

# The Croton Avenue Journal

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Always Free

## Market News

The OPL Market was down this week, underperforming again. Now about 4% behind the S&P 500 it is unlikely that we will be continuing our streak of beating the street again this year. Netflix, caused much of the damage, with the streaming service down 7% as earnings seemed to hint that their growing profits is directly competing with their slowing growth. Tech in general was rocky and small companies overperformed, neither of which benefited our investors.

The only trade of the week was swapping Mattel for Amazon. The online retailer and web services company is firmly the popular stock in our market, but it has lagged the S&P only gaining 2.8% over the session.

## World News

An Indonesian military submarine has went missing off of the coast of Bali while performing drills. 53 crew members were on board the submarine. Singapore and Malaysia have dispatched ships to assist with other countries offering assistance as well. An oil spill found where the submarine dove could either indicate damage to the fuel tank or an attempt by the crew to signal for help. On Sunday the wreckage was found, but no survivors.

Russia pulled troops back from the Ukraine border, easing tensions.

President Biden announced that as of September 11 all US troops will return home from Afghanistan. The US has been in Afghanistan for almost 20 years as part of the War on Terror. Peace talks in the area have stalled as the US attempts to back a new Afghan government.

The UK instituted a travel ban on India to slow the spread of a new Covid-19 variant. The rule caused chaos in airports as people struggled to find seats on the limited number of flights home.

A woman in Hong Kong lost \$32 million to a phone scam. The scammer pretended to be law enforcement in mainland China to extract payments. This is not the largest scam in history, though, with a 2019 gold scam taking \$74 million from one victim.

Derrick Chauvin, a former Minneapolis police officer, was convicted of the murder of George Floyd. Floyd's death sparked protests across the country last summer and reinvigorated the

Black Lives Matter movement. Historically police officers have rarely been convicted of murder for deaths they have caused while on duty.

Brazilian president Bolsonaro has pledged to protect the Amazon, seemingly not wanting to fall behind the US's renewed environmentalism. This is a sharp contrast with his previous position, making many people skeptical.

## **Finance News**

Markets were mostly down for the week as trading activity cooled. Like the past few weeks there was little news to drive activity.

Stocks fell on Thursday as a report that President Biden intends to propose a higher capital gains tax on the wealthy. Capital gains are paid when an investment is sold. Currently capital gains are taxed at a lower rate than income, capped at 20%, as opposed to 37% for income. This lower cap is meant to encourage investment, but the gains from it almost exclusively benefit the wealthy. Higher capital gains taxes might encourage selling of stocks before the new taxes take effect, but shouldn't affect trading as stocks held for less than a year are not eligible for the lower rates. A Friday rally canceled out most of these losses, with the Russell 2000 posting a gain for the week.

Gamestop CEO George Sherman will receive a massive \$179 million severance when he leaves the company in July. Much of this is based on the fact that he was granted stock when the company's shares were much less valuable. Over the past year Gamestop has traded as low as ~\$4, but this week has been worth ~\$150.

The fall of the hedge fund Archegos Capital Management continued to rattle Wall Street. Swiss Bank Credit Suisse announced that it has lost at least \$5.5 billion, wiping out 5 years of investing gains for the company. The company issued *convertible notes*\* equal to about 8% of its outstanding shares in order to shore up its finances. Overall, the banking sector lost \$10 billion as the fund imploded. Archegos failed last month when its highly leveraged positions turned sour. Many of the banks who invested in the fund did not realize how much exposure other banks had due to the way the fund was structured.

*\*Convertible note: A short term bond (loan) that can be paid back in company stock. Convertible notes are commonly used by startup companies to raise money.*

## Indexes and other Investments

As of market close 4/23/2021

Name	Type	Value	% Weekly Change
S&P 500	US Large	4,180.17	-0.13%
Dow Jones Industrial Average	US Large	34,043.49	-0.46%
NASDAQ	US Tech	14,016.81	-0.25%
Russel 2000	US Small	2,271.86	+0.41%
Nikkei 225	Japan	29,020.63	-2.23%
FTSE100	UK	6,938.56	-1.15%
Hang Sang	Hong Kong	29,078.75	+0.38%
Crude Oil	Commodity	62.18	-1.41%
10 Year US Treasury	Bond	1.57	-0.00%
Gold	Metal	1,776.20	-0.06%
Bitcoin	Crypto	51,042.93	-16.55%

