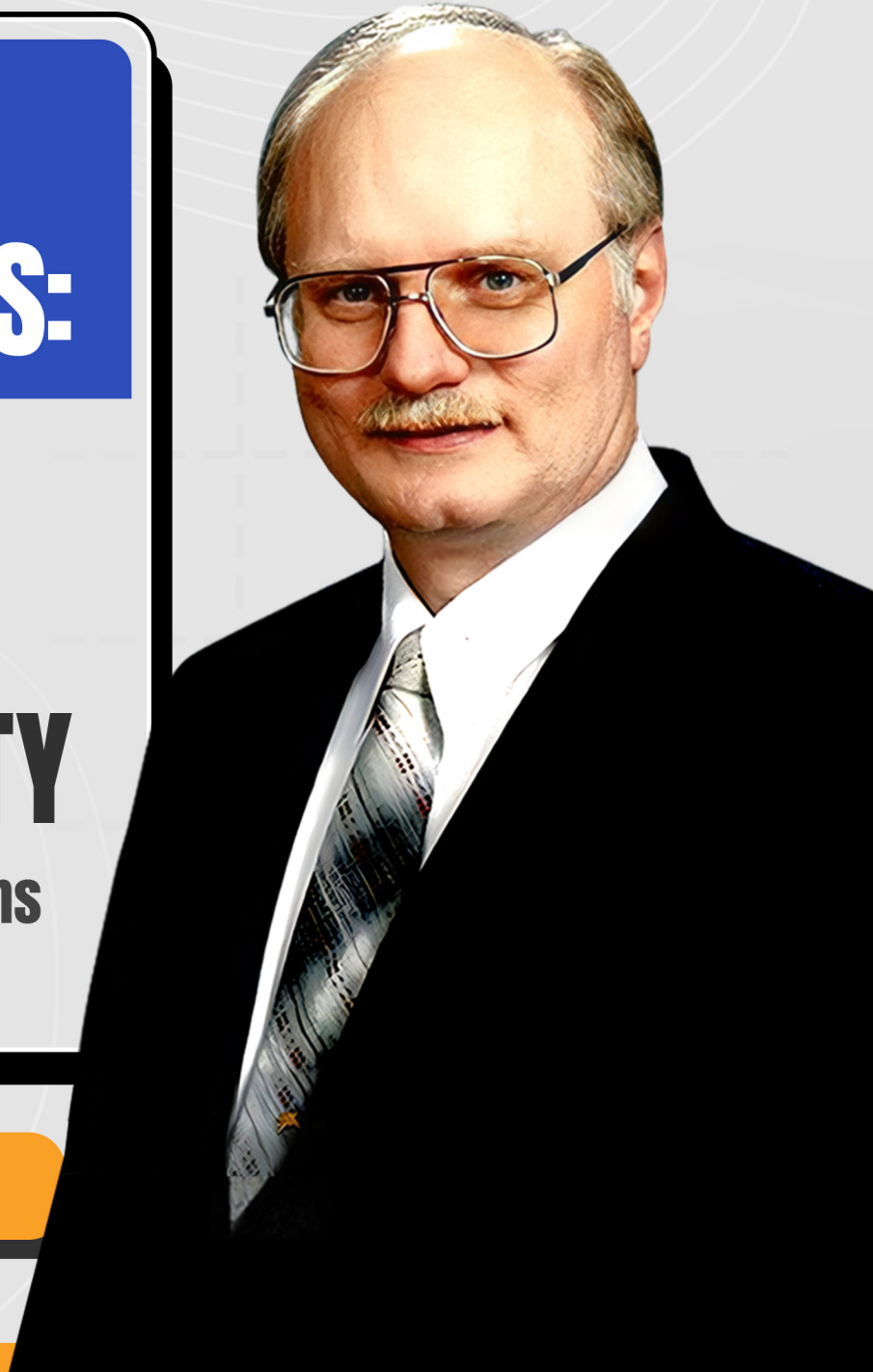


# ENGINEERING THE MARKETS:

## PRECISION, PATTERNS, & PROFITABILITY

Q4 Earnings Season Begins

January 16, 2025



POWERED BY:



by TERRY LONG

# Q4 Earnings Season Begins

## Hey Traders!

With Fed rate cuts on hold now for at least six months or longer, markets will be looking elsewhere for direction. This week we see the beginning of Q4 Earnings reports, starting primarily with the Banking Industry. Today's report will focus on the Financial Sector and what might be in store as these earnings roll out over the next week or so.

## From EarningsWhispers.com, here's this week's Earnings



I've outlined in red the financial stocks that are starting out with the first earnings reports. A few of these are Mega-Cap financials and several are smaller, Regional banks. JPM is the largest market cap reporting this week and you probably are familiar with many names in the list and not so much for some others.

At the time of this writing, the **XLF** is up 2.29% this morning. Here's some of the Earnings highlights from those who reported before the bell this morning:

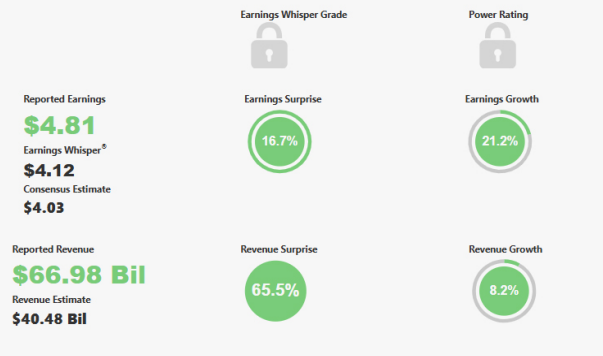
## JPM

### JPMorgan Chase Beat Expectations

Wednesday, January 15, 2025 at 6:55 AM ET

JPMorgan Chase (JPM) reported earnings of \$4.81 per share on revenue of \$66.98 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$4.03 per share on revenue of \$40.48 billion. The Earnings Whisper number was \$4.12 per share. The company beat expectations by 16.75% while revenue grew 8.20% on a year-over-year basis.

