

# JP Morgan Chase, Citigroup, and Wells Fargo Beat Their First-Quarter 24 Earnings, Eurozone Surges on Rate Cuts Speculation and Wall Street Tanks.

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The U.S. and European stock markets closed the week with mixed results as investors absorb today's market activity, with investors scrutinizing U.S. Three of the Top Six U.S. bank earnings that began the corporate earnings parade. JPMorgan and Wells Fargo's shares dip as they fall short of net interest income estimates, contrasting Citigroup's surge following its first-quarter profit, which surpasses expectations. Meanwhile, European stocks defy the norm, experiencing their most significant surge in over two months amid growing anticipation of rate cuts by the European Central Bank (ECB) in June. The prospect of divergent policies, with the ECB potentially acting before the Fed, fuels the dollar's ascent to a five-month pinnacle against major currencies.

The news of the earnings results from three of the top Six U.S. banks: JP Morgan Chase, Citigroup, and Wells Fargo. All three beat estimates, but the stocks were hammered due to loftier interest income expectations from Wall Street for 2024; thus, when JP Morgan Chase offered a \$90 billion Interest Income figure unchanged from last year, investors reacted negatively. Revising the Interest Income metrics from the banks, we note that:

- JP Morgan Chase's Interest Income rose 28.19%, and its stock fell today 6.47%.
- Citigroup's Interest Income rose 23.22%, and its stock fell 1.70%.
- Wells Fargo's interest income fell by 18%, and its stock fell by 0.38%.

The market reaction creates an exciting buying opportunity for investors in these money-center bank stocks—more on the bank's results below.

Inflationary concerns prompt a reassessment of rate-cut expectations. The persistently elevated U.S. Consumer Price Index (CPI) for the third consecutive month sparks worries of prolonged higher interest rates. With the economy maintaining its robustness and disinflation progress stalling, investors recalibrate, scaling back anticipated Fed rate reductions. Bond markets reflect this adjustment, pricing between one and two rate cuts by year-end, a notable shift from the six anticipated three months ago. This adjustment propels the 10-year Treasury yield to its loftiest point since November.

The more turbulent inflation trajectory will likely introduce heightened volatility for bond and equity markets, potentially prompting a pause after five months of vigorous gains. While we anticipate a prolonged journey towards taming inflation, we remain optimistic about further progress.

## Corporate Earnings Parade:

- **JP Morgan Chase (JPM):** reported 1Q24 revenues of \$41,934 billion, up 9.34%, and Net Income of \$13,419 billion, up 6.31%. JP Morgan reached earnings per share of \$4.44, beating the estimates of \$4.134; Tier 1 Capital rose to 16.40, with a stock price objective of \$206.90.

- **Citigroup (C):** reported 1Q24 revenues of \$21,108 billion, down 2%, and Net Income of \$3,371 billion, down 27%. Citi reached earnings per share of \$1.58, beating the \$1.30 estimate, Tier 1 Capital of 15.10%, with a stock price objective of \$66.65.
- **Wells Fargo (WFC):** reported 1Q24 revenues of \$20,86 billion, up 1%, and Net Income of \$4,619 billion, down 7.45%, beating estimates and Tier 1 capital of 11.20%. Wells Fargo reached earnings per share of \$1.20 above the forecast of \$1.094, with a stock price objective of \$61.45.

### Key Economic Data:

- **U.S. Index of Consumer Sentiment:** fell to 77.90, down -1.89% from 79.40 last month.
- **U.S. Import Prices YoY:** rose to 0.36%, compared to -0.85% last month and -4.70% last year.
- **U.S. Export Prices YoY:** fell 1.39%, compared to -2.04% last month.
- **Germany Consumer Price Index YoY:** fell to 2.20%, compared to 2.50% last month.
- **U.K. Industrial Production Index YoY:** rose to 1.40%, compared to 0.30% last month.
- **China Exports YoY:** fell to -7.54%, compared to 5.56% last month.
- **China Imports YoY:** is at -1.91%, compared to -8.18% last month.
- **China Trade Balance:** rose to 58.55 billion, up from 39.71 billion last month, rising 47.46%.

### Eurozone Summary:

- **Stoxx 600** closed at 505.25, up 0.70 points or 0.14%.
- **FTSE 100** closed at 7,995.58, up 71.78 points or 0.91%.
- **Dax Index** closed at 17,930.32, down 24.16 points or 0.13%.

