

U.S. Banks Lead Market Gains as JPMorgan, Citi, Goldman Sachs, and Wells Fargo Beat Expectations Despite Renewed U.S.–China Tensions in Mixed Market Close.

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The U.S. and European stock markets **closed mixed on Tuesday**, as investors balanced renewed trade tensions between Washington and Beijing against **stronger-than-expected bank earnings** and easing Treasury yields.

China imposed new sanctions on U.S. subsidiaries of **Hanwha Ocean**, barring them from doing business with Chinese entities. The move followed the U.S. decision to increase docking fees on Chinese ships, escalating friction between the world's two largest economies.

Despite the escalation, **U.S. Treasury Secretary Scott Bessent** confirmed that **President Trump** still plans to meet with Chinese President **Xi Jinping** at the upcoming **Asia-Pacific Economic Cooperation (APEC) Summit**, signaling that dialogue remains possible.

Meanwhile, the **U.S. government shutdown** entered its second week with little progress, as the **House of Representatives** remains on recess, adding to policy uncertainty.

Sector Performance and Global Markets

Market performance was uneven across sectors. **Technology** and **consumer discretionary** stocks led the losses, while **consumer staples** and **utilities** advanced as investors rotated toward defensives. In global trading, **Asian markets** finished lower overnight, reflecting continued caution over trade developments.

The **U.S. dollar** strengthened against major international currencies. **WTI crude oil** declined after the **International Energy Agency (IEA)** raised its supply forecast and trimmed demand expectations, signaling short-term softness in energy markets.

Earnings Season Off to a Strong Start

The third-quarter earnings season opened on a solid note, driven by robust results from leading U.S. banks. **JPMorgan Chase, Wells Fargo, Citigroup, and Goldman Sachs** all reported earnings and revenue above analyst expectations. **Bank of America** and **Morgan Stanley** are scheduled to report tomorrow.

Overall, **S&P 500 earnings** are projected to rise by about **8% year-over-year**, with **seven of eleven sectors** expected to post higher earnings per share. This broad improvement supports a more balanced performance across industries and reinforces the case for **portfolio diversification**. Sectors poised to lead growth include **technology, utilities, and materials**, signaling resilience beyond the traditional growth engines.

Bond Market and Policy Developments

Bond yields edged lower, with the **10-year Treasury yield** closing at **4.03%**, as markets continued to price in expectations of further **Federal Reserve easing** following last month's policy cut. Futures markets now anticipate **two additional rate cuts by year-end** and up to **three more in 2026**,

which would bring the **federal funds rate** near **3.0%**.

Lower interest rates are expected to ease borrowing costs for consumers and businesses, offering relief amid fiscal and trade-related headwinds.

Policy & Outlook

Federal Reserve Chair Jerome Powell signaled Tuesday that the central bank is nearing the end of its **balance sheet reduction cycle**, a key step in normalizing monetary policy.

Speaking at the **National Association for Business Economics Conference** in Philadelphia, Powell noted that the Fed is “closely monitoring a wide range of indicators” to determine when to halt **quantitative tightening**—the process of shrinking its **\$6 trillion securities portfolio**.

While Powell did not specify when the runoff would stop, his remarks implied that the Fed's target of maintaining **“ample” reserves** for the banking system is within reach. “Our long-stated plan is to stop balance sheet runoff when reserves are somewhat above the level, we judge consistent with ample reserve conditions,” he stated, suggesting a shift in liquidity management may come **in the months ahead**.

Markets interpreted Powell's comments as confirmation that monetary policy is **turning more accommodative**, reinforcing expectations for further easing by year-end.

Lower rates would support **credit expansion** and offer relief to interest-sensitive sectors such as **housing, autos, and corporate borrowing**.

Still, broader macro risks persist. The **renewed U.S.–China trade confrontation** and the **ongoing federal shutdown** have reintroduced volatility just as the earnings season begins.

Even so, the **strength of the banking sector**—underscored by standout performances from **JPMorgan, Citi, Goldman Sachs, and Wells Fargo**—continues to serve as a stabilizing force, highlighting the resilience of U.S. financial institutions.

As the quarter progresses, markets are likely to balance **optimism over earnings and easier monetary policy** against **geopolitical and fiscal uncertainties**. For investors, this backdrop favors **diversified positioning, selective risk-taking, and close attention to liquidity trends** as the Fed navigates the final stage of its tightening unwind.

Corporate Earnings Parade:

1. **JPMorgan Chase & Co. (JPM)**: reported 3Q25 revenues of \$46,427 billion, up 9%, net income of \$14,303 billion, up 12%, and earnings per share of \$5.07, topping estimates. JPM has a Tier 1 Capital Ratio of 15.8% and a stock price objective of \$322.01. View Report: [JPM Overview](#)
2. **Citigroup, Inc. (C)**: reported 3Q25 revenues of \$22,090 billion, up 9%, net income of \$3,752 billion, up 16%, and earnings per share of \$1.86, topping estimates. Citi has a Tier 1 Capital Ratio of 14.90% and a stock price objective of \$110.64. View Report: [C Overview](#)
3. **Goldman Sachs Group, Inc. (GS)**: reported 3Q25 revenues of \$14,583 billion, up 15%, net income of \$3,723 billion, up 22%, and earnings per share of \$10.91, topping estimates. GS has a Tier 1 Capital Ratio of 14.50% and a stock price objective of \$668.55. View Report: [GS Overview](#)
4. **Wells Fargo & Co (WFC)**: reported 3Q25 revenues of \$21,436 billion, up 5%, net income of \$5,589 billion, up 9%, and earnings per share of \$1.66, topping estimates. Wells has a Tier 1 Capital Ratio of 12.30% and a stock price objective of \$89.10. View Report: [WFC Overview](#)

Economic Data:

- **Germany Consumer Price Index YoY:** rose to 2.40%, compared to 2.20% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** rose to 39.30, up from 37.30 last month.
- **UK ILO Unemployment Rate:** Aged 16-64: rose to 4.90%, compared to 4.80% last month.
- **Japan Industrial Production Index MoM:** fell -1.18%, compared to -1.16% last month.
- **China Inflation Rate:** fell -0.40%, compared to 0.00% last month.
- **China Producer Price Index YoY:** fell -2.90%, compared to -3.60% last month.

