



# Morgan Stanley and Bank of America Beat Earnings Estimates, the Dow Jones Soars to Record High Amid Optimism Over Potential Rate Cuts.

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The U.S. and European stock markets closed with mixed results. On Wall Street, Tuesday's Dow Jones Industrial Average soared to new heights, closing just shy of 41,000 at 40,954.48 points. The surge was driven by optimism over potential interest rate cuts, sparking a broader rally beyond the technology sector.

The Dow Jones jumped 742.76 points, setting a new record; meanwhile, the S&P 500 and Nasdaq increased marginally.

Today, Morgan Stanley and Bank of America reported solid 2Q24 earnings that surpassed expectations, joining JP Morgan Chase, Citigroup, Wells Fargo, and Goldman Sachs as all the top six US banks in the Birling Capita US Bank Index have delivered outstanding results.

In global markets, Asia showed mixed results, while Europe experienced declines. The U.S. dollar strengthened against major currencies. WTI oil prices fell due to China's demand concerns in the commodities market, while gold prices increased.

Retail sales exceeded expectations: June retail sales remained flat compared to May, defying forecasts of a 0.2% decline. May retail sales were revised upward to a 0.3% increase from April. Auto sales were down as anticipated due to a cyberattack that disrupted many dealerships. This resilience in consumer spending supports continued economic growth, albeit likely at a slower pace than the above-trend growth seen in late 2023.

Bond yields declined further, with the 10-year Treasury yield closing at 4.17%, as the bond market is anticipating two Federal Reserve interest-rate cuts this year, with nearly a 60% chance of a third cut in December. Recent statements from Fed officials suggest that the risks to achieving inflation and employment goals are becoming more balanced, indicating that rate cuts may soon be appropriate. Ongoing moderation of core PCE toward the 2% target will keep the Fed on track to reduce rates, potentially in September and December of this year.

## GDPNow Update:

- The latest GDPNow for 2Q24, reported on July 16, rose to 2.50%, up from 2.0%, increasing 20.0%.

## Corporate Earnings Parade:

- **Morgan Stanley (MS):** Reported 2Q24 revenues of \$15.019 billion, increasing 11.60%, net income of \$3.1 billion, rising 40.97%, and earnings-per-share of \$1.82, beating expectations—the stock price objective of \$100.54 was surpassed today by heavy trading. The Stock Closed at \$106.18, up \$0.90.
- **Bank of America (BAC):** Reported 2Q24 revenues of \$25.4 billion, increasing 1%, net income of \$6.9 billion, decreasing 7%, and earnings-per-share of \$0.88, beating expectations—the stock price objective of \$42.24 was surpassed today by heavy trading. The Stock Closed at \$44.13, up \$2.24.

## Key Economic Data:

- **U.S. Retail and Food Services Sales MoM** is at -0.02%, compared to 0.26% last month.
- **N.Y. Fed Business Leaders Survey Current Business Activity:** is currently at -4.50, up from -4.70 last month.
- **U.S. Export Prices YoY:** rose to 0.68%, compared to 0.54% last month.
- **U.S. Import Prices YoY:** rose to 1.58%, compared to 1.36% last month.
- **U.S. Wholesalers Inventories MoM:** rose to 0.60%, compared to 0.21% last month.
- **U.S. Business Inventories MoM:** rose to 0.48%, compared to 0.34% last month.
- **NAHB/Wells Fargo US Housing Market Index:** fell to 42.00, down from 43.00 last month, decreasing -2.33%.
- **Canada Consumer Price Index YoY:** fell to 2.67%, compared to 2.87% last month.
- **Canada Inflation Rate:** fell to 2.67%, compared to 2.87% last month.
- **ZEW Indicator of Economic Sentiment for Germany:** It fell to 41.80, down from 47.50 last month and decreasing -12.00%.

