2016 Searchable News Archives

Fr, 21 Oct 16

2. AT&T plans to buy Time Warner. Developing...

1. Penn member McDonald's beats in Q3. Shares of McDonald's (MCD $108-$114-$132) were trading higher Friday after showing growth in same-store sales, growth in international sales, and improved earnings-per-share from last year. The continued popularity of all-day breakfast and the introduction of new, healthier chicken nuggets were tailwinds in the quarter. Thanks to great leadership in the form of CEO Steve Easterbrook, MCD is bucking the downward-sloping fast food trend. Penn purchased MCD within the Global Leaders Club at $98.04 per share.

Th, 20 Oct 16

10. Not a good sign for Sears. US toymaker Jakks Pacific (JAKK $6-$7-$10) has suspended sales of its various toy lines to Sears Holding Corp.'s (SHLD $11-$12-$25) Kmart chain due to concerns about the retailer's financial health. In a conference call, Jakks CEO Stephen Berman said that the company was halting shipments to minimize financial risks (in other words, in case the firm goes belly up). This is like watching the same slow-motion train wreck that was Radio Shack. Eddie Lampert, a real estate vulture, was the worst possible choice for the CEO role at Sears, and the company is in a death spiral from which it will not return. First Kmart will go, then Sears. The fact that some investors are still buying what this guy is selling is absolutely mystifying.

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9. Microsoft's cloud push is finally paying off. Microsoft's (MSFT $47-$60-$60) heavy investment in cloud services had some analysts scratching their heads, especially in the first quarter of this year when they sent a whopping $2.3 billion in capital expenditures out to build data centers around the globe. Based on the company's just-released results, the strategic move is paying off. While still trailing far behind Amazon's Web Services, Microsoft's Azure (the cloud-based service) more than doubled for the quarter. After five quarters of skidding numbers, MSFT beat on both the top and bottom lines. Expect the share price to hit an all-time high at Friday's open.

8. Activist investor tells large mall REIT to tighten its books or put itself up for sale. We love a good REIT, even more so now that the industry has been elevated to the 11th S&P sector. That being said, investors must look beyond the nice yields and perform serious due diligence when buying these creatures. For example, many REITs have the bad habit of expanding too rapidly, without a clear strategic vision in mind. That is what activist investor Jonathan Litt sees when he looks over the books of Taubman Centers (TCO $63-$74-$82). Taubman owns 24 malls in higher-income neighborhoods across the country. Despite the fact that malls are struggling due to online competitors, the company has been expanding into China and South Korea—a dangerous move, according to Litt. In a written response, TCO defended its record and said it "welcomes dialogue from shareholders." We currently own three REITs within the Penn portfolios—Taubman is not one of them. (Members can view the holdings in this weekend's Penn Wealth Report.)

7. Facebook's Mark Zuckerberg shows real class in internal memo. It's no big secret that Mark Zuckerberg is supporting Hillary Clinton for president. Silicon Valley is fine with that. But when billionaire Silicon Valley investor Peter Thiel came out and supported Donald Trump, all hell broke loose. Well-known tech gurus were demanding he leave the Valley. Smarmy tech blogs began making fun of his sexuality. It just so happens that Thiel sits on the board of Facebook, and Zuckerberg recently rode to his defense in an internal memo to employees. In the email, the Facebook CEO said, "We can't create a culture that says it cares about diversity and then excludes almost half the country because they back a political candidate." The five-paragraph memo was a home run. Unfortunately, now Zuckerberg is facing the wrath of some fringe, narrow-minded tech bloggers. Way to go Zuck. You have our respect.

6. MetLife boots Snoopy after 31 years. For the past three decades, the fuzzy, lovable beagle has graced the print and television ads of life insurer MetLife. Now, through no fault of his own, Snoopy is being broomed by the company. In January of this year, the nation's number one insurer announced plans to divest itself of its retail unit, focusing solely on the more lucrative group life and employee benefits business. Apparently, the company feels the cute pup wouldn't carry the same level of sway with a bunch of tight-collared, boring actuarial types as he has with the American consumer.

5. Take that, Costco. American Express beats expectations. When discount warehouse retailer Costco (COST $139-$150-$170) announced that it was discontinuing the lucrative contract it had with American Express (AXP $50-$68-$78), analysts began fleeing the credit services firm. The Costco foray, however, didn't stop AXP from cobbling together a better-than-expected quarter. On revenue of $7.77 billion, the company recorded a net income of $1.412 billion. While both of these top and bottom line numbers were a bit lower than last year's, analysts had been expecting a deeper wound from the breakup. Shares popped 10% on the report.

4. All Tesla vehicles will have Level 5 autonomy. Tesla (TSLA $141-$205-$269), Elon Musk's electric vehicle company, announced Wednesday afternoon that it would begin equipping all of its cars with Level 5 autonomy, giving them the power to drive themselves anytime, under any weather conditions. Tesla's near-term goal is a cross-country road trip for one of the vehicles—2,800 miles without a driver behind the wheel.

3. Saudi Arabia selling bonds to raise capital. The average Saudi citizen has had it pretty well off (well, except for that sexism and lack of freedom stuff). Riding on the back of the Arab nation's oil exports, the country's people have been treated to a grab-bag of government perks, from ultra-low gas prices to no income tax. With the price of oil halved over the past two years, the perks have dried up and the government has turned to selling debt to raise capital. The country's first-ever global bond sale seeks to raise $17.5 billion in cash. Early indications are positive, as investors appear hungry for this emerging-market debt.

2. Existing home sales beat. Existing home sales came in at a better-than-expected +3.2% for the month of September, to an annual rate of 5.47 million units. September's inventory of homes for sale is at 4.5 months. The median home price is now at $234,200, a 5.6% increase from the same period last year.

1. AT&T...for the cord cutter? If you can't beat 'em, join 'em. AT&T has seen the writing on the wall—consumers, especially millennials, "cutting the cord" on their cable boxes—and is joining the fray. The company has been secretly working on DirecTV Now, a no-contract, no-cable box service that will allow viewers to watch upwards of 100 channels for one low price—perhaps $50 per month. Furthermore, no more installs or company technicians; customers wills sign up for the service online and have it immediately available on their smart TVs, phones, and other mobile devices. The service should be available by the end of the year.

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They may be "new," but Kmart won't be getting them for Christmas

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CEO Satya Nadella has been an adroit leader since taking over at Microsoft

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The famed Country Club Plaza in Kansas City, MO is a Taubman shopping district

Picture

Zuck's defense of Thiel—and free speech—showed real class

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MetLife may have given Snoopy the boot, but he is still #1 in our book

Picture

Tesla Model S & X vehicles rolling off of the assembly line have self-driving capabilities

Picture

Saudi Arabia turning to debt sales to raise cash

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Say goodbye to tech visits with AT&T's new DirecTV Now service

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We, 19 Oct 16

5. GNC up 11% on takeover rumors. OK, be honest...did you even know that nutrition company GNC was publicly traded? Don't worry, not too many other investors did either. The company (GNC $19-$21-$41) was up 11% on the day, however, on the news that the company is fielding questions from a Chinese company about a possible acquisition. Does that mean we will have to start checking for "Product of China" labels on our vitamins like we currently do for every piece of frozen fish we buy?

4. Colin Powell and Salesforce's Rubenesque Marc Benioff, aka Mutt and Scruffy. Classic. Who knew that Colin Powell's hacked emails would provide such gold. After you get through all of the "Bill (Clinton) is at home boinking..." comments, you find a leaked email about Salesforce's (CRM $53-$73-$84) takeover targets. It seems that Powell sits on the CRM board of directors, and one of his hacked emails included a confidential, 60-slide document outlining who the company may want to buy. While most are focusing on the fact that Twitter (TWTR $14-$17-$32) is not on the list, we are interested in the fact that Adobe (ADBE $71-$108-$110) is included. Someone should tell Scruffy that well-managed Adobe has a larger market cap than Salesforce, and if anyone is doing the buying it would be the former—though they have more sense than that. As for poor Colin Powell, is not safeguarding classified emails a State Department thing?

3. Housing starts fall. New housing starts fell 9% in September, the lowest level in nearly two years. Most of the weakness came in the construction of multifamily homes (apartments, duplexes, and the like), however, while single-family home construction remained strong. Another reason not to worry too much about this one data point: permits for future construction were up a healthy 6.3% in the month.

