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# Friday's Bank Stocks: Share prices stumble with Q1 earnings waiting on the other side of the weekend

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With the first week of first-quarter earnings results looming on the other side of the weekend, bank stocks took a tumble Friday, April 12, as two major lenders got ahead of the pack with their results for the quarter only to see their stock prices slide.

At the closing bell, the SNL U.S. Bank Index was down 0.76% to 320.49, and the SNL U.S. Thrift Index decreased 1.13% to 591.30.

Broader markets also ended the week on a sour note, with the NASDAQ Composite Index falling 0.16% to 3,294.95, and the S&P 500 losing 0.28% to 1,588.85. The Dow Jones Industrial Average avoided a loss by holding steady on the day at 14,865.06, recovering from a midday loss.

[Wells Fargo & Co.](#) was down 0.80% to \$37.21 after [posting](#) a \$5.2 billion profit for 2013's first quarter. Speaking with analysts on the conference call, Chairman and CEO John Stumpf [said](#) that the political fervor around regulation of too-big-to-fail banks has veered in the wrong direction.

Also reporting its first-quarter results was [JPMorgan Chase & Co.](#), shares in which fell 0.61% to \$49.01 after reporting \$6.53 billion in net income for the first quarter in addition to CFO Marianne Lake [telling](#) analysts that the bank does not foresee making any more organizational changes in the wake of the Senate hearings over the "London Whale" trading debacle.

The other two large-caps also ended the day in the red, with [Bank of America Corp.](#) falling 0.81% to \$12.17, and [Citigroup Inc.](#) shrinking by 0.20% to \$44.78.

And the results appear symptomatic of what is to come going into next week's crowded schedule for bank earnings reports.

"Bank stocks have enjoyed a nice 18 and a half month rally," Jon Winick, president of Clark Street Capital, told SNL, "but a lot of the favorable tailwinds they have been sailing on are starting to die out."

Pointing to a loan growth environment that was artificially boosted by the fiscal cliff crisis, a mortgage boom that has run its course, and a troubling trend of continuing margin compression, Winick sees investors looking to other sectors for value, signaling an end to the rally on banks.

"These banks releasing earnings are mostly strong and healthy, but investors are ready for the next thing," said Winick, "which is understandable considering the free-falling margin compression and limited top-line growth."

The proposed [merger](#) between Buffalo, N.Y.-based [M&T Bank Corp.](#) and Paramus, N.J.-based [Hudson City Bancorp Inc.](#) is being [held up](#) by a longer regulatory approval process that was originally expected at the time the deal was [announced](#) in August 2012. Shares in M&T Bank were down 4.46% to \$100.24, and shares in Hudson City fell 5.47% to \$8.29.

One bank that stood out in Friday's sea of red results was Tacoma, Wash.-based [Columbia Banking System Inc.](#), which saw its shares jump 1.27% to \$21.53. Columbia is set to release its first-quarter results April 24.

In the world of thrifts, Cleveland-based [TFS Financial Corp. \(MHC\)](#) declined 1.78% to \$10.48 while Vernon Rockville, Conn.-based [Rockville Financial Inc.](#) climbed 1.34% to \$12.87.

*Market prices and index values are current as of the time of publication and are subject to change.*