



# JP Morgan Chase, Citi & Wells Fargo Report Earnings, Inflation Remains Tame, and Wall Street Closed Mixed.

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The U.S. and European stock markets closed with mixed results, as concerns about inflation and some underwhelming bank earnings dragged, while others beat expectations.

The June Consumer Price Index came in primarily in line with expectations, reinforcing the narrative of contained inflation despite ongoing tariff concerns.

Additionally, investors are reviewing the first batch of corporate earnings from three of the largest banks: JP Morgan Chase, Citigroup, and Wells Fargo. Their earnings offered little relief, with Wells Fargo falling 5.48% on weaker guidance, JPMorgan slipping 0.74% despite solid trading and investment banking results, and Citigroup bucked the trend, jumping 3.68% after beating expectations.

Meanwhile, the **10-year U.S. Treasury yield** edged up to close at **4.50%**, as investors weighed CPI data alongside the first wave of second-quarter corporate earnings.

## Inflation Picture: Contained but Not Conquered

The **headline CPI** rose **2.67% y-o-y**, modestly above the **2.64%** Inflation Nowcasting and up from May's **2.4%**. The **Core CPI**, which excludes food and energy, fell to **2.91%**, slightly below the Inflation Nowcasting of 2.95% but up slightly from last month's **2.8%**.

Some categories, including meat, dairy, autos, and airfare, saw monthly price declines. While tariffs have increased during the first half of the year, pricing pressures have remained within a manageable **range of 2.5% to 3.0%**. Looking ahead, inflation may temporarily rise above **3.0%**, although we expect this to be a transitory adjustment as inventories and supply chains return to normal.

## Bank Earnings Set a Mixed Tone

The second-quarter 2025 earnings reports from **J.P. Morgan and Citigroup beat estimates**, while **Wells Fargo** beat estimates but delivered weaker 2025 guidance. Growth is driven by robust performance in lending, trading, and investment banking.

While **Q2 S&P 500 earnings** are projected to grow by just under **5%**, this represents a decline from **the 11%** growth rate at the start of the year. However, the **2025 earnings growth** remains on track for **high-single digits**, with 2026 potentially returning to **double-digit growth**.

## Drivers of future earnings momentum:

- Potential **Fed rate cuts**
- Anticipated **fiscal stimulus** from a 2026 tax package
- Regulatory easing under the current administration

## Strategy Outlook

Markets continue their **slow upward grind**, with the S&P 500 now **up over 25% since its low on April 8**. Treasury yields remain range-bound, suggesting a wait-and-see stance among fixed-income investors.

In our view, any short-term volatility—particularly related to tariff headlines—should be viewed as a **strategic opportunity** to rebalance portfolios, enhance diversification, and accumulate quality assets at more favorable valuations.

## Corporate Earnings Parade:

1. **JPMorgan Chase & Co (JPM):** reported 2Q25 revenues of \$45,680 billion, down 10%, net income of \$14,987 billion, down 17%, and earnings per share of \$5.24, topping estimates. JPM has a Tier 1 Capital Ratio of 16.10% and a stock price target of \$289.93, which closed at \$286.55 today.
2. **Citigroup Inc (C):** reported 2Q25 revenues of \$21,668 billion, up 8%, net income of \$4,019 billion, up 25%, and earnings per share of \$1.96, topping estimates. Citi has a Tier 1 Capital Ratio of 15% and a stock price target of \$94.40, which closed at \$90.72 today.
3. **Wells Fargo & Co (WFC):** reported 2Q25 revenues of \$20,822 billion, up 1%, net income of \$5,214 billion, up 12%, and earnings per share of \$1.60, topping estimates. Wells has a Tier 1 Capital Ratio of 12.40% and a stock price target of \$86.45, which closed at \$78.86 today.

## Economic Data Highlights:

- **U.S. Consumer Price Index YoY:** rose to 2.67%, compared to 2.35% last month.
- **U.S. Core Consumer Price Index YoY:** rose to 2.91%, compared to 2.77% last month.
- **U.S. Inflation Rate:** rose to 2.67%, compared to 2.35% last month.
- **U.S. Retail Gas Price:** fell to \$3.251, down from \$3.288 last week.
- **Canada Consumer Price Index YoY:** rose to 1.86%, compared to 1.73% last month.
- **Canada Inflation Rate:** rose to 1.86%, compared to 1.73% last month.
- **Canada Manufacturing Shipments:** fell to 68.75 billion, down from 69.38 billion last month.
- **Eurozone Industrial Production Index YoY:** fell to 0.80%, compared to 3.70% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** rose to 52.70, up from 47.50 last month.
- **China Real GDP YoY:** is at 5.40%, compared to 5.40% last quarter.