JPMorgan Chase & Co is a financial services firm and a banking institution, its segments are Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking, and Asset Management.



## C

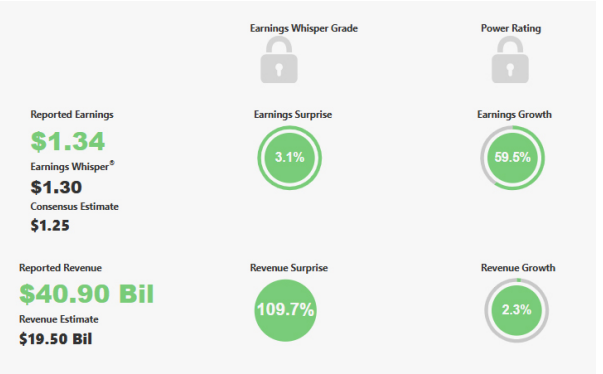
### Citigroup Beat Expectations

Wednesday, January 15, 2025 at 8:00 AM ET

Citigroup (C) reported earnings of \$1.34 per share on revenue of \$40.90 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$1.25 per share on revenue of \$19.50 billion. The Earnings Whisper number was \$1.30 per share. The company beat expectations by 3.08% while revenue grew 2.25% on a year-over-year basis.

The company said in its [earnings presentation](#) it expects 2025 revenue of \$83.50 billion to \$84.50 billion. The current consensus revenue estimate is \$83.27 billion for the year ending December 31, 2025.

Citi is a preeminent banking partner for institutions with cross-border needs, a global leader in wealth management and a valued personal bank in its home market of the United States.



## BLK

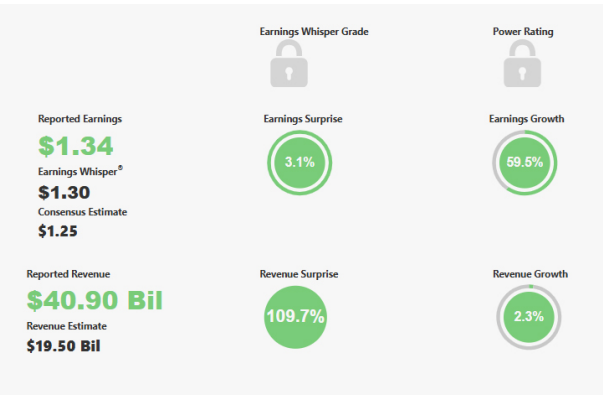
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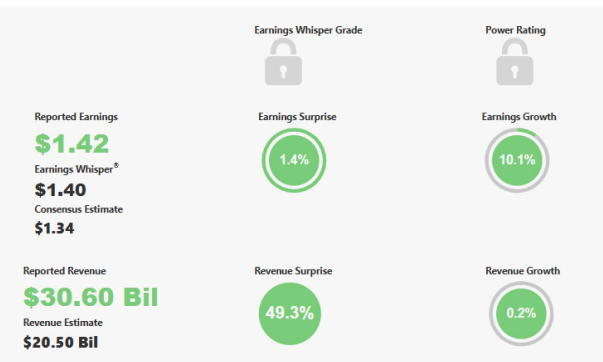
## WFC

### Wells Fargo Beat Expectations

Wednesday, January 15, 2025 at 7:02 AM ET

Wells Fargo (WFC) reported earnings of \$1.42 per share on revenue of \$30.60 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$1.34 per share on revenue of \$20.50 billion. The Earnings Whisper number was \$1.40 per share. The company beat expectations by 1.43% while revenue grew 0.17% on a year-over-year basis.

Wells Fargo & Co is a diversified financial services company. It provides retail, corporate and commercial banking services through banking stores and offices, the internet and other distribution channels to individuals, businesses and institutions.

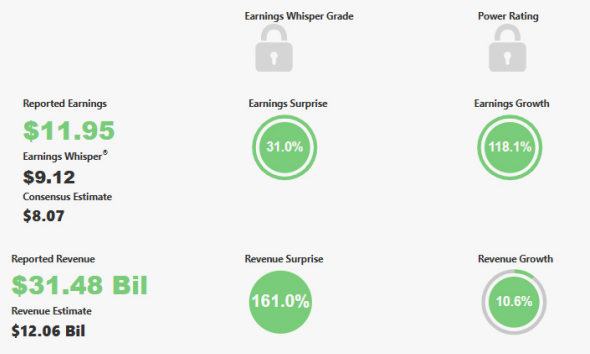


## Goldman Sachs Group Beat Expectations

Wednesday, January 15, 2025 at 7:25 AM ET

Goldman Sachs Group (GS) reported earnings of \$11.95 per share on revenue of \$31.48 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$8.07 per share on revenue of \$12.06 billion. The Earnings Whisper number was \$9.12 per share. The company beat expectations by 31.03% while revenue grew 10.59% on a year-over-year basis.

