



Top Six U.S. Banks in Birling Capital U.S. Bank Index Surges 24.30% YTD, Outperforming Major Indices

July 21, 2024

Francisco Rodríguez-Castro, President & CEO

Economic Outlook: Growth is Growth, Slow But Growth

U.S. GDP growth slowed to 1.4% annualized in Q1 2024, indicating a cooling economy. The latest GDPNow for 2Q24, reported on July 17, rose to 2.70%, up from 2.50%, increasing 7.41%. Next week, the Fed's preferred inflation measure, the Core PCE, is due on July 26; the latest Inflation Nowcastion for June has the PCE at 2.40% and the Core PCE at 2.39%; if achieved, it would be the lowest reading since March 2021. The Core PCE is a critical metric to determine if an interest rate cut shall begin in September and be followed by another in December. This cooling inflation and labor market data suggest the Fed might initiate its first rate cut in September, although the bank will stay attuned to incoming economic data. 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.



GDP Now

Date	GDPNow 2Q24	Change
4/26/24	3.90%	Initial Forecast
5/1/24	3.30%	-15.4%
5/2/24	3.30%	0.0%
5/8/24	4.20%	21.4%
5/16/24	3.60%	-16.7%
5/24/24	3.50%	-2.78%
5/31/24	2.70%	-22.86%
6/3/24	1.80%	-33.33%
6/6/24	2.60%	44.44%
6/7/24	3.10%	19.23%
6/18/24	3.10%	0.00%
6/20/24	3.00%	-3.23%
6/27/24	2.70%	-10.00%
6/28/24	2.20%	-18.52%
7/1/24	1.70%	-22.73%
7/3/24	1.50%	-11.76%
7/10/24	2.00%	33.33%
7/16/24	2.50%	25.00%
7/17/24	2.70%	8.00%



Inflation Nowcasting PCE & Core PCE

Inflation Nowcasting

Month	PCE	Core PCE	Updated
June	2.40%	2.39%	19-Jul

Second Quarter 2024 Review of the Top Six U.S. Banks

We delve into the performance of the top six U.S. banks during the second 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 24.30% Return YTD, Beats 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 July 19, 2024, at 5,418.57, reflecting a 1,059.25-point rise and a Year-to-Date Return of 24.30%, which beat all the indexes we follow as of July 19, 2024:

1. **Birling U.S. Bank Index** has a YTD Return of **24.30%**.
2. **The Nasdaq Composite** has a YTD Return of **18.09%**.
3. **S&P 500** has a YTD Return of **15.41%**.
4. **Birling Puerto Rico Stock Index** has a YTD Return of **13.25%**.
5. **Dow Jones** has a YTD Return of **6.89%**.

Individual Bank Performance Ranked by YTD Returns:

1. Bank of America (BAC)

- **Total Assets:** \$3.258 trillion, increasing by 4.28%.
- **Market Capitalization:** \$333.54 billion.
- **2Q24 Revenues:** \$25.4 billion, increasing 1%.
- **2Q24 Net Income:** \$6.9 billion, decreasing 7%.
- **2Q24 EPS:** \$0.88, surpassed estimates.
- **Stock Price Objective:** \$44.41.
- **Closing Price (7/19):** \$42.90.
- **YTD Performance:** 27.41%.
- **Tier 1 Capital Ratio:** 13.50%.
 - **Segments:** Consumer Banking, Global Wealth and Investment Management, Global Banking, Global Markets.

2. Citigroup (C)

- **Total Assets:** \$2.423 trillion, decreased 1%.
- **Market Capitalization:** \$124.27 billion.
- **2Q24 Revenues:** \$20.139 billion, increasing 4%.
- **2Q24 Net Income:** \$3,217 billion, rising 10%.
- **2Q24 EPS:** \$1.52, surpassed expectations.
- **Stock Price Objective:** \$70.19
- **Closing Price (7/19):** \$65.14
- **YTD Performance:** 26.63%.
- **Tier 1 Capital Ratio:** 13.60%.
 - **Segments:** Institutional Clients Group (ICG), Personal Banking and Wealth Management Group (PBWM)

3. Goldman Sachs (GS)

- **Total Assets:** \$1.653 trillion, a 0.7% increase.
- **Market Capitalization:** \$156.37 Billion.
- **2Q24 Revenues:** \$12.73 billion, increasing 17%.
- **Net Income:** \$3.04 billion, rising 149.11%.

- **EPS:** \$8.62, surpassed estimates.
- **Stock Price Objective:** \$496.00.
- **Closing Price (7/19):** \$484.93.
- **YTD Performance:** 25.70%.
- **Tier 1 Capital Ratio:** 14.80%
 - **Revenue Breakdown:** Global Banking & Markets with 64.3%, including Investment Banking and Trading, Asset & Wealth Management with 30.5%, and Platform Solutions at 5.2%.

4. JP Morgan Chase (JPM)

- **Total Assets:** \$4,143,003 trillion, increasing 7%.
- **Market Capitalization:** \$596.85 billion.
- **2Q24 Revenues:** \$50.2 billion, increasing 20%.
- **2Q24 Net Income:** \$18.149 billion, Increasing 25%.
- **2Q24 EPS:** \$6.13, Surpassing Estimates.
- **Stock Price Objective:** \$221.60.
- **Closing Price (7/19):** \$209.78.
- **YTD Performance:** 23.23%.
- **Tier 1 Capital Ratio:** 16.70%
 - **Segments:** Consumer and Community Banking, Corporate and Investment Banking, Commercial Banking, Asset and Wealth Management.

