

CPI Data Moderates and Bank Earnings Drive Markets Higher as JPMorgan, Citigroup, Goldman Sachs, and Wells Fargo Exceed Expectations.

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The US and European stock markets closed with gains, driven by encouraging Consumer Price Index (CPI) data and parabolic earnings from four of the Top 6 US banks, taking the Nasdaq up 2.45%, the S&P 500 rose 1.83%, and the Dow Jones grew 1.65%. The December CPI report revealed that core inflation continues to cool, bolstering investor sentiment. While headline CPI increased 2.89% YoY, slightly surpassing expectations due to rising energy costs, Core CPI fell to 3.25%, below the estimate of 3.30%. Bond yields responded sharply, with the 10-year Treasury yield decreasing 12 basis points to close at 4.66%.

Adding to the positive market sentiment, four of the Top 6 US banks, all constituents of the Birling US Bank Index, reported strong earnings that surpassed estimates; the banks, including JPMorgan Chase, Citigroup, Goldman Sachs, and Wells Fargo, exceeded fourth-quarter earnings expectations. These strong results and moderating inflation have spurred a risk-on tone, lifting the S&P 500 by more than 1% at the opening bell.

Inflation Data Reflects Cooling Core Prices Despite Energy-Driven Headline Increase

Headline inflation rose by 0.39% MoM in December and 2.89% YOY, marginally exceeding forecasts due to a 2.6% monthly spike in energy prices, which accounted for over 40% of the headline increase. However, Core CPI, which excludes food and energy prices, fell 29.03% from last month's reading of 0.31%, rising just 0.22% in December and 3.25% YoY, below expectations.

The monthly gain in core CPI was the smallest since July, and shelter costs, a key driver of inflation, increased by 0.3% in December, marking a 4.6% annual rise—the lowest since January 2022. These inflation readings and softer producer price data released earlier reinforce the ongoing disinflationary trend.

Bank Earnings Boost Optimism as Earnings Season Kicks Off

The fourth-quarter earnings season began on a high note with strong results from major financial institutions. JPMorgan Chase, Citigroup, Goldman Sachs, and Well Fargo reported earnings surpassing analyst expectations. JPMorgan CEO Jamie Dimon attributed the robust performance to a resilient US economy, steady labor markets, and strong consumer spending during the holiday season.

Across the broader S&P 500, earnings are projected to grow by 11% in the fourth quarter, setting the stage for an estimated full-year 2024 earnings growth of 8.6%.

Corporate Earnings Parade:

- **JPMorgan Chase & Co (JPM):** reported 4Q24 revenues of \$43,738 billion, up 10%, net income of \$14,005 billion, up 50%, and earnings per share of \$4.81, surpassing estimates. JPM has a Tier 1

Capital Ratio of 15.70% and a stock price objective of \$254.53 and closed today at \$252.88, up 5.41 or 2.19%.

- **Citigroup, Inc. (C):** reported 4Q24 revenues of \$19,581 billion, up 12%, net income of \$2,856 billion, up from a loss, and earnings per share of \$1.34, beating estimates. Citi has a Tier 1 Capital Ratio of 15.20% and a stock price objective of \$84.49 and closed today at \$78.56, up \$5.06 or 6.88%.
- **Goldman Sachs Group, Inc. (GS):** reported 4Q24 revenues of \$13,869 billion, up 23%, net income of \$4,111 billion, up 105%, and earnings per share of \$11.95, beating estimates. GS has a Tier 1 Capital Ratio of 15% and a stock price objective of \$614.55 and closed today at \$602.12, up \$30.59 or 5.35%.
- **Wells Fargo & Co (WFC):** reported 4Q24 revenues of \$20,378 billion, down 0.48%, net income of \$5,079 billion, up 47%, and earnings per share of \$1.43, beating estimates. WFC has a Tier 1 Capital Ratio of 12.60% and a stock price objective of \$77.30, and the stock closed at \$75.30, up \$4.11 or 5.77%.
- **For a deeper dive into the earnings reports** and to explore our detailed analyses, click on the link next to each bank name:

