

# Alphabet Inc

09:48 08 Nov 2019

## Expedia and TripAdvisor Lead Sharp Sell-Off in Online Travel

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### Comments of the Day

08 November 2019

Video commentary for November 7th 2019

Eoin Treacy's view

A link to today's video commentary is posted in the Subscriber's Area.

Some of the topics discussed include: Bond yields trending higher, precious metals continue to consolidate, stocks markets steady but somewhat overbought in the short term, commodities have broken their medium-term downtrend, Google hits new high.

### China, U.S. Agree to Tariff Rollback If Trade Deal Reached

This article from Bloomberg news may be of interest. Here is a section:

"If China, U.S. reach a phase-one deal, both sides should roll back existing additional tariffs in the same proportion simultaneously based on the content of the agreement, which is an important condition for reaching the agreement," Gao said.

Such an understanding could help provide a road-map to a deal de-escalating the trade war that's cast a shadow over the world economy. China's key demand since the start of negotiations has been the removal of punitive tariffs imposed by Trump, which by now apply to the majority of its exports to the U.S.

Eoin Treacy's view

The US Presidential election is less than a year away. The time to prime the pump so growth is humming by the time people vote is now. China might have suffered more from the tariffs, because it has more to lose, but it is also well

**Price:** 1301.35

**Market Cap:** \$897.53 billion

#### 1 Year Share Price Graph



#### Share Information

**Code:** GOOG

**Listing:** NASDAQ

<b>52 week</b>	<b>High</b>	<b>Low</b>
	1335.52	970.11

**Sector:** Online business & e-commerce

**Website:** abc.xyz

#### Company Synopsis:

Alphabet is mostly a collection of companies. The largest of which is Google. &nbsp;.

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aware of the electoral timing the Trump administration is pressured by. That suggests a deal is likely to be signed and it is likely to be valid for at least a year.

### **Expedia and TripAdvisor Lead Sharp Sell-Off in Online Travel**

This article by Ryan Vlastelica for Bloomberg may be of interest to subscribers. Here is a section:

According to Piper Jaffray, "the most concerning trend" in the quarter was "the reduced efficiency of SEO," or search engine optimization. Google, part of Alphabet Inc., is favoring its own "Hotel Finder" platform, along with paid links for search results, and this trend could require higher marketing costs.

D.A. Davidson noted that Expedia is exploring alternatives to mitigate its "reliance on search/Google," but wrote that it sees "no alternatives that will be able to efficiently 'move the needle' from a volume perspective anytime soon." Morgan Stanley wrote that Alphabet is now the "best way to invest in travel."

TripAdvisor's adjusted earnings and revenue both missed the lowest analyst estimates. The results "more than disappointed," Jefferies wrote, reiterating its underperform rating. Analyst Brent Thill added that TripAdvisor's preliminary 2020 outlook "is not encouraging," in part because of "continued SEO pressure from Google."

#### Eoin Treacy's view

Third party vendors learned a long time ago that the biggest threat from selling on Amazon is being too successful. When sales move the needle enough to pique the attention of some quant, the risk of Amazon deciding to sell the same product, but cheaper, increases exponentially. The rise of the Amazon Basics line of products is a perfect example.

### **Chesapeake's Covenants Could Pinch in 2020**

This article by Allison McNeely may be of interest to subscribers. Here is a section:

The company warned there is doubt about its ability to continue operating. Its shares and bonds have plunged since reporting earnings Nov. 5.

\*Based on price assumptions of \$55 per barrel for oil and \$2.50 per million British thermal units for natural gas as well as no debt reduction, Chesapeake is likely to trip its leverage covenant by the third quarter of next year, if not sooner, CreditSights analysts Jake Leiby and Michael Mistras wrote in the report.

\*\*They predict Chesapeake will have a free cash flow shortfall of about \$50 million in 2020 and finish the year with gross leverage of 4.6 times debt to a measure of earnings, above the 4.25 ratio in its covenant.

#### Eoin Treacy's view

Chesapeake dropped significantly over the last couple of days and is now dependent on the kindness of strangers to ease debt covenants if it is to survive. The problem for the company is it is not viable at a shale industry average of \$55. Its breakeven might be closer to \$70. Meanwhile natural gas prices remain volatile, even after the rebound over the last week which took the price back above \$2.50.

## Eoin's personal portfolio: precious metals long initiated

### Eoin Treacy's view

One of the most commonly asked questions by subscribers is how to find details of my open traders. In an effort to make it easier I will simply repost the latest summary daily until there is a change. I'll change the title to the date of publication of new details so you will know when the information was provided.

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