



Volatility Boosts Bank Bottom Lines

Despite, or actually because of, the recent market turmoil, many large banks and brokers reported better-than-expected earnings. Market volatility provided a nice boost to trading revenue, which helped offset weakness in other business lines. Goldman Sachs, reporting earnings on Monday, said their equity trading revenue rose 27% from the prior quarter. JP Morgan and Morgan Stanley reported a 21% and 17% boost to trading revenue, respectively.

The benefits of wider bid-offer spreads and more trading volume are higher trading revenues in larger banks and, thus, a more diversified income statement than smaller banks. At times, as first-quarter earnings highlight, the revenue boost from volatility was a helpful revenue hedge against poor market conditions and weaker activity in more traditional banking. For instance, Goldman Sachs reported its highest quarterly revenue ever despite investment banking revenue falling 8% compared to last year.

The graph below, courtesy of FinViz, shows that the earnings boost due to market volatility has helped JPM decently outperform smaller regional banks like Truist and PNC. However, it's not all gravy for the larger banks. The large banks and brokers tend to provide more capital for hedge funds. Therefore, they expose themselves to significant risks if hedge funds fail due to extreme volatility.



What To Watch Today

Earnings

Tuesday Apr 15	EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time		
J&J JNJ.US	2.64	2.71		21.66B	21.38B		\$351.39B	Q1	AM	★	🔔
Bank Of America BAC.US	0.83	0.83		26.83B	25.8B		\$256.35B	Q1	AM	★	🔔
Citigroup C.US	1.89	1.58		21.29B	21.1B		\$107.08B	Q1	AM	★	🔔
Interactive Brokers IBKR.US	1.78	1.64		1.33B	1.2B		\$63.14B	Q1	PM	★	🔔
PNC PNC.US	3.44	3.36		5.50B	5.15B		\$58.09B	Q1	AM	★	🔔
United Airlines Holdings UAL.US	0.96	-0.15		13.51B	12.54B		\$18.84B	Q1	PM	★	🔔
Omnicom OMC.US	1.74	1.67		3.78B	3.63B		\$13.83B	Q1	PM	★	🔔
J. B. Hunt JBHT.US	1.19	1.22		2.91B	2.94B		\$13.29B	Q1	PM	★	🔔
Fulton Financial FULT.US	0.40	0.40		314.35M	263.93M		\$2.78B	Q1	PM	★	🔔

