

# Earnings Season Tracker

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for the team?

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One of **the most important tasks of an investment firm is** to respond in a timely manner to the challenges of the economy and market conditions. While many risks of a geopolitical and financial nature cannot be predicted, it is worth staying informed to understand what is happening in a meaningful way.

Interest rates, the real estate market, employment and unemployment, inflation and corporate profits are just a few of the variety of factors affecting asset and security pricing.

**Our goal is to provide a deeper and clearer understanding** of what is happening in the markets with an emphasis on illustrations, charts and visuals.

**Earnings Season Tracker** provides a deeper insight into the financial results of companies that drive stock market performance. Tracking the dynamics is fundamentally important for analyzing the long-term stability of not only companies or sectors, but also the entire stock market. It is the timely understanding of the latest dynamics that can help an investor to position himself in the market at the right time.

# Earnings Season Tracker (08.04 – 12.04.2024)

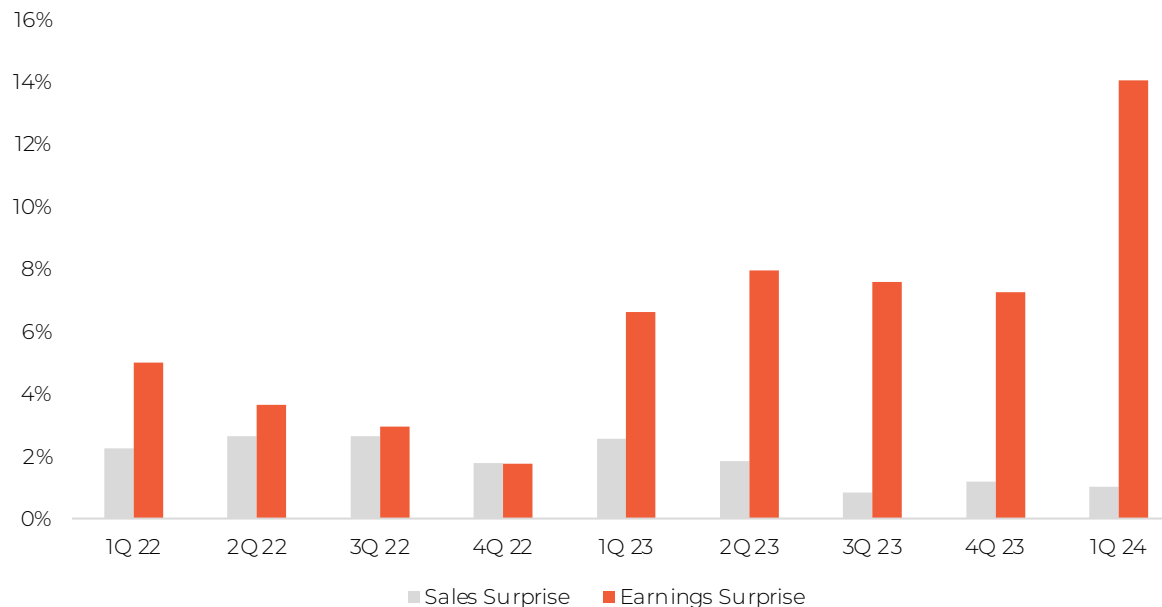
This week, the 1Q 2024 earnings season for US companies officially began, with the banking industry kicking off the season as usual. Banks are a certain indicator of the macroeconomic dynamics, which emphasizes their importance.

## No. of S&P 500 companies that have reported and their EPS Surprise

Sector	No. of companies that have reported	EPS Surprise
S&P500	29 / 499	
Communications	0 / 23	
Consumer Discretionary	5 / 52	-1.10%
Consumer Staples	7 / 38	0.70%
Energy	0 / 25	
Financials	6 / 58	2.60%
Real Estate	0 / 30	
Health Care	0 / 63	
Industrials	4 / 71	-0.20%
Materials	0 / 28	
Technology	7 / 81	0.60%
Utilities	0 / 30	

- As of the end of the first week of quarterly reporting for Q1 2024, 29 companies out of 499 in the S&P 500 index have reported (6% of the total index).
- As for the sectoral breakdown, 5 out of 11 sectors have started reporting so far, with the banking sector being the main focus. In particular, such large banks as JPMorgan, Wells Fargo and Citi.
- Given that a small number of companies have reported, it is premature to draw conclusions about the current dynamics of exceeding expectations for revenues and EPS. However, the general tone at the beginning of the reporting season is more negative.