1. **JPMorgan Chase** - [JPM Overview](#),
2. **Citigroup** - [C Overview](#),
3. **Goldman Sachs** - [GS Overview](#), and
4. **Wells Fargo** - [WFC Overview](#)

Key Economic Data:

- **US Consumer Price Index YoY:** rose to 2.89%, compared to 2.75% last month.
- **US Core Consumer Price Index YoY:** fell to 3.25%, compared to 3.30% last month.
- **US Inflation Rate:** rose to 2.89%, compared to 2.75% last month.
- **Canada Manufacturing Shipments:** rose to 71.45 billion, up from 70.87B last month.
- **Canada Wholesale Sales MoM:** fell -0.59%, compared to 3.35% last month
- **Eurozone Industrial Production Index YoY:** fell -1.90%, compared to -1.10% last month
- **Germany Real GDP QoQ:** rose to 0.10%, compared to -0.30% last quarter.
- **UK Consumer Price Index YoY:** fell to 2.50%, compared to 2.60%.
- **UK Core Consumer Price Index YoY:** fell to 3.20%, compared to 3.53% last month.
- **UK Producer Price Index: Output YoY:** fell 0.00%, compared to -0.44% last month.
- **UK Producer Price Index: Input YoY:** is at -1.55%, compared to -2.01% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 515.02, up 6.74 points or 1.33%.
- **FTSE 100:** Closed at 8,301.13, up 99.59 points or 1.21%.
- **DAX Index:** Closed at 20,574.68, up 303.35 points or 1.50%.

Wall Street Summary:

- **Dow Jones Industrial Average:** Closed at 43,221.55, up 703.21 points or 1.65%.
- **S&P 500:** Closed at 5,949.91, up 107.00 points or 1.83%.
- **Nasdaq Composite:** Closed at 19,511.23, up 466.84 points or 2.45%.
- **Birling Capital Puerto Rico Stock Index:** Closed at 3,655.99, up 119.26 points or 3.37%.
- **Birling Capital US Bank Index:** Closed 6,398.51, up 72.91 points or 1.15%.
- **US Treasury 10-year note:** closed at 4.66%.
- **US Treasury 2-year note:** closed at 4.27%.



