In wake of Trump election victory

US banks report massive fourth quarter profits

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Profits for the two largest US banks by assets surged in the fourth quarter, reflecting a rise in trading activity following the election victory of Donald Trump.

JPMorgan Chase profits increased 24 percent to $6.7 billion, while the bank's revenue rose two percent to $24.3 billion, according to the quarterly earnings report released by the bank on Friday. The bank reported its best-ever fourth quarter trading business. It net income jumped 96 percent from a year earlier.

Bank of America's fourth quarter profit shot up by 42 percent to $4.7 billion. The second largest US bank's revenue climbed 2.1 percent to $20 billion, the result of a gain in interest income and loan growth.

Earnings for the country's fourth largest bank by assets, Wells Fargo, fell 5.4 percent to $5.3 billion and revenue remained flat in the wake of a scandal over the bank's practice of opening unauthorized customer accounts in order to meet aggressive sales targets.

Combined 2016 profits for Bank of America, JPMorgan Chase and Wells Fargo totaled $64.6 billion, some two percent higher than in 2015.

Overall, share prices and profits of the big Wall Street banks are soaring, fueled by expectations of sharply higher profits under a new administration pledged to dismantle the 2010 Dodd-Frank bank regulatory overhaul and remove virtually all regulations restricting speculative activity and protecting investors and the general public from Wall Street fraud.

The incoming Trump administration is also promising to sharply cut corporate taxes and personal income taxes for the wealthy. Its key economic posts are filled with Wall Street insiders, including Goldman Sachs alums named to at least five top positions. These include Steven Mnuchin as treasury secretary, Gary Cohn as director of the National Economic Council, and longtime Goldman lawyer Jay Clayton to head the Securities and Exchange Commission.

US financial stocks have been on a tear since the November 8 election, with total gains for the 63 largest groups hitting $459 billion. The financial sector has headed up a general surge in stock prices, with the Dow Jones Industrial Average increasing 8.9 percent since Election Day and nearing the 20,000 mark. The US stock market is now valued at $26 trillion, the highest in history.

The Dodd-Frank law is a largely token measure that has done virtually nothing to rein in the type of speculative and fraudulent activity that led to the 2008 Wall Street crash. Nevertheless, the big US banks have denounced it and lobbied against provisions that require them to maintain a bigger capital reserve and others that minimally restrict their ability to gamble with depositors' money.

And while the Obama administration worked systematically to bail out the banks and make the financial oligarchy richer than ever, shielding the architects of the Great Recession from criminal prosecution, it did impose fines for some of the banks' grossest swindles, including the sale of worthless subprime mortgage-backed securities, the rigging of key global interest rates such as the London Interbank Offered Rate (Libor), drug money laundering, illegal home foreclosures and other illicit activities.

Now the banks are confident they will not even face such token reprimands for their reckless and often criminal pursuit of super-profits.

Trump is also expected to offer massive tax breaks to companies that invest in government-sponsored infrastructure projects. A spurt in growth and an anticipated rise in interest rates promise to increase the opportunities for the banks to realize higher returns.

This Trump boom will make the inevitable bursting of the stock bubble that much more violent. The fundamentals of the European, East Asian and American economies remain weak, with very low rates of reinvestment.

The massive profits reported by the American banks contrast sharply with the situation in Europe. The total profits of the three largest US banks for 2016, $65 billion, exceeds the combined market value of Deutsche Bank and Credit Suisse, two of the largest European banks.

This reflects a sharp decline in the position of European banks relative to their US rivals in the aftermath of the 2008 crisis. Share prices for major European banks such as the Royal Bank of Scotland, Deutsche Bank, Barclays and UniCredit are below their pre-2008 levels.