Goldman Sachs, Citigroup and Wells Fargo beat estimates, but stocks end flat as memory chips slide

October 13, 2026

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The U.S. and European stock markets went nowhere on Tuesday. Good bank results could not lift Wall Street, and Europe slipped by no more than 0.10% on any of the three indexes we follow. The S&P 500 finished 0.02% lower at 7,805.45. The Nasdaq Composite lost 0.15% to 27,204.38, and the Dow Jones Industrial Average fell 0.35% to 51,670.10. The Dow's day was the telling one. It was up more than 460 points at its best, then handed back all of it and more. Our read is that after a strong run into earnings season, "good" is no longer good enough. A sharp selloff in South Korean stocks added pressure on the technology side.

U.S. Markets

Wall Street spent the day trying to rise and failing. The Dow's reversal from a 460-point gain to a loss of 180.45 points, or 0.35%, captured the mood. The S&P 500 ended almost where it started, down 0.02% at 7,805.45. The Nasdaq Composite fell 0.15% to 27,204.38, held back by chip stocks.

The bank results explain why. By most measures the numbers were fine, and in some cases strong, but the stocks fell anyway because investors had already priced in strength. JPMorgan Chase fell short of forecasts for revenue and earnings, yet it raised its 2026 net interest income outlook, and its shares gave up 0.9%. Wells Fargo dropped 3% after a mixed report. Goldman Sachs beat on revenue and still slipped 0.2%. UnitedHealth, which topped estimates, also slipped 0.2%. We read this as a market that will pay for surprises, not for results that merely meet a high bar. With analysts expecting S&P 500 profits to have grown by nearly 30% from a year ago, according to FactSet, that bar stays high for the weeks ahead.

The sharper damage was in memory chips, and it started in Asia. South Korea's Kospi index fell 5.5% overnight to its lowest close since July 31, as investors questioned how much they should pay for memory makers and watched China close the gap. CXMT, the Chinese producer, said this week it plans a more powerful chip by year-end. That reached the U.S. session. Micron Technology fell more than 3%, as did the Roundhill Memory ETF (DRAM). SK hynix lost 3%, Western Digital 1.6%, Seagate Technology almost 1% and Sandisk 0.3%. Chip stocks have been a leader in this rally, so a pullback there matters more to the Nasdaq than the size of the moves suggests.

European Markets

European stocks gave back their early gains and ended Tuesday's session slightly lower. Buyers who pushed shares up in the morning, helped by lower oil prices and falling bond yields, were reluctant to chase the rally while U.S. banks were still reporting results. None of the three indexes we follow moved by more than 0.10%. That suggests a market waiting for evidence rather than reacting to it. The Stoxx 600 closed at 635.01, down 0.64 points. The FTSE 100 closed at 10,650.33, down 5.95 points. The DAX Index closed at 25,259.90, down 17.78 points.

The levels matter more than the day's moves. The Stoxx 600 holds near 635, the FTSE 100 stays above 10,600, and the DAX stays above 25,000, so this was a pause, not a reversal. The next test comes from three places. First, whether oil, now near $93 a barrel, keeps falling as traders weigh Russian diesel supplies against Middle East disruptions. Second, the 10-year Treasury yield stays near 5.22%. The third is bank earnings following the early U.S. results, which should show how borrowing costs are affecting

households and businesses on both sides of the Atlantic. [Optional: add one sentence naming the sectors that led and lagged].

Earnings season: breadth matters as much as the beat
The first bank reports showed how demanding this earnings season will be. Goldman Sachs, Citigroup and Wells Fargo beat estimates and JPMorgan Chase missed, but all four stocks except Citigroup (which I don't have) fell on a day when the S&P 500 finished flat. Strong numbers are no longer enough when expectations are this high. Analysts expect S&P 500 profits to have grown by nearly 30% from a year ago, according to FactSet. Energy is expected to lead, followed by technology and communication services. All 11 sectors are projected to report higher earnings than a year earlier. Beyond the headline results, what the banks say about loan demand, credit quality and consumer spending will tell us more about how households and businesses are handling higher borrowing costs. The memory chip selloff is a reminder of the risk in relying on a few leaders. If earnings growth spreads across all 11 sectors, as projected, market gains should rest on many companies, not a handful of large ones. In our view, that is the best case for staying diversified.