Goldman Sachs Group Inc is a investment banking, securities and investment management firm. Its segments include Investment Banking, Trading and Principal Investments, Asset Management and Securities Services.



## Bank of New York Mellon Beat Expectations

Wednesday, January 15, 2025 at 6:43 AM ET

Bank of New York Mellon (BK) reported earnings of \$1.72 per share on revenue of \$10.12 billion for the fourth quarter ended December 2024. The consensus earnings estimate was \$1.56 per share on revenue of \$4.63 billion. The Earnings Whisper number was \$1.54 per share. The company beat expectations by 11.69% while revenue grew 10.32% on a year-over-year basis.

Bank of New York Mellon Corporation is a global investment company. Its business segments are: Investment Management and Investment Services. Its other segments includes credit-related services, the leasing portfolio, corporate treasury activities.



Let me also say that the entire market is rallying this morning, not only because of these earnings beats but also because of the “good news” CPI reports that came in under forecasts.

Event	Actual	Forecast	Previous
<b>Wednesday, January 15, 2025</b>			
Core CPI (YoY) (Dec)	<b>3.2%</b>	3.3%	3.3%
Core CPI (MoM) (Dec)	<b>0.2%</b>	0.3%	0.3%
Core CPI Index (Dec)	<b>323.38</b>	323.40	322.66
CPI (YoY) (Dec)	<b>2.9%</b>	2.9%	2.7%
CPI (MoM) (Dec)	<b>0.4%</b>	0.4%	0.3%

I’ll leave the macroeconomic discussion for Todd. I highly recommend you follow his daily commentary as he likes to dig deep into the macro and fundamentals to understand the underlying dynamics driving current and future market movements.

You should know by now that we like to combine macro and fundamental analysis along with our technical analysis to increase our conviction for the trades we plan. Some just want it to be as easy as looking at a single indicator and buying and selling based solely on that. Trust me, it’s not that simple, much as we’d all like to dream that one day we will discover the “holy grail” of indicators.

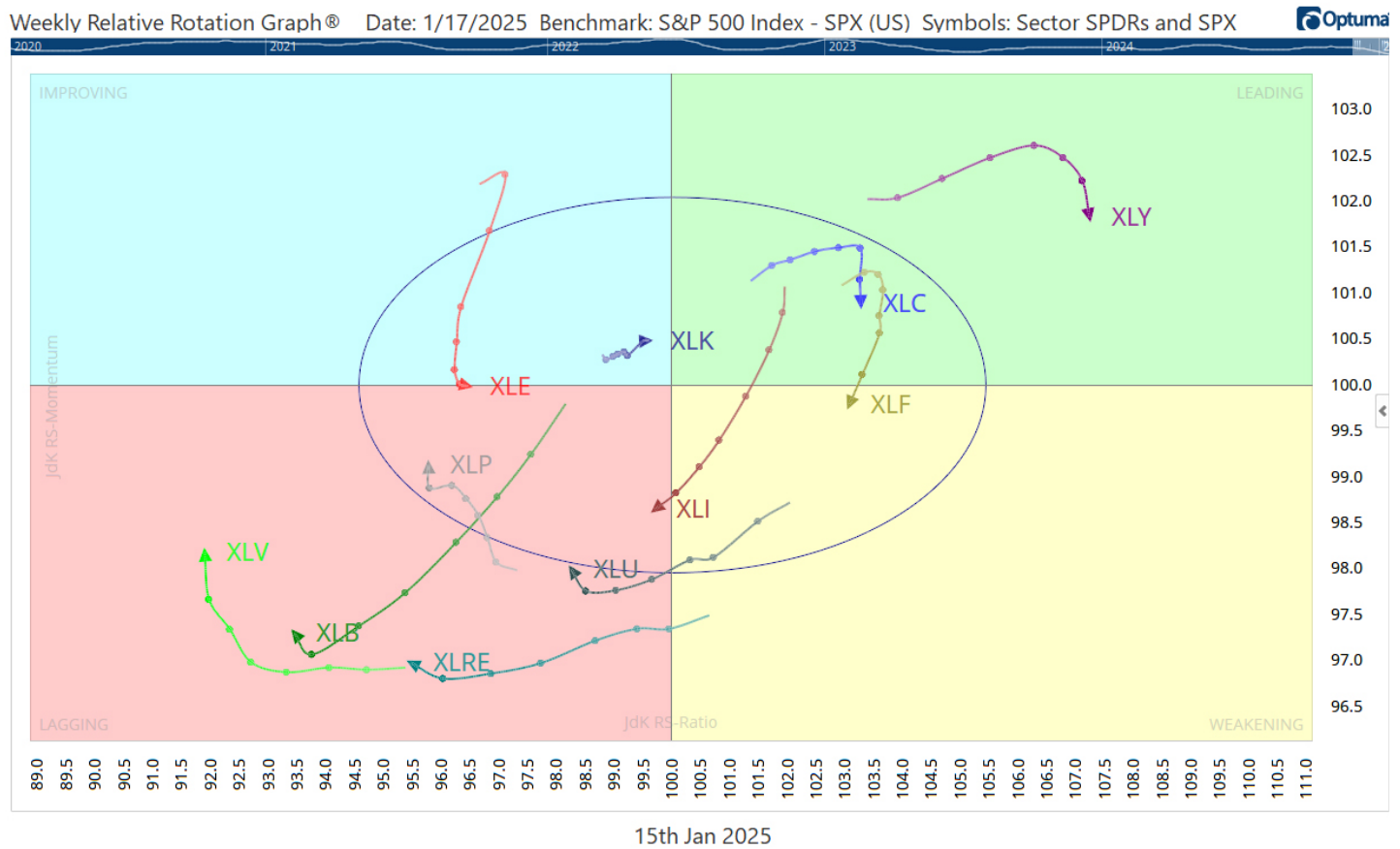


In the meantime, we've come to the realization that combining multiple indicators and techniques gives us the edge we need to navigate our trades with manageable and well-defined risks and rewards.

