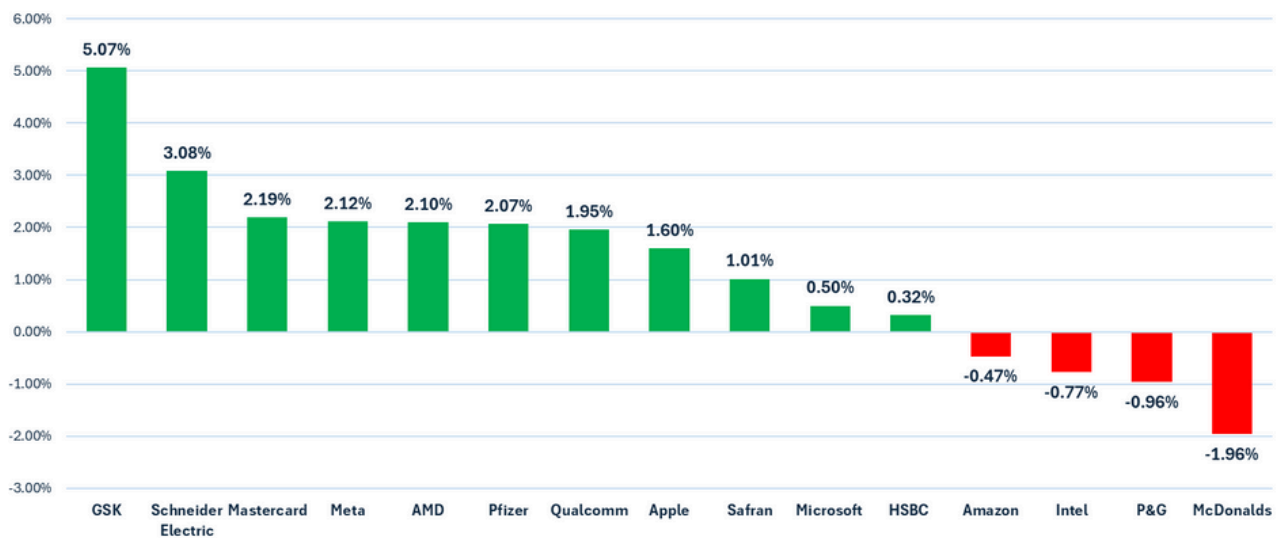# Taking Stock- Q2 Earnings Season - Week 2