Economy

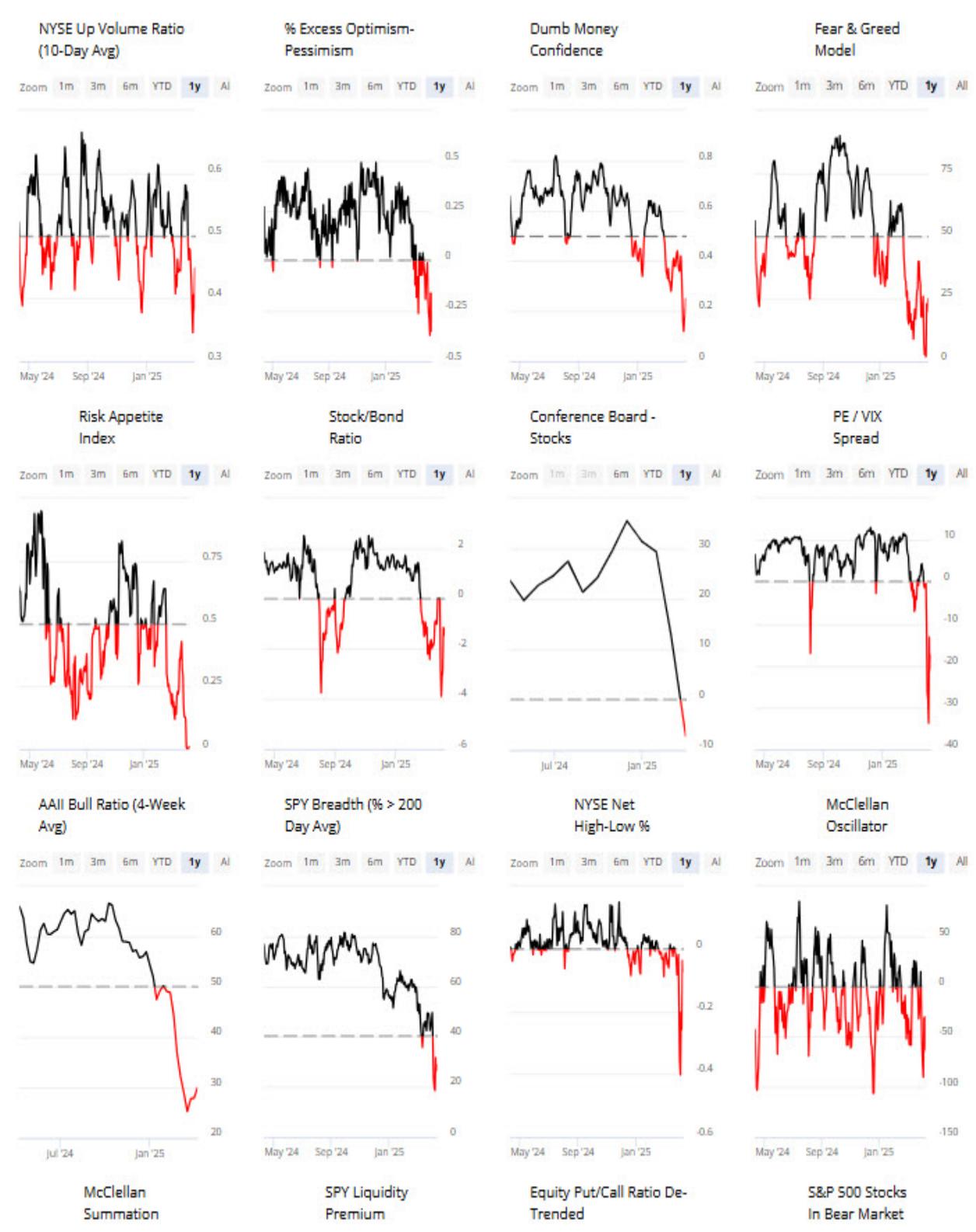
Tuesday April 15 2025			Actual	Previous	Consensus	Forecast		
06:30 AM	US	Export Prices MoM MAR		0.1%		1.1%		
06:30 AM	US	Import Prices MoM MAR		0.4%		1.9%		
06:30 AM	US	NY Empire State Manufacturing Index APR		-20				
06:30 AM	US	Export Prices YoY MAR		2.1%		3.1%		
06:30 AM	US	Import Prices YoY MAR		2.0%		3.4%		
06:55 AM	US	Redbook YoY APR/12						