2. Halliburton posts surprise quarterly profit, jumps 6%. In the midst of what has been a nightmarish year-and-a-half for oilfield services providers, Halliburton (HAL $28-$49-$49) was able to pull a rabbit out of its hat with a 3rd quarter beat. The Houston-based, $40-billion company swung to a profit as it shed the baggage associated with the failed merger with Baker Hughes (BHI $38-$53-$56), and an improvement within its North American business. HAL posted a Q3 profit of 6 million, versus a $54 million loss in Q3 of 2015.

1. Starbucks targets China growth with management move. The world's leading coffee retailer wants to double its footprint in China, and it tapped a proven winner to lead the charge. Starbucks (SBUX $53-$53-$64) elevated Belinda Wong from president to CEO-China to oversee the strategic goal of growing from 2,300 stores to 5,000 in the country. Wong has been instrumental in growing the company's Chinese presence from 400 stores five years ago to 2,300 today. SBUX is a member of the Penn Global Leaders Club.

Tu, 18 Oct 16

7. To analysts' surprise, Intel reports a miss. Chip maker Intel (INTC $28-$38-$38) has been riding high lately, hitting a 52-week high after reporting that 68 million PCs were sold globally in the third quarter—still a decline but a better number than expected. Shares began to fall in extended trading, however, after the company reported a revenue miss. Bottom-line earnings beat slightly, indicating that its 12,000-worker job slash (11% of the workforce) may be helping the bottom line. We've owned INTC in the Penn Global Leaders Club before, but it would have to fall back into the low $30s to pique our interest right now.

6. Domino's Pizza logs 13% same-store sales increase. Fast food chain Domino's Pizza (DPZ $100-$159-$164) 5% on the day thanks to a 25% jump in profit in this Q3 over last. Left for dead not too many years ago, the company is now expanding its new locations at a healthy clip. DPZ hit a 52-week high price of $164 before giving some back in the last hours of trading, retrenching to $159/share.

5. Harley's top and bottom lines are down...so its stock pops 8%. Oftentimes the market's response to financial news belies logic, at least before digging a bit deeper. Take Harley Davidson's (HOG $$36-$54-$57) earnings report. The motorcycle manufacturer missed about every metric it could for the 3rd quarter, announced layoffs, and saw its stock jump up 8%—all on the same day. It seems the market is pleased with its plan to become leaner and meaner.

4. Dick's will bid for Golfsmith. Another bidder has emerged to buy the assets of Golfsmith International Holdings, which declared bankruptcy last month in a US bankruptcy court—Dick's Sporting Goods (DKS $33-$56-$62). Dick's already owns Golf Galaxy, so it is unclear whether it would keep certain Golfsmith locations operating under the same name, or fold them into their own brand name.

3. Samsung self-tested combustible batteries. It has come to light that Samsung used an internal facility to test the (combustible) batteries used in its Galaxy 7 Note. The company is the only player in the industry to test and certify its own batteries. Gee, what could possibly go awry with that scheme?

2. Under Armour will be MLB's uniform provider. Major League Baseball owners approved a switch from Majestic Athletic to Under Armour for outfitting all professional ballplayers beginning in 2020. Nike will continue to produce the league's base layer undershirts.

1. Goldman Sachs blows past earnings expectations. Banking giant Goldman Sachs (GS) handily beat expectations for both top line revenue and bottom line profits for the third quarter. Revenue came in at $8.17 billion (a 19% increase over Q3 2015) and profits spiked 58% from the same quarter last year. It appears that the banks are going to show a much better quarter than the industrials.

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A few of the Constellation brands

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Kurdish Peshmerga: about as close as the US will get to friends in the region

Picture

Mo, 17 Oct 16

6. Hasbro up 8% on strong Disney characters. Just when you think kids don't want to play with anything but electronics, toymaker Hasbro (HAS) comes along and knocks the cover off the ball—thanks to toy figurines. Sales of the company's girl segment rose an incredible 57% from last year on the back of strong Disney Princess and Frozen novelties. The kicker? Hasbro just bought the rights to sell Disney-based goods—arch rival Mattel (MAT) held them until the beginning of this year. Hasbro's 52-week price (low/now/high): $65/$82/$89.

5. Tesla/Panasonic solar cell partnership. Assuming Tesla (TSLA) and SolarCity (SCTY) shareholders approve the planned merger of the two companies in a 17 Nov vote, Panasonic has agreed to begin producing photovoltaic (PV) cells and modules for Tesla in a New York facility beginning next year. The PV cells would be for use in solar panel home installations. Panasonic is already partnered with Tesla on the manufacture of the batteries that power the company's electric vehicles.

4. Constellation selling Canadian wine biz to teachers' union. Constellation Brands (STZ), one of our favorite booze holding companies, is selling its Canadian wine business to the Ontario Teachers' Pension Plan for about 1 billion Canadian dollars ($760 million). The company is in the midst of a strategic push to focus on premium brands of booze (spirits, beer, and wine) while jettisoning brands of lower stature.

3. Cat CEO to retire. Forty-one years after he started at the company, Caterpillar (CAT) chairman and CEO Doug Oberhelman has decided to retire, effective March of 2017. Oberhelman has been at the helm since 2010.

2. Iraqi forces begin campaign to push ISIS out of Mosul. A disparate group of fighters, from Iraqi government troops to Kurdish Peshmerga forces to Iranian-backed Shiite militias, have launched a major campaign to dislodge the Islamic State from Mosul, the terrorist group's self-proclaimed Iraqi headquarters. ISIS has held the city of 1.2 million for the past two years. It appears the citizens of the city are not down for the (Sharia law/ISIS) struggle.

1. Bank of America rocks quarter. Against an expected 34 cents per share earnings, Bank of America (BAC) posted 41 cents per share in earnings for the third quarter. Both top- and bottom-line numbers beat estimates, with the bank generating revenue of $21.64 billion and profit of $4.45 billion—the latter representing a 6.6% gain over last year same quarter. Shares are trading around $16/share, between a 52-week trading range of $11-$18.

Fr, 14 Oct 16

1. Taking back our Thanksgiving. The retailers got greedy. Even more so than usual. It wasn't enough that they turned the day after Thanksgiving each year into black (and blue) Friday. No, now they were mad that consumers had the audacity to order goods online on Thanksgiving Day! That prompted the mass opening of retail stores on the holiday itself, much to the chagrin of the lowly workers who manned the registers in the face of an invading army of chubby-cheeked spenders. But something happened. It turns out that opening a day earlier only cannibalized sales from Friday. And, let's face it, who wouldn't rather stay in their PJs on Thanksgiving and just order online? This realization has prompted a rather large number of retailers and mall owners to reverse course and announce they will lock the doors on Thursday the 24th. Now...who remembers Sunday blue laws?

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Courtesy: Charles M. Schulz

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USS Nitze, USN destroyer

Th, 13 Oct 16

10. Calling Don Draper. Chipotle is looking for a new ad agency. While fast food chain Chipotle Mexican Grill (CMG) hasn't ruled out staying with its current ad agency, Austin's GSD&M, it is clearly shopping around in the midst of the enduring and relentless fallout from its E. coli issues. Warning to Sterling Cooper: Bet you can't think of the last Chipotle TV commercial you watched. That's because the company doesn't do them. In a spin worthy of a politician running for re-election, CMG's chief marketing guy Mark Crumpacker said the firm doesn't spend much on advertising because it would rather invest the dough on quality ingredients. Huh? In fairness, he did say that before the E. coli outbreaks. Think the stock is cheap following a 45% decline in one year? Consider that the company still has a p/e 3x that of McDonald's (MCD) and twice that of fast-growing Panera (PNRA), and then look elsewhere.

9. Chinese exports fall more than expected. China suffered a 10% year-over-year drop in its rate of exports in September, marking the communist country's sixth consecutive monthly decline in a key economic metric. Imports fell 1.9% from a year earlier, but that figure is smaller due in large part to the country's labyrinth of restrictions on free trade.

8. HP to cut about 8% of its workforce over the next three years. The company formerly known as Hewlett Packard, now HP (HPQ), announced a restructuring plan that will call for around 4,000 workers to exit over the next three years. HP's board expects to save somewhere in the neighborhood of $250 million (about $62k per worker) per year by 2020. The stock was down 2% in after-hours trading on the news. Meg Whitman is the company's CEO.

7. Teens in love with their iPhone. Despite the pap from Samsung, even before their Galaxies started exploding, nearly 7 out of 10 teenagers own an iPhone, and 3/4 of them said they intend to stick with the brand next time around. Piper Jaffray interviewed 6,500 teens—with an average age of 16.5—for the survey.