## Dynamics of Sales and EPS Surprise for S&P500

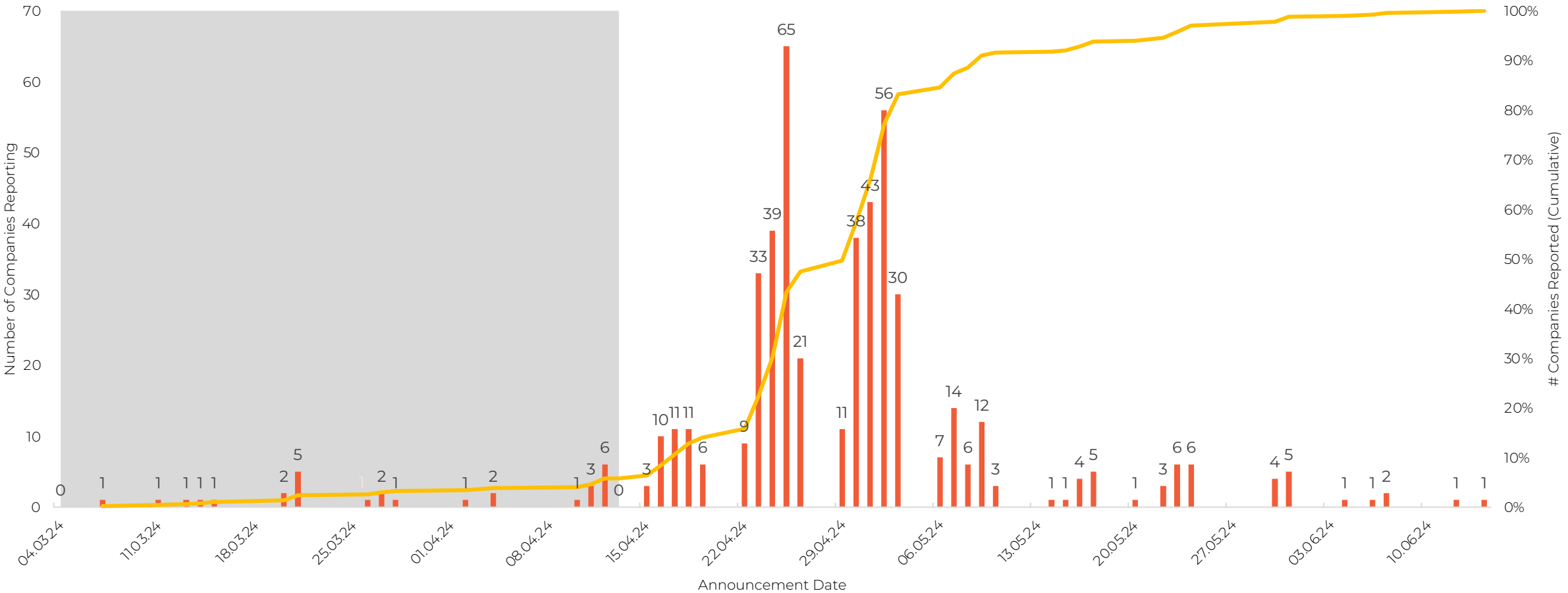


- The overall market consensus on revenue and EPS growth is less stable than in previous quarters. This is evidenced by the active revisions of their EPS growth forecasts since the beginning of 2024, which have generally decreased by more than 4.0%.
- At the same time, it is important to note that a significant increase in EPS of the S&P 500 index is attributable to a limited number of companies, in particular the so-called Magnificent 7 group of companies.
- Taking into account all other companies, excluding Magnificent 7, the total EPS growth in Q1 2024 is expected to be negative (about 2% YoY).

# Earnings Season Tracker – Earnings Season Progress

This week is only the beginning of the quarterly reporting season, which will last until mid-May, with the peak of reporting at the end of April. So far, only 6% of the entire S&P 500 index has reported for Q1 2024.

