

WEEKLY MARKET UPDATE

Week of March 15, 2023



By the Numbers

| <u>Index</u> | <u>DOW</u> | <u>S&P 500</u> | <u>NASDAQ</u> | <u>10YR Yield</u> |
|----------------------------------|------------|--------------------|---------------|-------------------|
| Yesterday's Close | 32,155 | 3,920 | 11,428 | 3.63% |
| Market Change since Last Meeting | -2.1% | -1.7% | -0.88% | -8.6% |
| Market Change Year-To-Date | -3.2% | +1.8% | +9.1% | -3.9% |

SINCE OUR LAST MEETING

- 3-8-2023: Fed Chairman Jerome Powell testified in front of Congress where he suggested rates may need to accelerate more than initially expected and may need to stay higher for longer than originally anticipated. Expectation was for a 50-point rate hike at the next FOMC meeting.
- 3-9-2023: Silicon Valley Bank clients withdrew \$42 billion of bank deposits as word spread that the bank was illiquid.
- 3-10-2023: Bank regulators closed-down Silicon Valley Bank and two other lower profile banks. This is the biggest bank failure since 2008 and the second largest bank failure in the banking industry (second to Washington Mutual). For the week: Dow down 4.44%, S&P down 4.55%, Nasdaq down 4.71%.
- 3-13-2023: Markets trade aimlessly as investors contemplate what the Silicon Valley Bank failure means to the rest of the market and if it will change the Fed's effort to continue raising rates.
- 3-14-2023: Markets bounce back after investors realize that the failure of SVB was an isolated incident. Consumer Price Index comes out in-line with expectations (up 0.4% for February and up 6% from one year ago).

FALL OF SILICON VALLEY BANK

- SVB was a concentrated financial institution that had roughly 80% of their clientele in the venture capital industry.
- News came out late Wednesday that the bank needed to raise \$2.25 billion to shore up its balance sheet. They sold all the Treasury bonds they had available for a \$1.8 billion dollar loss.
- By the end of the day Thursday, clients had removed \$42 billion of deposits and the bank was left insolvent.
- SVB was not a typical bank. Clients here kept deposits well in excess of FDIC insurable limits based on their need for a lender with different risk-management practices that the venture capital industry requires.

Not FDIC Insured | No Bank Guarantee | May Lose Value

QUESTIONS? Dan Bolan, FNBC Portfolio Manager | 708.579.8574 | dbolan@fnbcbt.com