6. Uh oh, Yahoo, Verizon is not happy about that hack you had. Yahoo (YHOO) has become an absolute laughing stock (literally). It is now clear that Marissa Meyer was not prepared for her role as the company's CEO, and the latest security breach is now messing with YHOO's saving grace—an acquisition by Verizon (VZ). Verizon's legal counsel is claiming that the hack most certainly had a "material impact" on the company, which gives the telecom firm the ability to renegotiate, or potentially even end, the acquisition deal. If nothing else, some reports claim that VZ will ask for a $1 billion haircut from the $4.8 billion negotiated price tag.

5. Speaking of Christmas...Sony Playstation's VR. This could just be the "must have" item of the 2016 Christmas shopping season—at least for Sony (SNE) Playstation owners. In an effort to bring virtual reality (VR) to consumers en masse, Sony has just launched the PlayStation VR, a virtual headset that works only with the PlayStation PS4. Coming in at $399 for one set ($499 with the camera and controllers included), it is cheaper than the higher-end Oculus Rift by Facebook (FB), but of higher quality than Google's cardboard (who, above the age of 5, would put on one of those silly cardboard devices?). Sony is also launching a couple of new PS4 devices—the PS4 Pro and the PS4 Slim. This news would have come in handy when Sheldon Cooper was anguishing over which gaming device to buy.

4. Amazon's telegraphs signal that consumer spending looks decent heading into the Christmas season. $400 billion online retailer Amazon (AMZN) will be adding 120,000 seasonal workers this holiday—a 20% increase from last year. The company also indicated that it may keep on upwards of 20,000 of those workers after the holiday season.

3. Raised stop loss on Trinity after 43% gain. Railcar maker Trinity Industries (TRN) is up 43% since we added it to the Penn Intrepid account; we were hoping for an 11% or greater gain. We are protecting our profits by raising the stop loss to $22 per share (TRN is currently trading at $22.70/share).

2. Shares of Ulta up following rosy guidance. Ulta Salon Cosmetics (ULTA) opened up 3.5% after the beauty supply company raised both its third-quarter and full-year outlook. Same-store sales are projected to rise 15% over the same period last year.

1. US pounds rebel-held radar sites in Yemen. Following a series of attempted attacks on US warships in the region, the US destroyer Nitze launched Tomahawk missiles against three radar installations in the rebel-held southern region of Yemen, destroying the sites. The US has been assisting Saudi Arabia in battling the Iranian-backed Houthi rebels in Yemen.

We, 12 Oct 16

3. Embattled Wells Fargo CEO quits under duress. CEO John Stumpf, who "took the blame" for tens of thousands of fake accounts being opened at Wells Fargo (WFC) before proceeding to blame lowly employees for the brouhaha, has decided to leave the banking giant. In other words, somebody changed the locks on his office.

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2. Amazon introduces streaming music service. From groceries to...music? Amazon (AMZN) has launched Music Unlimited, an on-demand streaming service which will offer listeners access to millions of songs. Prime members will pay $7.99 per month; non-Prime members $9.99 per month; and Amazon Echo users $3.99 per month.

1. Stanley Black & Decker will buy Newell's tool business. Stanley Black & Decker (SWK) announced that it will buy Newell Brands' (think Rubbermaid) tool business for $1.95 billion in cash. Newell (NWL) owns the Irwin and Lenox tool lines, among others. Both brands are up double digits year-to-date.

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An Illumina sequencing instrument

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Tu, 11 Oct 16

5. Fortinet falls 13% after hours following earnings miss. Cybersecurity firm Fortinet (FTNT) dropped 13% after hours following lowered guidance due to "weakness in Latin America and the U.K." On a positive note, the company authorized another $100 million (for a total of $300 million) for a stock buyback program.

4. Amazon has big plans to capture the consumer food market. Groceries may eat up 20% of all consumer spending, but that has been nut, metaphorically, that Amazon hasn't been able to crack. That is about to change. Under heretofore secret Project Como, the company plans to launch both hundreds of convenience stores and curbside pickup locations for Amazon Fresh members who want food items like milk, eggs, fruit, and veggies. The company recently changed its Fresh price from an annual $299 rate to a monthly $15 fee.

3. St. Jude warns of issues with heart devices. Medical device maker St. Jude (STJ) warned that hundreds of thousands of its implanted defibrillators could stop working properly due to deposits of lithium within the devices' batteries. Two deaths have been attributed to the issue thus far. Abbot Labs (ABT) is in the process of acquiring St. Jude in a $25 billion cash and stock deal.

2. Illumina loses a quarter of its value in an hour. Shares of $20 billion life sciences company Illumina (ILMN) opened down $50, at $135/share, from where it closed on Monday. Put another way, yesterday the company was worth $26 billion; now it is worth $20 billion. The reason for the massive drop? The San Diego-based company lowered its guidance for the sale of its bread-and-butter sequencing instruments. This is a company that has real earnings, not projected future earnings—we are evaluating for possible purchase in the Penn New Frontier Fund. Members will be notified if the company is added to the portfolio.

1. Alcoa drops 10% on earnings miss. In less than a month, Klaus Kleinfeld's iconic aluminum company, Alcoa (AA), will split into two parts: one stock will be the stodgy old materials business, and the other will be a growth-oriented downstream products business (think aerospace and defense, autos, etc.). The excitement of the split didn't stop the company from falling 10% today after missing third quarter numbers. Top line revenue came in at $5.2 billion versus last year's $5.6 billion). Despite falling to $28 per share, we recommend avoiding the stock.

Mo, 10 Oct 16

2. Samsung halts production of flagship phone after new crises. After reports of fires in the replacement phones the company sent out, Samsung has halted production of its flagship Galaxy Note 7 smartphone. This is speculation, but my guess is the company really wanted to beat Apple's iPhone 7 to the punch and, much like the great secret Soviet moon rocket explosion of the 1960s, inspection corners were cut. Tragic mistake for the company.

1. Industrial strength warning. First it was Honeywell (HON), then PPG Industries (PPG), and now Dover Corp (DOV). Major industrial players have been cutting their sales and profit forecasts in the face of weaker capital spending and a general softness in the global economy. Dover, which manufactures products for a diversified group of industries, from aerospace to energy, saw it stock drop 7% on the weak guidance.

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Fr, 07 Oct 16

4. One million without power. One million people along the eastern seaboard are without power due to Hurricane Matthew.

3. Gap jumps 13% on "not quite as bad" earnings report. Specialty retailer Gap (GPS) saw its stock price jump 13% in early Friday trading after investors digested a "less bad than expected" earnings report. Sales were down 3% in September, but the firm's Old Navy chain actually saw a 4% jump in sales for the month.

2. September jobs number weak. The US created 156,000 new jobs in September, or about 12% less than the anticipated 175,000 figure predicted by economists. The unemployment rate ticked up to 5%. The number is good enough, however, for a December rate hike, which we believe is pretty much set in stone.

1. Fake IRS call center busted in India. The elderly in the US have been preyed upon via the phone, en masse, for a generation. One of the most heinous crimes involves the caller claiming to be a representative of the IRS, and threats of fines and imprisonment if the callee doesn't pay up immediately (which amounts to visiting a certain nearby location and buying a gift card and giving the scammer the numbers from the card). One such ring was busted in India this week, with Indian police collaring the ringleaders and placing 70 in (of the 700 or so who worked in the facility) in prison.

Th, 06 Oct 16

5. Constellation Brands' sudsy star continues to rise. Just three short years ago it was a $10 billion company. Now, through a series of adroit strategic acquisitions, alcoholic beverage company Constellation (STZ) has transformed itself into a $30 billion industry powerhouse. Swooping in to pick up Corona and Modelo in 2013 as AB/InBev was forced to divest the two popular brands was brilliant. Although the company began as a bulk wine company and branched into hard booze, the company has been picking up rock solid brewers of late, with Ballast Point Brewing (for $1 billion) becoming the latest member of the family. The stock price of STZ is a bit rich right now, but it remains our favorite alcohol stock.

4. Alnylam Pharma loses half its value in one day. When a $100 billion market cap company loses $2.8 billion in value, it is a really bad day. When a $6 billion-sized company loses $2.8 billion in one day...it is a nightmare. That's what happened to Alnylam Pharmaceuticals (ALNY) today after the company announced it would shut down development of one of its two lead drugs. And actually, the nightmare belongs to the families of the 18 patients who died during a test study of the drug therapy.

3. Walmart doubles its JD.com holding. Pushing further into the online realm, the world's largest retail chain (WMT) is doubling its stake—to 10.8%—in Chinese online retailer JD.com. With a focus on electronics (85% of JD's revenue comes from selling consumer electronics), China's second largest business to consumer online retailer could help Walmart gain a serious advantage over US rivals in that country. The size of the stake will give the Bentonville-based retailer "observer status" in JD.com board meetings.

