

Microsoft, Alphabet, and Meta beat expectations but not enough to please investors, and Wall Street fell.

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The U.S. & European stock markets closed with asymmetrical results as equities in the U.S. fell sharp, reacting to rising rates and corporate earnings. Today, investors analyze the corporate earnings with another rise in bond yields.

All the indices we follow fell even though three of the Magnificent Seven reported strong earnings that beat expectations; these include Microsoft, which saw net income rise 27%. Alphabet saw its net income increase by 41.54%. Still, its Cloud service did not meet Wall Street's expectation of \$8.6 billion by only rising 22% or \$8.4 billion, and it made Alphabet post its Biggest Daily Market value since becoming a public company. Meanwhile, Meta Platforms, which is Facebook's parent, reported that net income rose 164% after the market closed, and its stock is up in after-hours trading 2.71%.

In economic news, the latest report on the U.S. housing market showed New Single-Family Houses Sold risen 12.28%, a positive development in an otherwise soft construction market; additionally, the GDPNow for the third quarter is unchanged at 5.40%.

Lastly, two Puerto Rico public companies, Evertec, Inc. (EVTX) and Popular, Inc. (BPOP), report tomorrow, October 26, their third-quarter earnings. Evertec has an Earnings Per Share forecast of \$0.654, a stock price objective of \$42.22, and its stock closed at \$34.90, down 1.36%; on the other hand, Popular has an Earnings Per Share forecast of \$1.59, a stock price objective of \$76.00 and its stock closed at \$60.02 down 1.59%.

GDPNow Update:

- The GDPNow for the third quarter was updated today and is unchanged at 5.40% GDP.

Corporate Earnings Parade:

- **Alphabet (GOOG):** reported 3Q23 revenues of \$73.693 billion, up 11%, and Net Income of \$19.689 billion, up 41.54%, and reached earnings per share of \$1.06, surpassing estimates. The stock has a price objective of \$158.75, and it closed today at \$55.40, up 2.45%.
- **Microsoft (MSFT):** reported 4Q23 revenues of \$56.5 billion, up 13%, and Net Income of \$22.3 billion, up 27%, and reached earnings per share of \$2.99, beating estimates. The stock has a price objective of \$397.11, and it closed today at \$340.72, up 3.00%.
- **Meta Platforms (META):** reported 3Q23 revenues of \$34.146 billion, up 23%, and Net Income of \$11.583 billion, up 164%, and reached earnings per share of \$4.39, beating estimates. The stock has a price objective of \$363.96, and it closed today at \$299.64 or -4.13 %; however, the Meta reported after the market closed that it is trading in after-hours at \$310.70 up \$11.06.

Key Economic Data:

- **U.S. New Single-Family Houses Sold MoM:** rose 12.28%, compared to -8.15% last month.
- **Germany Ifo Business Situation Index:** fell to 89.20, up from 88.70 last month, down 0.56%.
- **Germany Ifo Business Expectations Index:** rose to 84.70, up from 83.10 last month, up 1.93%.
- **Germany Ifo Business Climate Index:** rose to 86.90, up from 85.80 last month, increasing 1.28%.
- **Japan Business Conditions Composite Coincident Index:** rose to 114.60, up from 114.20 last month.

Eurozone Summary:

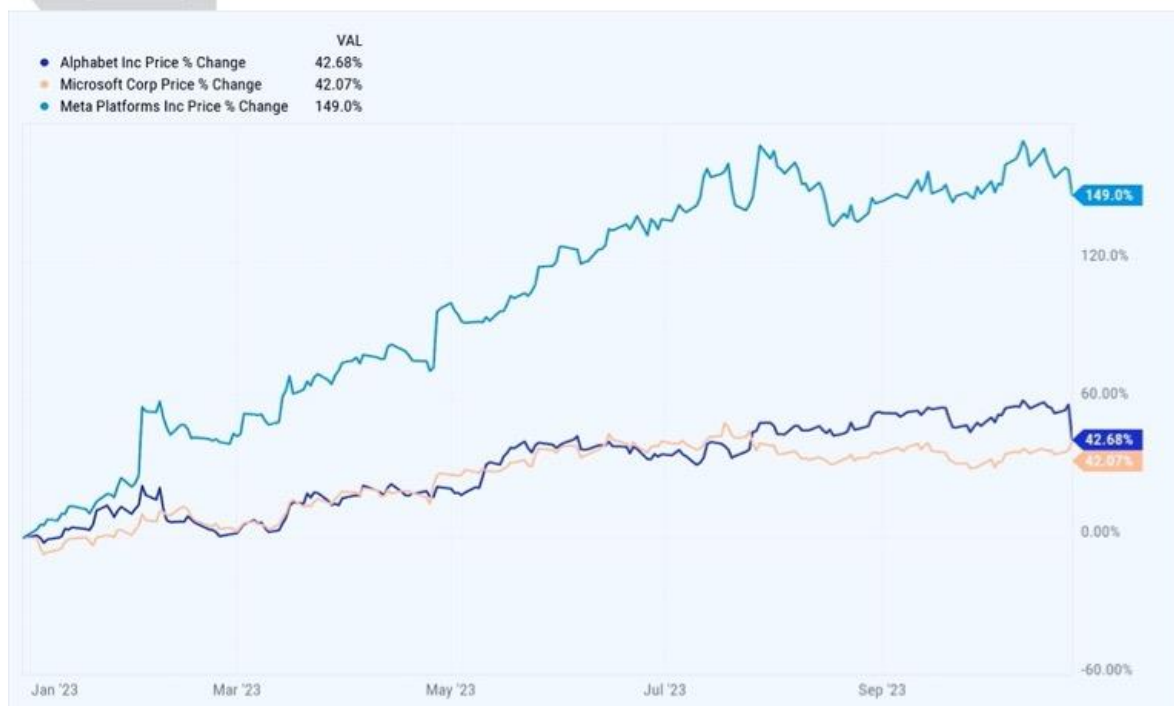
- **Stoxx 600** closed at 435.27 up 0.18 points or 0.041%.
- **FTSE 100** closed at 7,414.34, up 24.64 points or 0.33%.
- **Dax Index** closed at 14,892.18, up 12.24 points or 0.082%.