OK, I'll get off my soap box now. Last week, I was looking at my Relative Rotation graphs on the Financial sectors, hoping I would find a signal that would give us the conviction to open up some trades in this sector. I was somewhat disappointed that RRGs weren't giving me a clear "go" signal yet. But we did show you that the XLF is holding a Leading Quadrant position, though recent relative momentum decline suggested a consolidation in progress. Here's the current Sector Rotation chart as of Tuesday's close, showing the **XLF** crossing down into the Weakening Quadrant. A good follow-through of price action from here is needed to turn this heading around.

### Sector Weekly RRG

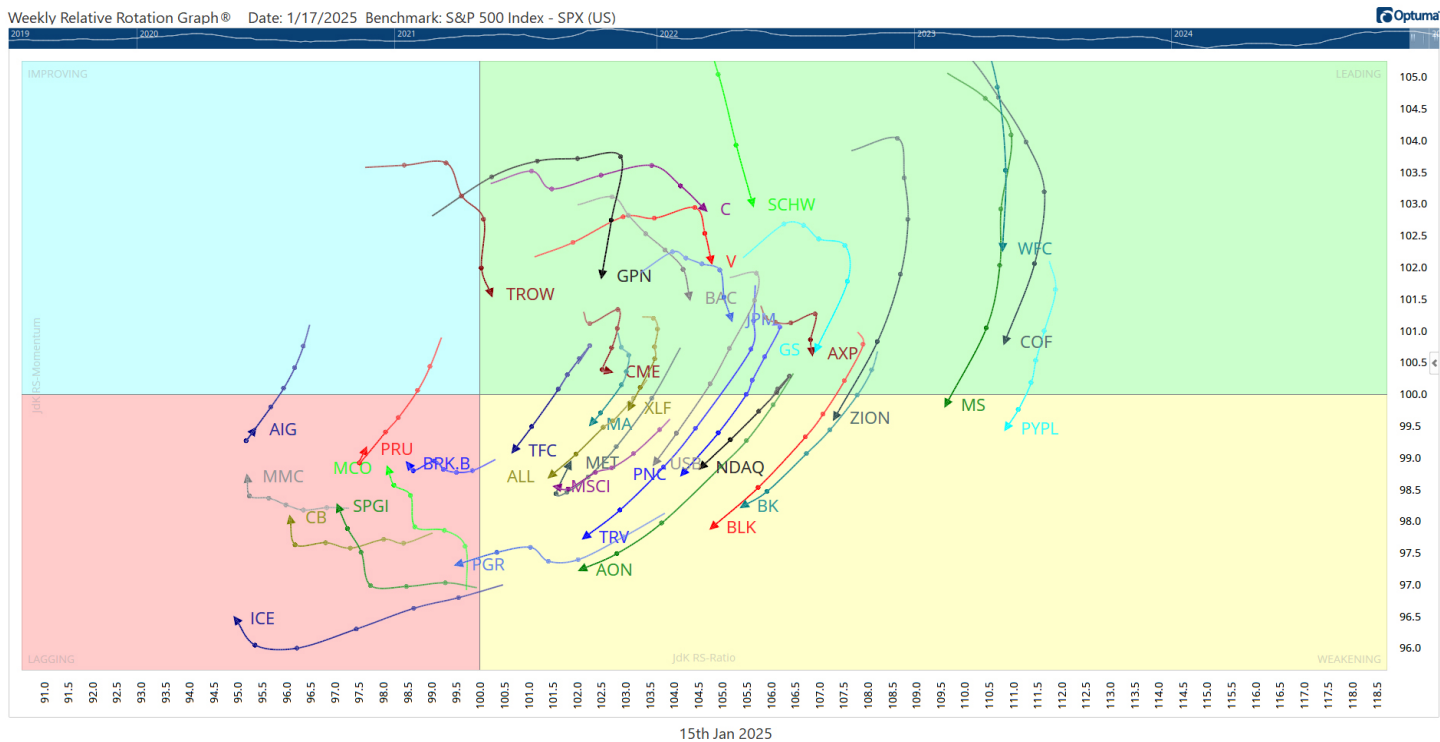
## Sector Weekly RRG



While the **XLF** still retains a Relative Strength of 103.1, it is still demonstrating outperformance relative to the benchmark **SPX**. However, the heading and declining Relative Momentum mean this might not be where the next big opportunity lies. Yes, likely we could see a reversal from here and another push higher, and we might play some moves up into wave 5 from here.