Energy Markets
WTI crude traded near $93 a barrel in the morning, [closing at $X, up/down X%]. Prices eased as traders weighed Russian diesel availability against continued Middle East disruptions. Oil and the 10-year Treasury yield have lately moved together, so energy remains the main driver of inflation expectations and of the yield curve.

Economic & Policy Outlook
Private payrolls are growing more slowly but remain solid. ADP reported that employers added an average of 24,750 jobs a week in the four weeks ending September 26, down from 25,250 in the prior report. That follows five straight weeks of improvement. Slower labor-force growth means this pace is enough to keep the labor market roughly in balance. Unemployment is 4.2%, in line with the Fed's longer-run estimate of full employment. The 7.1 million job openings are about equal to the number of unemployed workers. That supports household income and spending. We believe the Fed is still on course for further rate hikes. Their timing will depend on the inflation and employment data in the coming months.

The Final Word
Earnings season has started with mostly good news from banks and health care companies. Earnings growth that spreads across all 11 sectors would support a broader market, and a broader market makes diversification more important. Investors should watch whether oil and yield keep falling together, because the Fed's path depends on both.

Corporate Earnings Parade:

- **JPMorgan Chase & Co. (JPM):** reported third quarter 2026 earnings with revenues of $50.17 billion up 8%, Net Income of $15.30 billion upon 6%, Earnings Per Share of $5.57 with Tier 1 Capital of 14.80% and a Stock Price Objective of $372.14.
- **The Goldman Sachs Group, Inc. (GS):** reported third quarter 2026 earnings with revenues of $18.67 billion up 23%, Net Income of $5.29 billion up 29%, Earnings Per Share of $17.01 with Tier 1 Capital of 12.40% and a Stock Price Objective of $1,069.10.
- **Citigroup, Inc. (C):** reported third quarter 2026 earnings with revenues of $23.84 billion up 8%, Net Income of $5.42 billion up 43%, Earnings Per Share of $2.85 with Tier 1 Capital of 14.60% and a Stock Price Objective of $152.19.

- **Wells Fargo & Co. (WFC):** reported third quarter 2026 earnings with revenues of $21.87 billion up 2%, Net Income of $5.95 billion up 6%, Earnings Per Share of $1.87 with Tier 1 Capital of 11.30% and a Stock Price Objective of $98.73.

Economic Update:

- **US Existing Home Sales:** fell to 3.98M from 4.06M last month, down 1.97%.

Eurozone Summary:

- **Stoxx 600**: Closed at 635.01, down 0.64 points, or 0.10%.
- **FTSE 100:** Closed at 10,650.33, down 5.95 points, or 0.06%.
- **DAX Index:** Closed at 25,259.90, down 17.78 points, or 0.07%

Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 51,670.10, down 180.45 points, or 0.35%.
- **S&P 500**: closed at 7,805.45, down 1.79 points, or 0.02%.
- **Nasdaq Composite**: closed at 27,204.38, down 41.52 points, or 0.15
- **Birling Capital Puerto Rico Stock Index**: closed at 4,854.94, up 16.60 points, or 0.34%.
- **Birling Capital U.S. Bank Index**: closed at 9,556.50, up 34.56 points, or 0.36%.
- **U.S. Treasury 10-year note**: closed at 5.21%.
- **U.S. Treasury 2-year note**: closed at 4.79%