Market Trading Update

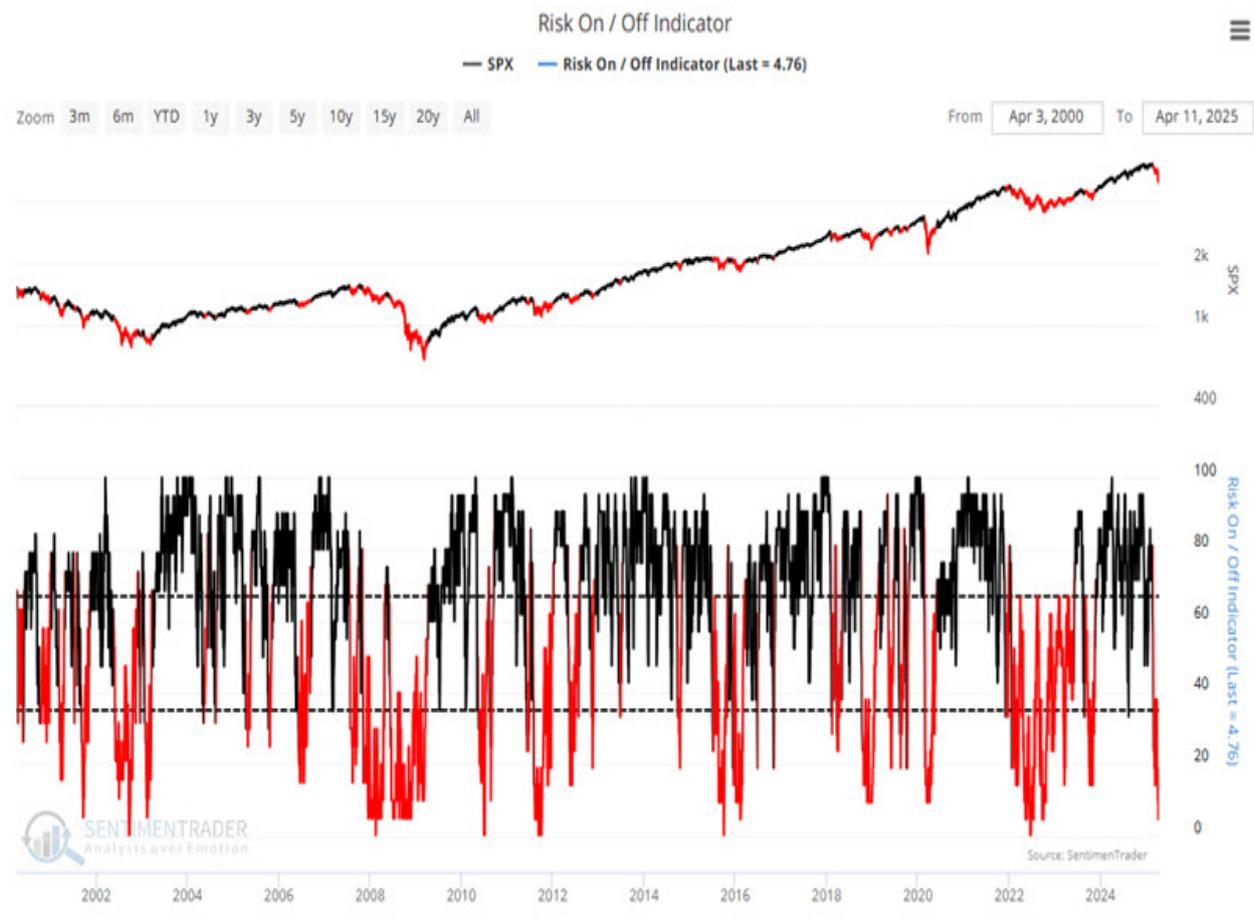
As *discussed yesterday*, the correction process is still well entrenched, so this is not the time to try to be a hero. Risk management remains the key for now, as many investors were *trapped* in the recent decline and are looking for an opportunity to exit. However, with that said, [Sentimentrader.com](#) had a great note out yesterday regarding the recent *risk-off* move in the markets.

*The Sentimentrader Risk On/Risk Off indicator combines 21 of our best measures of investor mood to objectively designate overall investor behavior as *risk on* (i.e., investors are aggressively buying) or *risk off* (i.e., investors are aggressively selling).*

Here is a sample of some of the indicators. As you will notice, all of them are trading at rather extreme *risk-off* levels.



When those 21 indicators are combined into a single indicator, it gives readings of when markets are trading at more extreme bullish or bearish levels.



As we have discussed previously, extremes in either direction generally indicate when market turns tend to occur. As Sentimentrader.com notes:

?Historically, declines in the Risk On/Risk Off indicator below 35 have been associated with volatile periods in the market involving significant declines. ?Playing defense? during these periods can, at times, help investors avoid some of the financial and psychological pain of riding significant drawdowns to the bottom fully invested. However, this indicator has gone so far to the unfavorable extreme that it might be ?so bad that it?s good.?

Historically, when indicators reach such extreme levels, most of the previous advances or declines are likely to be complete. However, it does not mean that markets can not go even further into extremes before reaching a bottom. As Sentimentrader.com concluded:

*?The good news is that ? on a standalone basis ? the signal and performance highlighted above make a compelling favorable case for stocks. The bad news is that we would never advise basing portfolio decisions on any one indicator or indicator signal. The proper message from the results above is NOT ?All clear for stocks, and happy days are here again.? **The proper message is ?Ignore the bearish noise, manage risk, and keep an open mind to the potential for better results moving forward ? but especially manage risk.?***

We agree.

