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DJIA Futures **25341** 0.56% ▲Stoxx 600 **362.29** 0.83% ▲U.S. 10 Yr **-4/32 Yield** 3.171% ▼Crude Oil **71.26** -0.72% ▼Euro **1.1588** 0.08% ▲

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<https://www.wsj.com/articles/morgan-stanley-profit-rises-1539687727>

## MARKETS

# Morgan Stanley Profit Rises 20%

Wall Street firm reports revenue gains across its major business units



Morgan Stanley and Wall Street rival Goldman Sachs both report their third-quarter results on Tuesday. PHOTO: BESS ADLER/BLOOMBERG NEWS

By *Liz Hoffman*

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Morgan Stanley **MS 0.09%** ▲ said Tuesday its third-quarter profit rose 20%, as the Wall Street firm started the final day of a big-bank earnings season that reflected the strength of the economy in the face of geopolitical turmoil.

The firm, run by Chief Executive and Chairman James Gorman, reported profit of \$2.15 billion on \$9.87 billion in revenue, both better than a year ago. Earnings per share of \$1.17 exceeded the expectations of analysts polled by Refinitiv, who predicted \$1.01 per share.

Most of the big U.S. banks to report quarterly earnings so far have bested expectations. Goldman Sachs Group Inc. reports later this morning.

Gains came from across the firm, as wealth management continued to rake in client money, the Wall Street businesses of trading and investment banking held up, and Mr. Gorman kept a lid on expenses.

Morgan Stanley is in the late innings of a multiyear turnaround under Mr. Gorman, a matter-of-fact Australian who spent a decade as a McKinsey & Co. consultant before coming to Wall Street. He has pared its freewheeling trading and principal-investing operations—responsible for billions of dollars in crisis-era losses—and doubled down on wealth management.

The retail brokerage, which manages money for about 3.5 million U.S. households, posted revenue in the quarter of \$4.4 billion, up 4% from a year ago. Its assets under management climbed to \$2.5 trillion, a record closing in on Bank of America Corp.'s Merrill Lynch unit.

Morgan Stanley's Wall Street businesses held up well despite the seasonal late-summer lull. Trading revenue rose 8% from a year earlier to \$3.1 billion, driven by equities, where Morgan Stanley is Wall Street's leader.

Investment banking revenues were 15% higher, driven mostly by stock underwriting, which offset a decline in merger fees.

Those trading and investment businesses—which Mr. Gorman calls the “engine” to the firm’s “ballast,” the steadier retail brokerage—were united earlier this year under executive Ted Pick, who is widely considered a leading contender to replace Mr. Gorman.

The firm’s smaller asset-management arm, which oversees about \$471 billion in client money across mutual funds, real estate and other investments, posted revenue of \$653 million, down slightly from a year ago.

The firm’s outstanding corporate loans and commitments fell slightly. While Morgan Stanley isn’t a giant Main Street lender like JPMorgan Chase & Co. or Bank of America Corp., it has been trying to grow loans and deposits, and a joint venture with Japan’s Mitsubishi UFJ Financial Group gives Morgan Stanley deeper lending pockets.

Morgan Stanley’s shares were flat in premarket trading. Its shares are down more than 17% this year, worse than any other big U.S. bank.

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