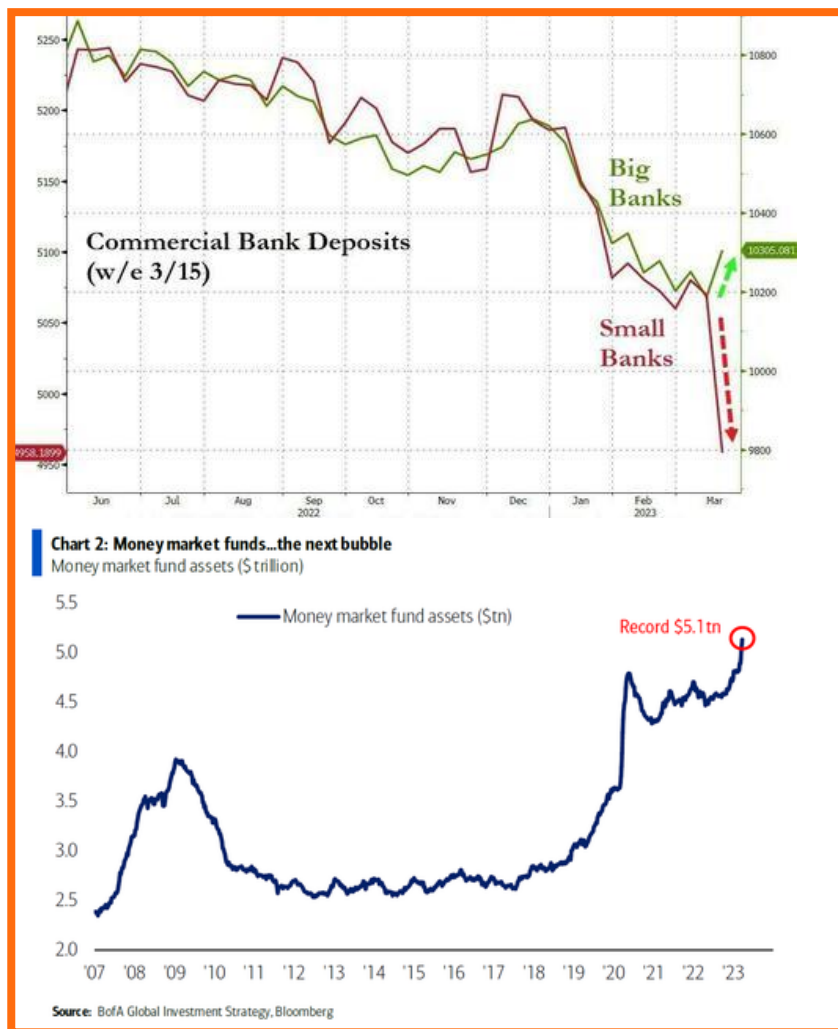


Chart of the week

Follow the money

US bank deposits continue to evaporate. While some of it has gone to big banks, a large portion has fled to money market funds.



Stocks shook off latest bank fears

US equity returns varied widely over the week as banking industry and recession worries weighed on value stocks and small-caps, while large-cap growth stocks benefited from falling interest rates. Financials underperformed for a third consecutive week while the average stock remained significantly weaker than the S&P 500 Index's return suggests. As was widely expected, the Fed raised rates by 25 basis points and the "dot plot" indicated that officials expected to stop raising rates after one more hike in May. References to ongoing rate increases were also removed from the official statement. On the macro side, the S&P Global's Composite Index of both current services and manufacturing activity jumped from 50.1 to 53.3, indicating the fastest pace of private sector growth since last May, with new orders turning higher for the first time since September. The upside data surprises appeared to lift the yield on the benchmark 10-year U.S. Treasury note from a six-month intraday low on Friday morning, but the yield still finished modestly lower for the week. Shares in Europe gained ground, despite weakness in bank stocks. Chinese stocks rose on hopes that the country's central bank will maintain an accommodative stance amid the global banking turmoil. Despite gold's appeal, it ended the week basically unchanged, rebounding from the early week losses and topping \$2000 twice intraweek. WTI oil could not hold above \$70. Cryptos were volatile.

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

25 MARCH 2023

#markets

#weekly #returns

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	32,238	1.2%	-2.7%
S&P 500 Index	3,971	1.4%	3.4%
NASDAQ	11,824	1.7%	13.0%
MSCI EAFE *	2,052	3.3%	2.9%
10-yr Treasury Yield	3.38%	0.0%	-0.5%
Oil (\$/bbl)	\$69.20	3.7%	-13.8%
Bonds	\$100.16	0.7%	3.6%

Source: Edward Jones

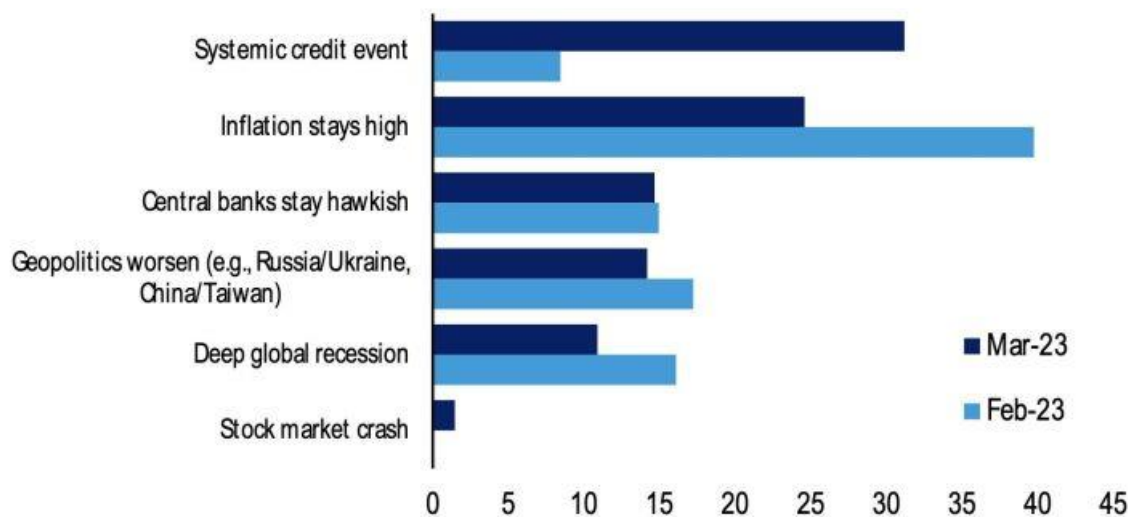


#fund-managers #sentiment

Biggest tail risk for fund managers is not inflation anymore. Systemic credit event comes first according to latest BofA fund manager survey.

Chart 13: "Systemic credit event" overtakes "inflation stays high" as biggest tail risk

What do you consider the biggest 'tail risk'?

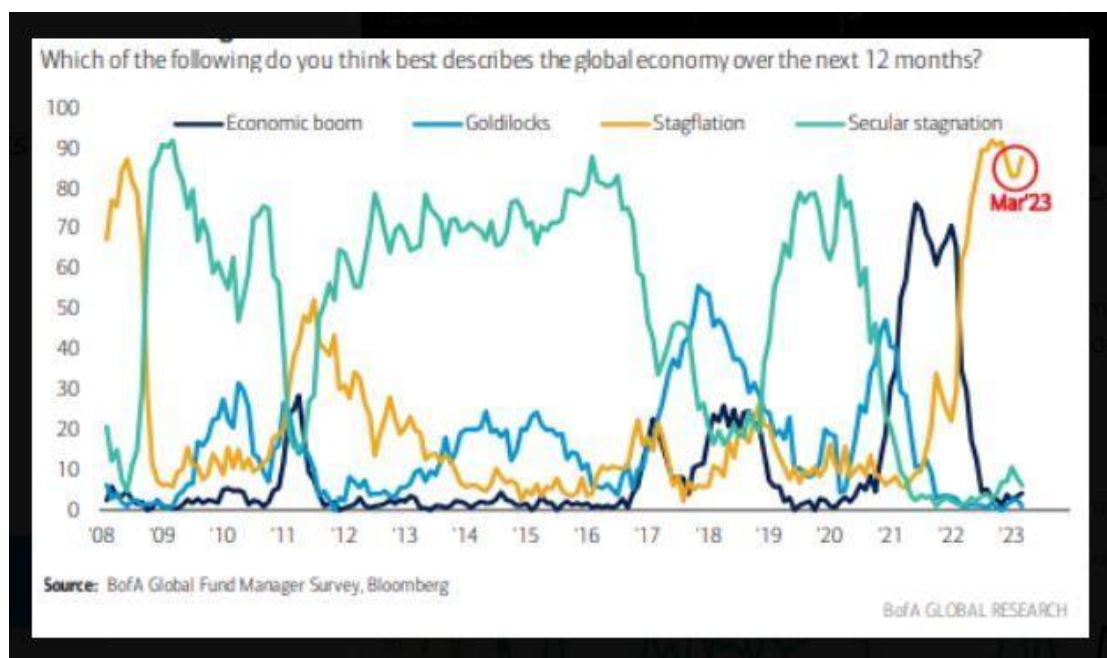


Source: BofA Global Fund Manager Survey.

