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 4:02p Dow industrials rise 218.12 points to 13,177.83

**Commentary** [play] [up] [down]

**DAVID WEIDNER**  
**Bank investors need to relax**  
 Another round of stress tests usually means another case of investor hysteria, but it looks like shareholders may finally be coming around.



March 13, 2012 4:05 PM EDT

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DOW	+217.97	NASDAQ	+56.22	S&P 500	+24.87
13,177.68	+1.68%	3,039.88	+1.88%	1,395.96	+1.81%

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 March 13, 2012, 3:50 p.m. EDT

# Bank stocks surge after J.P. Morgan ups dividend

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By Wallace Witkowski and Greg Morcroft, MarketWatch

SAN FRANCISCO (MarketWatch) — U.S. bank stocks surged Tuesday, adding to gains after J.P. Morgan Chase & Co. said it was hiking its dividend with the Federal Reserve's blessing.

Shares of J.P. Morgan Chase & Co. **JPM -0.06%** jumped 7% after the Dow Jones Industrial Average **DJIA +1.68%** component said it was raising its quarterly dividend 5 cents to 30 cents a share after the Fed did not object to the move. J.P. Morgan also said it authorized a \$15 billion stock buyback program. [Read more on J.P. Morgan.](#)



The Fed rescheduled the release of results of its most recent bank stress test to late Tuesday. [Read blog on what J.P. Morgan hike means for other banks.](#)

Shares of Citigroup Inc. **C -0.25%** also jumped, rising 6.2% in recent activity. Bank of America Corp. **BAC +0.47%**, another Dow component, also saw shares up 5.4%.

All other banks traded higher with Goldman Sachs Group Inc. **GS +0.23%** up 6.1%, Morgan Stanley **MS +0.16%** rising 4%, KeyCorp **KEY +4.69%** up 5.2%, Zions Bancorp **ZION -0.64%** up 4.6%, and Wells Fargo & Co. **WFC +0.36%** trading up 5.1%.

In the broader market, the Financial Select Sector SPDR ETF **XLF +0.20%**, which tracks financial stocks in the S&P 500 **SPX +1.81%**, added 3.6%. The KBW Bank Index **BKX +4.58%**, which tracks the 24 leading U.S. banks, rose 4.5%.

In other Dow Jones Industrial Average **DJIA +1.68%** components, American Express Co. **AXP -0.91%** traded 2.5% higher, and shares of Travelers Cos. Inc. **TRV -0.02%** rose 1.3%.

Financial stocks were little changed earlier after the Fed said it would keep interest rates low and downplayed the strength of recent economic data. [Read more on Fed announcement.](#)

In economic news, the Commerce Department said retail sales rose a seasonally adjusted 1.1% to \$407.8 billion last month, with January's retail sales revised higher to show a 0.6% advance instead of the 0.4% initially

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reported. December sales also were upwardly revised to show a 0.3% gain instead of a previously reported flat performance. [Read MarketWatch coverage of U.S. retail sales](#)

In other news, the Federal Reserve is fighting a subpoena for Fed Chairman Ben Bernanke to testify in a civil lawsuit

challenging Bank of America's takeover of Merrill Lynch & Co in 2008, according to a report in the Wall Street Journal.

The lawsuit alleges that Bank of America and its former chief executive Kenneth Lewis deceived shareholders about a looming multi-billion loss at Merrill so that Bank of America shareholders would approve the takeover. The government provided a \$20 billion bailout to Bank of America after the deal was completed and the loss announced. Shareholder lawyers want to ask Bernanke about conversations he held with Lewis prior to the closing of the transaction in January 2009.

In the private-equity sector, Carlyle Group took on almost \$400 million in fresh debt nine months before filing for an IPO, in order to make a payout to the firm's owners, according to a Tuesday report from Bloomberg News.

The report said that the firm borrowed \$500 million from Abu Dhabi's Mubadala Development Co. in December 2010 and said it would use the money to expand its business.

Instead, the report said, almost 80% of the money went to owners including William Conway, Daniel D'Aniello and David Rubenstein.

The report also said that the firm filed papers last week revealing that it had arranged bank credit giving it the option of distributing another \$400 million ahead of its planned IPO.

The report concluded that the arrangements leave Carlyle's future shareholders saddled with the debt. The report further added that because the payouts were funded with debt, Carlyle founders can avoid paying taxes immediately, instead deferring them until the debt is retired.

Calls to Carlyle seeking comment on the Bloomberg article were not immediately returned. ■

*Wallace Witkowski is a MarketWatch news editor in San Francisco.  
Greg Morcroft is MarketWatch's financial editor in New York.*

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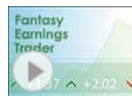


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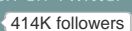
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