

## Bank of America, Goldman Sachs, and Morgan Stanley Report Solid Earnings, Wall Street Holds Firm, and Rate Cut Hopes Resurface Amid Trade Uncertainty.

July 16, 2025

by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

The U.S. and European stock markets closed with mixed results. Wall Street added to yesterday's gains, pushing the Nasdaq Composite to another all-time high. Investor sentiment remains upbeat, buoyed by a powerful combination of cooling inflation data and stronger-than-expected corporate earnings.

The **healthcare sector** set the pace, led by **Johnson & Johnson**, whose shares jumped more than 6% after the company posted robust second-quarter results and raised its full-year guidance. Meanwhile, in the **financial sector**, **Goldman Sachs** reported record stock-trading revenues; **Morgan Stanley** also benefited from market volatility in April, and **Bank of America** posted a standout quarter of its own, with a 15% surge in sales and trading revenue, its best performance to date.

Despite the strong results, both banks are seeing profit-taking with shares trending lower.

**President Trump** announced a new trade agreement with **Indonesia**, though few specifics have been disclosed. He also signaled potential tariffs targeting **pharmaceuticals** and **semiconductors**, introducing new layers of uncertainty for global supply chains.

### Producer Prices Stall, Supporting Rate Cut Narrative

Inflation pressures eased further in June, with **headline and core Producer Price Index (PPI)** data coming in flat versus expectations for modest gains. On a year-over-year basis, headline PPI rose 2.3% its lowest reading since September 2024, while **core PPI** slowed to 2.6% from May's 3.20%.

A decline in service costs helped restrain wholesale prices, though **goods prices posted their sharpest monthly increase since February**. Looking ahead, inflation could tick higher as pre-tariff inventories dwindle and import cost pass-through intensifies. However, unlike the 2021 price spike, this inflation may prove **short-lived**, particularly if service-sector inflation remains contained.

With monetary policy still in **restrictive territory**, the Fed has room to ease later this year, should inflation continue its glide path toward the 2% target by 2026, especially as tariff impacts normalize.

### Earnings Strength Continues to Anchor Equity Gains

Corporate earnings continue to provide a solid foundation for equities, despite turbulence in trade policy and questions about the Fed's next move. The current **earnings season** began with a strong showing from major banks, and momentum has carried through as more companies post upside surprises.

Wall Street trading desks are benefiting from heightened market volatility, while consumer trends remain resilient. Although **S&P 500 earnings growth** is expected to moderate to around **5% in Q2**, down from over 10% in the previous two quarters, the **full-year forecast remains at 8.5%**.

## Corporate Earnings Parade:

1. **Bank of America Corp (BAC):** reported 2Q25 revenues of \$26,463 billion, down 3.29%, net income of \$7,116 billion, down 3.78%, and earnings per share of \$0.89, meeting estimates. BAC has a Tier 1 Capital Ratio of 12.80% and a stock price target of \$52.35, which closed today at \$46.00
2. **Goldman Sachs Group Inc (GS):** reported 2Q25 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 target of \$668.55, which closed today at \$708.39.
3. **Morgan Stanley (MS):** reported 2Q25 revenues of \$16,792 billion, up 11.8%, net income of \$3,539 billion, up 15%, and earnings per share of \$2.13, topping estimates. MS has a Tier 1 Capital Ratio of 16.90% and a stock price target of \$138.13, which closed today at \$139.76.

## Economic Data Highlights:

- **U.S. Producer Price Index YoY:** fell to 2.34%, compared to 2.73% last month.
- **U.S. Core Producer Price Index YoY:** fell to 2.60%, compared to 3.20% last month.
- **U.S. Industrial Production MoM:** rose to 0.33%, compared to -0.03% last month.
- **NY Fed Business Leaders Survey Current Business Activity:** is at -9.30, up from -13.20 last month.
- **UK Consumer Price Index YoY:** rose to 3.60%, compared to 3.40% last month.
- **UK Core Consumer Price Index YoY:** rose to 3.67%, compared to 3.52% last month.
- **UK Average House Price YoY:** rose to 3.90%, compared to 3.62% last month.