#markets

#fund-managers #sentiment

"Expectations for stagflation (yellow line) have remained above 80% for 10 months in a row... FMS investors have never held such strong conviction about the economic outlook" BofA Fund Manager Survey

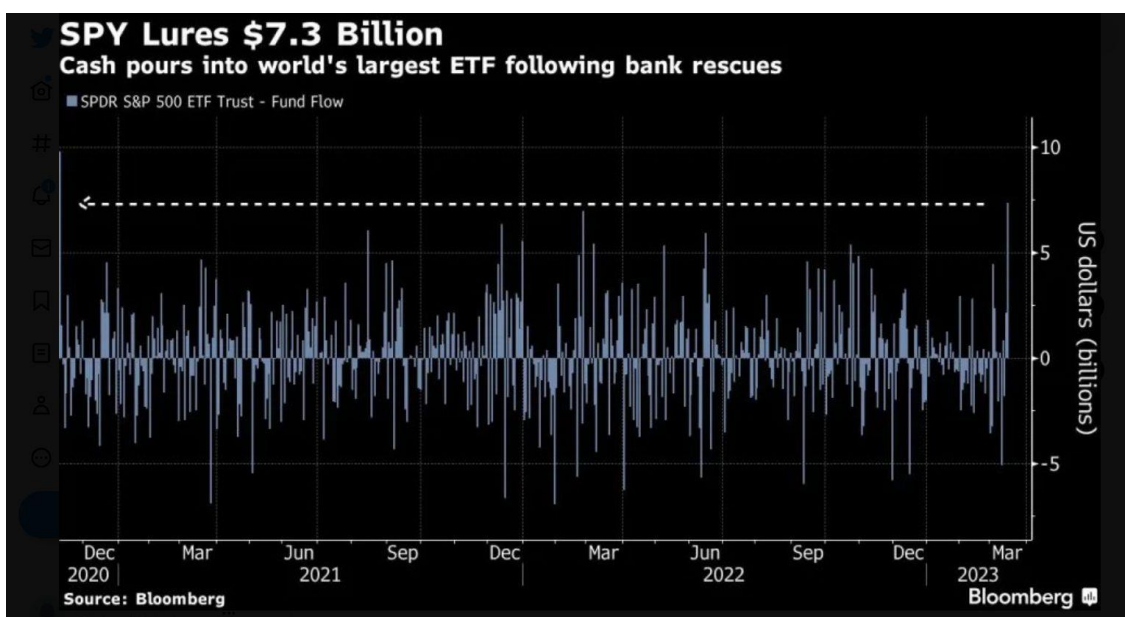


Source: BofA



#investors #funds-flows

Investors added \$7.3 Billion of funds into the SPDR S&P 500 ETF SPY last Thursday. That's the biggest inflow since November 2020 and the 6th largest in the last decade.



Source: Bloomberg

#us #equities #technicals

The S&P 500 was very technical again this week. finding support early in the week at the 200DMA, rallying up to its 50DMA and reversing there. Falling back down to find support at the 200DMA again before bouncing back above the 100DMA on Friday...



Source: www.zerohedge.com, Bloomberg



#us #equities #sectors #per

Utilities and Real Estate were ugly this week as Tech, Energy, and Materials outperformed. Financials were flat...



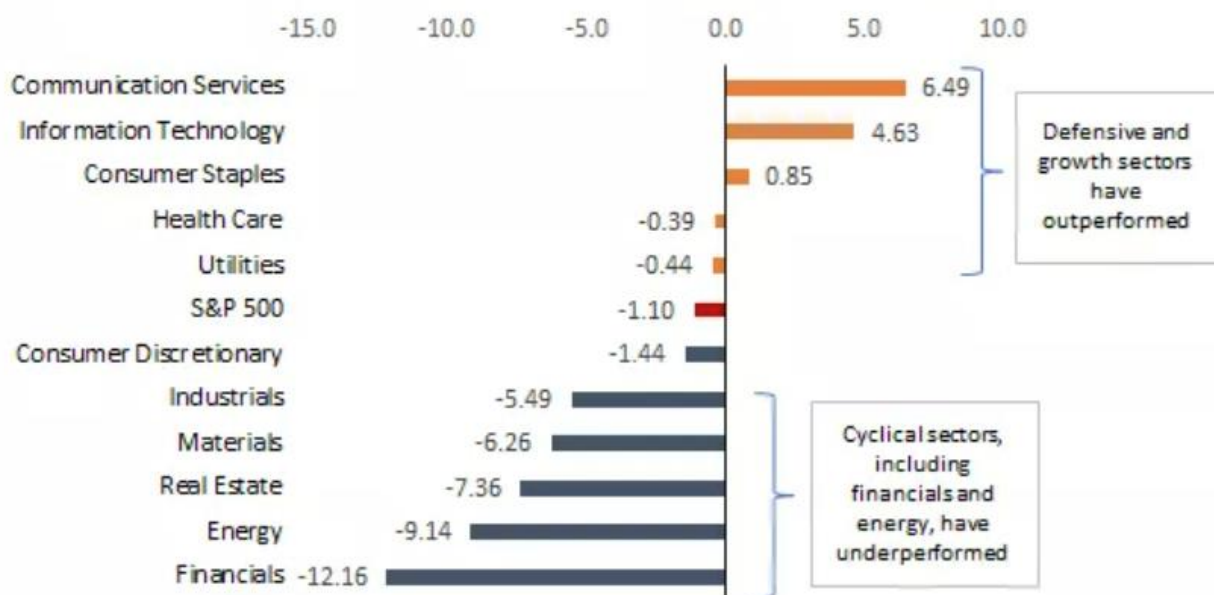
Source: CNN Fear and greed index



#us #equities #sectors #performance

This chart highlights the recent outperformance by defensive and growth over other sectors as the banking crisis persists.

S&P 500 Sector Performance During Recent Banking Turmoil (March 7th – 24th):

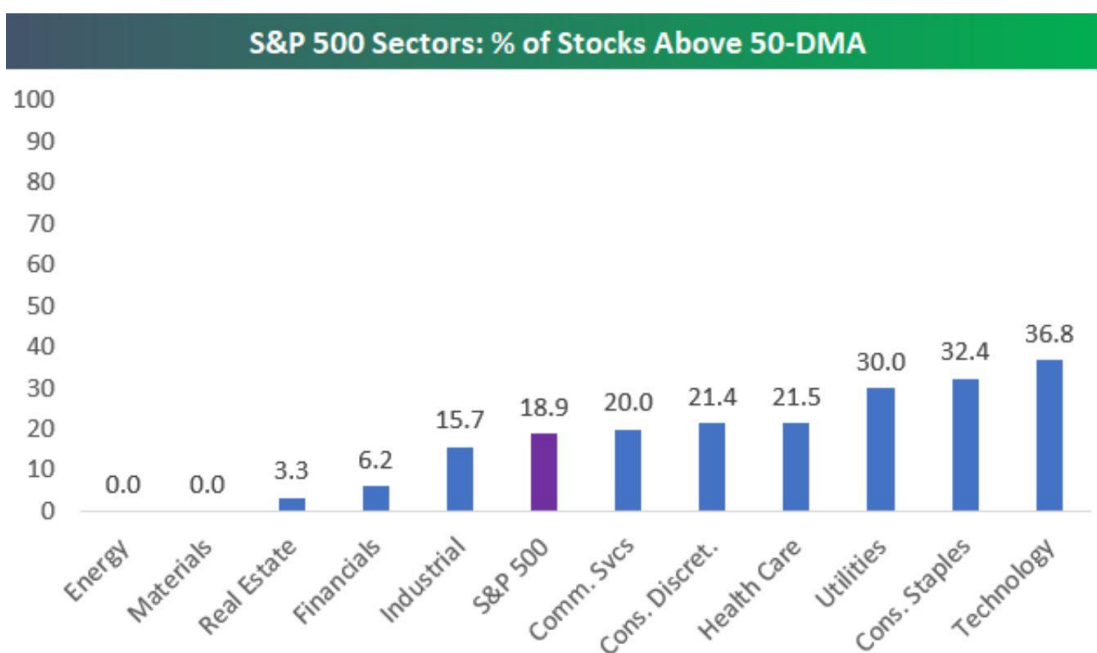


Source: Edward Jones

#markets

#us #equities #market-breadth #spx #sectors

S&P500 Sectors : % of Stocks Above 50-DMA



Source: Bespoke



#us #equities #Nasdaq #technicals

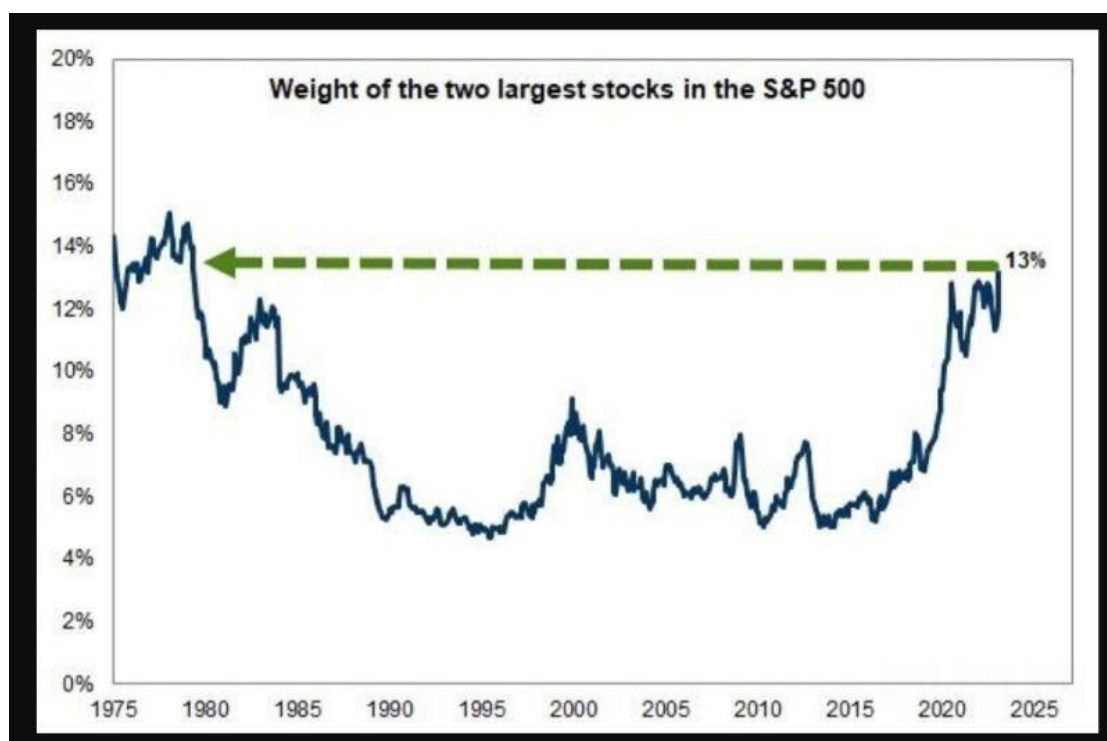
Stocks refusing to drop as market breadth collapses and a handful of gigacaps now prop up the entire market.



