

From the Desk of John Colley ...

Re: Corporate Earnings Update (S&P 500)

Interesting read on the early report card (96 companies reporting so far) ...

The percent of companies in the respective sectors that beat analysts' expectations:

<u>Sector:</u>	<u>Beat the Street Estimates</u>
Industrials	100%
Materials/Natural Resources	100%
Technology	86%
Consumer Durables	84%
Financials	46% (34% last year)

Not surprising that the financial sector is a tad better than last year, but still dragging in bottom-line results (with forward guidance better). The other sectors show up very strongly at this early stage of reporting.

Other Top Stories ...

U.S. Jobless Claims Dip marginally (prior week revised up) so the news on the employment front remains a tad dull and unchanged. Economists had expected a bigger drop in the jobless claims.

Bank of America's net slumps on a debt-related hit and other charge-offs (mainly credit cards), which trimmed profit margins ... positive analysts see this as "turning the corner" and getting the write-offs behind them (again).

Similarly, **Morgan Stanley** posts a loss after absorbing over \$2 billion in debt charge write-offs ... if you exclude the items, the profit would have been good ... but that's fuzzy math.

Verizon Communications had strong net profits (from subscriber additions and increased revenue) with first quarter earnings of \$1.69 billion.

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