5. Wells Fargo (WFC)

- **Total Assets:** \$1.940 trillion, increasing 3%.
- **Market Capitalization:** \$201.54 billion.
- **2Q24 Revenues:** \$20.689 billion, increasing 1%.
- **2Q24 Net Income:** \$4,910 billion, falling (1%).
- **2Q24 EPS:** \$1.33, beating expectations.
- **Stock Price Objective:** \$63.53.
- **Closing Price (7/19):** \$59.23.
- **YTD Performance:** 20.34%.
- **Tier 1 Capital Ratio:** 13.80%
 - **Segments:** Consumer Banking, Commercial Banking, Corporate and Investment Banking, Wealth and Investment Management.

6. Morgan Stanley (MS)

- **Total Assets:** \$1.228 trillion, increasing 2.38%.
- **Market Capitalization:** \$165.28 billion.
- **2Q24 Revenues:** \$15.019 billion, increasing 11.60%.
- **2Q24 Net Income:** \$3.1 billion, rising 40.97%.
- **2Q24 EPS:** \$1.82, beating expectations.
- **Stock Price Objective:** \$105.32.
- **Closing Price (7/19):** \$102.09.
- **YTD Performance:** 9.48%.
- **Tier 1 Capital Ratio:** 15.20%
 - **Segments:** Institutional Securities, Wealth Management, Investment Management.

In total, these six US Banks have **Total Assets of \$14.645 trillion, a market capitalization of \$1,577.85 trillion, 2Q24 revenues of \$144.177 billion, and 2Q24 Net Income of \$39,316 billion, which translates to the robust nature of their business model and the overall US Economy.**



BIRLING
CAPITAL ADVISORS, LLC

Birling US Bank Index, Bank of America, Citigroup, Goldman Sachs, JP Morgan Chase, Wells Fargo and Morgan Stanley Returns YTD 7.19.2024



The Final Word: Top Banks Strategic Insights and Forecasts

The robust performance of the Birling Capital U.S. Bank Index in the first half of 2024 underscores the resilience and adaptability of the top U.S. banks amidst a dynamic economic landscape. Several key trends and strategic insights emerge from this performance:

1. **Digital Transformation and Technological Innovation:** Banks like JP Morgan Chase and Goldman Sachs increasingly leverage technology to enhance customer experience, streamline operations, and drive growth in new business areas such as fintech and digital assets. Continued investment in technology is expected to be a crucial driver of competitiveness and efficiency in the banking sector.
2. **Regulatory Environment and Compliance:** As regulatory scrutiny intensifies, especially regarding capital adequacy and risk management, banks with strong compliance frameworks and proactive regulatory engagement, like Citigroup and Wells Fargo, are better positioned to navigate these challenges and leverage regulatory developments.
3. **Economic Tailwinds and Market Conditions:** Favorable economic conditions, including low unemployment and stable interest rates, have provided a supportive backdrop for revenue growth and profitability. Banks that capitalize on these tailwinds while maintaining prudent risk management practices will likely sustain their performance momentum.
4. **Strategic Mergers and Acquisitions:** The banking sector may witness increased M&A activity as banks seek to consolidate their market positions, diversify their service offerings, and achieve economies of scale. Institutions like Bank of America and Morgan Stanley, with robust capital positions and strategic clarity, are well-equipped to pursue value-accretive acquisitions.

Top Six U.S. Banks in Birling Capital U.S. Bank Index Surges 24.30% YTD, Outperforming Major Indices

5. Sustainability and ESG Initiatives: Environmental, Social, and Governance (ESG) considerations are becoming integral to banking strategies. Leading banks increasingly integrate ESG criteria into their lending and investment decisions, enhancing their appeal to socially conscious investors and aligning with global sustainability goals.

As we look toward the end of 2024 and beyond, the top U.S. banks are strategically positioned to leverage their strengths, navigate potential headwinds, and capitalize on emerging opportunities. Investors are encouraged to maintain a long-term perspective, recognizing that patience and strategic foresight are crucial to achieving sustainable returns in the ever-evolving banking landscape.



Francisco Rodriguez-Castro, President & CEO • frc@birlingcapital.com
PO Box 10817 San Juan, PR 00922 • 787.247.2500 • 787.645.8430

Think Strategically © is a publication prepared by Birling Capital LLC and is a summary of certain recent geopolitical, economic, market and other developments that may be of interest to clients of Birling Capital LLC. This report is intended for general information purposes only, is not a complete summary of the matters referred to, and does not represent investment, legal, regulatory or tax advice. Recipients of this report are cautioned to seek appropriate professional advice regarding any of the matters discussed in this report considering the recipients' own situation. Birling Capital does not undertake to keep the recipients of this report advised of future developments or of changes in any of the matters discussed in this report. Birling Capital. The man and log symbol and Birling Capital are among the registered trademarks of Birling Capital. All rights reserved.