

HSI WEEK ENDED OCTOBER 26, 2018

The Husson Stock Index (HSI) decreased from 148.17 on October 19th, to 140.58 representing a (5.12%) change for the week ended October 26, 2018.

The Stock Index has fallen substantially from 159.17 on September 21st, to 140.58 on October 26th. After 5 weeks of consecutive declines, it has dipped a drastic amount of 11.68%, which seems quite daunting for the economy. The U.S. economy has been struck by many scares in recent weeks as the looming trade war continues to intimidate investors; similarly, the increases of interest rates and bond yields have not only driven stock investors out to purchase bonds, but it has also increased the overwhelming feeling of impending inflation and downturns in the economy. Many feel as though the market is engaging in a turn from the bull market that has sustained so long, to a bear market; leading the way to a consistent decrease in stocks into the future.

Penn National Gaming [PENN] showed the highest percentage change from the week prior dropping 16.77%; this represented a change of (\$4.72) from \$28.15 to \$23.43. Aside from completing their acquisition of Pinnacle Entertainment on the 15th of October, they have not released any specific news or releases that would have related to this decline. Penn, which has seen many declines in recent weeks is due to report their Quarter 3 earnings on November 1st.

Another large percentage decrease came from the General Dynamic Corporation [GD] which posted a 10.72% decrease from the week prior; a dollar change of (20.40) from \$190.26 to \$169.86. GD released their Quarter 3 earnings report on Wednesday, the 24th, which was then followed by a drop in share price as investors weren't pleased. Although their earning per share increased to \$2.89 and beat estimates of \$2.74 by 5.47%, their revenues/sales fell short of analyst estimates by a good margin. Total revenue had risen 20% to \$9.09 billion, but came in shy of the estimate of \$9.38 billion. Although the earnings were not terrible, much of the earnings were due to lower tax payments and not due to increased income from operations; similarly, certain divisions of operations posted less than favorable outcomes for the quarter.

Lastly, the largest dollar change for the week came from Charter Communications [CHTR]. Charter posted a decrease of 8.19% which represented a dollar change of (\$26.33), from \$321.34 to \$295.01; erasing the rebound from the prior week. Charter released their Quarter 3 earnings report on Friday, the 26th, which showed a miss of the estimated revenue for the quarter. CHTR reported revenues of \$10.89 billion, but missed the consensus estimate of \$10.93 billion; it wasn't a substantial miss, but any miss is a negative in the eyes of investors. The other major issue that was reported in the results was a decrease in voice sales of \$512 million and \$611 million respectively.

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 Dominick Lizotte. The HSI tracks and analyzes 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, and overall presence in the State. This price-weighted index offers a numerical break down of Maine's economy to help provide a better understanding of Maine's economy. The analysis looks into the events of the week and tries to explain significant changes in the stock prices of the companies that comprise the Husson Stock Index.

References

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