The logo for SimpleVisor, featuring the brand name in white text on a blue rectangular background.

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High Volatility Bodes Well For Markets

Yes, high volatility may be a good thing. Today, that statement may be hard to fathom. Moreover, it's likely that stock returns over the coming weeks and months will be poor. However, as we share in a table courtesy of Charlie Bilello, since 1990, when volatility spikes above 50, longer-term returns have always been good. The 75 instances following the VIX spiking above 50 have consistently produced positive returns over the next 1-5 years. This bodes well for those able to shut their eyes and ignore markets. However, for the rest of us, there are risks. For example, you will see many dates below from the fall of 2008. During the Lehman bankruptcy and related financial market carnage, volatility spiked. Markets didn't set the ultimate low until March of 2009. Those that bought on the spikes above 50 faced a gut-wrenching decline, but if they held, they ultimately did well.

The point is that today's volatility will likely result in good returns, but better buying opportunities may soon emerge, producing even better returns.

Volatility Index (\$VIX) - Historical Closes Above 50 (January, 1 1990 - April 8, 2025)															
Highest VIX Closes			Forward S&P 500 Total Returns					Highest VIX Closes			Forward S&P 500 Total Returns				
Rank	Date	VIX	1-Year	2-Year	3-Year	4-Year	5-Year	Rank	Date	VIX	1-Year	2-Year	3-Year	4-Year	5-Year
1	3/16/2020	82.69	69%	84%	74%	130%	157%	39	11/10/2008	59.98	22%	39%	43%	64%	115%
2	11/20/2008	80.86	49%	67%	69%	105%	168%	40	12/5/2008	59.93	29%	46%	53%	77%	130%
3	10/27/2008	80.06	29%	46%	56%	82%	133%	41	10/31/2008	59.89	11%	29%	34%	60%	104%
4	10/24/2008	79.13	25%	42%	50%	76%	125%	42	11/13/2008	59.83	23%	38%	47%	62%	120%
5	3/18/2020	76.45	66%	90%	73%	132%	160%	43	12/9/2008	58.91	26%	45%	48%	75%	124%
6	3/17/2020	75.91	60%	78%	63%	118%	142%	44	12/8/2008	58.49	23%	41%	48%	70%	121%
7	3/12/2020	75.47	62%	75%	66%	121%	145%	45	3/13/2020	57.83	49%	59%	51%	101%	126%
8	11/19/2008	74.26	39%	56%	61%	88%	149%	46	10/8/2008	57.53	11%	24%	25%	62%	92%
9	11/21/2008	72.67	42%	54%	59%	92%	152%	47	3/30/2020	57.08	53%	82%	62%	111%	122%
10	3/19/2020	72.00	65%	91%	74%	132%	159%	48	4/1/2020	57.06	66%	89%	75%	122%	121%
11	10/17/2008	70.33	20%	30%	39%	70%	107%	49	12/15/2008	56.76	31%	49%	49%	80%	129%
12	10/29/2008	69.96	18%	33%	48%	66%	111%	50	1/20/2009	56.65	45%	66%	74%	102%	155%
13	10/10/2008	69.95	23%	36%	42%	74%	113%	51	11/7/2008	56.1	20%	36%	46%	62%	113%
14	10/22/2008	69.65	25%	38%	48%	75%	118%	52	12/11/2008	55.78	30%	49%	51%	77%	127%
15	10/15/2008	69.25	24%	36%	44%	73%	113%	53	12/10/2008	55.73	26%	44%	49%	74%	120%
16	11/17/2008	69.15	34%	45%	55%	78%	135%	54	11/28/2008	55.28	25%	38%	42%	73%	124%
17	12/1/2008	68.51	39%	55%	63%	89%	146%	55	10/14/2008	55.13	12%	23%	29%	57%	93%
