



The Six Banks in the Birling Capital U.S. Bank Index, with a year-to-date return of 33.30%, are outperforming all other indices

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The Four Key Fundamentals for Market Growth

The Atlanta Federal Reserve Bank GDPNow was updated on October 18 to 3.40% GDP for the third quarter of 2024, unchanged from its previous reading; in fact, the last five GDPNow readings have been as follows:

1. 10/1 at 2.50%
2. 10/8 at 3.20%
3. 10/9 at 3.20%
4. 10/17 at 3.40%
5. 10/18 at 3.40%

The trend supports the **"Soft Landing"** narrative that the Fed wants to achieve while curtailing inflation and achieving full employment.

Another critical aspect of the **"Soft Landing"** narrative is the broader investor sentiment, and as we have seen so far, the stock market has experienced a strong rally, surging over 12% since early August and bringing its year-to-date return to nearly 23%. If the S&P 500 can maintain these gains through the end of 2024, it would mark the second consecutive year of 20% or more in returns.



Date	GDPNow 3Q24	Change
7/25/24	2.80%	Initial Forecast
8/1/24	2.50%	-10.71%
8/6/24	2.90%	16.00%
8/8/24	2.90%	0.00%
8/15/25	2.40%	-17.24%
8/16/24	2.00%	-16.67%
9/3/24	2.00%	0.00%
9/4/24	2.10%	5.00%
9/9/24	2.50%	19.05%
9/17/24	3.00%	20.00%
9/18/24	2.90%	-3.33%
9/27/24	3.10%	6.90%
10/1/24	2.50%	-19.35%
10/8/24	3.20%	28.00%
10/9/24	3.20%	0.00%
10/17/24	3.40%	6.25%
10/18/24	3.40%	0.00%

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While this statement might tempt fate, the market's strength over the past two years isn't due to chance. Instead, its driving force has been four key fundamentals:

- Robust economic growth
- A decreasing outlook on interest rates
- Rising corporate profits
- The performance of the top six U.S. banks

Of course, with several months left in the year, there's no guarantee that these gains will hold. But assuming this upward trend continues, it's worth looking back at similar periods in market history to gauge what could be in store for us in the last two months of the year.

Back-to-back years of 20% -plus gains are rare. Since 1950, there have only been five instances where the market followed a 20% year with another one of the same magnitude. Two of these periods occurred in the 1950s, with impressive gains of 32% and 24% in 1950-51, and even more significant gains of 53% and 32% in 1954-55. Similar patterns appeared in 1975-76, 1982-83, and during the late-1990s tech boom. In contrast, there have been 14 other years with 20%-plus gains that did not see a repeat performance. Of those, the market rose the following year in nine cases, averaging a 14% gain, while in the five losing years, the average decline was 8%.

While 20%-plus returns are relatively common—occurring in nearly 40% of years between 1950 and 2023—sustaining those gains for consecutive years is far rarer. That makes the strong returns in 2023 and YTD in 2024 all the more notable. The other critical window into the U.S. Economy is the Top U.S. banks, and we discuss in detail their 2nd quarter 2024 earnings to validate the strength of the U.S. economy.

Reviewing the 3Q24 Performance of the Top Six US Banks



Dow Jones, S&P 500, Nasdaq Composite, Birling PR Stock Index & Birling US Bank Index YTD Returns 10.18.24

We delve into the performance of the top six U.S. banks during the third quarter of 2024, their year-to-date achievements, and their strategic positioning to end 2024 and beyond. The stock market rewards patience over activity. Embrace a long-term perspective, where holding investments forever is ideal because time is your ally and impulse is your adversary.

The Birling Capital U.S. Bank Index, with a 33.30% Return YTD, is Outperforming all the Indexes.

The Birling U.S. Bank Index is a market value-weighted index that includes the top six bank holding companies headquartered or primarily operating in the United States and traded on the NYSE, AMEX, or NASDAQ. The index began the year 2024 at 4,359.32 and closed on October 18, 2024, at 5,811.12, reflecting a 1,451.80 points increase and a Year-to-Date Return of 33.30%, which beat all the indexes we follow as of October 18, 2024:

1. **Birling U.S. Bank Index** has a YTD Return of **33.30%**.
2. **Nasdaq Composite** has a YTD Return of **23.17%**.
3. **S&P 500** has a YTD Return of **22.95%**.