Let's look at a Weekly RRG of the top 40 or so stocks in the Financial Sector

## Top 40 Financials RRG

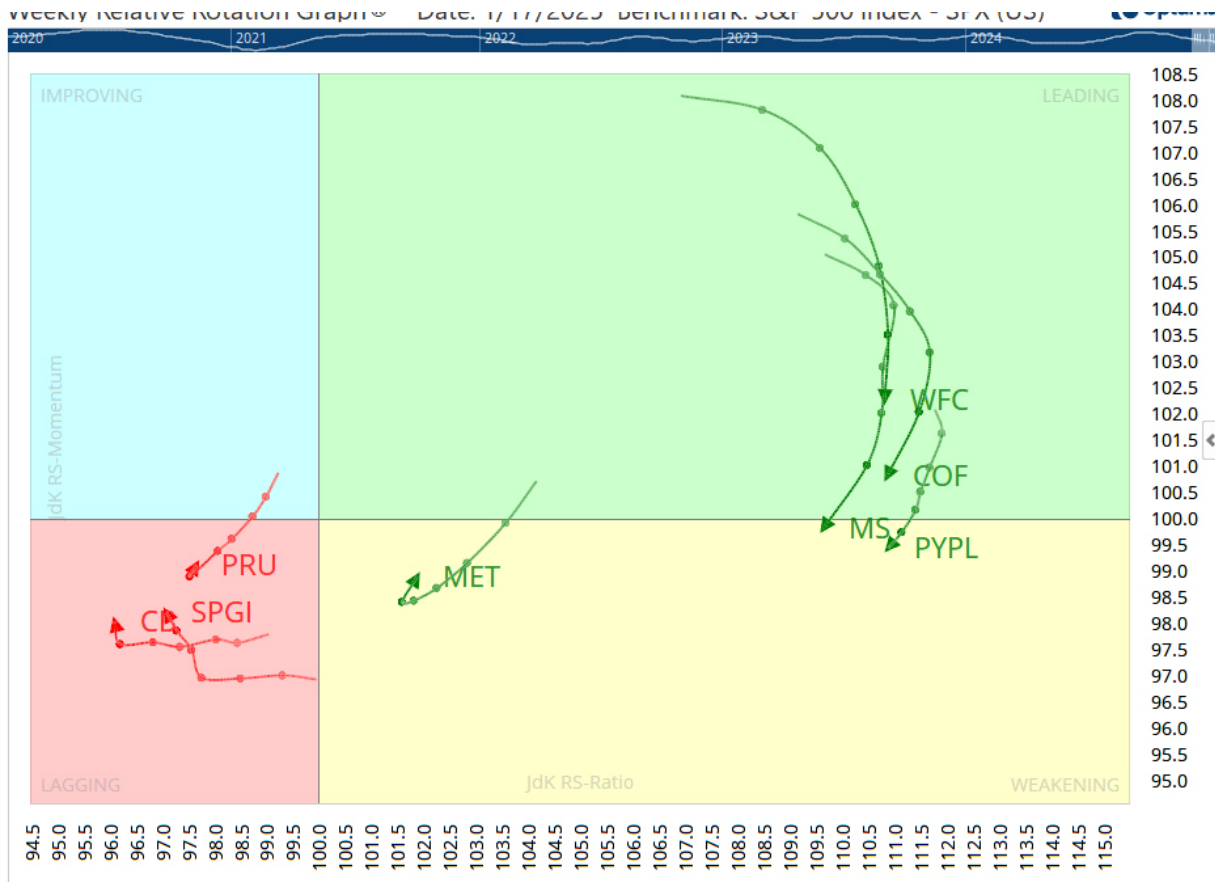


Focus in on the heading of the arrows. Collectively, the mass of the Sector shows declining momentum and also some loss of relative strength. Looking at this, where would you find new opportunities? Obviously, it depends on your trading or investing time frame. If you are more speculative, consider playing those that are down in the Lagging Quadrant that have started to regain upside relative momentum, such as **SPGI, CB, PRU**. If you are looking for risk aversion, why not continue to trade those with the highest Relative Strength? **MS, WFC, COF, PYPL**?

Let me share some Charts with you on this subset and I think the price charts will show you significant differences that should help you understand why we prefer to trade stocks with higher RS Ratios and what opportunities the underdogs may have with a possible turnaround coming.