## Most Popular OPL Market Stocks

As of market close 4/23/2021

Name	Symbol	Owners	Shares	Value	% Change
Amazon	AMZN	9	624	3340.88	-1.72%
Apple	AAPL	6	11301	134.32	+0.12%
Alphabet	GOOG	5	429	2315.3	+0.76%
Tesla	TSLA	4	1135	729.4	-1.40%
Netflix	NFLX	4	1479	505.55	-7.50%

## Weekly Big Movers

As of market close 4/23/2021

Name	Symbol	Value	% Change
CSX	CSX	103.11	+4.53%
Hannesbrands	HBI	20.93	+3.31%
Fedex	FDX	277.74	-3.43%
World Wrestling Entertainment	WWE	54.23	-3.78%
Chewy	CHWY	80.59	-4.23%
Chipotle	CMG	1468.53	-4.33%
Roblox	RBLX	71.78	-5.37%
eBay	EBAY	60.91	-6.19%
Netflix	NFLX	505.55	-7.50%
Peleton	PTON	101.07	-13.03%

## Test Your Knowledge Challenge

Companies can be almost incalculably large in their value. The largest companies on earth are worth more than the GDP (Gross Domestic Product, or total amount of money everyone in that country makes) of all but the largest COUNTRIES in the world. This doesn't mean that Amazon (market cap 1.7 trillion) is more valuable than Spain (GDP 1.4 trillion) or that Amazon makes more money than Spain (Amazon's 2020 revenue was "only" 386.1 billion), but it does mean investors think Amazon (the company) is worth more than one year of Spain's combined labor, a developed country with 47 million people. Amazon, by contrast, only has 1.3 million employees. Like I said, it's pretty hard to imagine what these values mean

Still, these numbers can be used to compare companies! For this week's challenge, put these five companies in order rated by the following criteria: Market Cap, Revenue, and Earnings (look for "net income"). In order to find this information, use a finance webpage like [fiannce.yahoo.com](https://finance.yahoo.com), Google Finance, or Market Watch.

Company	Symbol	Market Cap	Revenue	Earnings
Apple	AAPL			
Amazon	AMZN			
Tesla	TSLA			
Walmart	WMT			
JP Morgan Chase	JPM			

### Answer to last week:

- 1) E
- 2) F
- 3) A
- 4) H
- 5) D
- 6) G
- 7) B
- 8) C
- 9) I

## OPL by the Weeks

Date	Value	Best Stock	Week Change	Total Change
2/19	\$18,000,000.00			
2/26	\$17,300,664.66	GME	-3.89%	-3.89%
3/5	\$17,132,325.57	GME	-0.97%	-4.82%
3/12	\$17,648,076.82	GME	+3.01%	-1.96%
3/19	\$17,547,945.70	FB	-0.57%	-2.51%
3/26	\$17,511,549.91	BJ	-0.21%	-2.71%
4/2	\$17,813,021.61	BRKS	+1.72%	-1.04%
4/9	\$18,432,854.73	AAPL	+3.48%	+2.40%
4/16	\$18,757,808.86	MRNA	+1.76%	+4.21%
4/23	\$18,543,898.29	CSX	-1.04%	+3.02%

## Opl versus the Street

Name	Which Market?	Holdings	Value*	Value on 2/19	Change?
OPL	Ossining Library	53	18,543,898.29	18,000,000	+3.02%
SPY	S&P500	500	418.01	390.03	+7.17%
DIA	DJIA	30	340.91	314.92	+8.25%
QQQ	NASDAQ	100	339.81	331.02	+2.66%
IWM	Russell 2000	2000	226.15	225.19	+0.43%

\*Includes dividends and distributions

## The Best of the OPL Market

Symbol	Name	Holdings	Change*
GME	Gamestop	0	+272.46%
BRKS	Brooks Automation	1	+18.93%
HBI	Hannesbrands	1	+17.19%
WWE	World Wrestling Entertainment	0	+15.85%
FB	Facebook	1	+15.26%
MMM	3M	1	+14.53%
BAC	Bank of America	1	+13.43%
NDAQ	NASDAQ	1	+12.49%
CSX	CSX	1	+11.97%
UPS	United Parcel Service	3	+11.47%