18	10/23/2008	67.80	22%	37%	48%	70%	117%	56	10/13/2008	54.99	10%	23%	29%	56%	89%
19	11/18/2008	67.64	33%	46%	51%	77%	132%	57	11/26/2008	54.92	26%	40%	43%	74%	127%
20	10/16/2008	67.61	18%	31%	36%	68%	106%	58	11/5/2008	54.56	15%	35%	41%	60%	105%
21	10/28/2008	66.96	14%	32%	46%	64%	110%	59	3/9/2020	54.46	44%	57%	50%	99%	117%
22	11/12/2008	66.46	31%	47%	58%	74%	135%	60	12/12/2008	54.28	30%	48%	49%	76%	127%
23	11/14/2008	66.31	30%	41%	54%	70%	129%	61	3/11/2020	53.9	46%	60%	48%	101%	124%
24	3/20/2020	66.04	74%	100%	79%	142%	168%	62	10/7/2008	53.68	9%	22%	25%	60%	86%
25	3/27/2020	65.54	59%	86%	66%	120%	141%	63	11/3/2008	53.68	11%	30%	37%	60%	104%
26	11/24/2008	64.70	33%	47%	46%	79%	136%	64	3/31/2020	53.54	56%	84%	67%	115%	112%
27	3/25/2020	63.95	61%	88%	69%	126%	145%	65	10/21/2008	53.11	16%	29%	36%	64%	104%
28	10/9/2008	63.92	21%	34%	40%	73%	109%	66	10/20/2008	52.97	14%	25%	31%	62%	99%
29	11/6/2008	63.68	21%	42%	49%	66%	119%	67	3/2/2009	52.65	63%	94%	108%	137%	198%
30	12/4/2008	63.64	34%	51%	59%	83%	138%	68	2/23/2009	52.62	51%	85%	95%	118%	176%
31	12/2/2008	62.98	34%	51%	57%	81%	136%	69	12/16/2008	52.37	25%	42%	42%	73%	121%
32	10/30/2008	62.90	11%	30%	40%	64%	106%	70	4/8/2025	52.33					
33	3/24/2020	61.67	62%	88%	70%	127%	146%	71	10/6/2008	52.05	2%	15%	16%	51%	75%
34	3/23/2020	61.59	78%	108%	85%	149%	175%	72	1/15/2009	51	38%	60%	64%	92%	143%
35	11/11/2008	61.44	25%	41%	47%	67%	121%	73	3/3/2009	50.93	64%	96%	110%	141%	200%
36	3/26/2020	61.00	54%	78%	58%	113%	131%	74	4/2/2020	50.91	64%	86%	70%	120%	113%
37	11/25/2008	60.90	33%	45%	44%	80%	135%	75	3/5/2009	50.17	71%	102%	113%	147%	206%
38	12/3/2008	60.72	30%	47%	53%	77%	129%								
Average (\$VIX Above 50)			35%	53%	55%	88%	129%	 CREATIVE PLANNING @CharlieBilello							
Average (\$VIX Below 50)			12%	25%	39%	56%	74%								
Differential			23%	28%	15%	32%	55%								

Transports Continue To Languish

Interestingly, the sector likely to be directly impacted by tariffs the least is and continues to be the most oversold sector. As the [SimpleVisor](#) table below shows, transportation stocks have the most

oversold relative score. The scatter plot on the right shows that the sector has been "orbiting" over the last seven weeks in the lower left quadrant. This quadrant represents a situation where the absolute and relative scores are oversold.

The second graphic provides a deeper dive into the transportation sector. The sector's largest holdings are rental car/ride services, airlines, and shipping companies. While direct tariffs on these companies may be less than others, they are susceptible to slowing economic activity. These stocks may likely continue to underperform if the economy does enter a recession. However, if the economy can sustain itself as tariff deals get worked out, these stocks may be the ones to watch, as they are certainly due for a period of outperformance.