Wall Street Summary:

- **Dow Jones Industrial Average** closed at 33,035.93, down 105.45 or 0.32%.
- **S&P 500** closed at 4,186.77, down 60.91 or 1.43%.
- **Nasdaq Composite** closed at 12,821.22, down 318.65 or 2.43%.
- **Birling Capital Puerto Rico Stock Index** closed at 2,638.01, up 17.53 or 0.67%.
- **Birling Capital U.S. Bank Stock Index** closed at 3,371.81, down 4.94 or 0.15%.
- **U.S. Treasury 10-year note** closed at 4.95%.
- **U.S. Treasury 2-year note market** closed at 5.08%.



Alphabet, Microsoft and Meta Platforms YTD Stock Returns





US New Single Family Houses Sold & US New Single Family Houses Sold MoM

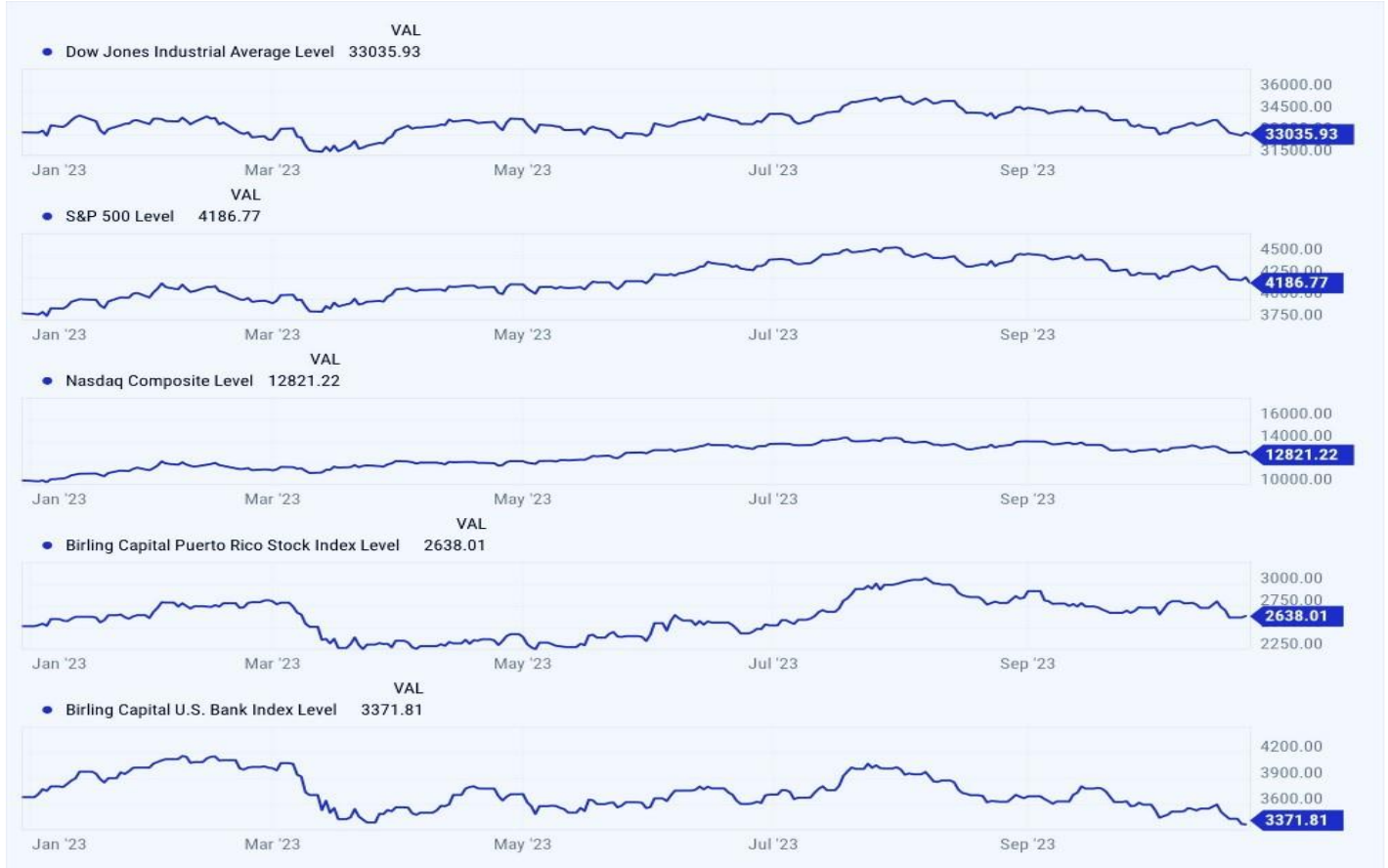


Germany Ifo Business Situation Index, Germany Ifo Business Expectations Index, Germany Ifo Business Climate Index & Japan Business Conditions Index





Wall Street Recap October 25, 2023



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