2. Troubled Theranos shuts down blood testing ops. Facing a two-year government ban from running a lab, Theranos's troubled CEO, Elizabeth Holmes, once the biotech darling of Palo Alto, has retreated from the consumer blood testing business. The company has announced that it will layoff 40% of its workforce and turn all of its attention to its MiniLab platform, a miniaturized blood testing device about the size of a printer, which it will market commercially. If Holmes' ban is upheld, this new strategy should allow her to remain in control of her company.

1. What happened to all of those Twitter suitors? After hanging out in the doldrums most of the year, Twitter's (TWTR) stock finally surged on rumors of a takeover by a number of suitors, to include Disney (DIS), Salesforce (CRM), Google (GOOGL), and Apple (AAPL). Now, all of a sudden, the company is standing in the middle of the dance floor with nobody around except a greasy-haired geek: CRM's Marc Benioff. The other companies need a social media presence, to be sure, but odds are they do not see a clear strategic route toward monetizing the $17 billion company. TWTR shares are off double-digits in pre-market trading.

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Take a guess what it is. We just added it to the Intrepid.

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We, 05 Oct 16

5. Mylan should have left well-enough alone. Without the 400% spike in price on its lifesaving EpiPen injector, no attention would have paid been to Mylan (MYL), at least for this issue. Now, because of the greedy spike, congress is learning that the company has bilked taxpayers, via the Medicaid program, out of $150 million or so.

The drug should have been listed as a brand-name product, which would have meant a 23.1% rebate to the government program. Instead, Mylan listed the drug as a generic (which it clearly isn't, as it still has patent protection), which meant the company paid only 13% of the cost in rebates. Additionally, stipulations are in place to ensure additional rebates if a drug price goes up faster than the rate of inflation (which hasn't been 400%), which will probably mean a double-whammy for the company.

​Time for CEO Heather Bresch, daughter of US Senator Joe Manchin, to take the $25 million she earned last year and the degree she lied about earning and hit the bricks.

4. Samsung phone caught smoking during flight. Although smoking has been banned on all US domestic air travel since 2000, that didn't stop a Samsung Galaxy Note 7 from lighting up during a Southwest Airlines flight in Louisville. The aircraft was evacuated while still on the ground. Most disconcerting for Samsung? It appears that this was a replacement phone following the company's massive recall.

3. General Dynamic wins $101M Navy contract. Perennial member of the Penn Global Leaders Club, General Dynamic (GD) has been awarded a $101 million contract by the US Navy for continued work on the next-generation ballistic submarine. The weapon is slated for construction beginning in 2021, with a total potential contract value of $2.5 billion.

2. Penn picks up oil inverse investment. Oil just hit $50 per barrel; we believe it is in a trading channel. Picked up one of our favorite inverse-oil vehicles in the Intrepid Trading Platform near its 52-week low. Members, see the Trading Desk.

1. Trade deficit $40.7 billion for August. During the month of August the United States exported $187.9 billion worth of goods and services. Impressive, until you consider that we imported $228.6 billion worth of goods and services, for an August trade deficit of $40.7 billion. Thus far in 2016, the US has an aggregate trade deficit of $330.7 billion.

Tu, 04 Oct 16

2. Gold hits three-month low. Gold fell over 3% on Tuesday to hit a fresh three-month low of $1,272 per ounce, down from $1,350 just a few weeks ago. Gold-based companies are feeling the pain as well, with Newmont Mining (NEM) down 9% and Kinross Gold (KGC) off 11%.

1. Ericsson slashes 20% of home-country workforce. Swedish telecom major Ericsson (ERIC) will layoff 3,000 workers in Sweden—20% of its workforce in that country. The company is facing increasing competition from Chinese rivals and decreasing demand for its products. While the company does employ 115,000 employees worldwide, it is interesting to note that 800 of the job layoffs will come from the R&D division. Not a good sign.

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Mo, 03 Oct 16

6. Transocean falls 7% after contract cancellation. Oil may be floating back up around $50 per barrel after hitting $35 this past January, but the big oil services firms sure aren't feeling any better. Shares of contract services drilling firm Transocean (RIG) were off more than 7% Monday after Indian energy conglomerate Reliance Industries cancelled a contract that was to run through 2021. One day investors will look back on these prices (RIG @ $10, Atwood ATW @ $9, Diamond DO @ $17) and wonder why they didn't bet the farm on them while they were in the dumps.

5. Taser falls after lost NYC contract. Conducted electrical weapons (CEW) provider Taser International (TASR) saw its stock price drop 14% in early trading Monday, following a report that the company will lose a five-year, $6.4 million deal to supply 1,000 body cameras to NYC cops. Seattle-based Vievu has been awarded the contract.

4. Cessna delivers 5,000th business jet. Wichita, Kansas-based Cessna, a division of Textron (TXT), has delivered its 5,000th business jet—a Citation M2—to Helitrip Charter, LLP, which will lease the aircraft to Catreus Ltd., a UK-based charter operator. Cessna entered the light jet segment in 1972 with the delivery of its first Citation. Going price of a Citation M2 is roughly $4.4 million—quite a savings from the average price of a light private jet, which is $8.3 million. (See story.)

3. Tesla posts record deliveries. Electric car maker Tesla (TSLA) set a new quarterly record for both production and deliveries in Q3, with 24,500 vehicles leaving their showrooms. That represents a 70% increase from last quarter. Of the deliveries, 15,800 were the Model S sedans and 8,700 were the new Model X SUVs. Juicing deliveries was the company's new 2-year lease program with its $593/month starting price.

2. Ford sales drop. Ford's (F) September US sales came in at 204,447 units—an 8% drop from the same month last year. One bright spot was the company's transit vans figure, which improved 6% over September of 2015. GM sales were down just 0.6% for the month, as a matter of comparison.

1. Bass Pro Shops to buy Cabela's. Privately-held Bass Pro Shops has agreed to buy rival outdoor goods retailer Cabela's (CAB) for $65.50 per share, or $4.5 billion.

Fr, 30 Sep 16

2. Diamond Offshore booted from S&P 500. It's actually pretty amazing it took this long. Considering that the S&P 500 Index has a market cap requirement floor of $5.3 billion or so, troubled drilling firm Diamond Offshore (DO), market cap $2.4 billion, has been replaced in the Index by beauty company Coty (COTY), manufacturer of fragrances, cosmetics, and skin and body care products. Coty has a market cap of $7.9 billion. Diamond moves down to the S&P MidCap 400. No sweat—they throw better parties down there.

1. Cognizant investigating Indian Payments. Shares of Cognizant Technology Solutions Corp (CTSH) were off 17% Friday following a report that the company is investigating payments made in India violated federal anti-foreign-corruption laws. The president of the company, Gordon Coburn, has resigned, with Raj Mehta replacing him—at least on an interim basis. CTSH has 221,000 employees, with 75% residing in India.

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Salesforce's crybaby CEO

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Th, 29 Sep 16

9. Coke lands Dunkin' Donuts distribution deal. As you were picking up your bottle of Starbucks (SBUX) Frappuccino while in line at the grocery store, it probably never dawned on you how it actually got there. For years, PepsiCo (PEP) has been making the deliveries for the Seattle coffee company's canned and bottled coffees. Now, Dunkin' Donuts (DNKN) is getting in the game, and they are using Pepsi's arch-rival, Coca-Cola (KO) to do the legwork.

8. Dow drops nearly 200, led by Deutsche Bank rumors. To a lot of investors, it felt like a specter from 2008. Derivatives traders suddenly pulling excess cash out of Germany's Deutsche Bank (DB) in unison. A major financial institution which has nosedived from $30 per share to $11.50 per share in one year. What do these big traders know that the rest of us don't? Odds are great that the German government would step in to save their eponymous bank, but investor concerns fueled a major selloff across the banking sector—and the general markets today, with the DOW falling 196 points.

7. Salesforce's pitiful attempt to stop the Microsoft-LinkedIn deal. Bloated slug and Salesforce (CRM) CEO Marc "Babycheeks" Benioff lost his bid to buy LinkedIn (LNKD) to Microsoft (MSFT), which ponied up $26.2 billion for the social networking company, but he isn't done whining about it yet. Babycheeks has been lodging complaints with US and EU regulators, demanding LinkedIn's user data remain public if the merger goes through. News flash, Benioff, the deal has already received the blessing of regulatory agencies on both sides of the pond.

6. Ryder Cup set to tee-off in MN. The bi-annual Ryder Cup event pits America's greatest golfers against Europe's. While the US still holds the win advantage 25-13, the Europeans have won just two of the last five contests. Teams consist of 12 players from each side. C'mon, big win 26.

