



TRADING NATION | VIDEOS | TRADER BIOS | COMMENTARY

MENU

Market just as dangerous as late 1990s, and bank stocks could 'come crashing down,' analyst Dick Bove warns



Stephanie Landsman | @stephlandsman

Published 7:53 AM ET Tue, 10 Oct 2017 | Updated 7:59 AM ET Tue, 10 Oct 2017

Just Watched...

A close look at bank earnings with analyst Dick Bove

Share this video



https://www.cnbc.com/video/2017/10/09/a-close-look-at-bank-earnings-with-analyst-dick-bove.html

...

One of Wall Street's most vocal bank analysts is troubled by the rally in financials.



The Vertical Group's Richard Bove warns that the overall market is just as dangerous as the late 1990s, and he cites momentum — not fundamentals — as what's driving bank stocks to all-time highs.

"If we don't get some event in the economy or in politics or in somewhere that is going to create more loan volume and better margins for the banks, then yes, they would come crashing down," Bove said Monday on CNBC's "Trading Nation." "I think that the risk in these stocks is very high at the present time."

Bove's latest thoughts come just days before bank earnings season begins. JPMorgan Chase and Citigroup kick it off on Thursday when they report third-quarter numbers. Bank of America and Wells Fargo results are scheduled for Friday.

The big banks index, the SPDR S&P Bank ETF, has surged 12 percent in just the last four weeks.

Bove argues the rally isn't justified by the latest numbers.

"If you go through the different products that the banks sell, just about every one of them are flat to lower in growth than they've been for at least a couple of years," he said.

Despite his qualms, Bove is keeping his buy ratings on several of the largest banks — JPMorgan Chase, Bank of America, Citigroup, PNC Financial and First Republic. He advises investors to Wells Fargo and hold Goldman Sachs.

He predicts the newest results for financial firms will likely be "mediocre" at best. CEO comments on benefits of potential tax cuts out

TRADING NATION



S&P 500 posts first 3-day losing streak since August

U.S. equities closed lower on Tuesday as a rebound in tech stocks failed to lift the broader market higher.



Banks just passed a key level and it could signal more gains to come

Bank stocks have been breaking out, and one chart-minded analyst sees more room to run.



North Korea could threaten China's market rally, warns Stephen Roach

China's market rally becomes more vulnerable as North Korea advances its nuclear program, according to Yale University's Stephen Roach.



A big week for US data may clash with bullish market sentiment

The non-manufacturing report is set to come out days ahead of the closely watched US employment situation report.

MORE FROM TRADING NATION

Energy and financials are on the verge of crossing key levels. Here's what it means

Dow rises to record but rest of market rolls over on tech woes

Amazon's amazing run is headed for trouble, technical strategist says

With tax reform done, Wall Street bull Jeremy Siegel thinks Dow 25K is just around the corner

The dollar took a dive on Friday, but it could catch a bid next week

Stocks close lower after Michael Flynn report sends Wall Street on wild ride

Brief dip aside, history suggests that big gains are in store for the market in December

Transport stocks are on fire this week, and may be set for more gains

Dow stock Caterpillar and two others could propel the index to 25,000

Apple is in for a 10% year-end rally, charts suggest

VIDEOS >

Emerging markets are still a solid choice for investors, despite sell-off



Bove's conundrum? He said there's no indication when a deep sell-off could happen.

"I think you just have to go with the flow at the moment," Bove said. "The outlook again from the fundamental standpoint is not exciting, not positive, but the market doesn't care."

Are you bearish on bank stocks?

- Yes
- No
- Undecided

VOTE [Vote to see results](#)



The full interview with Dick Bove ahead of big bank earnings

2:19 PM ET Tue, 10 Oct 2017 | 07:01

[Disclaimer](#)



Stephan Lindsman
Producer, CNBC's "Fast Money"

RELATED SECURITIES

Symbol	Price	Change	%Change
PNC	142.43	▼ -1.41	-0.98%
JPM	105.72	▼ -1.23	-1.15%
C	76.54	▼ -0.56	-0.73%
WFC	58.55	▲ 1.16	2.02%
BAC	28.93	▼ -0.13	-0.45%



investors. And it's more than just a story about China.



What historically low sector correlation means for the market

Mandy Xu of Credit Suisse discusses sector correlations and the broader market with Brian Sullivan.



S&P sector correlations near all-time lows

Mandy Xu of Credit Suisse discusses sector correlations and volatility in the equity market with Brian Sullivan.

TRADER BIOS >

Stacey Gilbert

Stacey Gilbert

Stacey Gilbert is the head of derivative strategy at Susquehanna.



Lawrence McDonald

Managing Director, ACG Analytics

Rich Ross

Rich Ross

Managing Director, Head of Technical Analysis, Evercore ISI