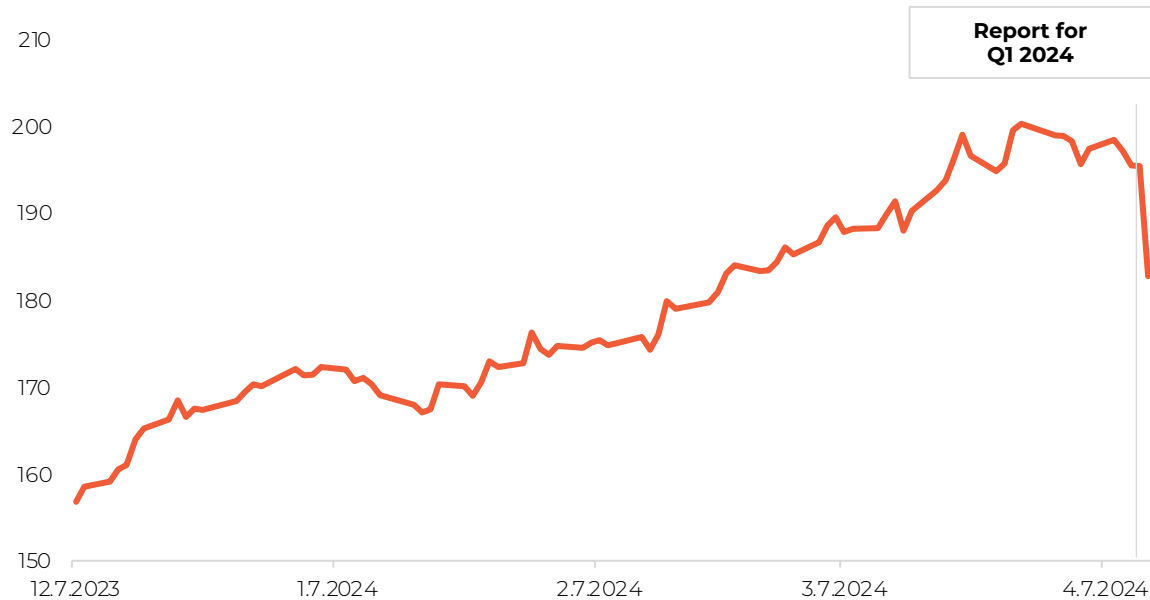
Earnings Season Progress



# Earnings Season Tracker – Highly Watched Companies

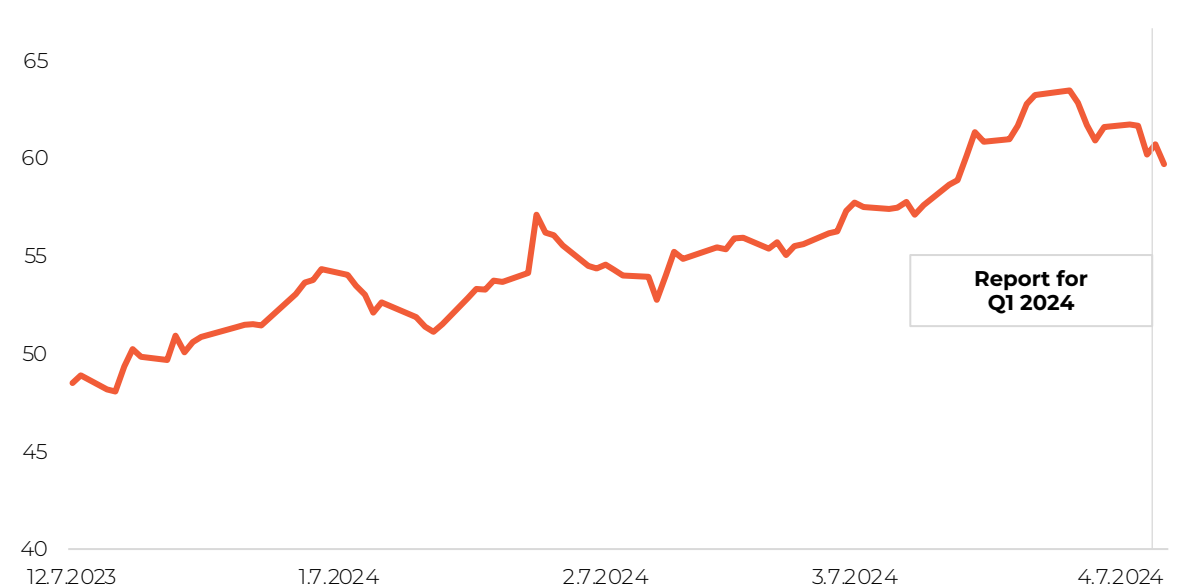
The banking sector's reporting started with a mixed result, with the largest US bank, JPMorgan, reporting a more negative outlook for the coming quarters, while equally important banks Citi and Wells Fargo showed more positive results.