5. Qualcomm to buy NXP Semiconductors. Shares of NXP Semiconductors (NXPI) popped over 15% on news that digital communications company Qualcomm (QCOM) is engaged in talks to acquire the chipmaker. The deal would be valued around $30 billion and would represent one of the larger mergers in this rapidly-transforming industry.

4. Deutsche Bank drops sharply as hedge funds pull back. Shares of Germany's Deutsche Bank AG (DB) fell over 6% as a new report claims that hedge fund managers have cut back on their derivatives business with the firm. What is so disconcerting about this story is not the relatively small amount of derivatives business lost; it is how the bank's shares can trade with such volatility on the news. After peaking at $30.82 on 23 October of last year, shares are now trading for $11.50 per share. The bank does not pay a dividend.

3. Fitbit falls 15% on downgrade. Wearable device maker Fitbit (FIT) fell 10%—to $15/share—Thursday following a Pacific Crest downgrade to "underweight." The analyst based his outlook on a chilly reception for the company's new Fitbit Charge 2 device.

2. Student default rate lower but still too high. According to the Department of Education, the percentage of borrowers in default of their student loans (one year with no payments made) has fallen slightly, to 11.3%. This gauge measures students leaving school within the past three years (5.2 million in group).

1. Economy expanded at 1.4% in Q2. Latest read is a slight uptick in the number, but still "blah." We need 3% or greater economic growth in this country; what we have are erratic figures averaging out at under 2% per year. Unacceptable.

We, 28 Sep 16

3. Walmart battles Amazon in India. After offering to pay $3 billion to purchase online retailer Jet, retail leader Walmart (WMT) appears to be setting its sights on India's largest online retailer—Flipkart. WMT is in early talks to invest up to $1 billion in the firm, which is currently valued around $15 billion.

2. Musk wants humans on Mars within a decade or so. God bless visionaries, especially those who put their money where their mouth is. Entrepreneur Elon Musk outlined his vision for the colonization of Mars—with his SpaceX playing a key role—during an international space conference in Mexico. The trip duration? About six months.

1. That has to hurt. Wells Fargo's arrogant CEO may not be willing to resign over the bank's transgressions, but he just got a humiliating kick in the pants. The WFC board has announced it will "claw back" $41 million in pay from Stumpf's compensation package. That amounts to roughly one-quarter of what he has earned while at the bank. Don't think that will hurt much? Remember, we all tend to live our lives based on our current economic situation. I would guess that he and his wife, who have a net worth of roughly $50 million, will need to make some adjustments.

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Tu, 27 Sep 16

2. New-home sales remain strong. In a beautiful example of how the press misrepresents the news, the headline read: "US New-Home Sales Fell 7.6% in August." Bad, right? Not exactly. Delve into the numbers and you will find that new-home sales are up 20.6% from the same month (Aug) in 2015. Sales are also up 4.6% from June, 2016. The headline was technically correct (July was an anomaly) but pushed a false narrative.

1. Pfizer will not split into two entities. In 2012, Goldman Sachs recommended that Pfizer (PFE) be split into two parts. Following that misguided endorsement, the drug giant began to slowly begin morphing into two distinct units: Essential Health, and Innovative Health. About face. The company now says that it will remain one singular entity, though the CEO claims that value was created by going through the early process of separating its businesses into two units.

Mo, 26 Sep 16

3. Twitter spikes again—this time on Disney rumor. Twitter (TWTR) spiked last week on a rumor that either Salesforce (CRM) or Google (GOOGL) were interested in buying the troubled social media company. After falling in price earlier in the day, shares spiked once again on a report that Disney (DIS) may be interested in making a bid.

2. Lands' End still can't get Sears stain out. When I heard that Sears (SHLD) was buying specialty clothing retailer Lands' End I figured it would be the end of the viability of the company. That was back in 2002. Twelve years later, the firm was able to breakaway from the 120-year-old zombie, but the damage was done. Two year later, a publicly-traded Lands' End (LE) has just lost its second CEO. Federica Marchionni came to the firm in February, 2015. The stock is down 43% over the past year.

1. Mylan's CEO lied to congress. Mylan is not claiming that it is a lie; they are simply issuing a correction that the pre-tax profits on its Epi-Pen product are 60% higher than the figure CEO Heather Bresch told a congressional committee. She was trying to make the claim that they really don't make that much on the life-saving profit. Bull.

Picture

Disney may be considering making a bid for Twitter

Picture

Picture

Dassault's (France) Rafale fighter

Fr, 23 Sep 16

3. India shuns American fighters. There is an odd dynamic going on with respect to Washington's relationship with New Delhi, and the latest victim in the fallout is Boeing (BA) and Lockheed Martin (LMT). India has selected France's Dassault as provider of its latest round of fighter jets, signing a deal to buy 36 Rafale fighters for $9 billion.

2. Twitter moves closer to sale. Twitter (TWTR) shares were up over 20% in Friday trading following rumors that the company may be for sale. Google (GOOGL) and Salesforce (CRM) are two potential suitors.

1. Yahoo hacked once again. Yet again, Yahoo (YHOO) has had its users' emails accounts hacked into. This one was big: information involving at least 500 million user accounts was stolen. Yahoo being one of the most "hackable" platforms is nothing new. The interesting twist is Verizon's (VZ) deal to buy the floundering firm for $4.8 billion. Technically, this could be grounds for terminating the sale agreement, but that course is unlikely.

Th, 22 Sep 16

1. Cargo shipping giant Maersk to split into two. Founded in 1904, Danish shipping giant A.P. Moeller-Maersk A/S announced Thursday that it will split itself into two divisions: transport and energy. Both industries—energy and shipping—have been in a serious downturn cycle. By splitting in two parts, Maersk hopes to better take advantage of mergers and acquisitions to fuel growth.

Picture

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Mclaren P1™

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Bank of Japan Governor Haruhiko Kuroda

Picture

We, 21 Sep 16

6. Fed leaves rates unchanged. As we expected, the Federal Reserve has left rates alone, with the target rate remaining between 0.25% and 0.50%. We are giving it a 90% chance, however, that rates go up 25 bps this December, as they did in December of 2015.

5. Looks like Apple is serious about making a car. Consumer tech goods maker—and largest company in the world—Apple (AAPL) is apparently serious about moving into the auto space. We believed it made much more sense for them to forge an alliance with a kindred spirit like Tesla's Elon Musk, but it is rumored that the company has approached British carmaker Mclaren about a potential takeover. Mclaren could be valued around $2 billion, which would make it (were it to happen) Apple's biggest acquisition to date. With $215 billion or so sitting around in cash, they can probably afford to proceed with the transaction.

4. FedEx beats. Package and document delivery behemoth FedEx (FDX) was up 6% on Wednesday in early trading after reporting better-than-expected fiscal Q1 earnings. On sales of $14.7 billion (up from $12.3 billion last year), the company earned $715 million in the first quarter (up from $692 million same quarter last year).

3. Bank of Japan shifts strategy. After years of a failed policy of printing massive amounts of yen to stimulate their country's economy, the Bank of Japan (BoJ) made an abrupt shift in policy on Wednesday. The central bank will now focus on adjusting the interest rates on government bonds to jolt the country out of its decades-long period of stagnation. Good luck. Earlier this year the Bank moved to negative interest rates on some government bonds.

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2. Valvoline to go public. Valvoline, the 150-year-old company with more than 30,000 quick lube service outlets, is expected to go public this Thursday. Ashland, Valvoline's parent company, expects to raise $645 million by offering 30 million shares at a price range of $20-$23 per share.

1. Adobe up on earnings. Adobe (ADBE) could give a B2B seminar on how a company can effectively move to a subscription-based business model in which customers provide a consistent stream of revenue. Once again, the digital solutions company surprised to the upside this past quarter, with a 20% YOY revenue growth rate and a 55% YOY net income spike.

Mo, 19 Sep 16

2. New York/New Jersey bomber was indoctrinated in Afghanistan. In what has become a clear trend, obvious to any objective viewer, the perp arrested for terrorist activity in NY/NJ was indoctrinated on a recent trip to Afghanistan. Friends of Ahmad Khan Rahami have confirmed his "change" since returning to the US.

1. Sarepta Therapeutics jumps 95%. Drug company Sarepta (SRPT) was up 95% on Monday after receiving "accelerated approval status" by the FDA on its Exondys 51 drug for treating Duchenne muscular dystrophy (DMD).

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Wells Fargo CEO John Stumpf "taking responsibility"

Picture

Syrian refugees. Note all of the "women and children."