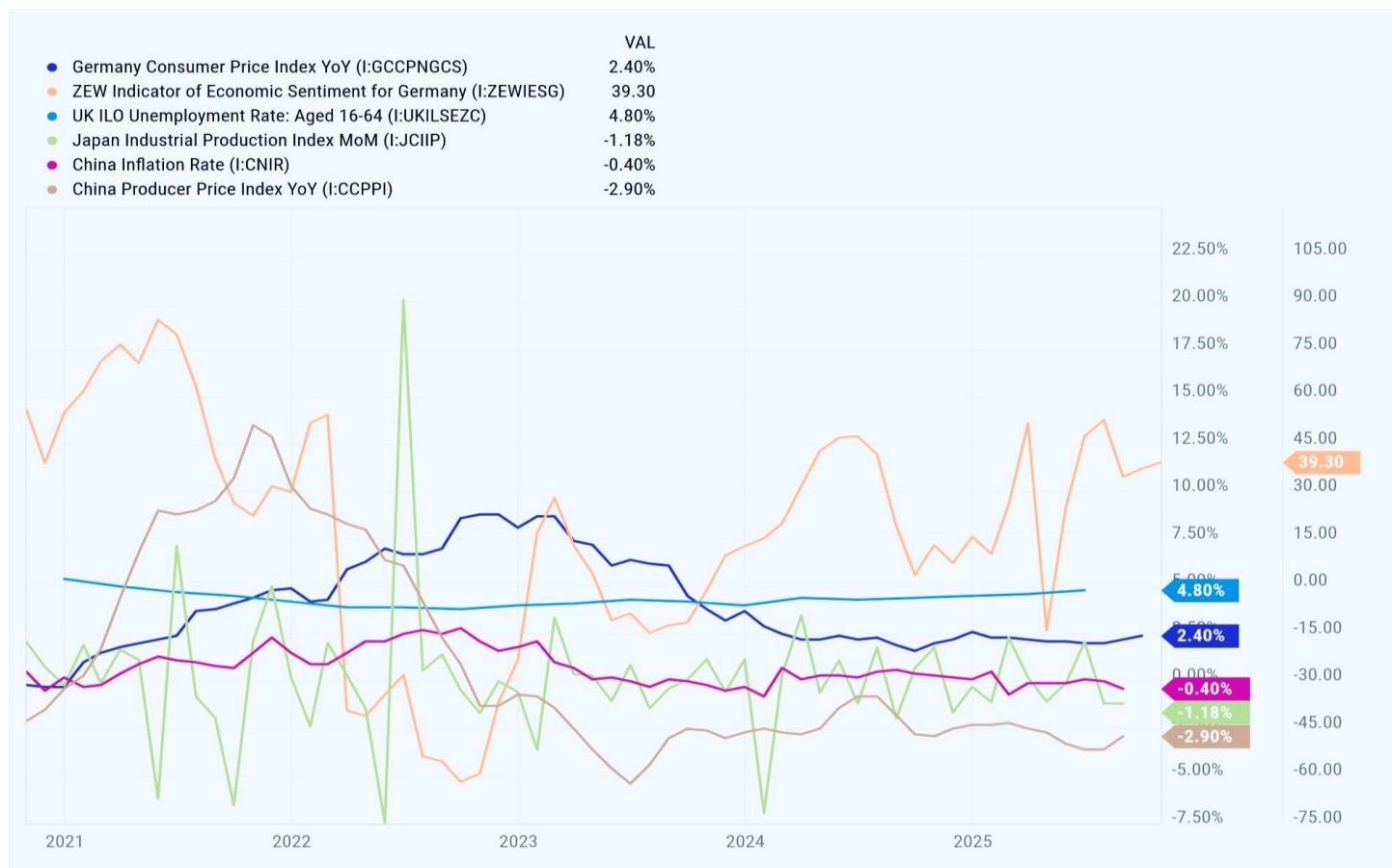
Eurozone Summary:

- **Stoxx 600:** Closed at 564.54, down 2.09 points or 0.37%.
- **FTSE 100:** Closed at 9,452.77, up 9.90 or 0.10%.
- **DAX Index:** Closed at 24,236.94, down 150.99 points or 0.62%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,270.46, up 202.88 points or 0.44%.
- **S&P 500:** closed at 6,644.31, down 10.41 points or 0.76%.
- **Nasdaq Composite:** closed at 22,521.70, down 172.90 points or 0.76%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,009.50, up 67.19 points or 1.70%.
- **Birling Capital U.S. Bank Index:** closed at 8,008.85, up 155.51 points or 1.98%.
- **U.S. Treasury 10-year note:** closed at 4.03%.
- **U.S. Treasury 2-year note:** closed at 3.47%.

Germany Consumer Price Index YoY; ZEW Indicator of Economic Sentiment for Germany; UK ILO Unemployment Rate; Japan Industrial Production Index MoM; China Inflation Rate & China Producer Price Index YoY





Wall Street Recap October 14, 2025



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