## Eurozone Summary:

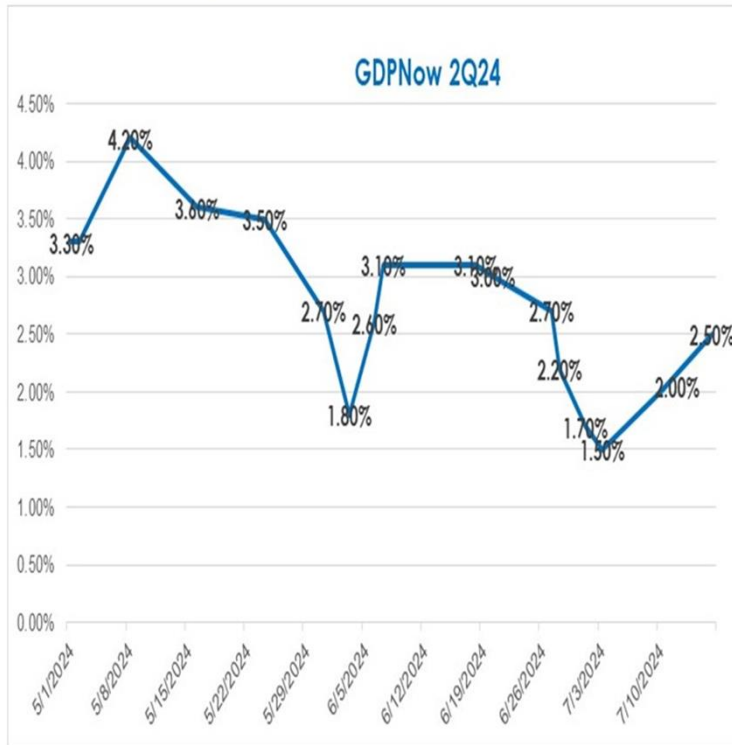
- **Stoxx 600:** Closed at 517.30, down 1.43 points or 0.28%.
- **FTSE 100:** Closed at 8,164.90, down 18.06 points or 0.22%.
- **DAX Index:** Closed at 18,518.03, down 72.86 points or 0.39%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 40,954.48, up 742.76 points or 1.85%.
- **S&P500:** closed at 5,667.20, up 35.98 points or 0.64%.
- **Nasdaq Composite:** closed at 18,509.34, up 36.77 points or 0.20%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,594.81, up 87.10 points or 2.48%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,417.53, up 88.25 points or 1.66%.
- **U.S. Treasury 10-year note:** closed at 4.17%.
- **U.S. Treasury 2-year note:** closed at 4.43%.

# GDPNow

The latest GDPNow for 2Q24, reported on July 16, rose to 2.50%, up from 2.0%, increasing 20.0%.



Date	GDPNow 2Q24	Change
4/26/2024	3.90%	Initial Forecast
5/1/2024	3.30%	-18.18%
5/2/2024	3.30%	0.00%
5/8/2024	4.20%	27.27%
5/16/2024	3.60%	-14.29%
5/24/2024	3.50%	-2.78%
5/31/2024	2.70%	-22.86%
6/3/2024	1.80%	-50.00%
6/6/2024	2.60%	30.77%
6/7/2024	3.10%	16.13%
6/18/2024	3.10%	0.00%
6/20/2024	3.00%	-3.33%
6/27/2024	2.70%	-11.11%
6/28/2024	2.20%	-22.73%
7/1/2024	1.70%	-29.41%
7/3/2024	1.50%	-13.33%
7/10/2024	2.00%	25.00%
7/16/2024	2.50%	20.00%



