



JP Morgan Chase, Bank of America, Citigroup, and Wells Fargo 4Q23 Earnings Mixed facing \$8.6 Billion FDIC Fee and the PPI falls 30% ahead of estimates.

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The U.S. and European stock markets closed the week mostly up, except for the Dow Jones and amid a diverse set of circumstances that have impacted the broader investor sentiment, including the beginning of the corporate earnings parade, the producer price inflation data, and the newest escalation of air strikes in Yemen in retaliation to attacks on shipping vessels in the Red Sea.

Global and European markets closed higher, led by healthy gains in Europe and a continued rally in Japanese stocks that has pushed the Nikkei index to its highest levels in 34 years.

Overall, markets have begun 2024 in a slightly more cautious posture, following 2023 with double-digit returns, but continue to show resilience, with the outlook for Fed policy pivoting and economic growth remaining strong.

Today, the Producer Price Index release came in below expectations at 0.98% for the Producer Price Index from 1.4% expected or a 30% decrease, and the Core Producer Price Index fell to 1.76%, decreasing 9.74%.

The narrative that inflation will be diminished during 2024 gains more credence with these results.

The Corporate Earnings parade kicked off today with four of the six top U.S. Banks, and while the FDIC complicated the results imposed charges, it shows Corporate profit growth will be a crucial guide for markets during 2024. The FDIC special Federal Deposit Insurance Corp. assessment fee impacted the four banks reporting today. The banks paid \$8.6 billion, impacting their numbers differently; we share the results below.

Corporate Earnings Parade:

- **JP Morgan Chase (JPM):** reported 4Q23 revenues of \$38.574 billion, up 12%, and Net Income of \$9.3 billion, down 15%. JP Morgan reached earnings per share of \$3.04, below \$3.61 estimate with a stock price objective of \$186.80. The mixed fourth-quarter results compared with the previous year, with the banking giant's earnings being weighed down by a special Federal Deposit Insurance Corp. assessment fee of \$2.9 billion. The cost reduced EPS by \$0.74.
- **Bank of America (BAC):** reported 4Q23 revenues of \$22 billion, down 10%, and Net Income of \$3.1 billion, up 35%. BofA reached earnings per share of \$0.35, missing the \$0.6544 estimate with a stock price objective of \$36.78. After considering the FDIC special assessment charge of \$2.1 billion and the Bloomberg Short-Term Bank Yield Index cessation charge of \$1.6 billion, the total is \$3.7 billion.
- **Citigroup (C):** reported 4Q23 revenues of \$17.44 billion, down 3.16%, and Net Income (Loss) of (\$1.8) billion, up 35%, beating estimates. Citi reached earnings per share of (\$1.16), missing the \$0.76 estimate with a stock price objective of \$57.55. Citi was also impacted by a special Federal Deposit Insurance Corp. assessment fee of \$1.7 billion, a reserved build-up of \$1.3

billion, and an Argentine Peso devaluation hit of \$880 million, a total of \$3.880 billion in special charges. Excluding these charges, the EPS would have been \$0.84.

- **Wells Fargo (WFC):** reported 4Q23 revenues of \$20.478 billion, up 2.21%, and Net Income of \$3.4 billion, up 9.22%, beating estimates. Wells Fargo reached earnings per share of \$0.86, with a stock price objective of \$55.26. Wells was also impacted by a special Federal Deposit Insurance Corp. assessment fee of \$1.8 billion.

Key Economic Data:

- **U.S. Producer Price Index YoY:** rose to 0.98%, compared to 0.78% last month.
- **U.S. Core Producer Price Index YoY:** fell to 1.76%, compared to 1.95% last month.
- **Euro Area Money Supply M3:** rose to 16.01 trillion, up from 15.97 trillion last month, up 0.22%.
- **U.K. Industrial Production Index YoY:** is at -0.10%, compared to -0.50% last month.
- **China Trade Balance:** rose to 68.40 billion, up from 56.53 billion last month, increasing 21.00%.

