



Basis Points – April 25, 2019

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Above the Fold

Earnings remained in focus with a mixed bag of results this week from several large, influential companies. PayPal bested earnings estimates, but delivered revenue results that were in line with expectations. Microsoft also reported a beat on earnings that was driven by better than expected performance in its cloud business. Credit card giant Visa also managed to top analyst forecasts, but investors turned a bit cold on shares as revenue lacked the punch many wanted to see.

With the grounding of its 737 Max, Boeing missed earnings estimates and suspended its dividend. Tesla also fell short on several metrics, prompting investors to sell their shares.

While some of the headlines may signal a more cautious outlook, earnings results are still faring better, in total, than expectations. In fact, 80% of S&P 500 companies have topped analysts' estimates, compared with just 65% in the last quarter. And though markets moved slightly lower Wednesday, the S&P 500 and Nasdaq made fresh highs just before.

What's Ahead

Amazon and Ford earnings are due out this afternoon; investors will likely look to the online retail giant for a read on consumer health and to Ford for a gauge of the auto market, which has been cooling.

Three Things

1. *Netflix Fighting for Reruns – As Disney, NBC, AT&T and others get into the streaming business for themselves, your favorite reruns of shows like “Friends” and “The Office” might go with them. The Office is the No. 1 watched show on Netflix now, but could disappear in 2021 as NBC works to lure customers to its platform.*
2. *Permian Basin Premium – Occidental Petroleum outbid Chevron in an effort to buy Anadarko for \$38 billion. Anadarko’s board is currently reviewing the offer and shareholders likely expect a counter offer from Chevron. Some experts believe other bidders may throw their hats into the ring.*
3. *Gas Relief Coming? – Domestic crude oil inventories rose to an 18-month high just as the International Energy Agency said that global markets are “adequately supplied.” While these data suggest lower oil prices, the Trump administration said it was ending all waivers for eight countries to continue importing Iranian oil. This has likely prevented prices of black gold from falling too far.*

Did You Know?

People often associate Russia with vodka, but there are several other countries who consume quite a bit more. According to data from the World Health Organization, vodka may be the number one drink of choice for Russians, but the country only ranks fifth in global consumption at a little over 38 handles (300 ml) per person, per year. The number one consumer is Belarus, where consumption tops 48 handles.

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