Source: BofA

#us #equities #concentration

It is worth noting that two stocks (Apple and Microsoft) now account for over 13% of the S&P 500 for the first time since the 1970s...



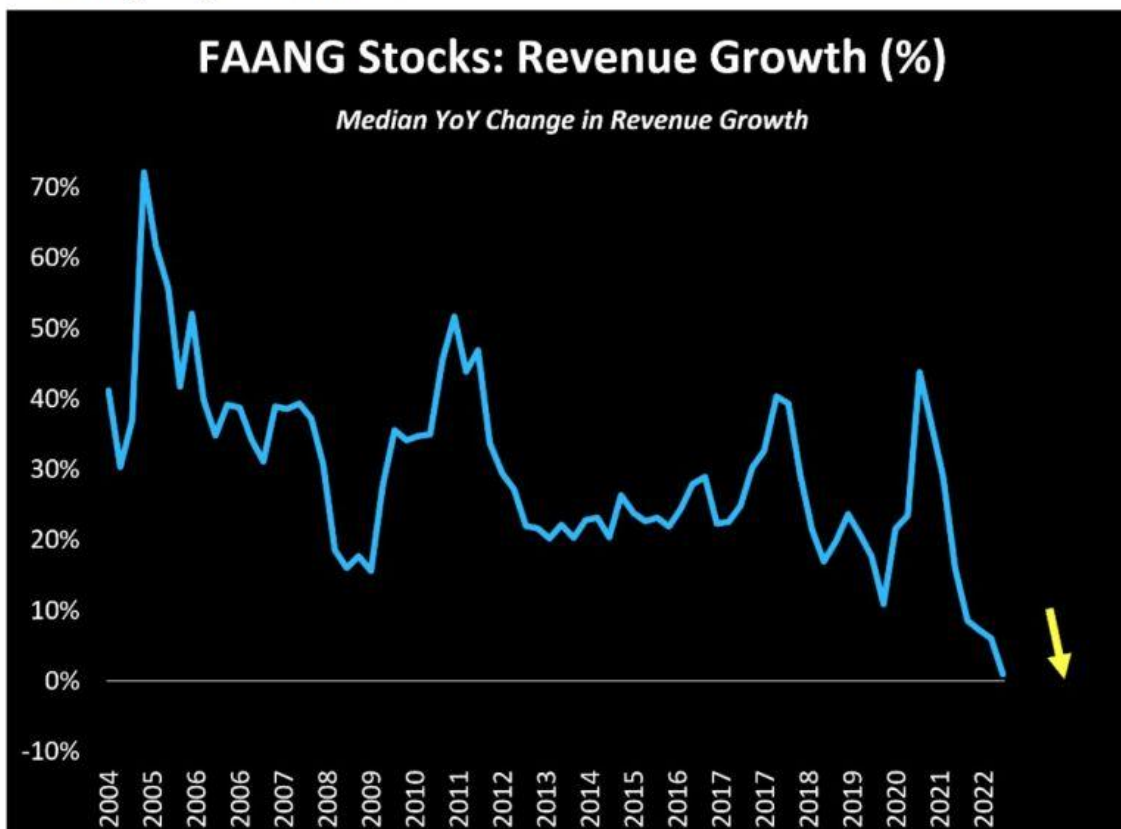
Source: Bloomberg, www.zerohedge.com



#faangs #revenue-growth

FAANGs are sharply outperforming the S&P 500 YTD as investors despite the fact that fundamentals continue to struggle. As highlighted by Crescat Capital, median revenue growth is about to turn negative for the first time while these stocks still trade at over 22x earnings.

FAANG forgetting fundamentals?



Source: Crescat

Source: Tavi Costa, Bloomberg





#fdic #yellen

Yellen - not Powell - is the one who drove the market lower on Wednesday as she said that US Treasury is not considering or working on a unilateral expansion of deposit insurance...



***YELLEN: NOT CONSIDERING BROAD INCREASE IN DEPOSIT INSURANCE**

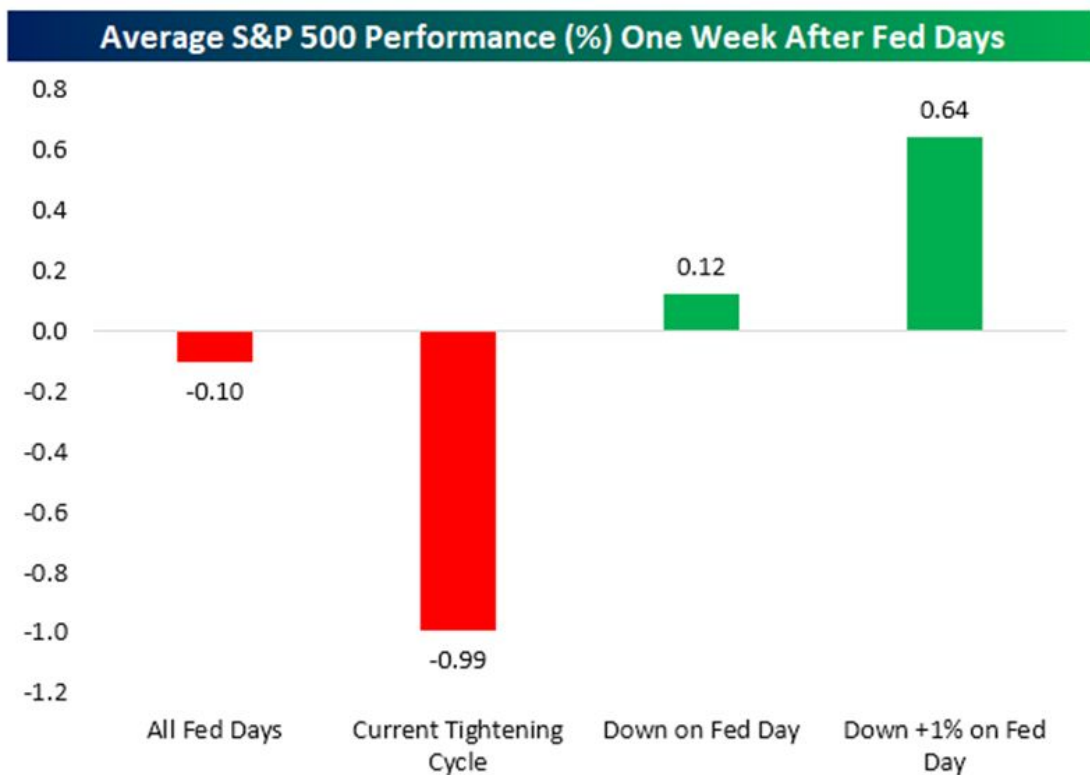


Source: www.zerohedge.com



#fed #sp500

Since 1994 when the Fed began announcing policy decisions on the same day as its meeting, the S&P has averaged a decline of 10 basis points over the next week. During the current tightening cycle that began about a year ago, market performance in the week after Fed days has been even worse with the S&P averaging a decline of 0.99%. However, when the S&P has been down over 1% on Fed days, performance over the next week has been positive with an average gain of 0.64%



Source: Bespoke



#us #banks

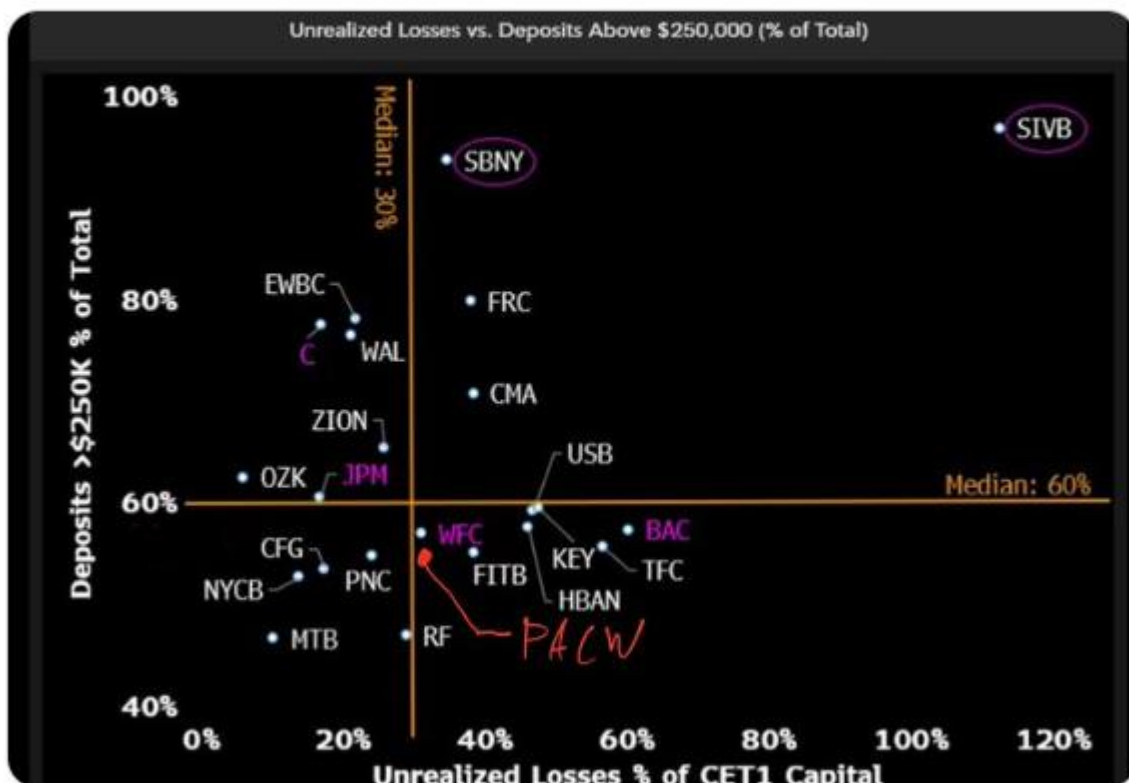
Michael Burry with a guide showing bank unrealized losses vs. deposits above \$250,000 (% of Total)



Cassandra B.C.
@michaeljburry



This is a good chart/guide.