We, 14 Sep 16

6. After eight years, average US incomes finally climbing. For the first time since 2007, the average American family is getting a raise. The median household income in the US rose 5.2%, to $56,516, according to the US Census Bureau.

5. After eight years, average US incomes finally climbing. For the first time since 2007, the average American family is getting a raise. The median household income in the US rose 5.2%, to $56,516, according to the US Census Bureau.

4. Wells Fargo CEO takes responsibility...sort of. Wells Fargo (WFC) CEO John Stumpf says he takes responsibility for thousands of his employees opening new accounts for clients who did not request them (in an effort to cook their sales numbers). He went on to say that "the employees were responsible," and that he would "not resign." Could someone please read Stumpf the definition of the term "take responsibility?"

3. Oxford Economics say a Trump presidency could shave $1 trillion from US economy. We are searching for the 2008 headline that warned "Obama will double the national debt to $20 trillion."

2. Germany's Bayer to buy America's Monsanto for$66 billion . The $128/share deal will hand Bayer a 25% worldwide market share for seeds and pesticides. The deal needs regulatory approval, which it will most likely receive.

1. Obama raises number of refugees allowed in country by 30%. Each year the president sets the limit on the number of refugees allowed to come into the country, on top of those in line for citizenship. For fiscal year 2017, the president raised that limit by 30% from the number allowed for 2016, and a 60% increase over 2015's figure.

Tu, 13 Sep 16

1. JPM tops Wells Fargo as biggest bank. With Wells Fargo's (WFC) stock dropping precipitously over the past week, Jamie Dimon's JP Morgan (JPM) has climbed into the "largest bank in the US" spot. As of today, JPM has a market cap of $238 billion, compared to Wells' $237.5 billion.

Picture

JP Morgan's infamous leader, Jamie Dimon

Picture

Mo, 12 Sep 16

4. Samsung: "turn off, turn in your Note 7." With more reports of Samsung Galaxy Note 7 fires coming in, the company has issued a warning to users, telling them to power down their devices and turn them in for a replacement (a device with a different battery model). Following a US recall, the FAA is enforcing a no-fly rule for the devices.

3. HP to buy Samsung's printer unit. HP (HPQ) has agreed to buy Samsung's printer business for $1.05 billion. Too bad, as they will probably destroy a decent lineup of printers.

2. Agrium and Potash to merge. Two Canadian ag giants, Potash (POT) and Agrium (AGU), plan to combine, forming a $36 billion fertilizer and farm retailer powerhouse. The deal may face a tough US regulatory hurdle.

1. Clinton's health back in spotlight. After collapsing during a 9/11 ceremony, forcing the candidate to abruptly leave the ceremony, Hillary Clinton's campaign claimed that she was suffering from pneumonia. Clinton has cancelled a planned two-day fundraising trip to California.

Fr, 09 Sep 16

1. GM recalls 4.3M vehicles. General Motors (GM) announced the recall of 4.3 million vehicles worldwide due to a software defect that may prevent airbags from deploying during a crash.

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Th, 08 Sep 16

5. Restoration Hardware soars. Shares of specialty retailer Restoration Hardware (RH) were up 8% in after-hours trading after the company reported it was able to ship some items not expected until the third quarter substantially earlier. The company is still down 50% from the first of the year.

4. Tractor Supply Company shares plummet. Specialty ag retailer Tractor Supply Company (TSCO) were off 17% on Thursday after the company cut its 2016 outlook. Immediately following the guidance drop, two major analysts downgraded the firm from outperform to neutral. What did we do on the downturn? Members, see The Trading Desk.

3. Shipper's bankruptcy strands ships at sea. $14 billion worth of goods are sitting in 80 ships stranded at sea. Hanjin Shipping, the 7th largest in the world, has declared bankruptcy, and the company is concerned that the goods on its ships will be impounded if the ships dock at their destinations.

2. Mixed reviews on Apple's iPhone 7. The most controversial thing about the new iPhone 7? Apple's decision to get rid of the headphone jack to help make the unit more water resistant. The new 32GB phone, complete with EarPods, will sell for $649.

1. ECB taps the brakes. The European Central Bank held key interest rates steady, keeping the marginal lending facility at 0.25% and the deposit facility rate at -0.4%. The fixed rate on the ECB's main refinancing operations stayed at 0.0%. ECB Chair Draghi maintained the bank's bond buying program termination point of March, 2017. Many had expected him to extend the deadline.

We, 07 Sep 16

2. Ackman buys 9.9% of Chipotle. Quintessential smart-ass and underperforming hedge fund manager Bill Ackman has taken a 9.9% stake, via his Pershing Square Capital Management firm, in Chipotle Mexican Grill (CMG). At least he is going back to an industry he seems to know something about.

1. ITT Tech shuts its doors. Following a US Department of Education ban on new enrollments of students receiving federal aid, for-profit tech school ITT (ESI) has decided to shut its doors. Affected: 40,000 students, 8,000 employees, and scores of investors. ESI trading has been halted.

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Fr, 02 Sep 16

1. Jobs number misses. The US created just 150,000 jobs in August against an expected 180,000 figure. Futures are up on the news, as it would be very hard for Yellen and company to raise rates in September against this backdrop. We are betting on a December rate hike.

Th, 01 Sep 16

3. Capital continues to flee European markets. That giant sucking sound from across the pond wasn't from the over-hyped Brexit, it was from 29-straight weeks of investors fleeing the European markets. While the S&P 500 is up 6% YTD, the S&P Europe 350 is down 5% over the same timeframe. In 2015, $123 billion flowed into the European markets. Thus far in 2016, there have been $86 billion in outflows.

2. Samsung delays Galaxy Note 7. Exploding battery concerns are the cause.

1. H&R Block tumbles. Tax preparation company (and political enemy of tax reform) has tumbled nearly 15% over the past few days at the market digests its ugly quarterly earning report.

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Picture

We, 31 Aug 16

1. Brazil's goofy socialist dictator impeached. Brazil's senate voted 61-20 to oust the country's disastrous leader, Dilma "Aunt Bea" Rousseff.

Tu, 30 Aug 16

7. Palo Alto revenue below estimates, shares drop. Shares of cybersecurity firm Palo Alto Networks (PANW) were off about 3% in after-hours trading after the company reported weaker-than-expected revenue in the 3rd quarter. On a brighter note, the company said it expects strong revenue in the 4th quarter; management is putting its money where its mouth is by buying back around $500 million worth of its own stock.​

6. Google starts ride-sharing program. Just because a company has gobs of money doesn't mean it can trek out in all different directions without repercussions. What, after all, does a ride-sharing business have to do with a search engine? Google holding company Alphabet (GOOGL) announced its new service, which will compete directly with Uber and Lyft, would be rolled out in San Francisco and utilize the company's Waze navigation app. The goal is to help commuters carpool to save money (the cost is about $0.54 per mile—far cheaper than Uber or a private taxi service). Ultimately, this is part of Google's plan to upend the transportation business with a fleet of driverless cars.

5. Boeing won't raise prices. For the first time since the financial crisis, Boeing (BA) has announced it will keep aircraft prices static over the course of the coming year. Both major worldwide aircraft manufacturers have seen a precipitous drop in order this year, down as much as 20% from the same period in 2015. The average list price range for a Boeing jet? $80 million for a 737 to more than $400 million for the "Triple Seven."

4. UAL picks up big name from chief competitor. United Airlines(UAL) has named Scott Kirby as the company's new president. Kirby's experience includes the same role at both American Airlines (AAL) and U.S. Airways.

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3. Abercrombie crushed at open. Poseur Abercrombie and Fitch (ANF) dropped 20% in early hours trading on Tuesday following a poor 2nd quarter earnings report. Same store sales at Abercrombie stores fell 7% in the quarter, while sales at the company's Hollister outlets were off 1% for the three-month period. How this company is still breathing is a mystery. It may be an interesting play for a trader (at $19 per share), but certainly not for an investor.

2. S&P to add REITs to its sector lineup. Huge news in the investment world: REITs are about to become the first new S&P sector since the original ten were added back in 1999. With an initial size of about 3.1% of the overall portfolio, the REIT sector will immediately have more weight than either the telecom or the materials sector. As real estate investment trusts had been considered part of the restrictive "alternatives" sleeve of investments, this will open the door for professional investors with restrictive guidelines to put capital to work in the sector.

1. EU lashes out after Brexit, orders Apple to pay $14.5 billion. Still looking for ways to punish the UK after the successful Brexit campaign, the EU's chief antitrust regulator has demanded that Apple (AAPL) pay $14.5 billion in back taxes from "favorable" tax treatment given to the company from Ireland. The US fired back with accusations of an anti-American-business sentiment at the commission, and vowed to fight the ruling—as did Apple.