Here's the RRG for the narrower list

## Select Financials RRG



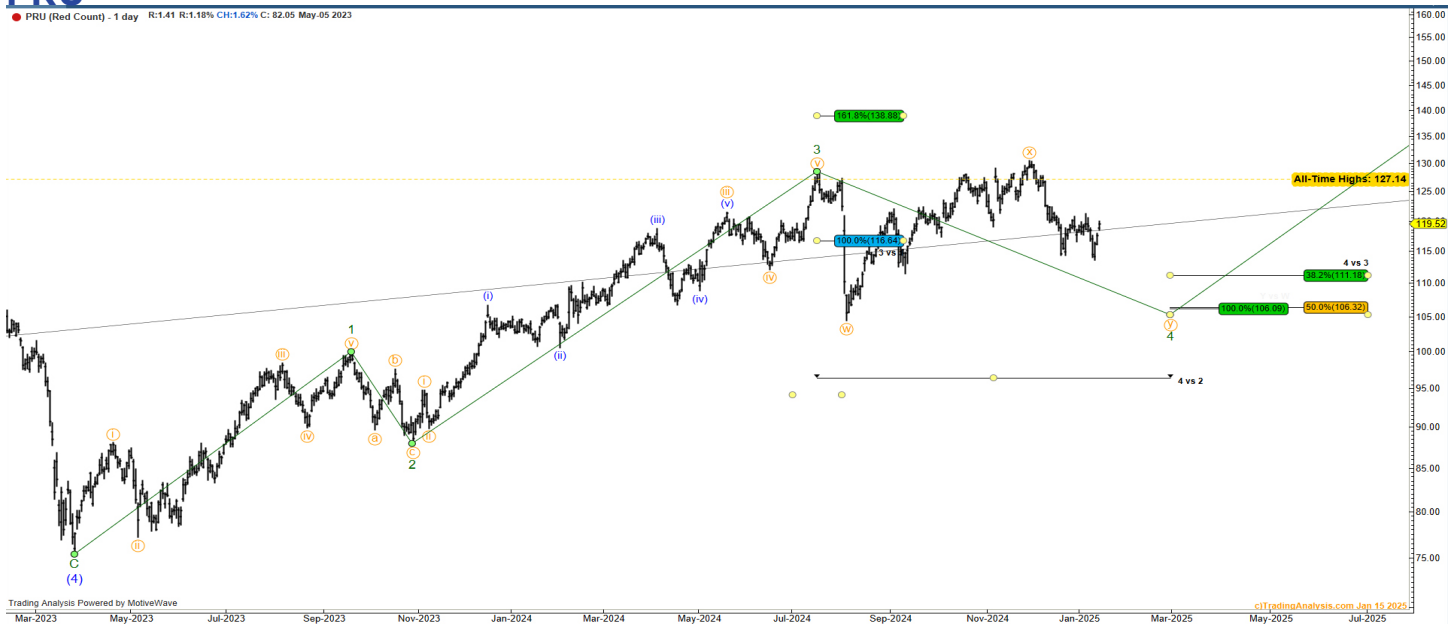
15th Jan 2025

**CB, PRU, SPGI** - what these stocks all have in common on this Weekly RRG are that they are currently underperforming the benchmark **SPX** but recently have seen a shift in relative performance as indicated by a reversal “hook” to the upside in each’s vector. **SPGI** made this turn a couple of weeks ago while **CB** and **PRU** are only now showing a similar turn.

Here's my Elliott Wave interpretation of these three stocks:

## PRU

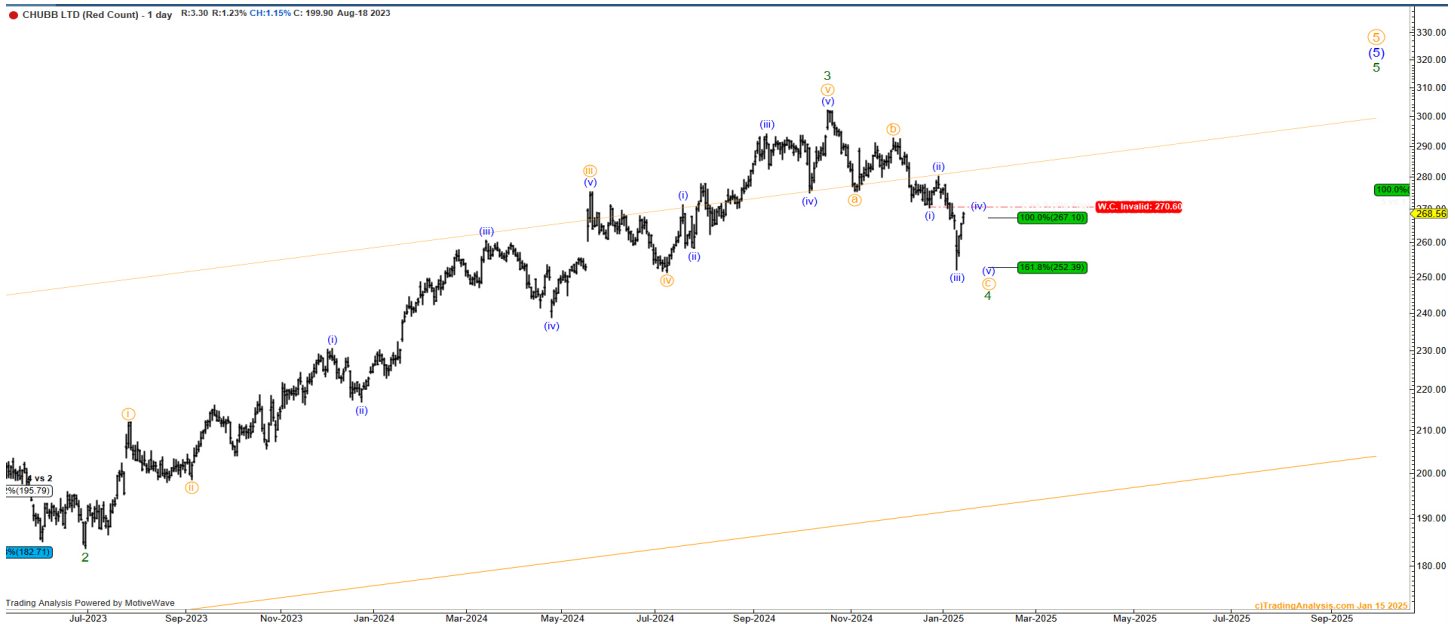
● PRU (Red Count) - 1 day R:1.41 R:1.18% CH:1.62% C: 82.05 May-05 2023



I see PRU still working on a flat correction in Minor 4 that could see a move lower before establishing support for another attempt to push beyond the prior ATH

## CB

● CHUBB LTD (Red Count) - 1 day R:3.30 R:1.23% CH:1.15% C: 199.90 Aug-18 2023



While Minor 4 may be complete here in Chubb, a move above \$270.60 would confirm that but another drop, call it a “head fake” move down to \$252 would finish the five waves needed in minute c of 4, and then we could see a wave 5 movement begin.



