

Mixed earnings at large US banks



JPMorgan Chase CEO Jamie Dimon

New York, United States

JPMorgan Chase reported record quarterly profits yesterday behind strong consumer businesses, but shares were volatile amid worries over expected Federal Reserve interest rate cuts on a day of mixed results by large banks.

Wells Fargo also notched higher profits, while Goldman Sachs reported a dip in earnings but still topped analyst expectations.

The trio of results moved markets into the heart of second-quarter earnings season, which comes against a backdrop of uncertainty over international trade and an anticipated loosening of monetary policy, with the Fed expected to cut interest rates later this month.

Bank profits have been boost-

ed the last few years from a series of interest rate hikes. But the Fed has pivoted away from that stance and is now expected to cut interest rates as soon as this month.

Lower interest rates are generally viewed as a drag for large banks because it reduces the net interest income of financial companies -- the difference between the interest rates it charges consumers for loans and the interest it must pay for deposits.

At JPMorgan, key areas of strength included consumer banking, where it scored from higher net interest income. JPMorgan also generated increased revenues connected to the credit card business and higher auto loans and lease originations.

Net profit came in at \$9.7 billion, up 16.1 per cent and a com-



Wells Fargo Interim chief executive Allen Parker

Higher profits at Wells

Revenues were up 4.1pc to \$29.6 billion.

Chief executive Jamie Dimon said uncertainty about issues such as trade and monetary policy is "a constant" while geopolitical tensions "may be a little bit higher now than normal," but added that "the consumer in the United States is doing fine" and that economic conditions are solid in other key markets.

"So I wouldn't get too pessimistic yet," Dimon said.

But shares were choppy after the report, with analysts pointing to the bank's forecast for \$57.5 billion in 2019 net interest income, down from the prior \$58 billion forecast.

Bank executives said they anticipate up to three interest rate cuts this year.



Goldman Sachs chief executive David Solomon

and commodity trading, a weakness at other large banks.

Lingering skepticism of the bank prompted the resignation in March of chief executive Tim Sloan.

Interim chief executive Allen Parker said he had no information about the selection of a new CEO and that the board was overseeing the process. Asked if he was under contention, Parker said he had no reason to think the board had shifted from its stated aim to pick an outsider to lead the bank.

At Goldman Sachs, net income was \$2.2 billion, down 6.4pc from the year-ago period. Revenues dropped 1.8pc to \$9.5 billion.

Goldman trading hit

Goldman suffered from a decline in fixed income, currency

and commodity trading, a weakness at other large banks.

Financial advisory revenues also fell due to lower merger and acquisition activity compared with the year-ago period. Debt underwriting revenue also fell.

"We're encouraged by the results for the first half of the year as we continue to invest in new businesses and growth to serve a broader array of clients," chief executive David Solomon said in a statement.

"Given the strength of our client franchise, we are well positioned to benefit from a growing global economy."

Shares in JPMorgan rose 0.6pc to \$114.61 in midday trading. Wells Fargo dropped 2.4pc to \$45.58, while Goldman Sachs added 0.8pc, rising to \$213.25

European stock markets advance, pound slumps

London, United Kingdom

European stock markets pushed higher yesterday, while the pound hit the lowest level versus the dollar in more than two years on Brexit deadlock.

Wall Street stocks, which had set new records on Monday as an expected Fed interest rate cut continued to fuel optimism, mostly slipped as the earnings season entered full swing.

The pause in the Wall Street rally came despite top banks JPMorgan Chase, Goldman Sachs, and Wells Fargo beating earnings expectations, as did consumer and medical goods firm Johnson & Johnson for second quarter earnings.

Key figures around 1530 GMT

London - FTSE 100:	▲ 0.6pc at 7,577.20 points (close)
Frankfurt - DAX 30:	▲ 0.4pc at 12,387.34 (close)
Paris - CAC 40:	▲ 0.7pc at 5,614.38 (close)
EURO STOXX 50:	▲ 0.5pc at 3,519.70
New York - Dow:	▲ less than 0.1pc at 27,362.92
Tokyo - Nikkei 225:	▼ 0.7pc at 21,535.25 (close)
Hong Kong - Hang Seng:	▲ 0.2pc at 28,619.62 (close)
Shanghai - Composite:	▼ 0.2pc at 2,937.62 (close)
Pound/dollar:	▼ at \$1.2406 from \$1.2516 at 2100 GMT
Euro/pound:	▲ at 90.41 pence from 89.95 pence
Euro/dollar:	▼ at \$1.1216 from \$1.1258
Dollar/yen:	▲ at 108.28 yen from 107.87 yen
Brent North Sea crude:	▲ 20 cents at \$66.68 per barrel
West Texas Intermediate:	▼ five cents at \$59.53 per barrel

"The takeaway from the subdued response to the earnings news is that the good earnings news was already priced in," said market analyst Patrick O'Hare at Briefing.com.

He pointed to a drop in JPMorgan's shares in pre-market trading as the bank cut its forecast for net interest income -- the difference between the interest rates it charges consumers for loans and the interest it must pay for deposits.

"The post-report weakness in an industry behemoth like JPMorgan Chase has taken some wind out of the market's sails," said O'Hare.

The blue-chip Dow was marginally higher in late morning

trading, nearly breaking the 27,400 level for the first time. But both the broader S&P 500 and tech-heaving Nasdaq Composite dipped.

Corporate profits are expected to be broadly lower owing largely to a global slowdown and trade war between the US and China.

A Chinese official on Tuesday rejected claims from US President Donald Trump that Beijing is being forced to make a trade deal because of its slowing economy, as the two sides prepare for more talks.

US Treasury Secretary Steven Mnuchin on Monday said that top American and Chinese trade negotiators were due to speak by

telephone in the coming days, but no face-to-face talks have been scheduled yet.

Asian equities closed mixed, with investors taking a breather after a recent rally.

European shares ended the day higher as they got a boost as the euro and pound fell against the dollar, which favours exports.

The pound slumped to \$1.2397, the lowest level since April 2017, as Brexit worries also weighed on the unit.

The pound slid despite official data showing that Britain's unemployment rate at 3.8 per cent in April, the lowest level since 1974.



Hyundai honoured best sales staff from all its distributors worldwide with a trip to Seoul, Korea. The trip from 19 to 22 nd of March 2019 was held under the title 'Global Top Sales Consultant Club 2019'. Shadi Kfoury and Mohammed Saeed were selected from Hyundai Bahrain - First Motors.