U.S. Existing Home Sales

Annualized rate, millions of units, January 2025 to August 2026



Source: National Association of Realtors — Birling Capital Advisors

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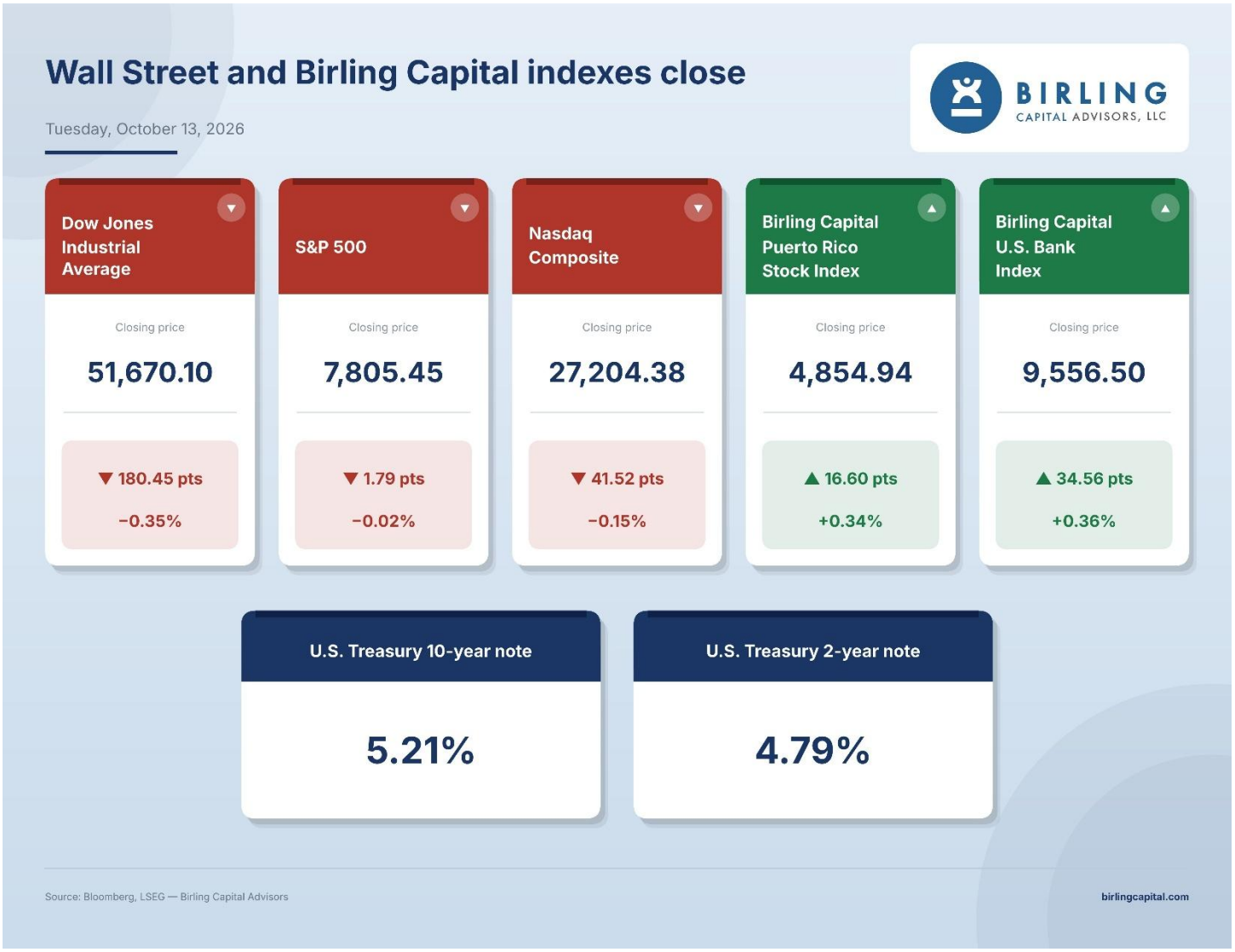
Eurozone indexes close

Tuesday, October 13, 2026

Stoxx 600	FTSE 100	DAX Index
Closing price	Closing price	Closing price
635.01	10,650.33	25,259.90
▼ 0.64 points	▼ 5.95 points	▼ 17.78 points
−0.10%	−0.06%	−0.07%

Source: Bloomberg, LSEG — Birling Capital Advisors

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