

## Monthly Commentary June 2019

June 9, 2019

Rising trade tensions caused stocks to have a tough month of May as the market closed down 6.5% for the month and capped its sixth consecutive week of losses. The first week of June, however, was a complete turnaround as Fed Chairman, Jerome Powell, hinted of a cut in interest rates as a solution to conflicting economic data. Stocks made up more than half of May's losses as the DJIA rose 1,170 points in just five trading days. And, as it always does, the media continues to sensationalize every move in the market much like the way a sportscaster calls a boxing match.

Despite all of the weekly and monthly ups and downs, the stock market has actually made very little progress over the last eighteen months and is essentially where it was in late January 2018.

The market will more than likely continue to be volatile until a trade deal with China is (hopefully) made. Until then, the market will probably continue to react to President Trump's latest tweets.

### **An Interesting Year for Initial Public Offerings**

In the past few months the two ride sharing companies, Uber & Lyft both went public, but did not fare very well. Uber has slowly inched back to just below its original IPO price while Lyft still trades at about 18% below its public offering price. Both companies continue to lose money.

Contrast those with Beyond Meat (BYND) which recently came public at \$25 per share. The plant based protein company has yet to earn a profit but the shares have soared to \$139/share, over *five times* its initial offering price. The stock is

currently selling at 20 times next years *sales* and there is really nothing proprietary about their products. Other well established food companies, with much deeper pockets, are all working on competing products that are slated to be introduced later this year. The current hype surrounding Beyond Meat is certainly very difficult to understand.

Best regards,

*James Onorato*  
President  
Summit Capital Inc.

Phone (216) 539-8444  
Email [jim@summit-capital.com](mailto:jim@summit-capital.com)  
[www.summit-capital.com](http://www.summit-capital.com)