Picture

Scott Kirby, AAL's new president

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Picture

Mo, 29 Aug 16

3. Fitbit offers two new devices. Wearable fitness device maker Fitbit (FIT) announced the release of two new models in time for the Christmas season: the Charge 2 and the Flex 2. The former will go on sale in September, retailing for $150, and the latter will hit shelves on October, retailing for $99. The Charge 2 will offer wearers advanced new health features, such as guided breathing exercises. The Flex 2, with its ultra-slim design, will offer accessories such as designer metal bands. Down at $15 per share, FIT has fallen 50% in the past year. We weren't touching it a year ago, and we aren't now—despite the dramatic drop in share price.

2. Mondelez drops pursuit of Hershey. Hershey (HSY) wasn't interested in being acquired, but Mondelez (MDLZ) wasn't willing to take no for an answer. After a few months of wrangling, however, it became crystal clear that the Hershey Trust, which owns about 12 million shares of the company, was not going to budge. In after-hours trading, following Mondelez' announcement that the deal was dead, HSY shares dropped about 10%, to $99/share. Still a bit rich for our blood.

1. Mylan to produce its own EpiPen generic. Disgraced drug company Mylan, which has faced a severe backlash after raising the price of its lifesaving EpiPen product by 400%, announced that it would develop its own generic version of the drug at a price 50% cheaper than the name-brand item. Still, we consider the $300 price tag for a generic two-pak of the injector about 50% too high. Meanwhile, it has been learned that Mylan CEO Heather Bresch, daughter of US Senator Joe Manchin, sold over 100,000 of her shares (pocketing over $5 million) in the days leading up to the controversy.

We, 17 Aug 16

2. Cisco to layoff 5,5000. The $155 billion tech giant Cisco (CSCO), maker of data networking equipment, is preparing to layoff around 5,500 workers, or roughly 7% of its workforce, as it continues to transition from a hardware-centric company to one focused more on software applications and the "cloud." The company's share price is floating near a 52-week high of $31.24. CDN, a tech news service, had earlier reported that the number of layoffs would be much greater, spurning an angry response against the financial media by Cisco's CEO, Chuck Robbins.

1. Target drops on in-line earnings. Target (TGT) seems lost somewhere in the weeds between the Wal-Mart parking lot and the Kroger ClickList drive through. It is trying to be too much to too many, which is generally disastrous in the retail game. Second-quarter revenue was in line with estimates, at $16 billion, but net profit fell from $753 million a year ago to $680 million this Q2. The company's share price fell about 7% at the open. No value play, however, in our book.

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Tu, 16 Aug 16

4. Southern Company issues secondary. Developing...down ...

3. Barnes & Noble CEO resigns. Yikes, this won't look good on his resumé. Barnes & Noble (BKS) fired CEO Ronald Boire after less than a year at the post, saying he wasn't the person needed to compete against the likes of Amazon. Considering the fact that one of his big strategic moves was to take coveted book space away from authors and give it to cheap toy and game makers, we concur. It wasn't a good omen that the company's share price fell 27% immediately after Boire took the helm. Maybe he can hook up with the screwball former JCP CEO Ron Johnson and start a buggy whip company. BKS' founder, 75-year-old Leo Riggio, will postpone his retirement as executive chairman until a replacement can be found.

2. Google launches Duo video calling app. On first blush it seems kind of crazy; after all, don't we already have FaceTime, Snapchat, Skype, et al? Google just launched Duo, a one-on-one video calling app designed to "simplify" the video chat process, according to a Google software engineer. Didn't really think FaceTime was too complicated, but we'll give him the benefit of the doubt. I tried it and was up and running in a few minutes. The app accesses, with your permission, all of your contacts so you can quickly call them. It will "invite" them to download the app if they don't already have it. Not yet convinced it was worth the valuable real estate that is my phone's memory, but it is kind of cool.

1. Hain Celestial plummets on open. Organic food and beverage producer Hain Celestial (HAIN) fell over 25% on Tuesday's open after the company announced that it will undertake an accounting review and delay quarterly results. That news sent up red flags, but the accompanying statement that it "doesn't expect to meet its fiscal 2016 guidance" (an entirely separate issue) really got the flags waving. At $39 per share and a 26 p/e, the maker of such brands as Celestial Seasonings, Earth's Best, and Garden of Eatin' may actually be undervalued. We aren't touching it, however, until the accounting errors are clarified.

Mo, 15 Aug 16

5. Geriatric, Coke-infused Warren Buffett reduces Wal-Mart stake, meaning it is probably time to buy. While the political old codger's company, Berkshire Hathaway, heavily increased its stake in Apple (AAPL), it reduced its stake in Wal-Mart (WMT) by 27%. We don't like either move, and will probably pick up some WMT soon on its recent online push--purchasing Jet.com for $3.3 billion. (In fairness, one of Buffett's minions made the decisions; we just look for excuses to bash the curmudgeon.)

5. Best Buy downgrade. Jeffries downgraded Penn Intrepid holding from a "buy" to a "hold" due to the rapidly-decreasing price of 4K televisions. Best Buy sells a lot of the sets...but their prices have dropped 30% in a very short amount of time. We are still protecting our double-digit gains with a stop-loss.

4. Goodbye dug-up yards? Google's slow and methodical move into the telecom business via Google Fiber appears to have been a wise move, as costs and headaches are reaching stratospheric levels in the cities it has slated for the service. The company is now looking at providing ultra-high-speed internet to homes via wireless means.

3. SpaceX launches Japanese satellite. ...developing

2. Honeywell to buy JDA Software. ...developing

1. Mexican auto production booming. Ford, Audi, GM, Toyota, and nearly every other major auto manufacturer is rushing to build new production plants in Mexico. Cheap labor has spurred a manufacturing boom in such towns as Juarez, Monterrey, and Guadalajara, with a typical worker wage of around $50 per week, or $1 to $2 per hour.

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Fr, 12 Aug 16

3. Burger King introduces Whopperitto. ...developing

2. CNBC's Sara Eisen gets today's journalistic Gold Star. For years we have watched Mark Zandi of Moody's come on CNBC and other networks and bloviate about the company's research while maintaining he is simply a detached, apolitical analyst. When we think of a rating agency like Moody's, after all, can't we assume that politics does not color their analysis? (loss of 7M jobs and spark a recession)...developing

1. Flat retail sales. Retail sales were flat in July against an expected 0.5% increase. Exclude auto sales and the picture is even worse: a 0.3% decline. Diving deeper into the numbers, a bright spot appears. "Noncore" retailers i.e. mostly online retailers like Amazon posted a 1.3% gain in sales, versus a department store drop of 0.5%. Restaurants and bars got hit especially hard in the month. I have yet to figure out how the typical American family can afford to go out and eat at a restaurant several times per week. I wish they would tell me there secret, other than "used the credit card."

Th, 11 Aug 16

Macy's beats! Holy cow...a bricks and mortar retailer beat estimates! Sales for the quarter came in at $5.8 billion, versus $5.7 billion estimated (but down from $6.1 billion a year ago). To improve the bottom line, CEO Terry Lundgren announced the closure of 100 of its 728 stores, most shutting down in early 2017.

Mo, 08 Aug 16

Delta forced to cancel flights. At least 300 Delta Airlines (DAL) flights have been cancelled as of early Monday due to a system-wide computer failure.

Fr, 05 Aug 16

BMY drug fails late-stage trial. Bristol-Myers (BMY) and Merck (MRK) are moving in vastly different directions this morning following the failure of a BMY lung cancer drug in a late-stage study. The company announced that Opdivo failed to meet its primary endpoint in the study. This was widely expected to be a blockbuster new drug for the treatment of cancer. Meanwhile, Merck is moving strongly higher this morning because it has a competing drug--Keytruda--in the fight against the disease.

Solid jobs report. The economy added 255,000 new jobs in the month of July against a consensus estimate of plus 180,000. Of that number, 217,000 were private sector positions.

Th, 04 Aug 16

Jack in the Box up. Fast food chain Jack in the box (JACK) popped on better-than-expected earnings due to improving sales at its restaurants. Net income for the quarter was $30.2 million, against a backdrop of $26.8 million same-quarter last year.

Square pops on results. Mobile payment solutions provider Square (SQ) jumped up double digits at the open on better-than-expected Q2 results. The company, which was founded in 2009 by Twitter (TWTR) co-founder Jack Dorsey, brought in top-line revenue of $171 million for the quarter--a 54% year-over-year jump. Square makes money by taking a percentage of each sale either card-swiped through its "dongle" (2.75%) on your phone, or manually typed (3.75%) into the device. It also makes point-of-sale "cash registers of the future."

