

Husson Stock Index

Week Ended May 15, 2020

For the week ended May 15, 2020, the Husson Stock Index (HSI) finished the week down 3.08%, closing at 147.45. In comparison, the S&P 500 finished the week down 2.26%. Year-to-date, the HSI is down 14.05%, whereas the S&P 500 is down 11.61%.¹

Summary

Overall the market experienced losses across the board this week, and the Husson Stock Index is no exception. Just four of the twenty-nine HSI companies ended the week with a positive change. This comes after Federal Reserve Chairman Jerome Powell commented Wednesday on the outlook of the economy among the coronavirus pandemic, saying economic outlook is “highly uncertain” and has suggested further government stimulus could be necessary to recover from recent economic challenges (Ramkumar, 2020).

More specifically, the largest percentage change in the HSI this week was The First Bancorp, Inc (NASDAQ:FNLC) which had a decrease of 12.29%, translating to a \$2.60 change in price. There is no direct reasoning behind the drop. In fact, First Bancorp, Inc experienced a small rally at the end of April when they reported favorable earnings in their first quarter. Additionally, the stock’s rating from Validea based on Peter Lynch recently increased to 74% from 72%, with a score of 80% indicating interest in the stock (Reese, 2020).

The second largest percentage change in the HSI this week was Valero Energy Corporation (NASDAQ:VLO). Interestingly, Valero saw an increase of 12.19% last week (week ended May 8th), however this week the stock decreased by 10.83% or a \$7.14 price change. Valero has experienced volatility since their major declines in late February and early March as a result of the pandemic’s effect on the market. The consensus target price for the stock is \$71.12, compared to the May 15th price of \$58.78 (Evans, 2020).

¹ Calculations for week-to-week and year-to-date are calculated using end-of-week totals. The year-to-date percentage increases use the end of December 27, 2018 as the starting point, and not December 31, 2018.

Despite market declines, there were some notable increases in the HSI this week as well. The largest positive percentage change was experienced by Penn National Gaming (NASDAQ: PENN) with a 4.99% change. The stock began the week at \$18.43 and finished the week at \$19.35, resulting in a \$0.92 price change. Penn has continued to have positive growth in recent weeks as many states with a heavy gaming presence, including Nevada and Louisiana, have begun reopening or are preparing to in the near future. Penn National Gaming also closed on “the sale of \$300 million in common stock and \$300 million of 2.75% convertible senior notes due in 2026” (Hoiium, 2020). The notes increased from the previously announced \$250 million to the now \$300 million due to high demand.

Covetrus, Inc. (NASDAQ: CVET) held the second largest favorable percentage change of 3.22%, a \$0.38 price change for the week. This increase is in large part due to Covetrus announcing its first quarter earnings on Thursday, which showed an improving financial position. While their net losses increased from \$13 million at this time last year, to \$33 million in the first quarter of the current year, the company shows promising \$1.07 billion first quarter net sales, “up 13% over the previous year” net sales (Cordes, 2020). Covetrus CEO Ben Wolin spoke about the company’s first quarter financials and attributes the increased net losses to higher selling and consulting expenses related to the increase in net sales. Covetrus recently sold its scil animal care subsidiary to Heska Corp. for \$110 million. Additionally, the company also expects to receive a \$250 million investment from Clayton, Dubilier & Rice early next week as a result of an agreement announced at the end of April between the existing shareholder and Covetrus, Inc. This funding will be used to “pay off existing debt and increase short-term liquidity” (Cordes, 2020).

Overview

The HSI was developed by Marie Kenney, while a student at Husson University, in consultation with Associate Professor J. Douglas Wellington. The index is currently being tracked and analyzed by Husson student, Caitlin Cushman. The HSI tracks and analyzes the stocks of 29 companies that are considered to have an effect on the Maine economy. These companies are either based in Maine or have an influence on the Maine economy through employment or consumer spending. This price-weighted index offers a numerical breakdown of Maine's economy. The analysis looks into the events of the week and finds the likely reasons the index went up or down. This index and analysis help provide a better understanding of Maine's economy as well as explain significant changes in stock prices of the companies that comprise the HSI.

References

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Composition of the Husson Stock Index (HSI)

Ticker Symbol: Exchange	Stock	Maine Affiliation	Sector
AGR: NYSE	Avangrid, Inc.	Presence	Utilities
ANCUF: TSX	Alimentation Couche-Tard Inc Class B	Presence	Consumer Staples
BAC: NYSE	Bank of America Corporation	Presence	Financials
BHB: NYSE	Bar Harbor Bank	Maine-based	Financials
CAC: NASDAQ	Camden National Corporation	Maine-based	Financials
CHTR: NASDAQ	Charter Communications, Inc.	Presence	Communications Services
CL: NYSE	Colgate-Palmolive Company	Maine-based	Consumer Staples
CVET: NASDAQ	Covetrus, Inc.	Maine-based	Health Care

DRI: NYSE	Darden Restaurants, Inc.	Presence	Consumer Discretionaries
FNLC: NASDAQ	The First Bancorp, Inc.	Maine-based	Financials
GD: NYSE	General Dynamics Corporation	Presence	Industrials
HLT: NYSE	Hilton Worldwide Holdings, Inc.	Presence	Consumer Discretionaries
HD: NYSE	The Home Depot, Inc.	Presence	Consumer Discretionaries
ICCC: NASDAQ	ImmuCell Corporation	Maine-based	Health Care
IDXX: NASDAQ	IDEXX Laboratories, Inc.	Maine-based	Health Care
LOW: NYSE	Lowe's Companies, Inc.	Presence	Consumer Discretionaries
MCD: NYSE	McDonald's Corporation	Presence	Consumer Discretionaries
NBN: NASDAQ	Northeast Bank	Maine-based	Financials

PENN: NASDAQ	Penn National Gaming, Inc.	Presence	Consumer Discretionaries
RAD: NYSE	Rite Aid Corporation	Presence	Consumer Staples
RTX:NYSE	Raytheon Technologies Corporation	Presence	Industrials
TD: NYSE	The Toronto-Dominion Bank	Presence	Financials
TMUS: NASDAQ	T-Mobile US, Inc.	Presence	Consumer Services
UPS; NYSE	United Parcel Service, Inc.	Presence	Industrials
UNM: NYSE	Unum Group	Presence	Financials
VLO: NYSE	Valero Energy Corporation	Presence	Energy
WMT: NYSE	Walmart Inc.	Presence	Consumer Staples
WEX: NYSE	WEX Inc.	Presence	Information Technology

WBA: NASDAQ	Walgreens Boots Alliance, Inc.	Presence	Consumer Staples
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