8:44 PM · Mar 17, 2023 · 249.1K Views



Source: Barchart

#markets

#us #banks



The Kobeissi Letter 

@KobeissiLetter

Uninsured Deposits by Bank:

1. BNY Mellon, **\$BK**: 97%
2. SVB, **\$SIVB**: 94%
3. State Street, **\$STT**: 91%
4. Signature, **\$SBNY**: 90%
5. Northern Trust, **\$NTRS**: 83%
6. Citigroup, **\$C**: 77%
7. HSBC Holdings, **\$HSBA**: 73%
8. First Republic Bank, **\$FRC**: 68%
9. East West Bancorp, **\$EWBC**: 66%
10. Comerica, **\$CMA**: 63%

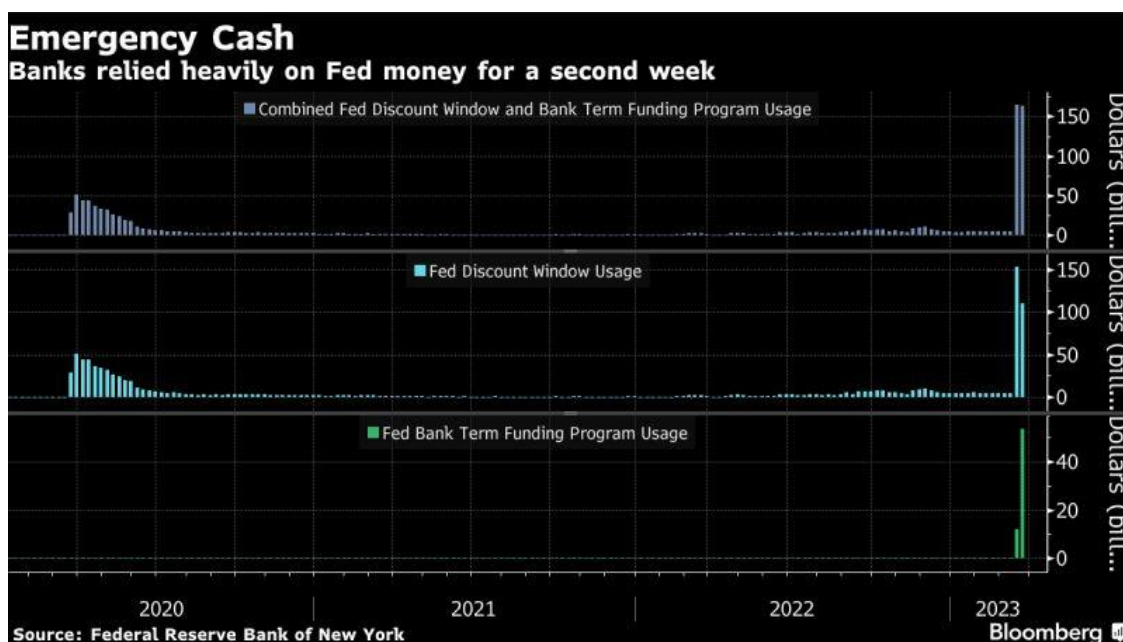
There are now a total of \$8 trillion in uninsured deposits in the U.S.

Roughly 40% of all deposits are uninsured.



#us #banks #borrowings

Banks reduced their borrowings only slightly from two Fed backstop facilities in the most recent week, a sign that institutions are taking advantage of the #centralbank's #liquidity in the wake of turmoil.



Source: Bloomberg, C.Barraud



#us #money-market-funds

Where's all the money going that's being withdrawn from bank deposit accounts? Here's some of it: The two-week increase in outstanding U.S. money market funds has been the biggest since April 2020, with the total surging to a record \$5.13 trillion: ICI data

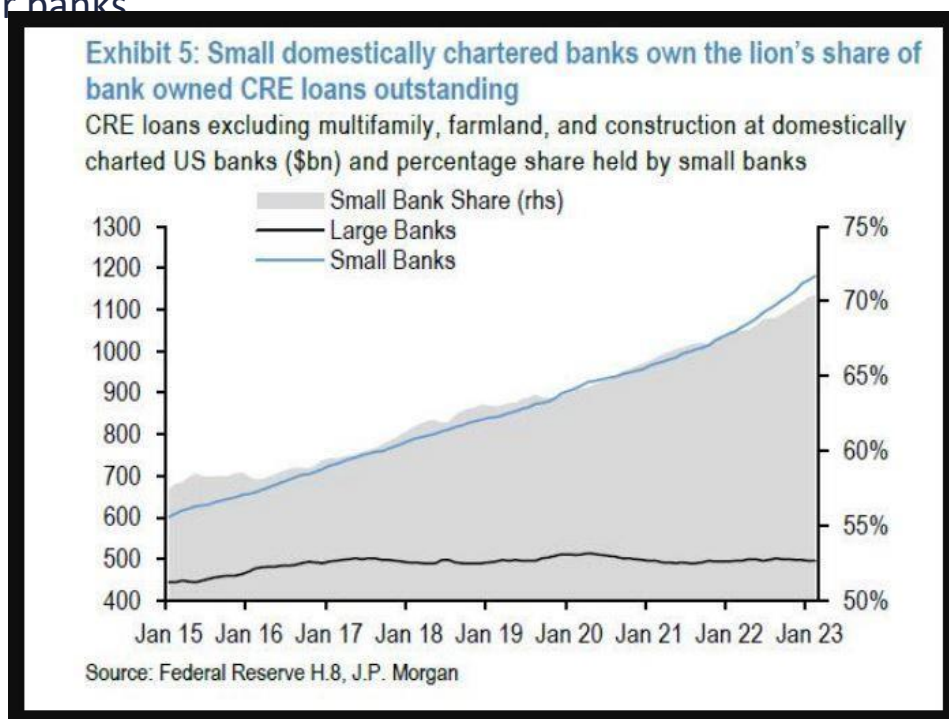


Source: Bloomberg



#us #regional-banks

MORE TROUBLES AHEAD FOR US REGIONAL BANKS? The collapse of SVB (and other regional banks) is putting a magnifying glass on regional banks and their CRE (Commercial Real Estate) loan books remain an area of major concern. Indeed, the office commercial real estate is seen by many as the next show to drop rapidly and could become the Big Short 3.0. And this could be another major blow for US regional banks. As highlighted by JP Morgan, US "small" banks have accounted for the lion's share (70%) of CRE lending relative to larger banks



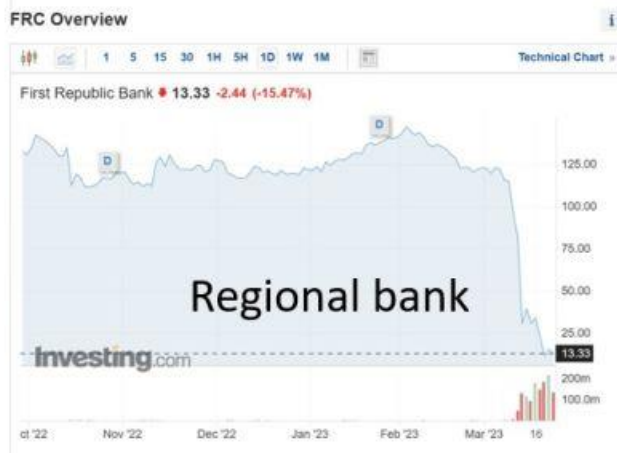
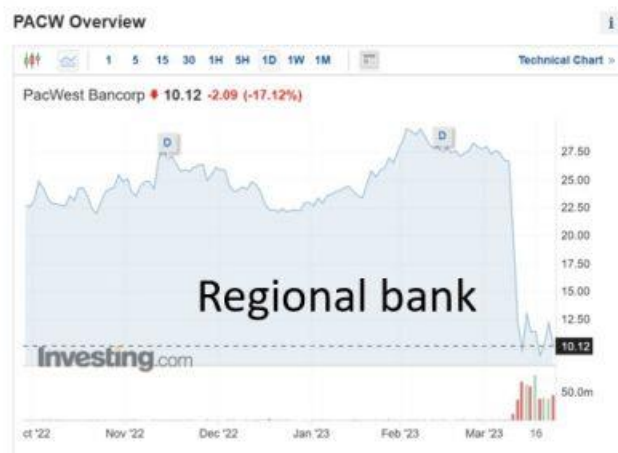
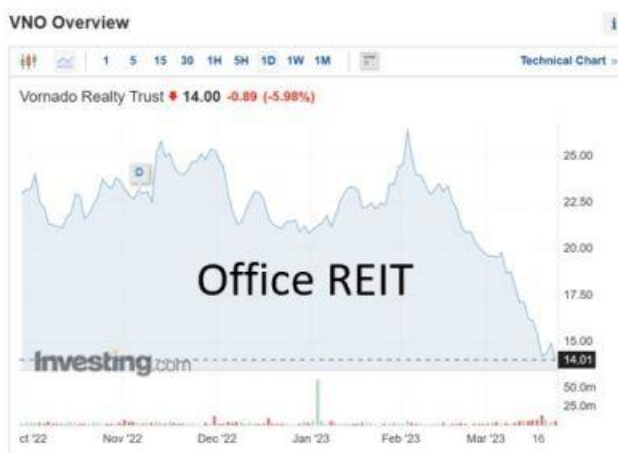
Source: JP Morgan





#us #weakest-links

Interest-rate sensitive sectors (aka REITs or Regional banks) continue to suffer...