## Eurozone Summary:

- **Stoxx 600:** Closed at 544.95, down 2.04 points or 0.37%.
- **FTSE 100:** Closed at 8,938.32, down 59.74 points or 0.66%.
- **DAX Index:** Closed at 24,060.29, down 100.35 points or 0.42%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,023.29, down 436.36 points or 0.98%.
- **S&P 500:** closed at 6,243.76, down 24.80 points or 0.40%.
- **Nasdaq Composite:** closed at 20,677.80, up 37.47 points or 0.18%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,132.80, up 54.10 points or 1.33%.
- **Birling Capital U.S. Bank Index:** closed at 7,551.07, up 71.10 points or 0.95%.
- **U.S. Treasury 10-year note:** closed at 4.50%.
- **U.S. Treasury 2-year note:** closed at 3.95%.



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## **Inflation Nowcasting Versus Actual CPI & Core CPI**

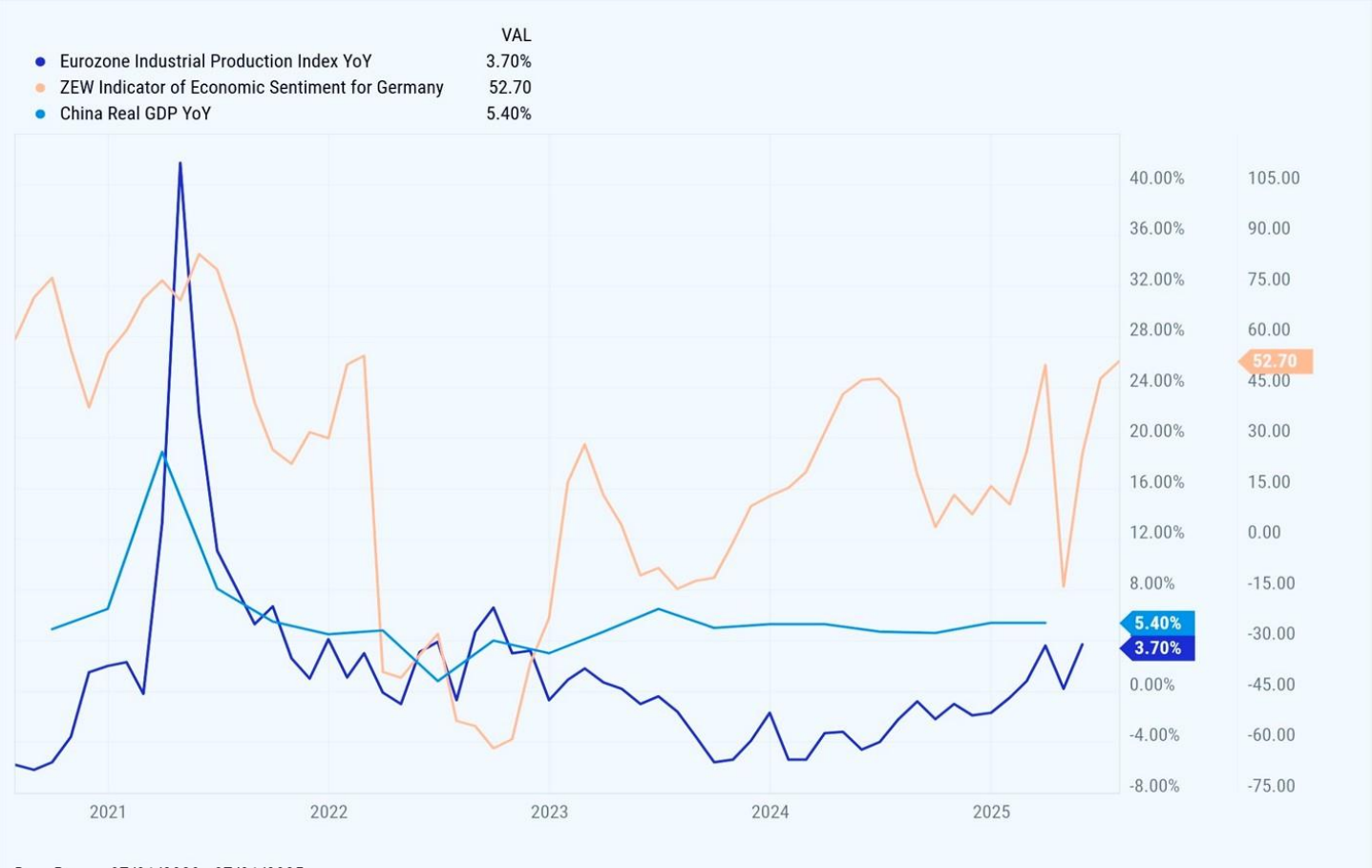
<b>Inflation Nowcasting</b>	<b>CPI Forecast</b>	<b>CPI Actual</b>	<b>Change</b>	<b>Core CPI Forecast</b>	<b>Core CPI Actual</b>	<b>Change</b>
<b>June</b>	<b>2.64%</b>	<b>2.67%</b>	<b>1.14%</b>	<b>2.95%</b>	<b>2.91%</b>	<b>-1.36%</b>



# US CPI, US Core CPI, US Inflation Rate, US Retail Gas, Canada CPI, Canada Inflation Rate & Canada Manufacturing Shipments



# Eurozone Industrial Production Index YoY; ZEW Indicator of Economic Sentiment for Germany & China Real GDP YoY





# Wall Street Recap

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