

July 22 - 26, 2019 Weekly Index Research Update

The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index posts -2.33% decline

Stocks moved higher as investors reacted positively to strong second quarter 2019 corporate earnings reports on Friday and closed the week at new highs for the S&P 500 and Nasdaq Composite indices. While a negative response to the earnings results issued by LendingTree (TREE) pushed the CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index in the opposite direction to post a 2.33% decline. Even as 19 of 34 index constituents recorded positive gains, as some were in response to upbeat earnings announcements. Year-to-date, the Index is up 40.90% and has registered a decline of -3.47% since the start of the third quarter 2019.

Earnings season moved into high gear. According to FactSet, 44% of S&P 500 index companies reported earnings results for the second quarter 2019 and 77% have posted stronger-than-forecast profits, while 61% reported positive revenues. Alphabet (GOOGL), Starbucks (SBUX), McDonalds (MCD) and Twitter (TWTR) all reported better-than-expected earnings late Thursday or early Friday that led to market prices rising. Investors were not deterred by the Commerce Department's Bureau of Economic Analysis released early Friday of its "advance" gross domestic product (GDP) estimate for the second quarter. The U.S. economy grew at a 2.1% annual rate as strength in consumer spending offset a decrease in business investment, exports and growth abroad—all casualties of the continuing U.S. and China trade uncertainties. While still healthy and narrowly exceeding Wall Street Journal economist expectations, the 2.1% pace represents a slowdown from the 3.1% GDP in the first quarter and is yet another indicator that global economies are losing momentum. The S&P 500 gained 1.65% while the Nasdaq Composite added 2.26%; at the same time, the Dow Jones Industrial Average (DJIA) lagged behind with a gain of 0.14%. Small companies also performed well, moving up 2.01% based on the Russell 2000 Index.

In foreign markets, Europe moved slightly higher, gaining 0.10% on the Central Bank's President Mario Draghi's dovish remarks regarding possible policy measures to counteract Europe's slowdown while the Asia Pacific Region ended lower. As for U.S. interest rates, 10-year Treasury yields remained unchanged at 2.08% for the day following the GDP announcement and ahead of the Federal Reserve's anticipated 0.25% rate cut this coming week. For the week, 10-year Treasuries inched up by 3 basis points.

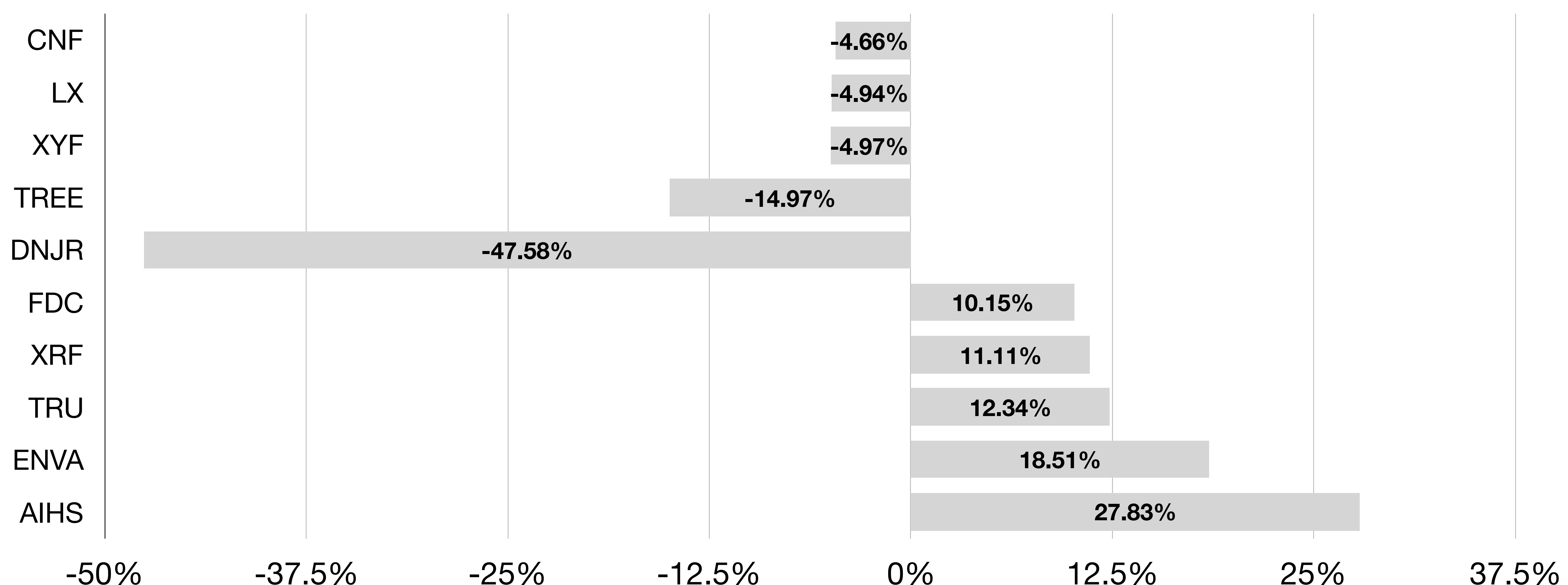
Seven index constituents reported earnings results this week, including Amazon (AMZN), Enova International (ENVA), Transunion (TRU), PayPal (PYPL), FaceBook (FB), CoreLogic (CLGX) as well as First Data Corp. (FDC) which, on July 29, Fiserv Inc. (FISV) is expected to close on its acquisition of the firm. Both companies rallied along with several other firms that posted strong quarterly earnings.

Also reporting second quarter 2019 results was LendingTree (TREE), the second largest online marketplace in the U.S. by 2018 revenues. LendingTree, the first member of the peer-to-peer lending platforms (P2P) to report 2Q 2019 results, disclosed on July 25, that revenues reached \$278 million and net income turned positive to reach \$12 million after the previous quarter's net loss. At the same time, TREE's adjusted actual earnings per share (EPS) came in at \$1.18 versus a consensus estimate of \$1.41. Also, the company reported that its higher-margin personal loan business was decelerating and "this has real margin implications for the quarter."

During the week, LendingTree also disclosed in a Form 8-K filing on July 21, 2019 a decision was made to seek Bankruptcy protection for Home Loan Center, Inc. (HLC), a wholly-owned subsidiary, to protect the assets of HLC against a \$68.5 million judgement that had been previously announced. According to the filing, LendingTree does not include as debtors the company or any of their respective subsidiaries engaged in continuing operations. TREE's stock price plummeted 16.22% on the day of their earnings announcement. However, on Friday, it posted a 0.61% gain, it remained down -14.97% for the week. That price movement largely pushed the Index over the edge to post a -5.25% decline on Thursday and -2.33% for the week. At the same time as another P2P lender registered an even larger drop in percent terms, Golden Bull (DNJR), one of the smaller index components by index weight of less than 1%, gave up -47.58% on news reports that the company closed its offices and has moved to an undisclosed location.

When juxtaposed against some of the strongest performers, such as Senmiao Technologies (AIHS), up 27.83%, and ENVA, up 18.51%, these outcomes for the week offered some balancing support for the Index but also led to a wide 75.4% dispersion between the top performers and bottom laggards. Refer to the Chart of the Week.

Chart of the Week: The CrowdBureau® Peer-to-Peer Lending and Equity Crowdfunding Index Top 5 Performers versus Bottom Laggards



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ABOUT CROWDBUREAU CORPORATION

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