Sectors

Factors

XTN: Transportation X

Transportation Analysis - Absolute and Relative Score (vs SPY)

Symbol Name	Holding	Absolute Score ↑↓	Relative Score (vs SPY) ↓	Chart <input checked="" type="checkbox"/>
UBER Uber Technologies Inc	2.67%	-0.06	0.71	<input checked="" type="checkbox"/>
SKYW SkyWest Inc	2.74%	-0.12	0.18	<input checked="" type="checkbox"/>
KEX Kirby Corp	2.72%	-0.36	0.09	<input checked="" type="checkbox"/>
CAR Avis Budget Group Inc	3.16%	-0.21	-0.08	<input checked="" type="checkbox"/>
EXPD Expeditors International of Washington Inc	2.67%	-0.58	-0.12	<input checked="" type="checkbox"/>
CHRW C.H. Robinson Worldwide Inc	2.77%	-0.57	-0.31	<input checked="" type="checkbox"/>
NSC Norfolk Southern Corp	2.67%	-0.59	-0.39	<input checked="" type="checkbox"/>
LUV Southwest Airlines Co	2.91%	-0.36	-0.43	<input checked="" type="checkbox"/>
LYFT Lyft Inc Class A	2.66%	-0.61	-0.54	<input checked="" type="checkbox"/>
RXO RXO Inc	2.75%	-0.70	-0.76	<input checked="" type="checkbox"/>

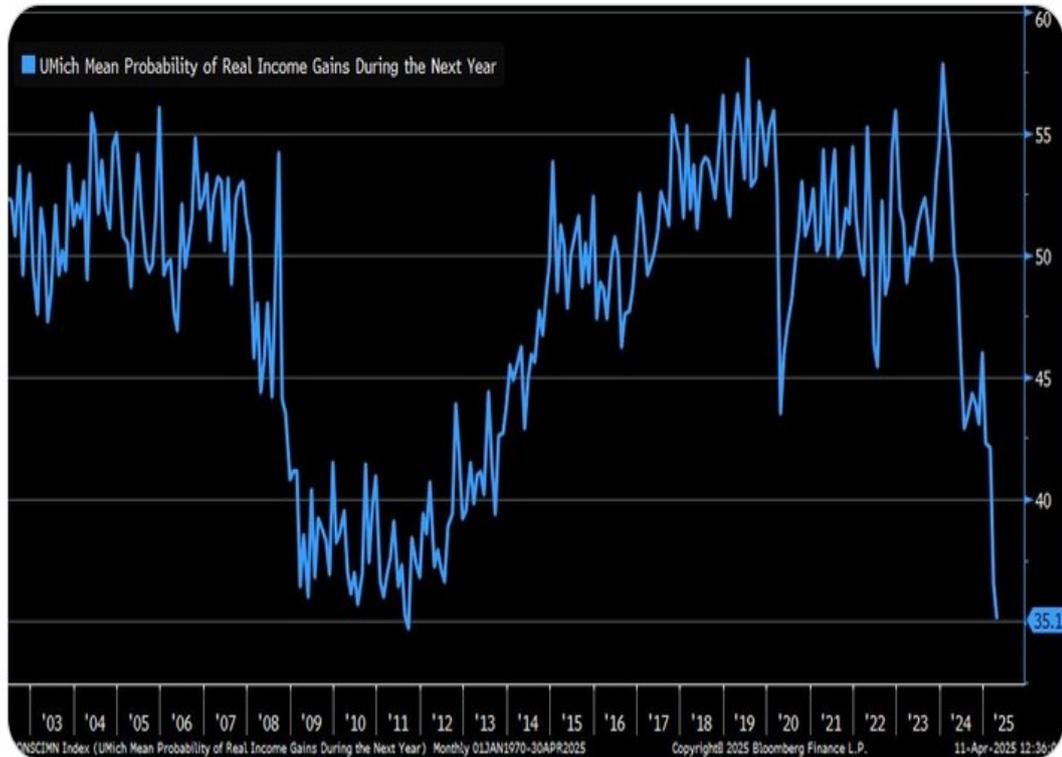
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Liz Ann Sonders  @LizAnnSonders · 55s



Per @UMich, only 35% of consumers expect to see real income gains in next year ... only other month with a lower percentage was September 2011



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