# Citigroup, Goldman Sachs, Bank of America, JP Morgan Chase, Wells Fargo, & Morgan Stanley YTD Returns as of 7.16.24

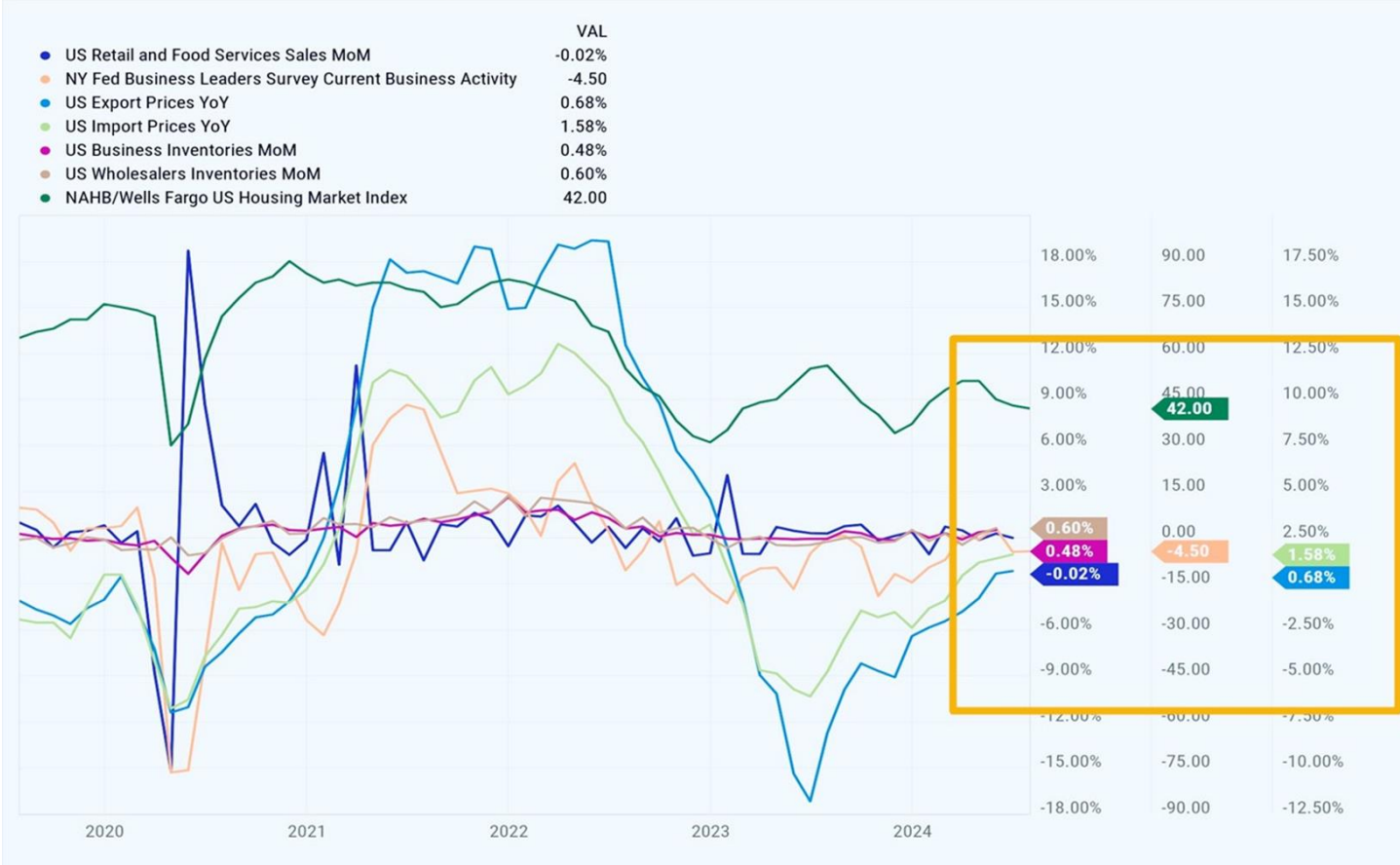
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	VAL
Bank of America Corp Price % Change	31.07%
The Goldman Sachs Group Inc Price % Change	30.49%
Citigroup Inc Price % Change	30.79%
JPMorgan Chase & Co Price % Change	25.57%
Wells Fargo & Co Price % Change	22.41%
Morgan Stanley Price % Change	13.84%





