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Walmart Inc.'s Financial Performance

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Walmart Inc.'s macro environment involves factors which play a part in determining the success of its business. Places that are experiencing political instability are not good for doing business. Since the company operates in many parts of the world, it has to adhere to the different government policies that are set forth by the governments to be followed. These policies impacts directly the company's suppliers and manufacturers (Bentonville, 2018). If Walmart Inc. operates in areas that are not politically stable, any interruption could easily impede its operations. For example, Walmart suffered a loss when it sold products that are prohibited by the Chinese government to be sold to the public. The Chinese government ordered the company's operations to be stopped for a while.

The other factor that affects Walmart's operation is the economic stability. Walmart is widely known for low prices and therefore whenever there is a downward movement in the economy, Walmart might be required to raise its prices which might be not taken positively by the customers. Since the economy can change at any given time based on a country, the company needs to be aware of the economic state in each of the stores where it operates (Bentonville, 2018). Interest rates and exchange rates are also another thing that impacts the operations of a business. For instance, when interest rates are high a company that has been financed through borrowed money will be required to repay high instalment amounts. In addition, if the exchange rates are high, imports will tend to be highly priced and this might make such products to stay in the store's shelves for a long time. This will impact the operation ability of the company in a negative way as it will mean low flow of revenue.

Walmart Inc. seems to have improved its revenue collection between 2018 and 2019. In 2018, Walmart collected a total of \$500.34 M and in 2019 \$514.41M. This increase in sales revenue could be partially due to a decrease in interest rate. During 2018 and all through 2019,

the US started trade war with the Chinese government and this was seen as a threat to the US economy. Walmart was not exceptional in the consequences that could be realized due to the trade war. Due to this reason, the Federal Reserve decreased the interest rates several times. This step was taken up by the Fed in order to bolster the US economy as trade war coupled with a global go-slow threatened the US economy (Heather, 2019). In addition, a decrease in interest rates means that many people will be willing to go for loans which makes them able to afford products and thus keep the economy running.

The PE ratio of Walmart Incorporation appears to have improved from 2018 and 2019. The company recorded in Jan 31, 2018 a trailing P/E ratio of 30.70 and in Jan 31, 2019 a P/E ratio of 40.52. This is an indication that the company has been doing well in the market and the investors should expect more earnings. In addition, Walmart Inc. seems to have had a decrease in return on asset as from 2018 to 2019. In 2018, the company had a record of 5.2% ROA and 3.4% ROA in 2019. Generally, it is considered that a 5.00% ROA to be good for companies that require heavy initial investment. From the look of how the return on asset behaved in 2018 and 2019, it can be asserted that the company was not doing well in terms of asset return. Also, the company recorded 12.7% return on equity in 2018 and 8.9% in 2019 (YahooFinance, 2019). This was a decline in the level of return realized in the company's equity. The company's book value per share was \$27.29 and \$27.67 in 2018 and 2019 respectively. The company realized only a slight increase in terms of its book value per share as from 2018 to 2019.

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