### Wall Street Summary:

- **Dow Jones Industrial Average** closed at 37,983.24, down 475.84 points or 1.24%.
- **S&P 500** closed at 5,123.41, down 75.65 points or 1.46%.
- **Nasdaq Composite** closed at 16,175.09, down 267.10 points or 1.62%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,270.27, down 5.39 points or 1.16%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,775.47, down 52.29 points or 1.08 %.
- **U.S. Treasury 10-year note** closed at 4.50%.
- **U.S. Treasury 2-year note** closed at 4.88%.



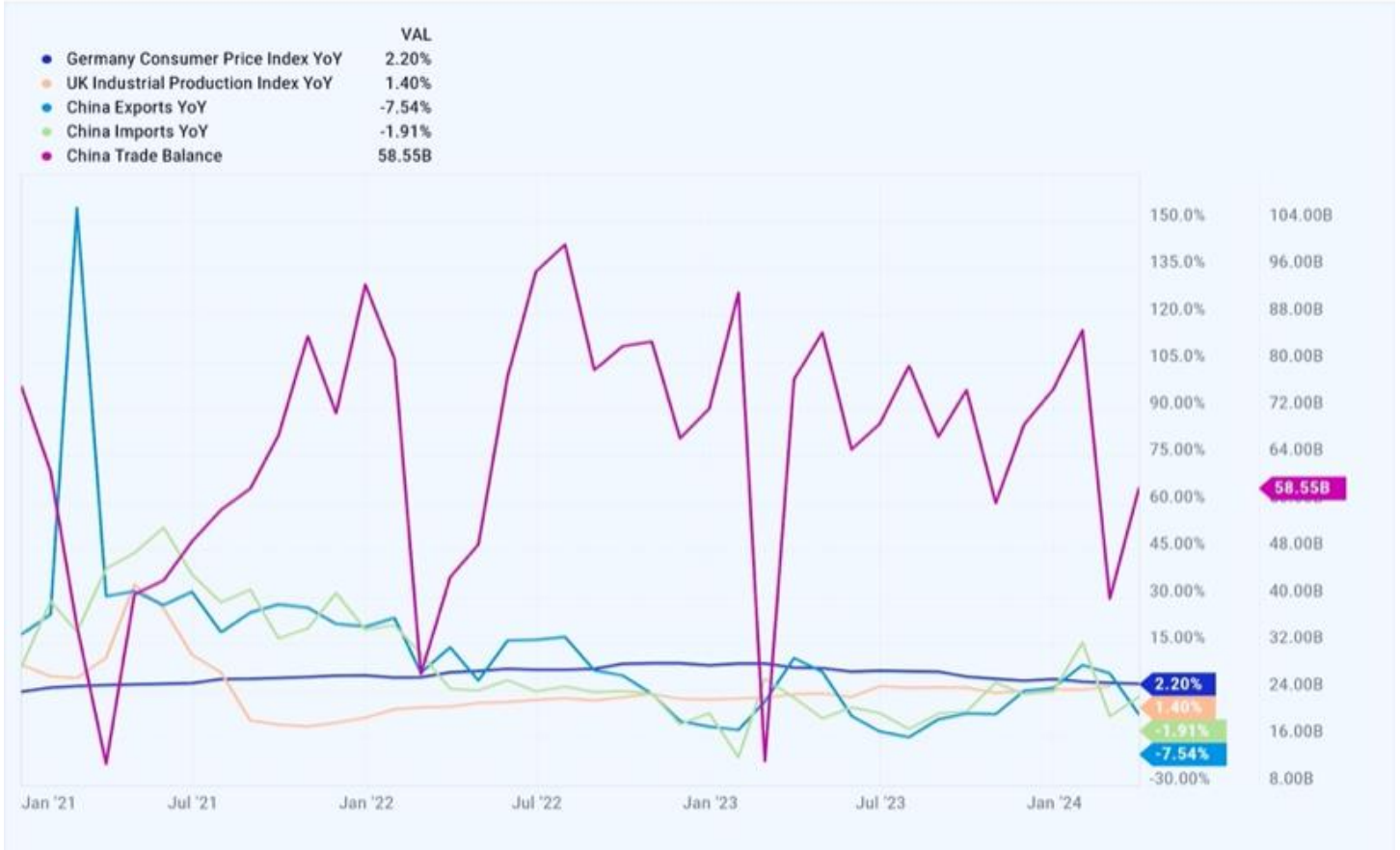
# US Index of Consumer Sentiment, US Imports Prices & US Export Prices





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# Germany CPI, UK Industrial Production Index, China Exports, China Imports, China Trade Balance





# Wall Street Recap

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