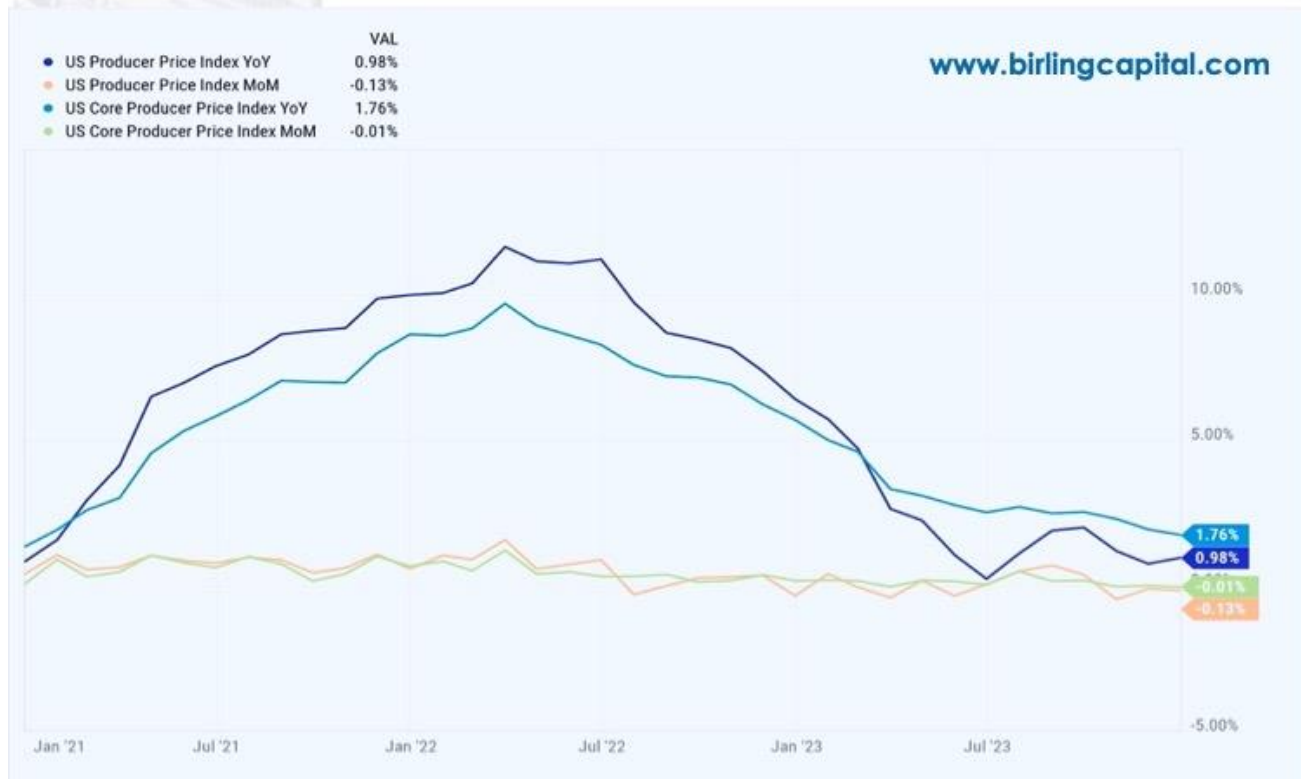
Eurozone Summary:

- **Stoxx 600** closed at 472.77, down 3.65 points or 0.77%.
- **FTSE 100** closed at 7,576.59, down 75.11 points or 0.98%.
- **Dax Index** closed at 16,547.03, down 142.78 points or 0.86%.