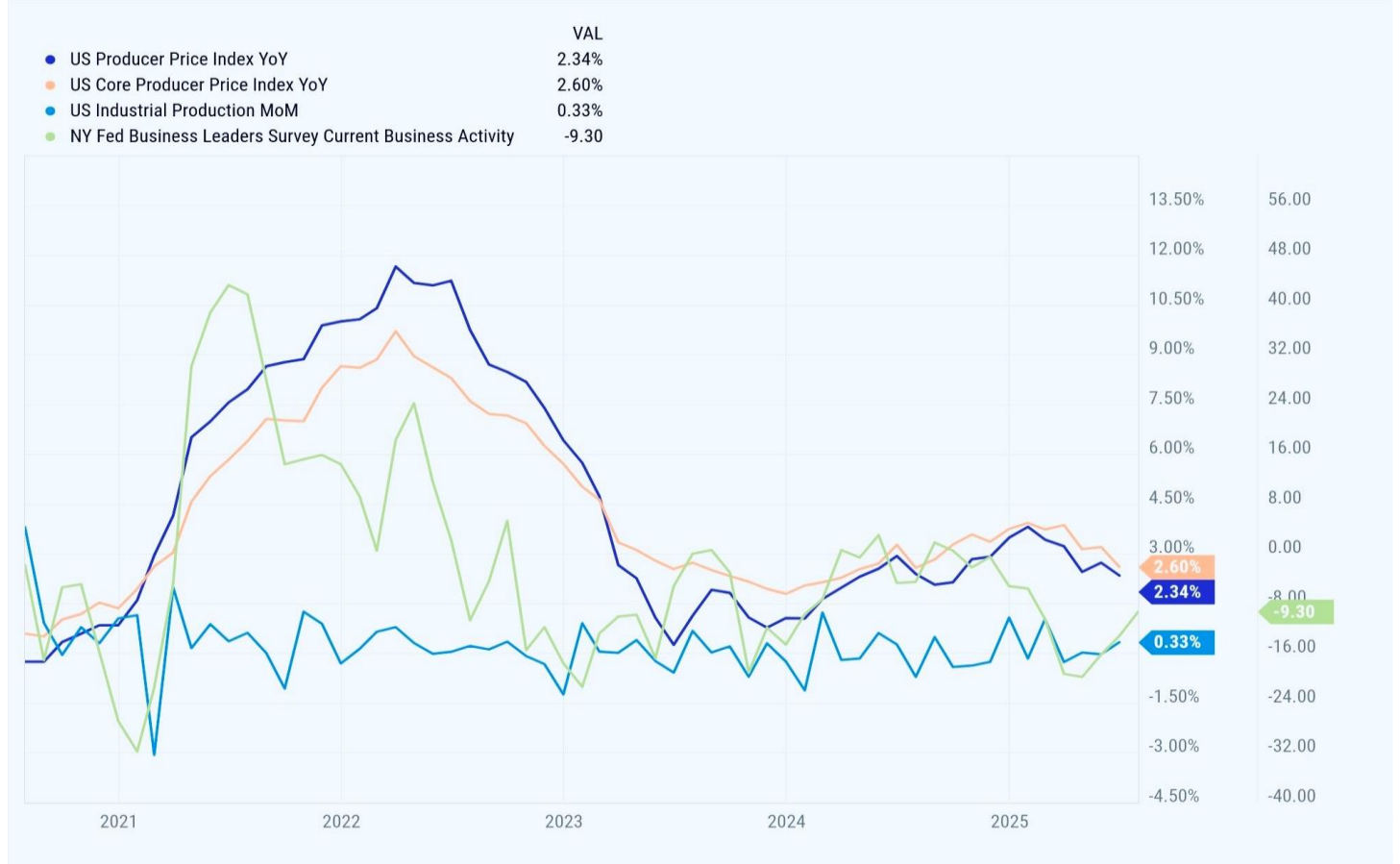
## Eurozone Summary:

- **Stoxx 600:** Closed at 541.84, down 3.11 points or 0.57%.
- **FTSE 100:** Closed at 8,926.55, down 11.77 points or 0.13%.
- **DAX Index:** Closed at 24,009.38, down 50.91 points or 0.21%.

