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Tuesday's Bank Stocks: Banks retreat amid economic data

By [Lindsey White](#)

Bank stocks fell further than the broader markets Tuesday, Sept. 14, giving back some of the previous day's [gain](#) amid new data on retail sales.

The SNL Bank Index fell 1.43% to 262.50, and the SNL Thrift Index dropped 1.15% to 542.66. In the broader markets, the Dow Jones Industrial Average slumped 0.17% to 10,526.49, and the S&P 500 dipped 0.07% to 1,121.10, while the NASDAQ Composite Index closed the day higher, edging up 0.18% to 2,289.77.

In economic news Tuesday, the U.S. Commerce Department's retail sales data for August 2010 showed that retail sales rose 0.4% for the month, slightly better than private sector expectations.

Commerce Secretary Gary Locke said in a statement that the two consecutive monthly increases in retail sales in July and August pointed to economic recovery. "While these data show that consumers are spending, the administration recognizes that Americans are still struggling," Locke said.

Donald Musso, president of FinPro Inc., said the positive retail figures did not have a significant impact on bank and thrift stocks. "For every piece of good news, there are three or four pieces of bad news," he told SNL Financial.

Recent media reports suggest that the Obama administration may appoint the head of the newly formed Consumer Financial Protection Bureau as early as this week. Harvard Law School reportedly hired a replacement for Elizabeth Warren, chair of the Congressional Oversight Panel, driving speculation that she could take over the consumer protection agency.

Musso said uncertainty about what the agency will look like and what costs will be involved will continue to contribute to volatility, particularly in community bank stocks, for up to a year and a half.

On the other hand, Musso said markets have reacted positively to new Basel III [requirements](#). "I think the market perception of Basel III is generally positive. It doesn't seem that it's going to have a big impact on U.S. banks," Musso said.

Large-cap bank stocks were mostly down, with 48 of the 50 largest bank and thrift stocks posting losses at the closing bell.

[BB&T Corp.](#) fell 3.86% to \$23.43. Chairman and CEO Kelly King [said](#) in a presentation that bank customers are plagued by "huge uncertainty" that is crimping loan demand, a development that could leave banks in a slow-growth environment for a couple of years.

[PNC Financial Services Group Inc.](#) shares dropped 1.88% to \$55.28. Chairman and CEO James Rohr said Tuesday morning that the company is [well-positioned](#) to meet the new Basel capital requirements.

[Marshall & Ilsley Corp.](#) shares decreased 2.89% to \$7.06. Executives said in a [presentation](#) Tuesday that the company's capital levels appear to meet Basel standards, but called regulatory capital requirements a "wild card."

Gainers included [SunTrust Banks Inc.](#), which rose 2.37% to \$25.91, and [Popular Inc.](#), up 1.72% to trade at \$2.95.

Among thrifts, Shares of Burr Ridge, Ill.-based [BankFinancial Corp.](#) lost 1.09% to trade at \$9.11 on the first trading day after the company [announced](#) that it has agreed to acquire Downers Grove, Ill.-based [DG Bancorp Inc.](#)

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

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