Gold’s Market Value Now 6x Higher than World’s 10 Largest Banks



For centuries, gold has been regarded as a status symbol, alongside acting as an important financial product that has retained significant valuation. Notably, despite gold also being impacted by economic headwinds in recent years, the precious metal still controls a superior market capitalisation compared to that of established global banking giants.

In this line, data acquired and calculated by Finbold on February 14 indicate that gold controls a market capitalisation of $12.34 trillion. The valuation is at least six times more compared to the combined market cap of $2.03 trillion controlled by the world’s ten largest banks.

Indeed, the American banking giant JPMorgan Chase (NYSE: JPM) is the most valued bank with a market cap of $418.34 billion, followed by Bank of America (NYSE: BAC) at $285.08 billion, while Industrial and Commercial Bank of China (1398.HK) is third

with a market cap of $216.61 billion. Wells Fargo (NYSE: WFC) occupies the fourth spot at $184.52 billion, while Morgan Stanley (NYSE: MS) is fifth with a valuation of $166.54 billion.

Other notable banks include HSBC with a market cap of $150.09 billion, Charles Schwab (NYSE: SCHW), at $162.11 billion.

Explaining Gold's Dominant Market Cap

Gold's significant market capitalisation complements the asset's historical status as a safe haven for investors seeking to protect their wealth against economic and political uncertainties. Notably, the reputation has been put to the test over the past year as the global economy continues to face uncertainty arising from inflation, interest rate hikes, and the lingering threat of recession.

Over the period gold has maintained steady performances, with prices targeting new highs reflecting its enduring status as a valuable and reliable investment option. Gold's scarcity and relative stability make it a popular investment asset, driving up demand and prices. On the flip side, banks can expand their operations and issue more shares to raise capital, which can dilute the value of existing shares.

On the other hand, the cumulative market capitalisation of the world's 10 Largest banks is trailing gold, considering that they have a more limited scope of operations and are subject to a range of regulatory and financial risks that can impact their profitability and growth potential. Interestingly, despite the economy undergoing tough conditions, the banks were poised to grow due to the high-interest environment.

Furthermore, banks have been impacted by the stock market volatility that saw most equities correct to historical lows stemming from factors such as consumer behavior and market fluctuations. Over the same time, gold has exhibited less volatility.

Banks Hampered by Harsh Economic Conditions

The significance of market conditions was highlighted by recent results from banking giants that have recorded a deep drop in their investment segments, such as banking businesses, translating to thousands of job cuts. These factors tend to trigger investor bearishness leading to poor stock market performance.

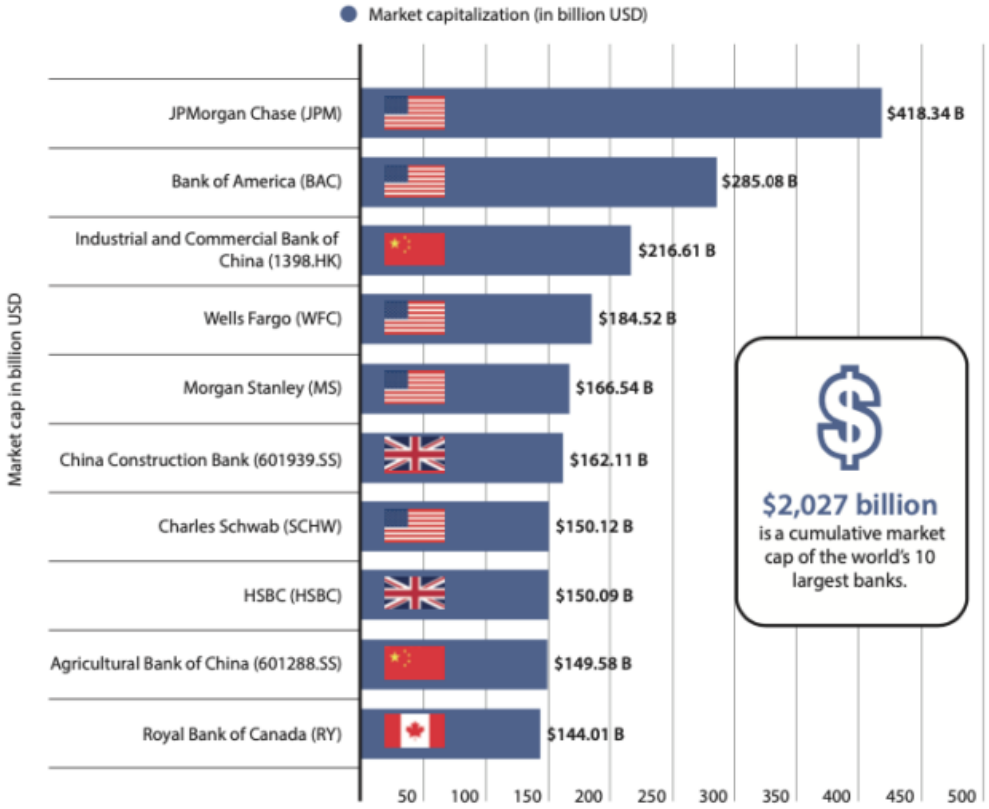
Yet, the highlighted banks continue to play a key role in the global financial markets, as historically, amid extended market downturns, the banking system has been considered a source of strength, leading the way in returning to normal conditions.

Based on the current gold qualities, it is near impossible for the leading global banks to flip the precious metal in market capitalisation. In this line, cryptocurrencies, Bitcoin (BTC) in particular, have been fronted to take over the metal and emerge as digital gold due to similar qualities, such as limited supply and the potential to hedge against inflation.

Justin crafts insightful data- driven stories on finance, banking, and digital assets. His reports were cited by many influential outlets globally like Forbes, Financial Times, CNBC, Bloomberg, Business Insider, Nasdaq.com, Investing. com, Reuters, among others.

Cumulative Market Capitalisation of the World's 10 Largest Banks
(Rounded figures; in billion USD)

Information: Market caputalisation as of February 14, 2023.
Source: Finbold, CompaniesMarketCap.com



Market Capitalisation Comparison: Gold vs. Ten World's Largest Banks
(Rounded figures; in trillion USD)

Information: Market capitalization as of February 14, 2023.
Sources: Finbold, CompaniesMarketCap.com