SPGI also looks to me to still need to complete the motive move down in minute c of Minor 4 before it's ready to resume a more significant move to the upside.

## SPGI



OK, now let's look at a few of those stocks with the higher Weekly Relative Strength Ratios MS, WFC, COF, PYPL

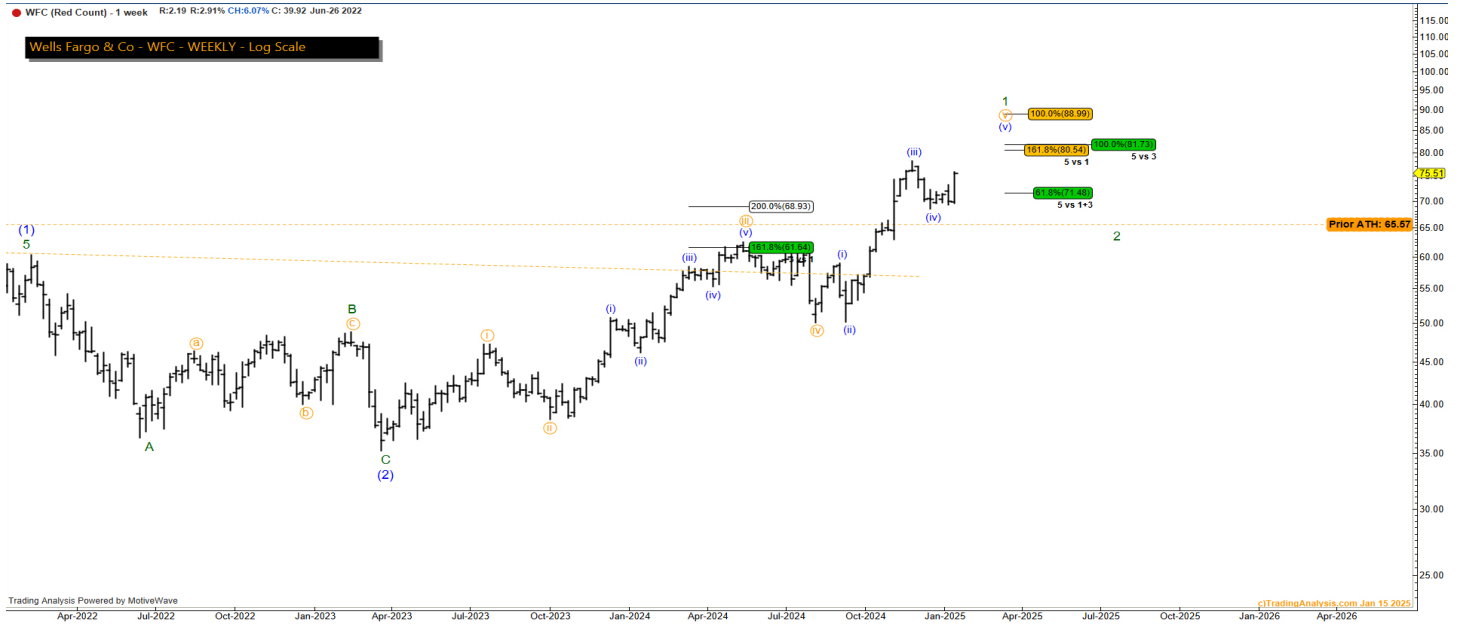
## MS

My chart of MS also shows a Minor wave 4 ongoing, though wave 4 may be complete where I have minute a located as indicated by the arrow. Otherwise, this move higher is only a move up in b of c of Minor 4 and the "head fake" here would be to the upside before seeing another decline into that Fib support identified by the 4v2 100% and the 4v3 38.2% levels (\$116.75-\$120)