Wall Street Summary:

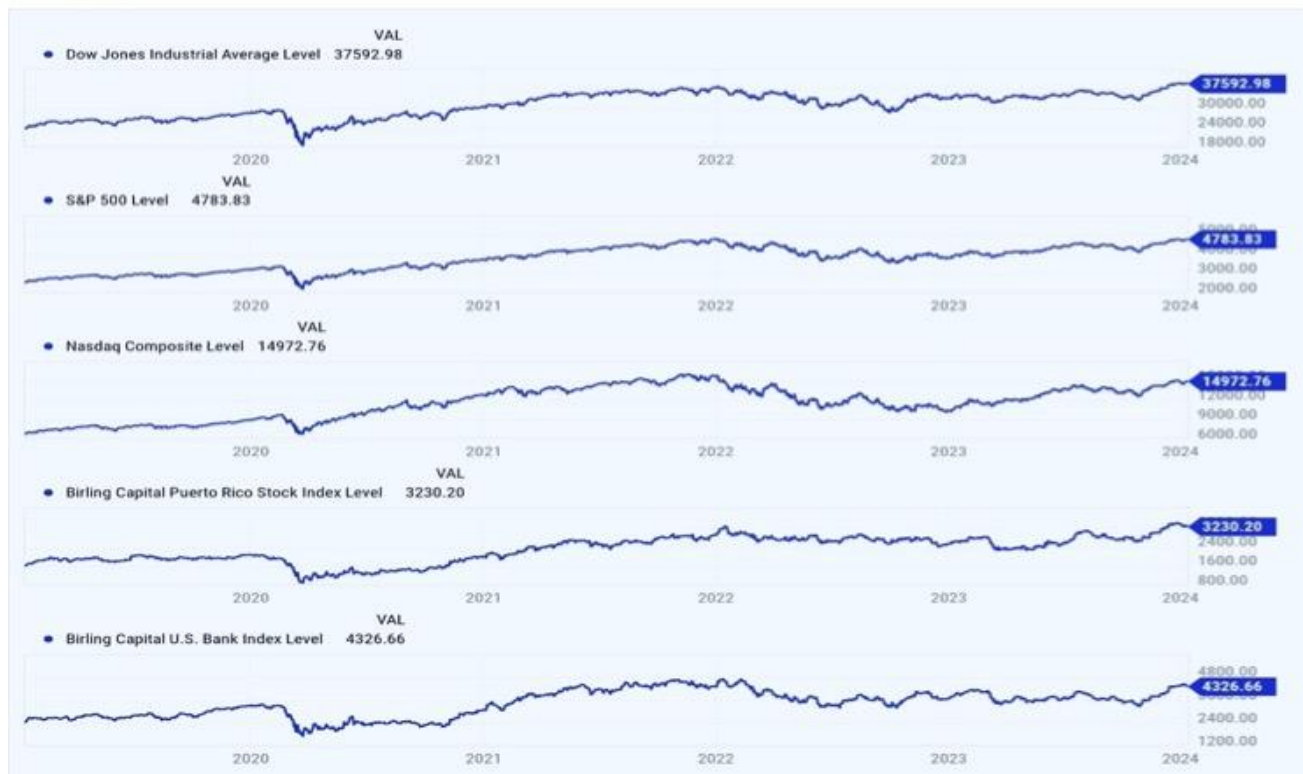
- **Dow Jones Industrial Average** closed at 37,592.98, down 118.04 points or 0.31%
- **S&P 500** closed at 4,783.83, up 3.59 points or 0.08%.
- **Nasdaq Composite** closed at 14,972.76, up 2.58 points or 0.02%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,230.20, down 36.86 points or 1.13%.
- **Birling Capital U.S. Bank Stock Index** closed at 4,326.66, down 38.39 points or 0.88%.
- **U.S. Treasury 10-year note** closed at 3.96%.
- **U.S. Treasury 2-year note market** closed at 4.14%.

US Producer Price Index & US Core Producer Price Index



JP Morgan Chase, Bank of America, Citigroup and Wells Fargo & Co Stock Price





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