

Johnson and Johnson, Novartis & Truist beat earnings expectations and Wall Street rallies.

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The U.S. & European stock indexes rose sharply today as investors have renewed optimism stemming from the better-than-expected corporate earnings. The Dow Jones rose 754.44 points, followed by the Nasdaq with 353.10 points and the S&P 500 with 105.84 points.

So far, most companies reporting earnings have been able to deliver revenues and incomes that beat estimates, demonstrated the ability to work around the economic challenges, and performed ahead of expectations, even as recession concerns persist.

On that note, as we review the earnings from most financial institutions, messages vary depending on the institution's focus. Those focused on consumers and regular commercial clients are upbeat about the future, whereas those highly dependent on Wall Street and Investment banking are beating a pessimistic tune.

We highlight the earnings of three companies Johnson and Johnson, Novartis, and Truist Financial.

GDPNow Estimate:

- Today the Federal Reserve Bank of Atlanta updated its GDPNow Model estimate showing a contraction in the GDP of -1.6%, down from -1.5% on July 15.

Corporate Earnings Parade:

- **Johnson & Johnson (JNJ):** reported 2Q22 earnings with revenues of \$24.020 billion, up 3%, beating estimates, and a net income of \$4.814 billion, down 23.3%, beating estimates. Sales in the pharma division rose 6.7% to \$13.32 billion, including \$544 million from the COVID-19 vaccine, while in MedTech, sales fell to \$6.9 billion. The company has a price target of \$187.61, and the stock closed at \$174.xx, up \$x.xx.
- **Novartis (NVS):** reported 2Q22 earnings with revenues of \$12.781 billion, up 5%, beating estimates, and a net income of \$1.695 billion, down 34%; the bright spot was the bullish full-year outlook and their Sandoz generic drug division that saw sales rise by 5%. The company has a price target of \$98.20, and the stock closed at \$85.xx, up \$3.xx.
- **Truist Financial Corp. (TFC):** reported 2Q22 earnings that beat estimates with revenues of \$5.665 billion, up 0.88%, and a net income of \$1.454 billion, down 6.7%; the loan loss reserves rose by \$171 million. The company has a price target of \$57.50, and the stock closed at \$48.xx, up \$1.xx.

Key Economic Data:

- U.S. Housing Starts: fell to 1.559M, down from 1.591M last month, decreasing -2.01%.
- U.S. Building Permits: fell to 1.685M, down from 1.695M last month, declining -0.59%.

- Eurozone Consumer Price Index YoY: rose to 8.64%, compared to 8.05% last month.
- UK ILO Unemployment Rate: fell to 3.80%, compared to 3.90% last month.

Puerto Rico COVID-19 Update July 19:

- Daily Cases: 473, down 0.42%.
- Positivity Rate: 26.32%, down 10.32%.
- Hospitalizations: 369, up 9.75%.
- Deaths: 7, up 57.14%.
- Source Puerto Rico Department of Health.

Eurozone Summary for July 19:

- Stoxx 600 closed at 423.61, up 5.98 points or 1.43%.
- FTSE 100 closed at 7,296.28, up 73.04 points or 0.90%.
- Dax Index closed at 13,308.41, up 348.60 points or 2.69%.

Wall Street Summary for July 19:

- Dow Jones Industrial Average closed at 31,827.05, up 754.44 points or 2.43%.
- S&P 500 closed at 3,936.69, up 105.84 points or 2.76%.
- Nasdaq Composite closed at 11,713.15, up 353.10 points or 3.11%.
- Birling Capital Puerto Rico Stock index closed at 2,670.46, up 38.57 points or 1.47%.
- The U.S. Treasury 10-year note closed at 3.01%.
- The U.S. Treasury 2-year note closed at 3.23%.