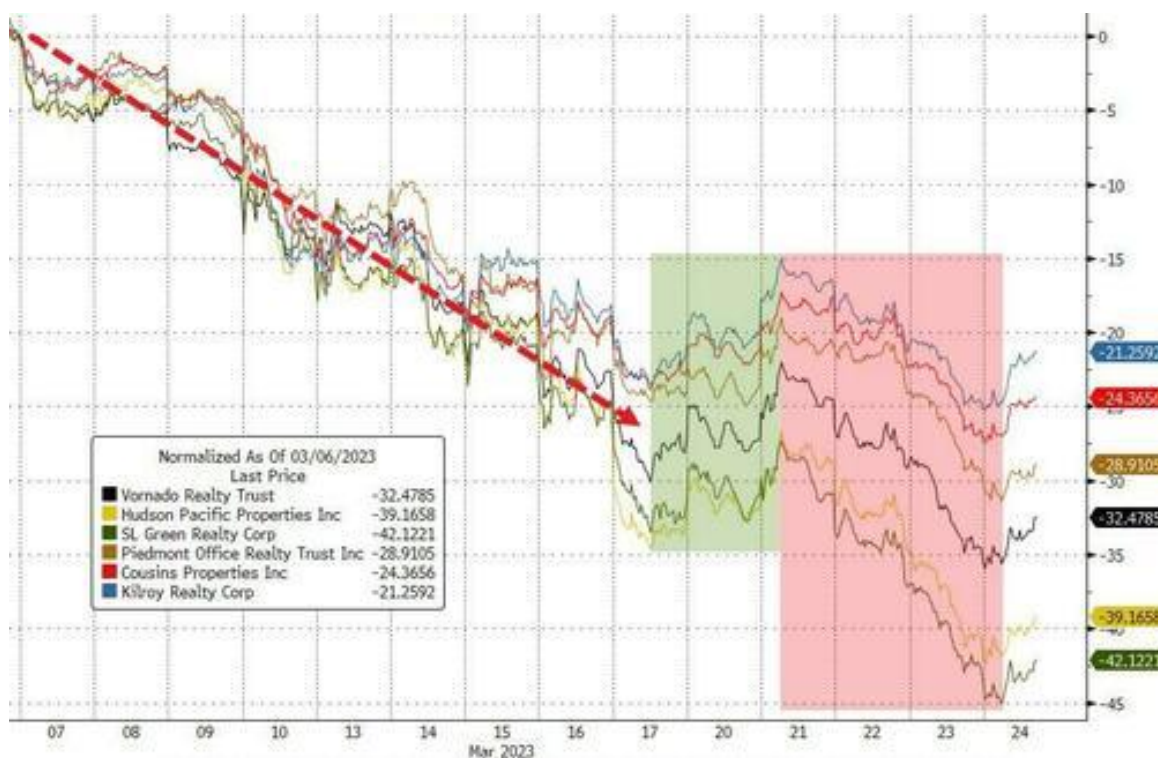
Source: www.investing.com





#us #weakest-links

CRE/Office REITs continued to collapse this week...



Source: www.zerohedge.com, Bloomberg



#us #weakest-links

The Big Short 3.0? It seems that hedge funds are piling into The New "Big Short". As exemplified by the recent banking fallout, the weakest links of the economy are getting hit by the 9 rate hikes by the #fed. And after the demise of SVB and the likes, there might be a credit event looming. With the US commercial real estate in big trouble, the CMBS (commercial mortgage backed securities) market is getting sold off as the entire CMBX stack is now plunging at a rate not seen since the covid crash and before that, the Lehman bankruptcy, when those who shorted CMBX made billions. As a side note, US small banks account (aka the ones which are now in troubles) for 70% of Commercial Real Estate Loans...



Source: www.zerohedge.com, Bloomberg



#european #stocks

European bank markets roller-coastered dramatically, rallying off the opening lows after the CS bailout then reversing weaker to end the week. By the close, EU bank stocks were only modestly lower while Senior EU bank credit was tighter...

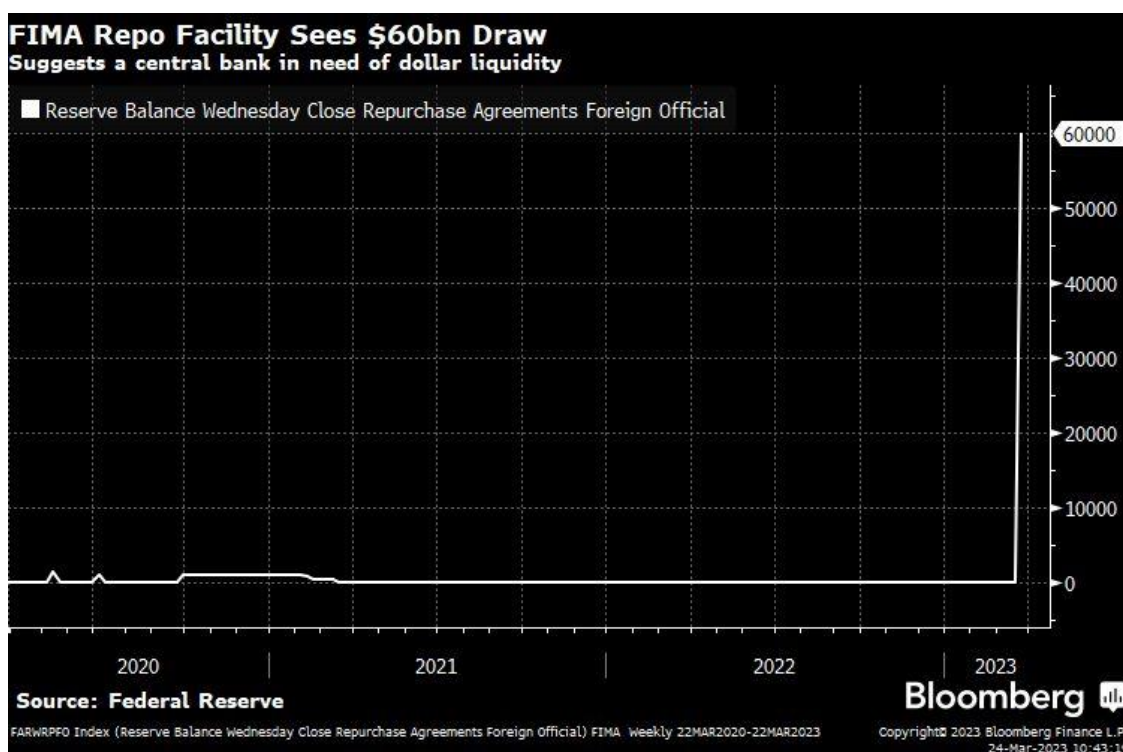


Source: Bloomberg, www.zerohedge.com



#liquidity-crisis

This is what scares everyone today. A foreign central bank (not covered by FX swap lines) MAXED out the FIMA repo...

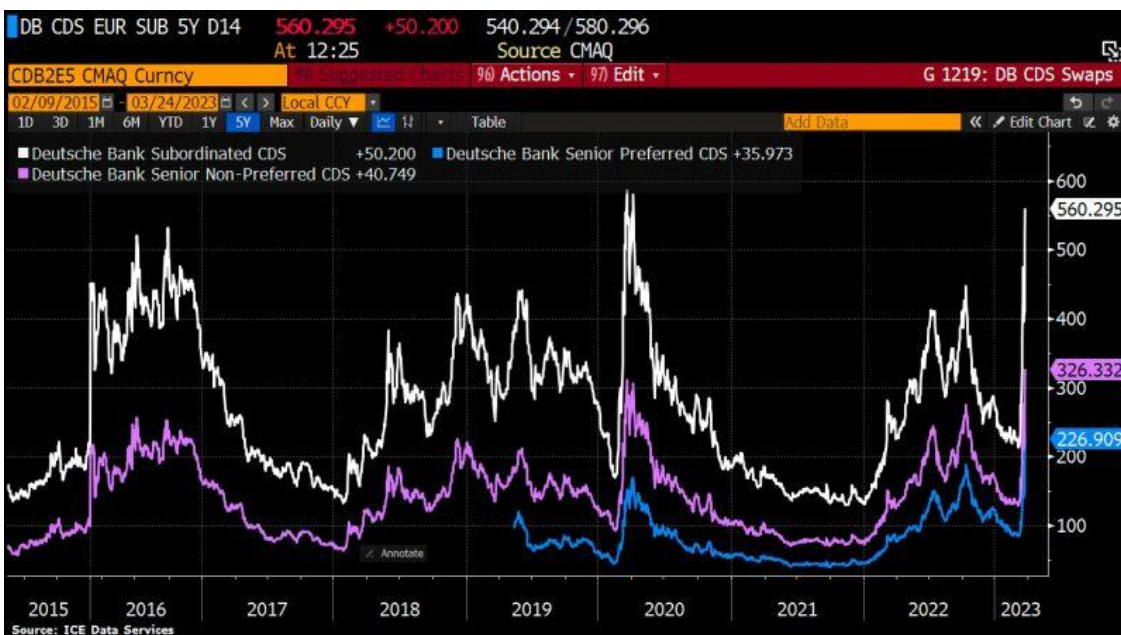


Source: Bloomberg, AndreasStenoLarsen



#deutsche-bank #cds

Deutsche Bank's credit default swaps, which represent insurance of its bondholders against a potential default, spike as banking doom is back in Europe. Markets price 31% default probability for DB sub-bonds and 16% for senior DB paper.



