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From Wall Street to Main Street

Highlights from the past week



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Market / Macro Economic Summary

Markets have maintained the positive momentum heading into the start of earnings this week and the numbers/reports coming in have not disappointed at all! We started the season as we always do with the major banks, and they are a good clue into the well being of our economy. Lastly, the Federal Reserve has released a statement saying they will begin “tapering” or reducing their bond buying program in November. It is good news that the markets have remained elevated as the Fed begins to slow their economic support of our economy. I believe we’ve seen the last of the downturn and we should end the year on a higher note.

Company Specific / Macro Economic Summary

JP Morgan Chase (JPM)

Shares climbed over 2% as CEO Jamie Dimon reported a top and bottom-line beat. Earnings per share of \$3.74 were very much ahead of the \$3.00 analysts were looking for. Revenues of \$30.44 billion were also higher than the \$29.8 billion Wall Street expected. In the quarter, the bank released \$2.1 billion dollars of credit reserves as loans proved to be in very good standing with minimal defaults. The bank’s mergers and acquisitions department grew revenues by 50% and asset management grew by 21%.

Bank of America (BAC)

Shares rose as the bank also reported a very strong quarter. Revenues of \$22.87 billion were ahead of the estimates of \$21.8 billion. Earnings per share of 85 cents handily beat the street’s estimates for 71 cents. CEO Brian Moynihan said the bank saw deposit growth as well as strong loan balance increases. One thing for investors to keep in mind is that they have the largest portfolio of variable rate loans, which should be good in an increasing interest rate environment.

Goldman Sachs (GS)

Shares rose by close to 3% as the bank also reported an extremely strong quarter. Profits at the firm surged by 63% to \$5.28 billion in the quarter. Earnings per share of \$14.93 blew the meager \$10.18 estimates out of the water. Revenues of \$13.61 billion were also higher than the calls for \$11.68 billion. CEO David Solomon said the firm saw double digit growth in investment banking, consumer banking and fixed income trading.

Citigroup (C)

Shares rose as the bank reported profit growth of 48% in the quarter behind strong trading revenue. Earnings per share of \$2.15 were well ahead of the \$1.65 analysts expected. Revenues of \$17.15 billion were also ahead of the \$16.97 billion Wall Street was looking for. CEO Jane Fraser said she sees the recovery of the pandemic continue and it translates to consumer confidence by way of sustained economic activity.

Parting Thoughts

We welcome an opportunity to discuss the above detail and wish you much success in the rest of your week!

Regards,

E. Palacios

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