\*Includes dividends

## Leader Board

As of market close 4/23/2021

Fund	Market Value	Change	Largest Holding
STOCKITUP	1,123,836.94	-1.25%	Apple
MARSHMELLO	1,112,414.57	-1.09%	Regeneron
URAPEASENT	1,069,469.42	0.08%	Ford
BLUESPHERE	1,060,364.54	0.60%	Moderna
<b>KITTYCAT</b>	<b>1,060,175.38</b>	<b>-0.78%</b>	<b>Apple</b>
<b>OKAPI</b>	<b>1,057,418.83</b>	<b>-1.00%</b>	<b>eBay</b>
AYUNSTOCK	1,042,491.47	-1.83%	Regeneron
<b>KAYFUND</b>	<b>1,038,262.22</b>	<b>-1.51%</b>	<b>Amazon</b>
CHAIR	1,037,506.52	-0.97%	Amazon
KOPIMON	1,028,391.57	-1.05%	Microsoft
POKEDEX	1,018,440.67	0.70%	Mattel
YODAGROUP	1,010,563.95	-0.27%	Pfizer
GR4VITY09	1,010,015.70	-2.76%	Netflix
<b>KARMA</b>	<b>1,005,863.03</b>	<b>-1.84%</b>	<b>McDonalds</b>
TROYBOI	977,002.22	-2.33%	Apple
HJRCAPITAL	974,156.06	-2.49%	Roblox
<b>NESTEGG</b>	<b>961,677.06</b>	<b>-2.25%</b>	<b>BFIT</b>
LILLYPOP	955,848.14	-0.59%	Amazon

## Dividends Paid

None

## Trade Wire

LILLYPOP: Sell MAT, Buy AMZN

## **Know Your Stocks: What's Up with Gamestop? Part V**

Gamestop started the year around \$17, but has been hovering around \$170 for a while when the earnings report came in.

### **Reporting In**

Gamestop's earnings were mixed. The company's fourth quarter sales were up about 6% year over year, earning \$1.19 per share, but considering the stock is priced more than 100 times this, the share price is extremely high unless without massive growth. The annual sales were down 9.5%, but this was hardly a surprise considering Covid-19. The more telling news was that the company was considering issuing shares at these new, much higher prices. Issuing shares raises money for the company, but makes each share worth a smaller percentage. Companies usually only do this when they need money badly and can't take on debt, but with Gamestop's shares so highly valued, this could possibly be a good time to do it.

The stock dropped on the earnings report, but rebounded the day after. Since then, the stock has still been volatile, but has stayed well above \$100, closing around \$150 on Friday. The only other big news to happen was the announcement that Ryan Cohen would now be chairman of the board of directors and that the company's CEO would be resigning, both signs that a complete leadership takeover was underway.

### **Why does this matter?**

In the grand scheme of things, Gamestop is not an important company, but this story revealed a lot about the stock market and will have effects on how people trade:

- 1) It put stock trading into the popular media, inspiring people to make brokerage accounts and learn about the market.
- 2) It made things like short-selling and options into terms that many more people understand.
- 3) It showed that social media can influence stock prices and that retail investors working together can move the market.
- 4) It showcased how important emotions can be to market action.
- 5) It changed the way traders and analysts monitor the markets. You better believe hedge funds are hiring people to track Reddit and Discord for the next big move.
- 6) It put "payment for order flow" into scrutiny. Did you ever wonder how brokers can afford to trade your stocks for free? They sell information on their client's trades to other firms. This practice seems to put the brokers interests and their clients' interests directly at odds with each other, though it is important to note that as of now it is completely legal.
- 7) It showed the hedge funds still take on ridiculous levels of risk and that contagion is still a possibility.
- 8) It got congress thinking about financial regulation again, although it is entirely possible nothing will come from it.
- 9) It created an entire new genre of investment category, the "Meme stock" driven by social media hype.
- 10) It breathed new life into a dying company that can now sell shares to fund a new growth project. With an entirely new management and board of directors, Gamestop is a completely different company than it was a year ago.
- 11) It made some retail investors into millionaires overnight
- 12) It cost a lot of retail investors big chunks of their savings when they bought the highs.
- 13) It cost short sellers billions when they sold the doom and gloom.
- 14) It alerted people to the influence of bots on social media in manipulating opinions.
- 15) It highlighted the frightening amount of influence Elon Musk has on the stock market.