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- 4. **Dow Jones** has a YTD Return of **14.82%**.
- 5. **Birling PR Stock Index** has a YTD Return of **12.01%**.

The Birling US Bank Index is outperforming the Dow Jones by 124.60%, the S&P 500 by 45.09%, the Nasdaq Composite by 43.72%, and the Birling P.R. Stock Index by 177.20%; let's take a look at the top six banks individual quarterly performance.

The Top Six Banks Quarterly Analysis:

- 1. **Goldman Sachs Group Inc (GS):** with a **YTD Return of 37%**, reported 3Q24 revenues of \$12.7 billion, up 7%, net income of \$2,999 billion, up 45%, and earnings per share of \$8.40. Goldman has a stock price objective of \$526.63 and a Tier 1 Capital Ratio of 13.70%. The Stock closed at \$528.80
- 2. **JPMorgan Chase & Co (JPM):** with a **YTD Return of 32.49%**, reported 3Q24 revenues of \$42,654 billion, up 7%, net income of \$12,898 billion, down 2%, and earnings per share of \$4.38. JPM has a stock price objective of \$220.66, closing at \$225.37.
- 3. **Wells Fargo & Co (WFC):** with a **YTD Return of 30.76%**, reported 3Q24 revenues of \$20,366 billion, down 2%, net income of \$5,119 billion, down 11%, and earnings per share of \$1.42. WFC has a stock price objective of \$65.71, and the Stock closed at \$64.36.
- 4. **Morgan Stanley (MS):** with a **YTD Return of 29.82%**, reported 3Q24 revenues of \$15.383 billion, up 16%, net income of \$3.188 billion, up 32%, and earnings per share of \$1.88, beating estimates. Morgan Stanley's stock price objective was \$107.35, with a Tier 1 Capital Ratio of 15.1%. The Stock closed at \$121.06.
- 5. **Bank of America Corp (BAC):** with a **YTD Return of 25.69%**, reported 3Q24 revenues of \$25.3 billion, up 0.36%, net income of \$6.9 billion, down 11.53%, and earnings per share of \$0.81, beating estimates. BAC has a stock price objective of \$45.32, with a Tier 1 Capital Ratio of 11.8%. The Stock closed at \$42.32.
- 6. **Citigroup Inc (C):** with a **YTD Return of 22.18%**, reported 3Q24 revenues of \$20,315 billion, up 1%, net income of \$3,238 billion, down 9%, and earnings per share of \$1.51. Citi has a stock price objective of \$72.93 and a Tier 1 Capital Ratio of 15.20%. The Stock closed at \$62.85.

In total, the Top Six US Banks have a market capitalization of \$1,729.78 Trillion, 3Q24 revenues of \$136.71 Billion, and 3Q24 Net Income of \$34,342 Billion, which translates to the robust nature of their business model and the overall U.S. Economy.



Goldman Sachs, Morgan Stanley, JP Morgan Chase, Citigroup, Bank of America and Wells Fargo YTD Returns YTD 10.18.24



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The Final Word: The Corporate Earnings Parade In High Gear

Next week marks a pivotal moment for corporate America as earnings season accelerates, with around 25% of S&P 500 companies set to release their third-quarter results, including Tesla, one of the market's high-profile 'Magnificent 7'. While still early in the reporting cycle, earnings have shown promising signs, with major banks surpassing expectations. Consensus estimates for third-quarter earnings growth in the S&P 500 have climbed from 4.2% to 6.5%, positioning it as the fifth consecutive quarter of positive growth. The tech sector remains the most significant earnings driver, buoyed by long-term artificial intelligence (AI) optimism. However, as the economy remains resilient, as we highlighted previously using the Atlanta Fed's latest GDPNow growth estimate of 3.4%—earnings growth is expected to expand across more sectors. The current scenario could potentially reduce the earnings gap between mega-cap tech and the broader market, fostering more diverse market leadership and strengthening the case for balanced portfolio diversification.



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