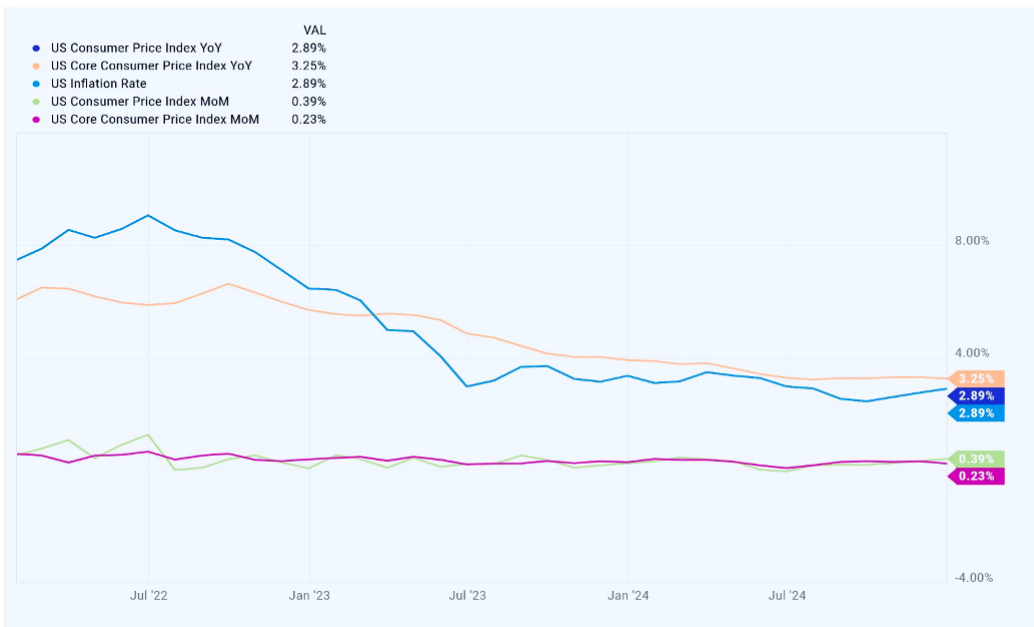
Inflation Nowcasting

CPI & Core CPI

| December | CPI Forecast | CPI Actual | Change | Core CPI Forecast | Core CPI Actual | Change |
|----------|--------------|------------|--------|-------------------|-----------------|--------|
| | 2.86% | 2.89% | 1.04% | 3.28% | 3.25% | -0.92% |

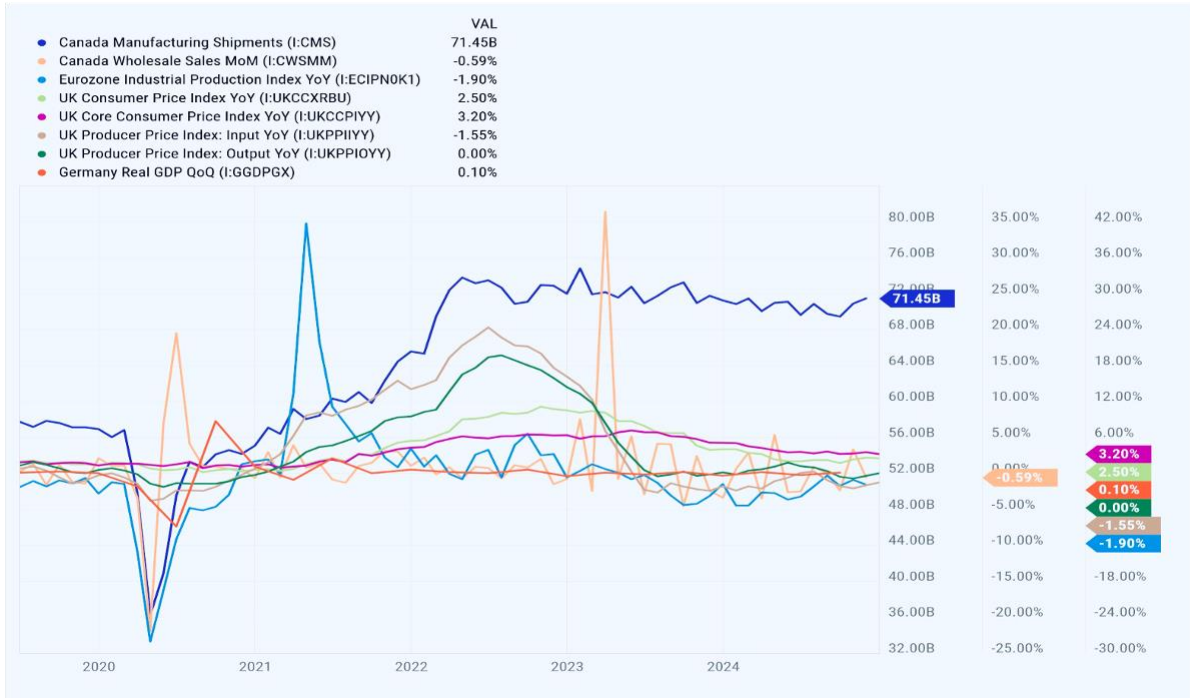


US Consumer Price Index YoY,
US Core CPI Price Index YoY,
US CPI MoM & US Core CPI MoM





Canada Manufacturing Shipments, Canada Wholesale Sales, EU Industrial Production, UK CPI, UK Core CPI, UK PPI Input, UK PPI Output & Germany GDP QoQ



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