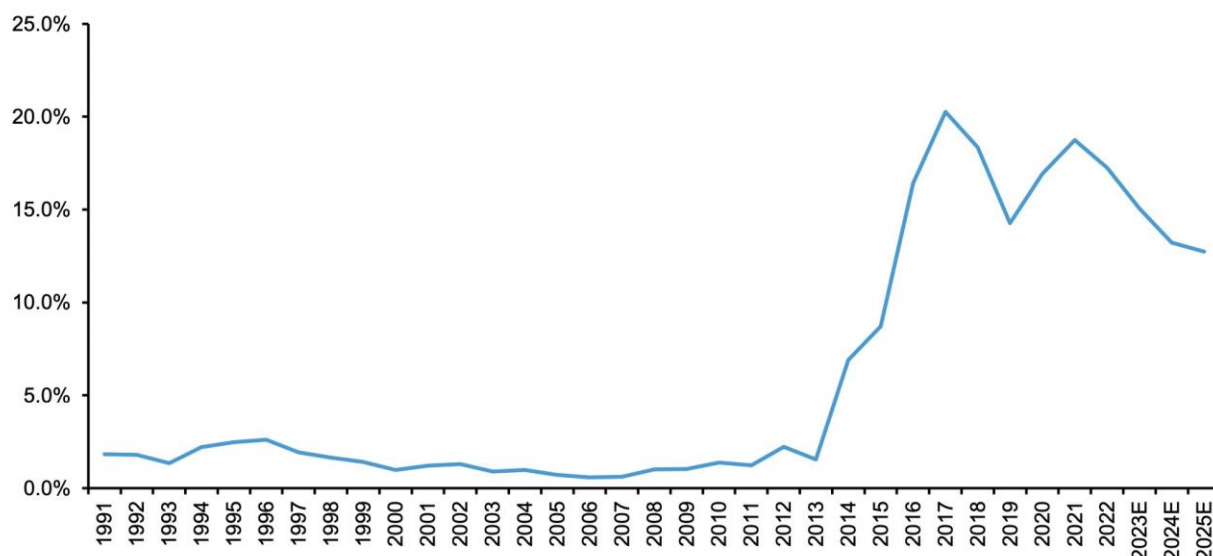
Source: HolgerZ, Bloomberg

#deutsche-bank

"To be crystal clear - Deutsche is NOT the next Credit Suisse," Stuart Graham, analyst at Autonomous says. He added he is relatively relaxed considering Deutche's robust capital & liquidity positions. Concerns about US CRE exposures, large derivative book not very scary & manageable

Chart 6: Deutsche operates with much bigger cash holdings than pre-GFC

Cash/adjusted assets



Source: Company data, Autonomous Research estimates

Source: HolgerZ

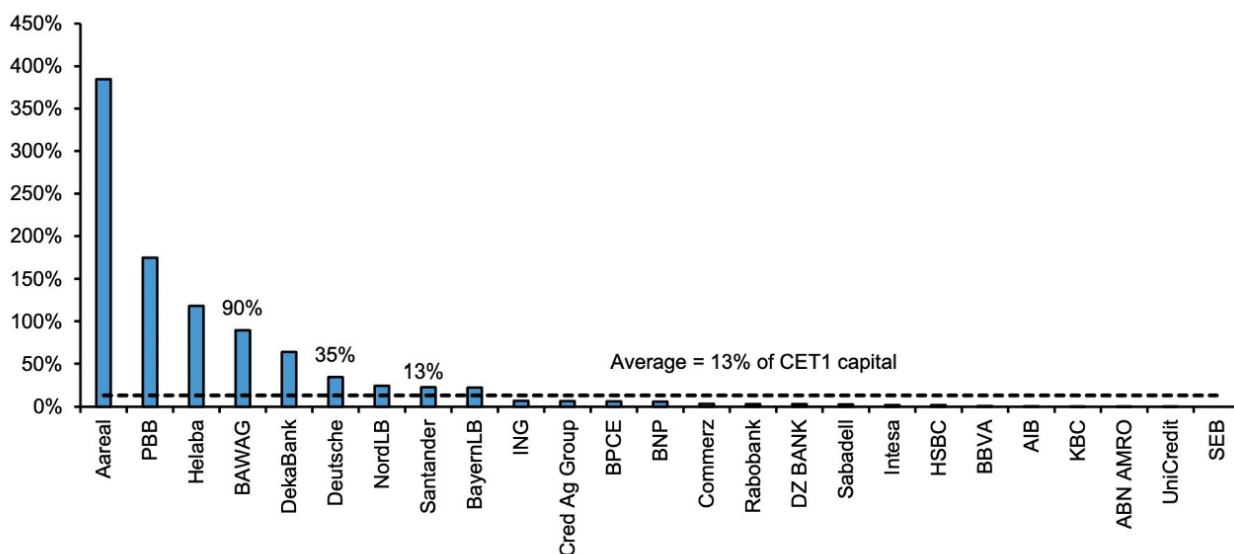


#deutsche-bank

"To be crystal clear - Deutsche is NOT the next Credit Suisse,"
Stuart Graham, analyst at Autonomous says.

Chart 7: Deutsche is one of a handful of European banks with significant exposures to US CRE, although we regard the risks as manageable

US CRE exposures as % CET1 capital, Q4 or Q2 2022



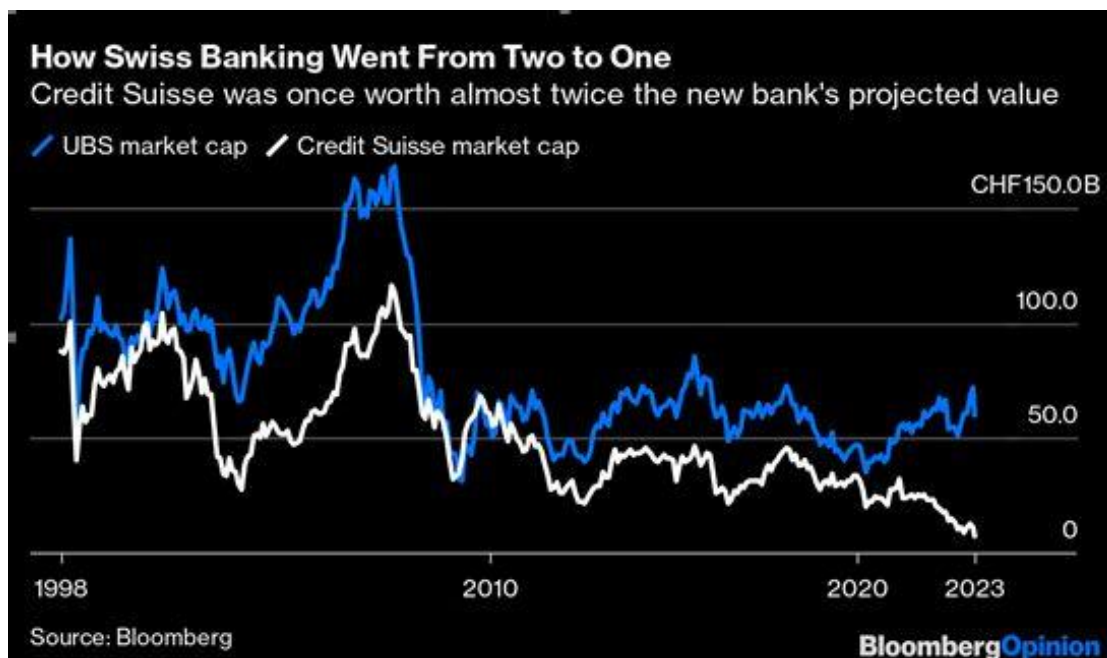
Source: Company data, EBA Transparency Exercise (using specialised corporate lending exposures as a proxy for CRE)

Source: HolgerZ



#ubs #cs

How Swiss Banking went from Two to One. Credit Suisse will cost its long-time rival only 3 billion Swiss francs (\$3.3 billion). It's a brutal fate for a proud franchise. This is how its market cap has compared to UBS since the latter completed its founding merger in 1998:

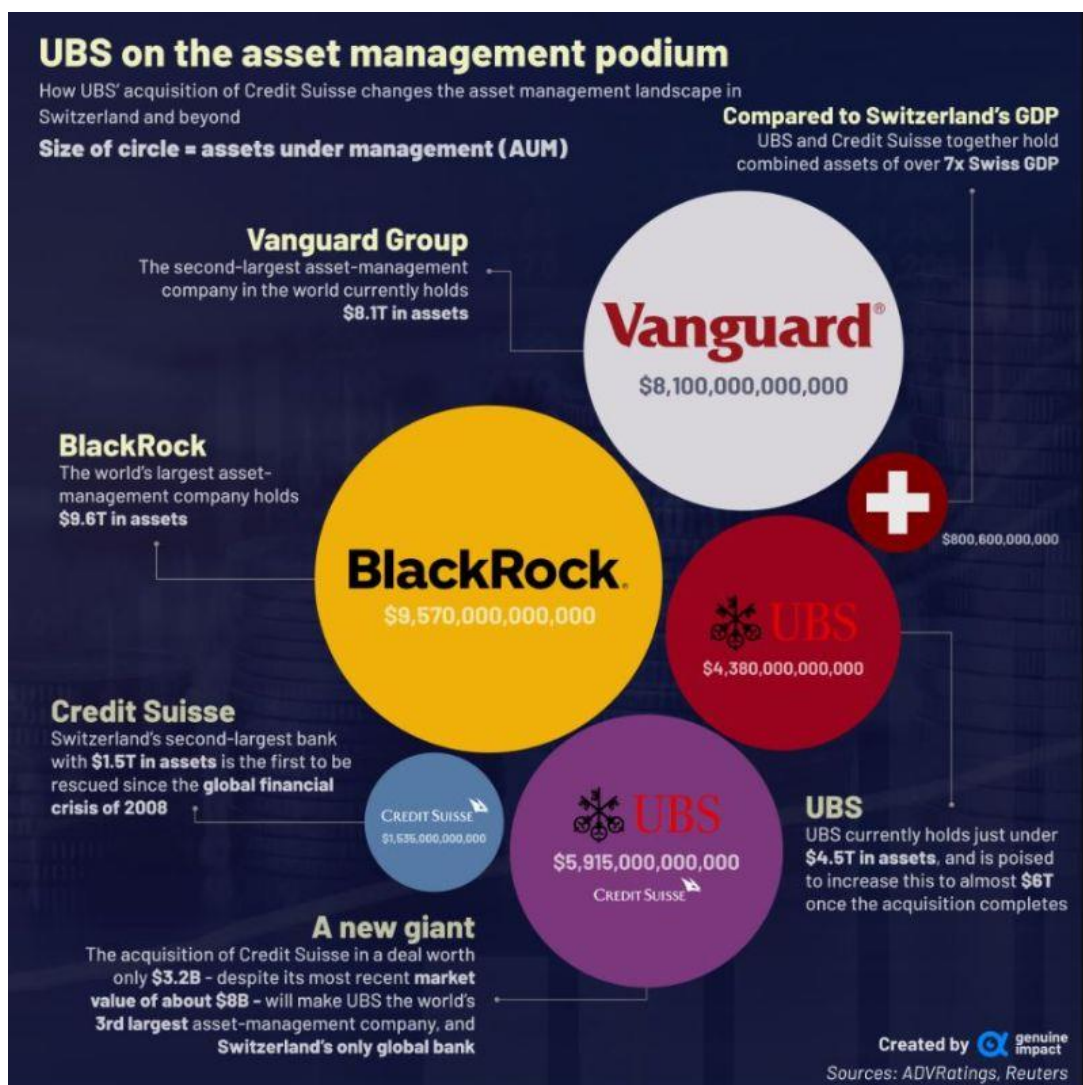


Source: Bloomberg



#ubs #cs

UBS is now the world's 3rd-largest asset management company after acquiring Credit Suisse - with a total AUM of over 7x Switzerland's GDP



Source: Genuine Impact

#swiss #banks #doj

Credit Suisse and UBS are among banks being investigated in a US DOJ probe into whether financial professionals helped Russian oligarchs evade sanctions.