JPMorgan share price



- Last Friday, the largest American bank, JPMorgan, announced its financial results. Although the results exceeded analysts' expectations for the last quarter, JPMorgan's forecasts, especially regarding its future expenses, offset the positive results and led to a 6.5% drop in its share price.
- The bank's revenues for the quarter grew by 9.3% y/y (to \$41.9 billion), which is 2.2% higher than expectations, and EPS grew by 5.5% y/y (to \$4.4), which exceeded market forecasts by 11.1%.
- During the announcement, CEO Jamie Dimon also noted his concern not only about the current geopolitical situation, but also about the growth of inflationary factors that threaten the economy.

Citigroup share price



- Similarly, Citi's results also exceeded analysts' estimates, although the bank reported a decline in some indicators.
- Revenues for the quarter decreased by 1.4% y/y (to \$21.1 billion), which is 3.5% higher than market forecasts, and EPS decreased by 19.8% y/y (to \$1.58), which exceeded expectations by 41.9%. The reason for this is the restructuring plans, which had a major impact on revenue growth.
- As a result, Citigroup's shares still fell by 1.5%. This small drop is explained by the fact that growing expectations that the Fed will not rush to cut interest rates have contributed to the growth of profits in key business lines.

# Earnings Season Tracker – Upcoming Release Calendar

Next week will be busier than the previous one, as more than 10% of the S&P 500 is expected to report. Financial sector continues to prevail the upcoming release calendar, Communication Services and Consumer Staples are starting their own earnings reporting season.

## Upcoming highly watched companies

Company Name	Ticker	Sector	Ann Date	Time
Goldman Sachs	GS	Financials	04/15/2024	14:30
BofA	BAC	Financials	04/16/2024	13:45
PNC	PNC	Financials	04/16/2024	13:45
Morgan Stanley	MS	Financials	04/16/2024	14:30
US Bancorp	USB	Financials	04/17/2024	Bef-mkt
KeyCorp	KEY	Financials	04/18/2024	Bef-mkt
Netflix	NFLX	Communication Services	04/18/2024	23:00
American Express	AXP	Financials	04/19/2024	14:00
Procter & Gamble	PG	Consumer Staples	04/19/2024	Bef-mkt

## Brief description:

- **GS, MS, BAC:** next week will start with a series of reports from GS, BAC and MS, the largest banks in terms of assets and market share. They are important to watch, as they show the trend not only for the entire sector, but also indicate problems in the economy.
- **PNC, USB, KEY:** as we noted earlier, regional banks are currently problematic in terms of commercial real estate loans. NYCB's previous report pointed to this risk, which can be seen in other banks as well. Therefore, the reports of PNC, USB and KEY next week are a kind of marker of the resilience of the US banking system.
- **NFLX:** given that the company occupies 10.4% of the entire Communication Services sector, the dynamics of the industry will largely depend on their report.
- **AXP:** is interesting from the point of view of payment delinquency rates, which is a direct indicator of consumers' financial capabilities. This factor is important for determining future consumption levels.
- **PG:** given the company's global presence, reporting will be important for understanding global trends in inflation and real sales growth in developed and emerging markets.

# LET US HELP YOU TO FOCUS **ON WHAT MATTERS MOST**

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[hello@blackshield.capital](mailto:hello@blackshield.capital)

+41 43 456 25 92

Bahnhofstrasse 10, 8001  
Zürich, Switzerland

Volodymyrska St, 4, 02000  
Kyiv, Ukraine