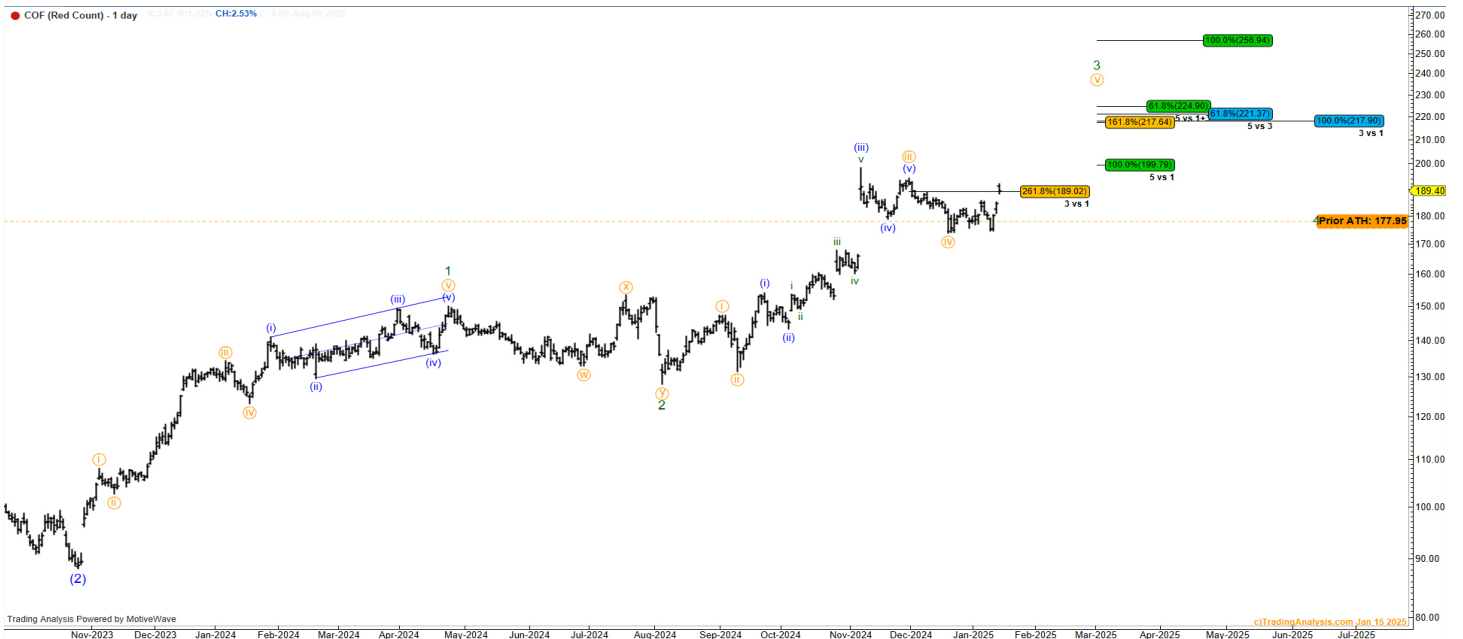
# WFC

Wells Fargo recently broke to new ATHs and possibly will correct to retest that Prior ATH before moving on. The push up in (iii) is extended, so wave (v) might not have much upside left, as shown by the Fib zones.



# COF

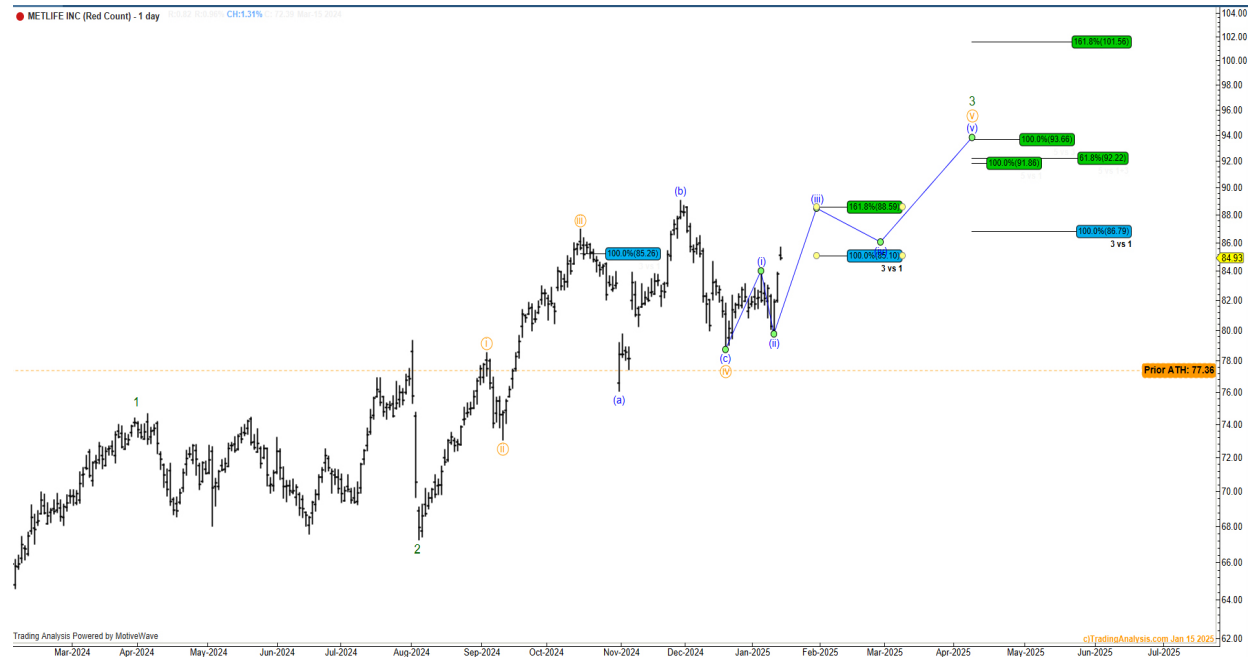
Capital One Financial's wave count actually looks as if wave iv is complete and the move up in wave minute v of Minor 3 has already begun.





There's one more stock I want to share with you: **MET**. Look back at the Weekly RRG, and you'll find it down in the Weakening Quadrant but recently formed a reversal hook with a northeasterly heading once again. This stock recently set a series of new ATHs but has been basing sideways

## MET



Depending on your trading or investing time horizon, you may find opportunities developing within any of these stocks that I've analyzed in this report. Combine macro and fundamental analysis with your technical analysis; it doesn't matter which you do first, but the more conviction you have in your trade, the higher the probability of success.

Until next time,

Terry Long  
Research Director, TradingAnalysis.com

For more in-depth stock market analysis and trading alerts, check out our service offerings:

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