

# GLOBAL MARKET SQUARE



**Bank of America & Goldman Sachs reported 2Q22 earnings that beat expectations, the top six banks reported revenues of \$114.91 billion with net income of \$27.84 billion, and Wall Street closed down.**

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The U.S. & European stock markets began the week with two of the world's largest banks delivering 2Q22 results that beat analysts' expectations, and early in the session market was up 350 points. The late loss appears in response to a report from Apple that it will be slowing down spending and hiring in some of its divisions. The cost-cutting measures, a regular occurrence in most businesses, happened just a week before Apple is due to report earnings, and the mighty tech giant took the market down.

Both Goldman Sachs and Bank of America returned strong results; while lower than the same period last year, they flew past expectations. So far, the top 6 banks that reported earnings Citigroup, Wells Fargo, Goldman Sachs, and Bank of America, beat expectations, while JP Morgan and Morgan Stanley missed expectations.

Additionally, the top six banks have reported **collective revenues of \$114.91 billion and a collective net income of \$27.844 billion.**

Because of their involvement across all industries and many nations, thru their lending and investment banking operations, the banks have significant exposure to economic downturns; as they face them, the six banks have increased their loan loss reserves by **\$3.174 billion.**

In our view, the broader markets will continue to suffer from rising volatility with anticipation of a recession and others expecting continued economic growth.

Lastly, as the Federal Open Market committee meeting fast approaches, economists surveyed expect another 75 basis points increase; in our view, the Fed must act bolder, and it should increase rates by 100 basis points.

## **Corporate Earnings Parade:**

- **Bank of America (BAC):** reported 2Q22 earnings with revenues of \$22.7 billion, up 5.28%, beating estimates, and a net income of \$6.2 billion, down 32.6%, beating estimates. Also reported that global investment banking fees were down 47%, and the bank increased loan loss reserves by \$350 million to face an economic downturn. The company stock has a price target of \$42.45 and closed at \$32.26, up \$0.01.
- **Goldman Sachs (G.S.):** reported 2Q22 earnings with revenues of \$11.86 billion, down 23%, beating estimates, and a net income of \$2.93 billion, down 47%. The bank saw a 38% decrease in investment banking; growth came from a 23% increase in consumer banking and 15% in Global Markets. The company increased its loan loss reserves by \$667 million. The company stock has a price target of \$395.50, closing at \$301.26, up \$7.39.

### Key economic data:

- U.S. Retail Gas Price: fell to \$4.754, down from \$4.879 last week.
- N.Y. Fed Business Leaders Survey Current Business Activity: fell to -10.70, down from 2.20 last month.
- NAHB/Wells Fargo US Housing Market Index: fell to 55.00, down from 67.00 last month, a decrease of -17.91%.

### Puerto Rico COVID-19 Update July 18:

- Daily Cases: 475, down 7.04%
- Positivity Rate: 29.35, up 1.17%.
- Hospitalizations: 333, down 4.85%
- Deaths: 3, down 45%.
- Source Puerto Rico Department of Health.

### Eurozone Summary for July 18:

- Stoxx 600 closed at 417.30, up 3.52 points or 0.85%.
- FTSE 100 closed at 7,223.24, up 64.23 points or 0.90%.
- Dax Index closed at 12,959.81, up 95.09 points or 0.74%.

### Wall Street Summary for July 18:

- Dow Jones Industrial Average closed at 31,072.68, down 215.65 points or 0.69%.
- S&P 500 closed at 3,830.85, down 32.31 points or 0.84%.
- Nasdaq Composite closed at 11,360.05, down 92.37 points or 0.81%.
- Birling Capital Puerto Rico Stock index closed at 2,631.89, up 85.21 points or 3.35%.
- The U.S. Treasury 10-year note closed at 2.96%.
- The U.S. Treasury 2-year note closed at 3.15%.

The Inverted Yield Curve spread widened for the eighth consecutive trading session.



# Wall Street July 18, 2022

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● Dow Jones Industrial Average Level



● S&P 500 Level



● Nasdaq Composite Level



● Birling Capital Puerto Rico Stock Index Level





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# Wall Street July 18, 2022

## YTD Returns





# Top Banks Returns as of July 18, 2022



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