

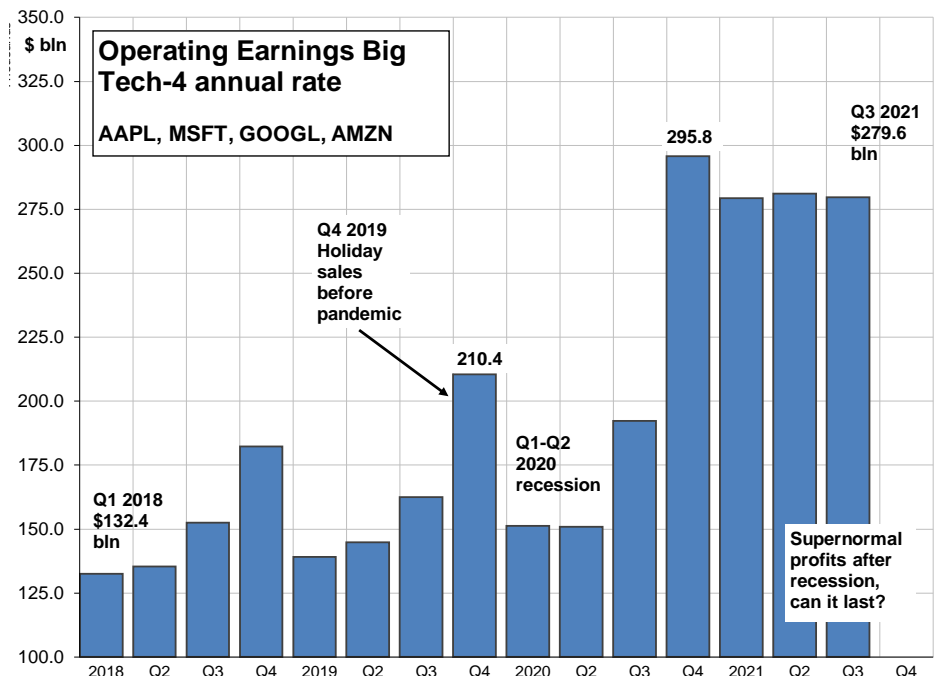
Financial Markets This Week

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BIG TECH EARNINGS FINALLY PEAK

Actually we don't know that. We thought we would check in on the Big-4 Tech companies, Apple, Microsoft, Alphabet, Amazon after the calendar Q3 2021 earnings were released the last week of October. The four companies account for about 21% of the S&P 500 market cap. Q4 2020 earnings jumped to new heights, possibly/partly pent-up demand or something sparked from the pandemic and its aftermath. But in the three quarters since, Tech-4 earnings have stuck at a new high level close to \$275 billion at an annual rate. An amazing story. Profits are far beyond the "best economy in fifty years" before the pandemic. It can't all be due to Congress giving out \$500 billion of \$600 and \$1400 stimulus checks, can it?



The fourth quarter will be big given Apple's holiday sales. Apple was 45.3% of Tech-4

earnings in the table here for Q4 2020. Q4 2020 Tech-4 earnings were \$295.8 billion (annualized) which is a 40.6% leap into the stratosphere from Q4 2019 before the pandemic. Every company is experiencing supply chain issues and shortages of components and parts. Apple is saying Q4 2021 revenues will still be a record: solid year-over-year. Well, it was \$111.4 billion Q4 2020 and \$83.4 billion in Q3 2021. We will see. Tech-4 share prices were down 5 to 10 percent Friday from their 2021 highs, but are still high and earnings have to hold the level of the last four quarters at a minimum.

Operating Income calendar quarters (\$bln)											
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Apple	13.415	11.544	15.625	25.569	12.853	13.091	14.775	33.534	27.503	24.126	23.786
Microsoft	10.341	12.405	12.686	13.891	12.975	12.405	15.876	17.897	17.048	19.095	20.238
Alphabet	6.608	9.180	9.177	9.266	7.977	6.383	11.213	15.651	16.437	19.361	21.031
Amazon	4.420	3.084	3.157	3.879	3.989	5.843	6.194	6.873	8.865	7.702	4.852
Total	34.784	36.213	40.645	52.605	37.794	37.722	48.058	73.955	69.853	70.284	69.907

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