Wal-Mart may buy Jet.com. Retail mega-giant Wal-Mart (WMT) has made it clear that it wants to take on Amazon's (AMZN) dominance of the online shopping experience. Until now, the company's efforts have been tenuous at best. That is about to change. Rumor has it that Bentonville-based company will pay upwards of $3 billion to buy the one-year-old startup, which has lost money at every step. What makes this such a golden purchase? Jet.com has built up an incredible customer base in a very short amount of time by undercutting Amazon substantially. If WMT does this right, Amazon will feel the pain.

Bank of England cuts rates. BOE president Mark Carney announced that the central bank will cut interest rates from 50 bps to 25 bps--the lowest rate in its 322-year history. In an effort to fuel lending, it will also begin buying up corporate bonds this September, with the effect of flooding the market with 70 billion pounds sterling.

We, 03 Aug 16

Kate Spade miss. Shares of designer apparel firm Kate Spade (KATE) plunged about 20% today, from $20 to $16 and some change, following disappointing second-quarter results and a guidance cut. Top line revenue hit, meeting its $319 million target, but same-store sales were flat and the company's gross profit margin (revenue minus cost of goods sold, divided by revenue) contracted from same-quarter last year. The company chose not to increase discounts at its higher-end stores around the world to counter a strong dollar, but deep discounts in its outlet stores hurt the margin. Additionally, it ran short of inventory on its popular new Cameron Street handbags while, simultaneously, offering novelty designs that fell flat of expectations.

Phillips 66 upgrade. Phillips 66 (PSX) shares rose about 3% (to $78.35) Wednesday following an upgrade by Cowen and Company. The "outperform" ranking came with a price target of $92 per share. We are holding off—we like the company but will wait for it to get back into the $50s. At the current price, we believe it is fairly valued. The downstream energy company offers a 3.3% dividend yield.

Mo, 01 Aug 16

Oil in bear territory. Oil prices fell to $40.06 on Monday's close, dropping nearly 1/4 from June's high price. When Goldman starts talking bearish on the price, it is typically the time to take an opposite bet and go contrarian. We are close to taking a long position on crude. If it can drop to the mid-30s range again, we will most likely dive in.

Tesla to buy SolarCity. Shareholders still need to approve the deal, but Elon Musk (who will not be voting) is pushing the $2.6 billion all-stock deal as a vertical integration plan that will make the combined company a "one-stop shop" for alternative energy needs. In Musk's master plan (part II), he indicated his desire to empower the individual at the expense of the grid i.e. allowing households to become energy self-sufficient.

Fr, 29 Jul 16

GDP comes in weak. The first look at 2nd quarter GDP came in at 1.2% versus 2.6% expected—a horrid miss. The 1st quarter GDP figure was revised downward from 1.1% to 0.8%. Historically, Q3 is not the greatest, so I would guess that rate hikes remain off the table for fall.

Th, 28 Jul 16

Ford falls over 8% on weak guidance. American carmaker Ford (F) was off over 8% on the open following a weaker-than-expected second quarter earnings report. The company reported net income of $1.97 billion for the quarter—down from $2.16 billion in the same quarter of 2015. Sales in both the US and China were weaker than projected.

Facebook's blowout quarter. Social media king Facebook (FB) had an absolute blowout quarter, based on nearly every metric. Over $2 billion in quarterly profit; 220 additional monthly active users over last year; $6.2 billion in ad sales for the quarter; revenue from mobile ads jumped 80% in the second quarter.

Oracle to buy NetSuite. Oracle (ORCL) announced that it has entered into an agreement to buy the first "cloud" company, NetSuite (N) for $109 per share, or about $9.3 billion in cash.

Th, 21 Jul 16

​Unilever to buy Dollar Shave Club. UK-based Unilever PLC (UL) has agreed to buy privately-held Dollar Shave Club for $1 billion. The Venice, California-based startup has taken the shaving industry by storm, offering a low-cost monthly subscription plan for men's razors. Unilever is going on the offense against shaving giant Gillette, owned by P&G, which controls about 65% of the worldwide market share for blades.

Southwest Airlines pounded at open. Southwest Airlines (LUV) was off about 10% on Thursday's open, following a pretty bad quarterly report. Bottom-line profit soared on lower energy costs, but the airline gave guidance of top-line revenues dropping about 4% this quarter due to weakening fares and operational challenges. Recent tech outages at the firm have caused delays and cancellations of a number of flights.

Komatsu to buy Joy Global. Japan's leading construction equipment maker, Komatsu, will acquire US mining equipment maker Joy Global (JOY) for $2.9 billion.

Fr, 08 Jul 16

Strong June jobs number. 287,000 new jobs were created in June, handily beating most expectations. The unemployment rate rose slightly, to 4.9% from 4.7%. The labor force participation rate—the percentage of the active labor force which is actually employed—came in at 62.7%. In other words, nearly 40% of those who are capable and "willing" to work do not have full-time jobs. 40,000 of the 287,000 jobs created in June can be accounted for by the returning workers involved in the Verizon strike. The three-month average job growth rate rose to 147,000.

Thu, 07 Jul 16

Danone to buy WhiteWave Foods. French dairy company Danone SA, best known for its Danon yogurt line, has agreed to buy US organic foods company WhiteWave in a $10.4 billion deal. WWAV, maker of such brands as Horizon Organic milk, was up nearly 20% on the open.

Wed, 06 Jul 16

Trade deficit lousy in May. The US trade deficit (why do we never hear about a surplus?) for the month of May was $41.1 billion, according to the Bureau of Economic Analysis. This was a 10% jump from April, which was revised negatively to a $37.4 billion deficit. The financial press and the government look at this through a warped prism: they tell us that this is a positive, as US consumers are spending more. We look at the figure without a filter—we are importing $41 billion per month more than we are exporting. Time to increase exports, which means leveling the playing field through better global trade deals.

Friday, 01 Jul 16

1. Amidst the backdrop of a global bond rally (due to ultra-low rates getting lower) the US 30-year bond hit a record low yield of 2.2122%. A decade ago, who would have ever thought this was possible, barring the US economy entering another depression.

Wednesday, 29 Jun 16

1. The government's Financial Stability Oversight Council (FSOC) has removed the "too big to fail" moniker from GE Capital​​. This follows a comprehensive campaign by GE to reduce the size of its financing arm.

2. European Commission president (and general pompous ass) Jean-Claude Juncker dressed down David Cameron, telling him the Brexit was his fault and had nothing to do with immigration. This proves the 17 million Brexiteers were right in leaving this vapid organization. (Full story in "Europe")

3. US consumer spending, which accounts for an incredible 70% of US GDP, rose 0.4% in May, while personal income rose 0.2% for the month. Both numbers were in line with expectations.

​4. Penn sold its position in JO, the coffee ETF, within the Dynamic Growth Strategy, as it has risen 21.84% since our purchase on 22 Jan 16. (Members, see Trading Desk)

5. With part of the proceeds from JO, we actually picked up another commodity in the Dynamic Growth Strategy—and boy, is it a contrarian play. (Members, see Trading Desk)

6. US markets continued their meteoric two-day rise, leaving Brexit fears in the dust. We are not saying the fear trade is over, but we do reiterate that the UK leaving the bumbling fools in the EU will not have a negative impact on this country's markets. If it does, that is a testament to our weakness, not actions in Europe. The S&P finished up 35; the Dow was up 285; the beaten-down Nasdaq finished the session up 87.

7. Major GOP establishment donor Paul Singer says Trump would cause a depression if elected. Anyone else sick of silly hyperbole? More proof that just because someone is a billionaire doesn't mean they are intelligent.

8. Pending home sales (those under contract but which haven't closed yet) for the month of May dropped a hefty 3.65%; certainly more than expected. It could be an anomaly, but the Pending Home Sales Index is considered a leading economic indicator. Let's wait and see what the follow up in June is like. This number is odd considering the generationally-low 30-year mortgage rates.

9. Small-cap biotech company Tesaro (TSRO) rocketed up 108% today after announcing that it had achieved its primary endpoint for the firm's ovarian cancer drug Niraparib. The Phase 3 trial included 500 women afflicted with the disease.

10. The final revision to Q1 GDP came in higher than initially reported. The 1.1% annual rate is still embarrassingly bad. It's almost as if someone at the top isn't really focused on economic growth at all. Oh well, at least public schools must now offer LGBT bathrooms.