Credit Suisse, UBS Among Banks Facing DOJ Russia-Sanctions Probe

Thursday, March 23, 2023 09:22 PM

By Ava Benny-Morrison, Chris Strohm and Marion Halftermeyer

- Subpoenas to individual bankers preceded Credit Suisse crisis
- US is investigating whether bankers aided sanctions evasion

(Bloomberg) -- Credit Suisse Group AG and UBS Group AG are among the banks under scrutiny in a US Justice Department probe into whether financial professionals helped Russian oligarchs evade sanctions, according to people familiar with the matter.

The Swiss banks were included in a recent wave of subpoenas sent out by the US government, the people said. The information requests were sent before the crisis that engulfed Credit Suisse and resulted in UBS's proposed takeover of its rival.

Subpoenas also went to employees of some major US banks, two people with knowledge of

#markets

#ratings #ubs

Moody's has lowered the outlook for the ratings of the major bank UBS to 'negative' from 'stable'. This affects UBS Group AG's 'A3' unsecured debt rating and all UBS AG ratings. Despite the potential benefits from the acquisition of rival Credit Suisse, the transaction entails significant financial, cultural and franchise integration issues, the rating agency said. However, the acquisition has the potential "in due course" to significantly improve UBS's position in various areas, Moody's further notes. And the bank's solid liquidity profile and the facilities provided by the Swiss authorities, if needed, offer good creditor protection.



Source: finanzen

#credit-suisse #at1

Credit Suisse AT1 bonds wiped out. This is probably the biggest surprise given that even unsecured bondholders usually rank above equity holders in the capital structure. So for equity holders to get “something” and CoCo bond holders to get “nothing” raises serious questions about the real value of CoCo bonds. Could this trigger global credit spread widening?

Credit Suisse Group AG

+ Add to myFT

Holder of \$17bn of Credit Suisse bonds wiped out under UBS takeover

Value of risky additional tier one debt written down to zero in move expected to jolt markets

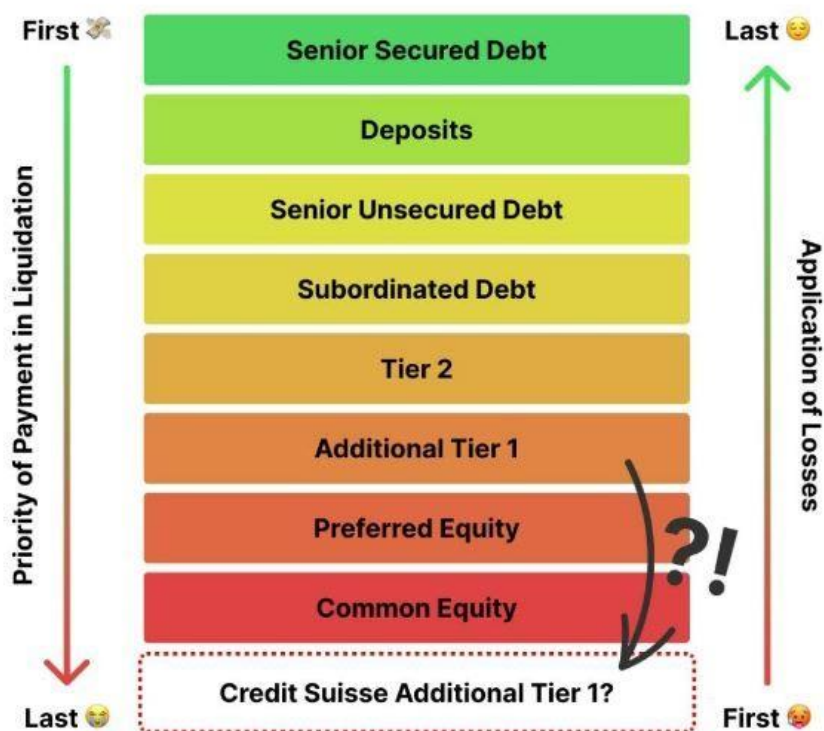








#credit-suisse #at1

Credit Suisse AT1 drama explained in one image by Ignacio Ramirez Moreno, CFA

Simplified Bank Capital Structure



Has the Swiss regulator (FINMA) broken bank capital structures and the AT1 asset class?  

 **Ignacio Ramirez Moreno, CFA** Finance Nerd 



#credit-suisse #at1

While many investors are shocked by Credit Suisse stocks being senior to the CoCos and extrapolating a freeze of the \$275 billion AT1 european market, The Macro Compass explains that CS AT1 investors should have known the risks they were running due to the absence of “write-up” mechanism, which means the risk of getting marked down to zero if a Viability Event/AT1 Trigger (read: bank about to go belly up) occurs is high.

Issuer	AT1 Trigger	Loss absorption	Write-up
Barclays	7%	Equity conversion	n/m
BBVA	5.125%	Equity conversion	n/m
BNP	5.125%	Temporary writedown	Yes
CaixaBank	5.125%	Equity conversion	n/m
Commerzbank	5.125%	Temporary writedown	Yes
CredAg Group	5.125%	Temporary writedown	Yes
Credit Suisse	7%	Permanent writedown	No
Danske Bank	7%	Equity conversion	n/m
Deutsche Bank	5.125%	Temporary writedown	Yes
HSBC	7%	Equity conversion	n/m
ING Group	7%	Equity conversion	n/m
Intesa	5.125%	Temporary writedown	Yes
Lloyds	7%	Equity conversion	n/m
NatWest Group	7%	Equity conversion	n/m
Rabobank	5.125%	Temporary writedown	Yes
Sabadell	5.125%	Equity conversion	n/m
Santander	5.125%	Equity conversion	n/m
SocGen	5.125%	Temporary writedown	Yes
StanChart	7%	Equity conversion	n/m
UBS	7%	Permanent writedown	No
UniCredit	5.125%	Temporary writedown	Yes

Source: Company Filings, Bloomberg Intelligence



Source: The Macro Compass, Bloomberg Intelligence



#european #sub #debt

European 'sub' debt ended better on the week with spreads modestly tighter...

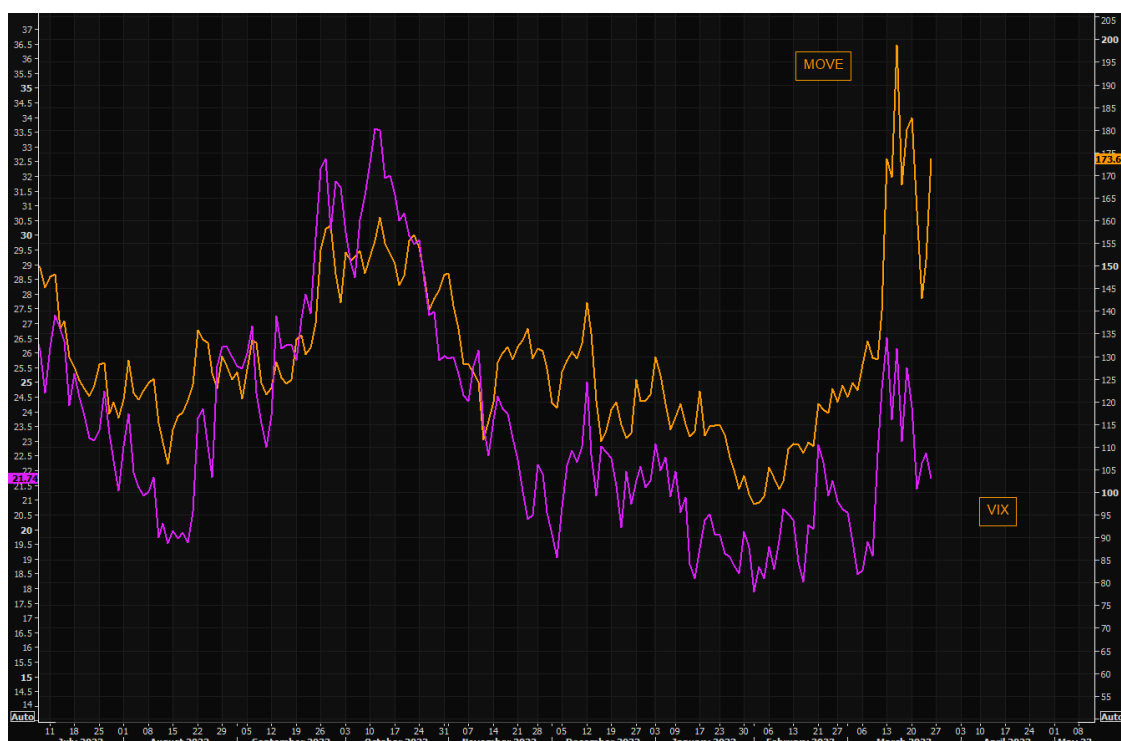


Source: www.zerohedge.com, Bloomberg



#volatility #bonds #equities

Bond volatility simply can't move lower. The gap vs VIX is very wide again.



Source: The Market Ear

#markets

#us #treasuries

Treasuries were mixed on the week with the long-end underperforming and the belly best. However, overall, it was another week of crazy vol in bond-land...