# US Retail Sales & Food Service, NY Fed Business Leaders Survey, US Export Prices, US Import Prices, US Business Inventories, US Wholesalers Inventories & NAHB/Wells Fargo US Housing Market Index

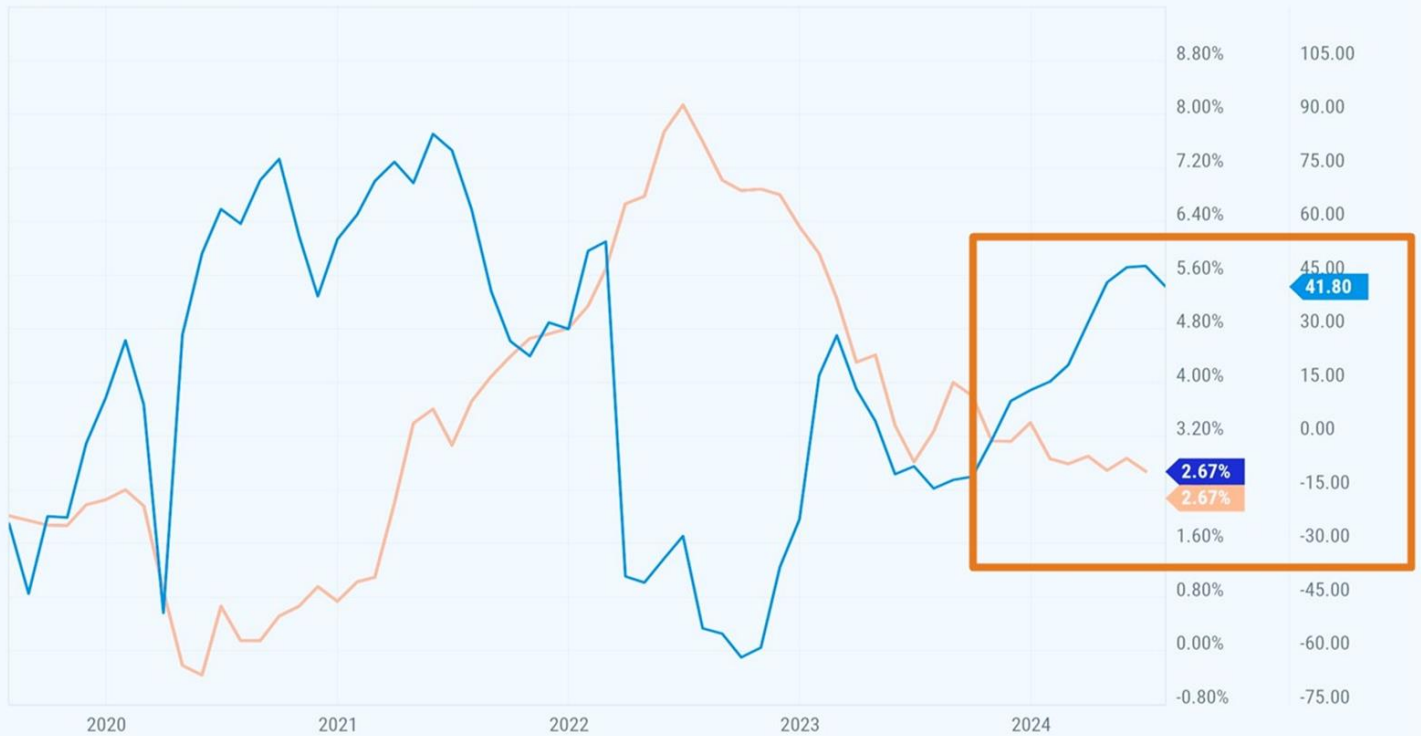




# Canada CPI, Canada Inflation Rate & ZEW Indicator of Economic Sentiment for Germany

- Canada Consumer Price Index YoY VAL 2.67%
- Canada Inflation Rate 2.67%
- ZEW Indicator of Economic Sentiment for Germany 41.80

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# Wall Street Recap

## July 16, 2024

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