Earnings season continued this week, featuring key industry players. Microsoft had their earnings call on Tuesday after markets closed. While the company did exceed forecast revenues by 0.50%, shares in the tech giant fell over 2.5% on Tuesday night. The reason for the pull back was due to the performance of the companies cloud computing division. As revenues failed to meet the expectations of investors, the company was punished as a result. This continues the trend for mega caps surpassing revenue expectations but losing market cap, with Tesla and Alphabet suffering the same fate last week. Meta would buck the trend, by firmly beating estimates thanks to better than expected advertising revenues across its chain of social media apps. Mark Zuckerberg, CEO and founder of Meta also stated on the earnings call that Meta continues to invest heavily in Artificial Intelligence, indicating it could be years before genuine revenues were achieved. He also highlighted that Meta's AI chatbot, Meta AI was on track to become the most widely used chatbot in the world in 2024. Finally, Apple and Amazon would release earnings on Thursday. For Apple, while the company did miss sales targets for China, its most important market, actual revenues were still higher for Q2 thanks to the new iPad range which boosted overall sales. Amazon meanwhile missed its forecasted revenue target, attributing the shortfall to consumers' more cautious shopping habits, which has led to reduced spending on discretionary goods. However AWS, Amazon's cloud business saw sales increase by 19% compared to last years Q2 figures. Shares in the shopping giant dipped nearly 7% on Thursday evening. Intel missed its revenue forecast by 0.77%, and has announced a 15% reduction in its global workforce, along with a suspension of dividend payments. This announcement caused the chipmaker's shares to plummet by over 20% on Thursday. Outside of the tech bubble, Pfizer saw actual earnings exceed expectations by over 2%, while in the UK, HSBC once again posted better actual revenues, having done so in Q1 2024 as well.
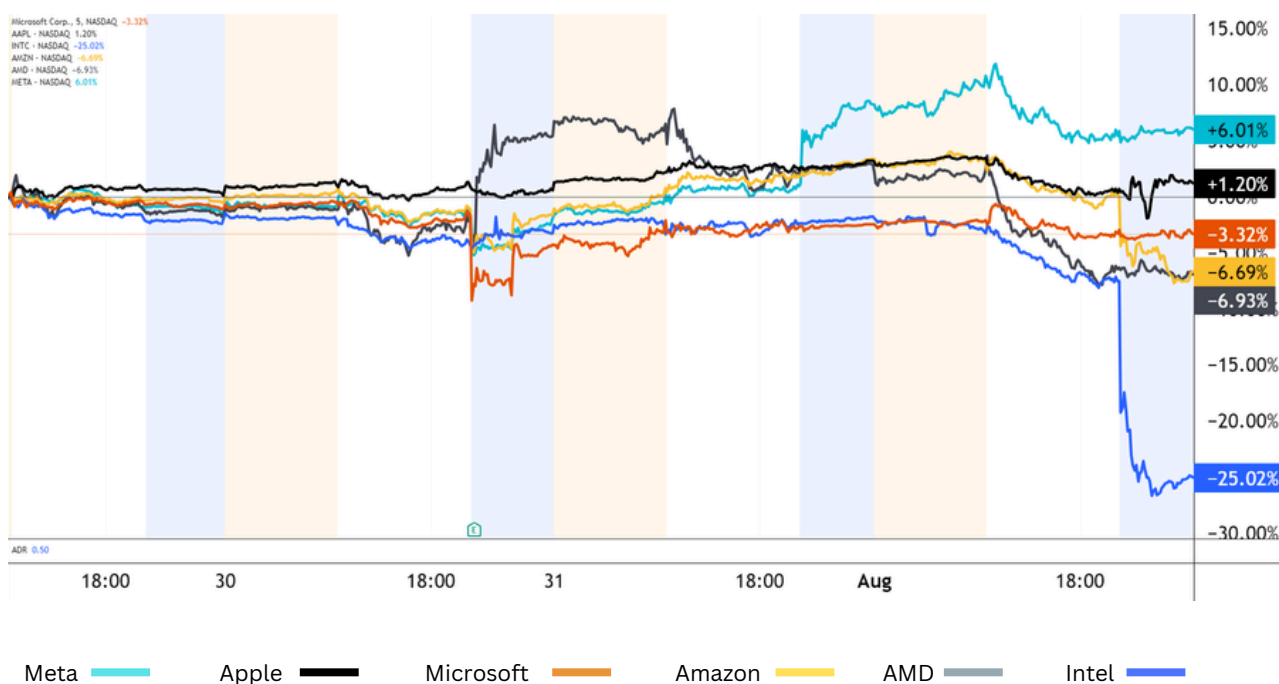
Forecast Vs Actual Revenues

SEASPRAY PRIVATE
Creating Investment Solutions

Having reviewed the latest corporate earnings for Q2, it is evident in the below chart that these calls have significantly influenced the performance of several large cap companies this week. Meta's shares increased by over 6%, bolstered by a positive earnings release and strong advertising performance. However, it was a negative week for the other mega caps, with Apple shares mostly flat, while Microsoft shares fell 3.3% over the week to date. Amazon and AMD experienced a decline in shares on Thursday, but for different reasons. Amazon's drop was attributed to disappointing earnings, whereas AMD's fall was influenced by a broader pullback in technology stocks and the overall market that day. Having announced 15,000 job cuts and an end to their dividends, Intel shares plummeted over 25% this week, with the bulk of the drop coming in after hours trading on Thursday.

Stock Price Movements - Mega Caps

Source – Seaspray Private