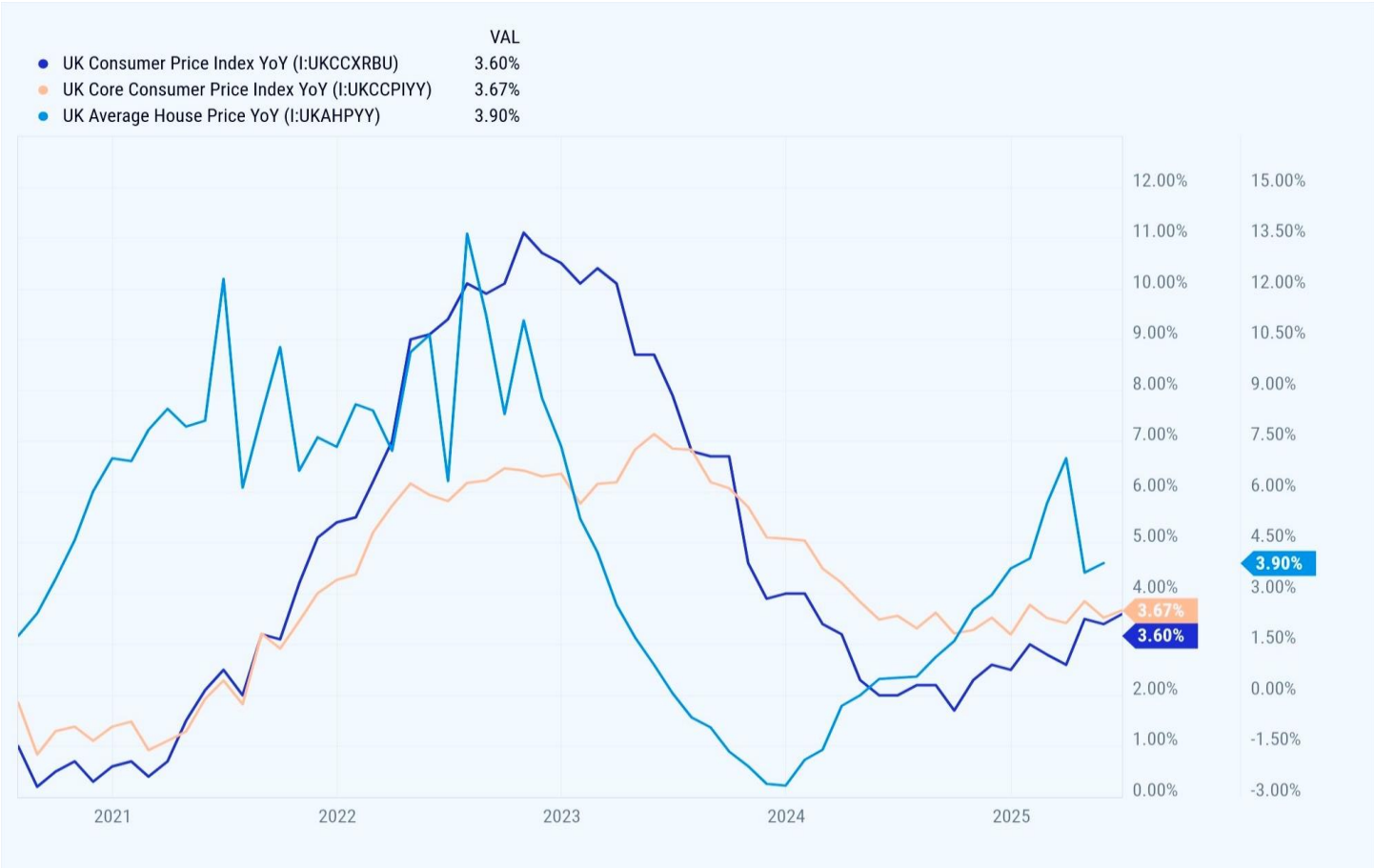
## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 44,254.78, up 231.49 points or 0.53%.
- **S&P 500:** closed at 6,263.70, up 19.94 points or 0.32%.
- **Nasdaq Composite:** closed at 20,730.49, up 52.69 points or 0.26%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,981.98, down 150.82 points or 3.65%.
- **Birling Capital U.S. Bank Index:** closed at 7,454.12, down 96.95 points or 1.28%.
- **U.S. Treasury 10-year note:** closed at 4.46%.
- **U.S. Treasury 2-year note:** closed at 3.88%.

# US Producer Price Index YoY; US Core Producer Price Index YoY; US Industrial Production MoM & NY Fed Business Leaders Survey Current Business Activity



# UK Consumer Price Index YoY; UK Core Consumer Price Index YoY & UK Average House Price YoY



# Wall Street Recap

## July 16, 2025



Global Market Square® es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.