



## Stocks to watch to end 2018

The stock market attempted to recover after three weeks of losses. However, it was only able to achieve mixed results. The Dow Jones Industrial Average stood at 25,444.34 a gain of 104.35 for the week and keeps the year to date return at 2.9% for YTD. The S&P 500 closed at 2,767.78 mostly flat with a small gain of 0.67 for the week, and a year to date return of 3.5%, and the Nasdaq closed at 7,449.03 a loss of 47.86 for the week and a year to date return that is down to 87.9 %. Finally, the 10-year Treasury yield was slightly up to 3.19%. We reaffirm our view that the c market will recover from the current losses and one early sign is the third quarter earnings season that is just beginning.

Stock to Watch for End of 2018				
Company	Ticker	Price 7/2018	Price 10/2018	Change
Advanced Micro Devices	AMD	\$ 19.79	\$ 23.66	\$ 3.87
Arena Healthcare	ARNA	\$ 38.71	\$ 40.00	\$ 1.29
Catepillar	CAT	\$ 144.22	\$ 131.32	-\$ 12.90
Citigroup Inc	C	\$ 72.49	\$ 68.86	-\$ 3.63
Delta Air Lines Inc	DAL	\$ 54.65	\$ 53.39	-\$ 1.26
First Bancorp	FBP	\$ 8.36	\$ 9.18	-\$ 0.82
JP Morgan Chase	JPM	\$ 117.16	\$ 107.91	\$ 9.25
Popular, Inc	BPOP	\$ 50.95	\$ 50.17	\$ 0.78
OFG Bancorp	OFG	\$ 16.70	\$ 17.13	\$ 0.43
Goldman Sachs	GS	\$ 237.43	\$ 226.96	-\$ 10.47
Bank of America Corp.	BAC	\$ 30.88	\$ 28.32	-\$ 2.56
Apple	APPL	\$ 190.29	\$ 219.31	\$ 29.02

Some of the stocks we follow closely include JP Morgan Chase & Company reported earnings that topped analysts' expectations for third-quarter both in profits and revenues on October 19, 2018, as the bank informed that results of their retail banking operation were able to offset the lagging effects from bond trading. J.P. Morgan Chase & Company reported that revenue increased to \$27.8 Billion versus the consensus of \$27.5 Billion and the Banks Earnings per share rose 33 percent to \$2.34, beating expectations of \$2.25.

## • Goldman Sachs Changing Direction

Another of our stocks is Goldman Sachs reported earnings that beat analysts' expectations for third-quarter profit and the bank informed that the bank reported strong growth in all of its major businesses to expect to trade. The bank said revenue of \$8.65 Billion that surpassed the \$8.4 Billion consensus estimate. It also reported Earnings per share of \$6.28, that exceeded the \$5.38 estimate. One of the relevant plans of the new CEO David Solomon is to increase corporate, and Commercial Banking, the push into commercial banking is a significant change of Goldman as it is more known for advising on Mergers and Acquisitions or taking companies public. The foot in the ground business of commercial lending and helping business especially in smaller markets have been usually the domain for money center or regional commercial banks like JPMorgan, Citigroup, Regions among others. We think the time has come for Goldman to increase its avenues of growth and into new markets. Below we study out stock to watch to end strongly by the end of 2018 and how they have fared so far, see the table. Stock includes AMD, Caterpillar, Apple among others. Even though it might seem that the market is at a crossroad the economic data proves us otherwise.

## • U.S. Economic Outlook for Year-end 2018

The current economic conditions remain consistent with a high growth economy with a chance of moderate inflation in the end 2018 & 2019. Driving these expectations is the fact that the Federal Reserve Bank remains committed to raising rates at their upcoming meeting in December with a broader assumption that the FED will also implement three rate increases in 2019. As the economy continues to expand, adding new jobs, wage increases, low unemployment and with manufacturing expanding in the U.S., we will continue to see record-high job openings well into 2020 with the U.S. economy growing at a 3% growth rate.

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