%, compared to -1.40% last month.

Eurozone Summary:

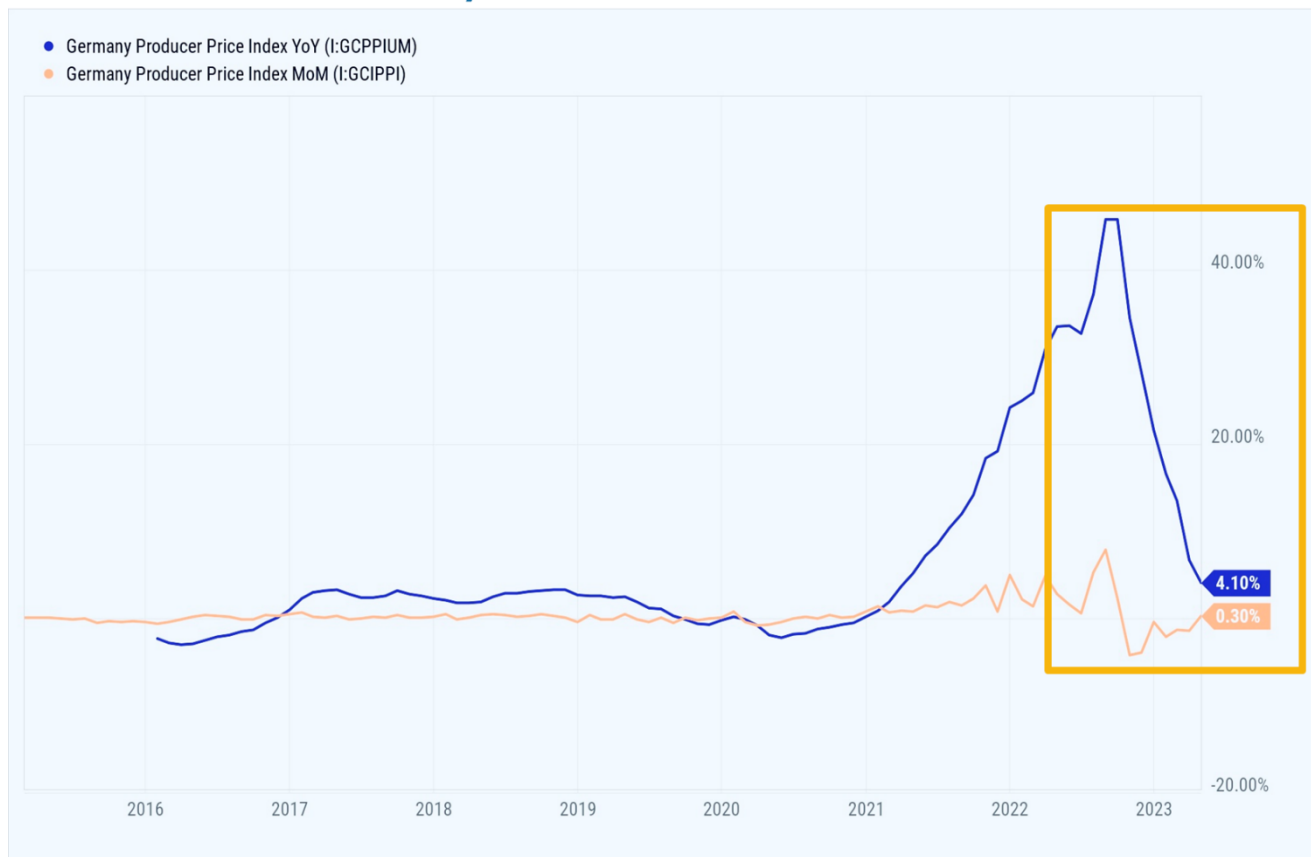
- **Stoxx 600** closed at 469.39, up 3.60 points or 0.77%.
- **FTSE 100** closed at 7,756.87, up 14.57 points or 0.49%.
- **Dax Index** closed at 16,295.38, up 112.02 points or 0.69%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 33,426.63, down 109.28 points or 0.33%.
- **S&P 500** closed at 4,191.98, down 6.07 points or 0.14%.
- **Nasdaq Composite** closed at 12,657.90, down 30.94 points or 0.24%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,422.94, up 9.23 points or 0.38%.
- **Birling Capital US Bank Stock Index** closed at 3,644.91, down 7.50 points or 0.21%.
- **US Treasury 10-year note** closed at 3.70%.
- **US Treasury 2-year note** closed at 4.28%.



Germany Producer Price Index Y-o-Y and Germany Producer Price Index M-o-M





Top 10 German Public Companies Constituents of the Dax Index Ranked by YTD Returns

www.birlingcapital.com

- SAP SE Price % Change
- Siemens AG Price % Change
- Deutsche Telekom AG Price % Change
- Porsche Automobil Holding SE Price % Change
- Airbus SE Price % Change
- Allianz SE Price % Change
- Mercedes-Benz Group AG Price % Change
- Merck KGaA Price % Change
- Volkswagen AG Price % Change
- Bayerische Motoren Werke AG Price % Change





Wall Street Recap May 19, 2023



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.