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



US Housing Starts, US Building Permits, Eurozone CPI, and UK Unemployment

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- US Housing Starts
- US Building Permits
- Eurozone Consumer Price Index YoY
- UK ILO Unemployment Rate: Aged 16-64

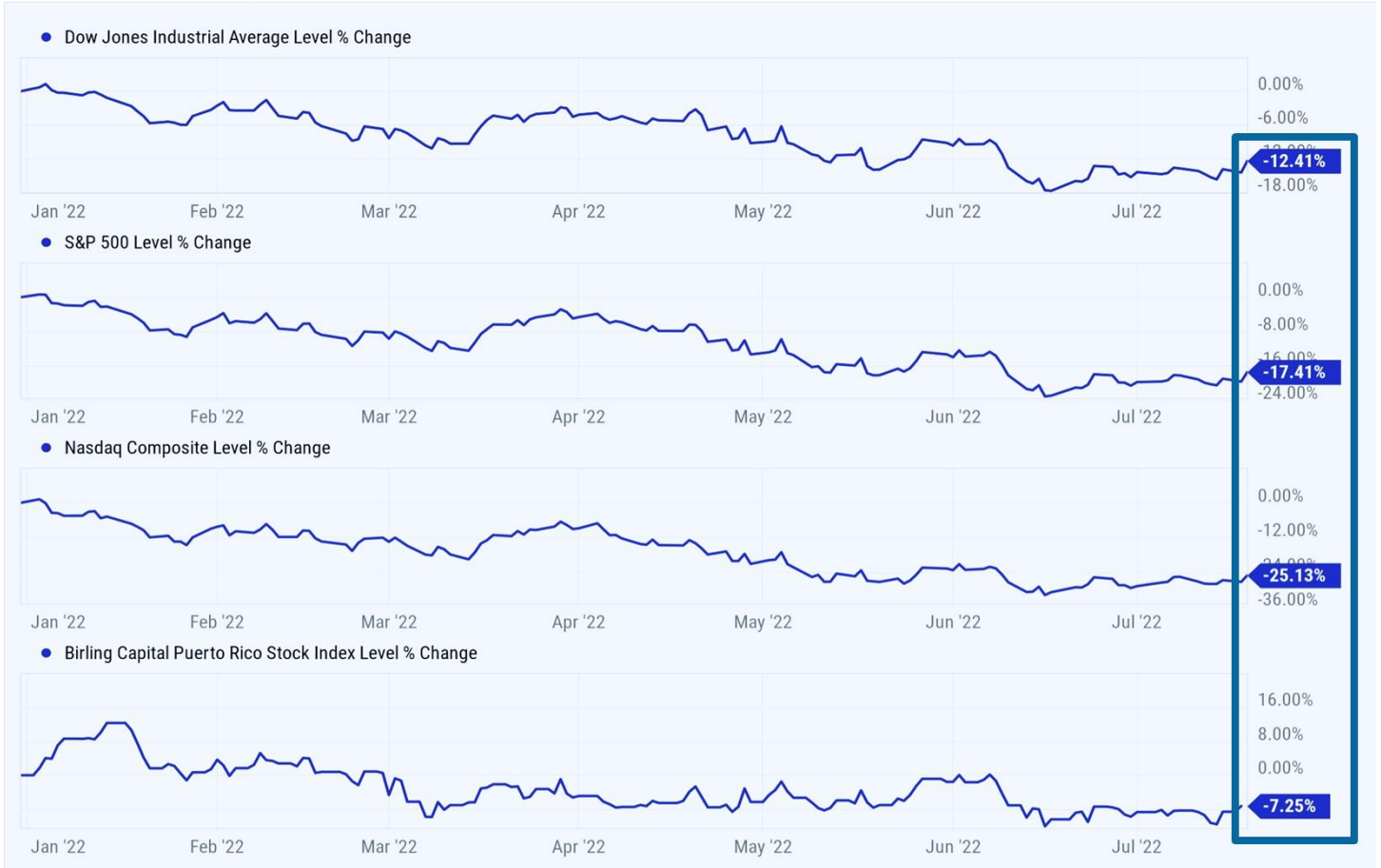




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Wall Street July 19, 2022

YTD Returns





Wall Street July 19, 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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