

I haven't looked closely at the US banks, but for general background I listened to a replay of the JP Morgan quarterly call this morning. I had an underlying sense that margins had held up reasonably well, but it really jumped off the page the extent reduced interest expense has aided this dynamic. The numbers highlighted (to me at least) how much of a beneficiary the US banks have been from the current monetary policy settings. The JP Morgan numbers follow (sourced from Capital IQ data base). I have also included Bank of America, Wells Fargo and Citigroup to give a broader sense. I suspect this dynamic explains why for the past few quarters the market seems so focussed on industry top line and volume growth and is seemingly looking through the earnings detail; the key issue is confirmation of volumes holding up as the support is reduced.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
JPM													
Net Interest Margin %	2.0	2.2	1.9	2.0	2.2	2.2	2.3	2.2	2.2	2.4	2.9	3.1	3.1
Total Interest Income	34,930	31,207	36,643	32,181	25,936	24,044	30,460	45,075	59,107	71,387	73,018	66,350	63,782
Total Interest Expense	25,083	20,922	27,131	21,379	13,758	11,079	13,933	25,520	37,865	44,981	34,239	15,198	12,781
BAC													
Net Interest Margin %	3.7	3.5	3.2	3.7	3.8	3.3	3.2	2.8	2.8	2.6	3.0	2.6	2.8
Total Interest Income	38,588	37,213	43,165	38,293	32,054	31,172	42,953	58,626	78,585	87,304	85,684	77,916	75,497
Total Interest Expense	20,290	19,086	24,816	18,003	11,131	10,667	14,993	27,889	43,991	52,863	40,324	30,807	23,974
WFC													
Net Interest Margin %	5.6	5.5	5.2	5.3	5.5	5.1	4.9	4.9	4.8	4.7	4.8	4.3	4.3
Total Interest Income	15,455	15,934	18,199	18,717	18,459	19,418	20,967	25,962	32,239	35,177	34,898	56,274	52,796
Total Interest Expense	5,782	5,818	7,860	6,741	3,977	3,411	3,817	7,458	12,288	14,203	9,755	9,950	8,039
Citigroup													
Net Interest Margin %	3.6	4.1	3.7	4.1	4.4	3.9	3.6	3.1	2.6	2.4	3.1	3.1	3.2
Total Interest Income	54,536	54,989	62,749	64,484	58,939	54,514	63,621	75,922	93,611	121,347	106,499	76,635	79,516
Total Interest Expense	30,692	28,674	36,459	31,793	21,248	17,184	22,004	36,676	55,683	75,958	52,750	27,721	24,864