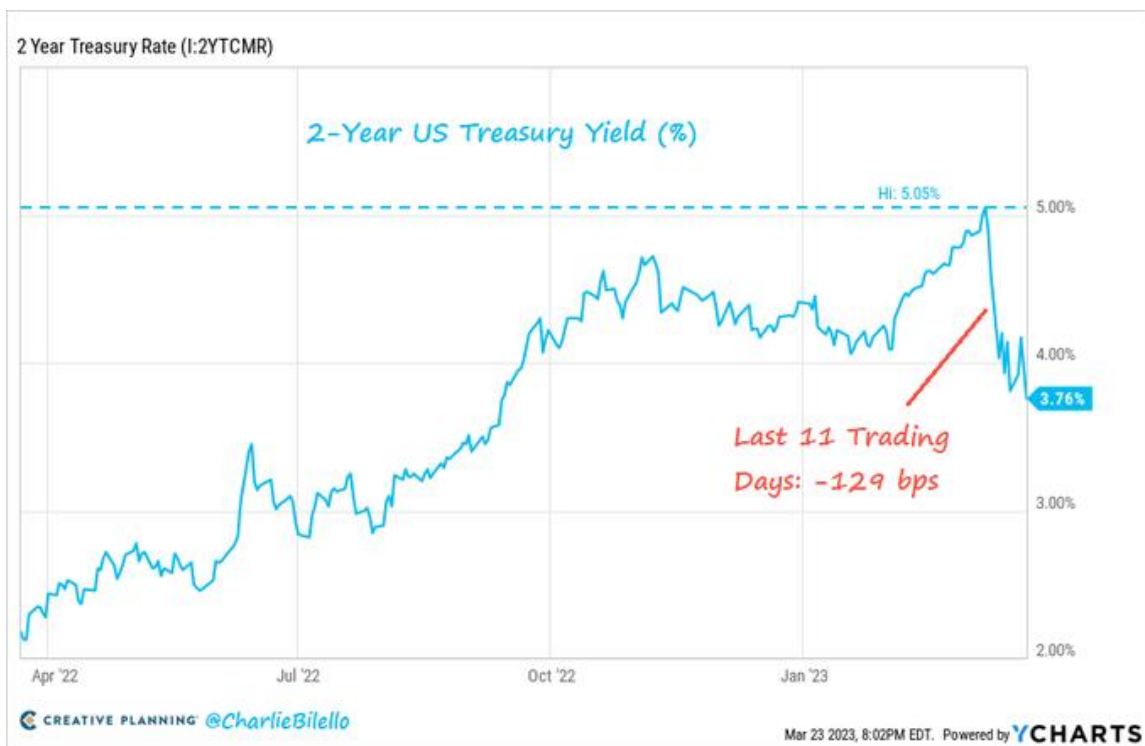


Source: www.zerohedge.com, Bloomberg



#us #treasuries #2y

The 2-year Treasury yield has moved from 5.05% down to 3.76% over the last 11 trading days, the largest 11-day decline in yields (-129 bps) since Oct 16 - Nov 2 in 1987 (Black Monday crash was on October 19).



Source: Charlie Bilello





#us #treasuries #yield-curve

The yield curve steepened notably this week (5s10s uninverted) with 2s10s back at its least inverted since October...



Source: www.zerohedge.com , Bloomberg



#treasury #cta

CTA's exposure to 10-year Treasuries

Figure 8: CTA exposure to 10-year Treasuries

Partial beta with respect to the J.P. Morgan US 7-10Y bond index in our model for CTA returns*



Source: Bloomberg Finance L.P., SG, J.P. Morgan

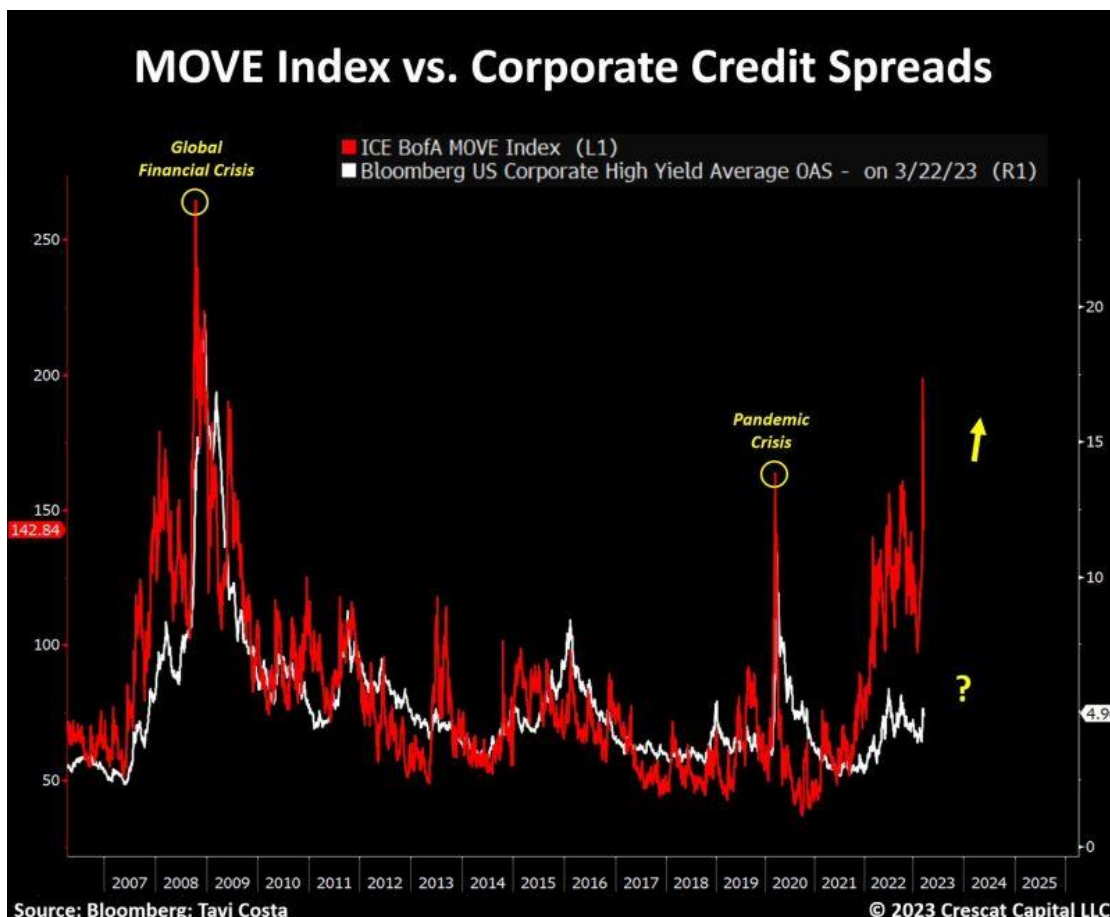
* Model is a 1-month regression of daily excess returns on the CTA index versus daily excess returns on 1) J.P. Morgan US 7-10Y bond index, 2) J.P.

Source: JPM



#us #credits-spreads #move

The MOVE index is the equivalent of the VIX for US Treasuries. There is currently an usual divergence between corporate spreads and the MOVE index. Could the surge in bond volatility trigger a major credit event?



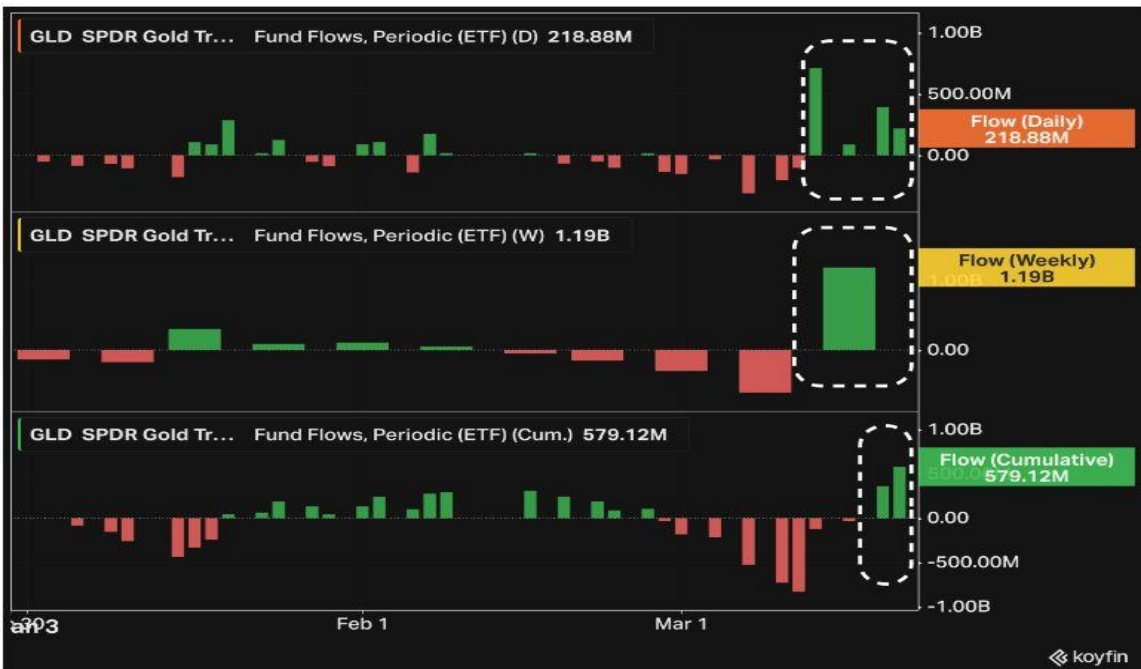
Source: Crescat Capital, Bloomberg





#gold #etf

Gold-backed ETF (GLD) Draws \$1.2B Inflows Amid Banking Crisis
Since the start of the regional banking crisis in the United States, \$1.2 billion has flowed into the SPDR Gold Trust ETF GLD, a gold-backed ETF that invests in physical metal bars and is managed by World Gold Trust Services, LLC. Overall, GLD's AUM is still 16% below the peak of \$70 billion reached in April 2022 and about 35% below the peak of \$84 billion reached in August 2020.



Source: Bezinga





#precious-metals

The macro case on precious metals and early-stage mining companies. In a nutshell: 1) Gold near record high; 2) Stagnant growth among the major miners due to aging assets, deteriorating quality and no appetite for production growth; 3) Meanwhile, major miners reinvest their cash flows into buybacks and dividends (instead of investing in mining).

Bottom-line: very little additional gold supply at the time demand is increasing (bullish gold). Earlier-stage mining companies well positioned to perform.



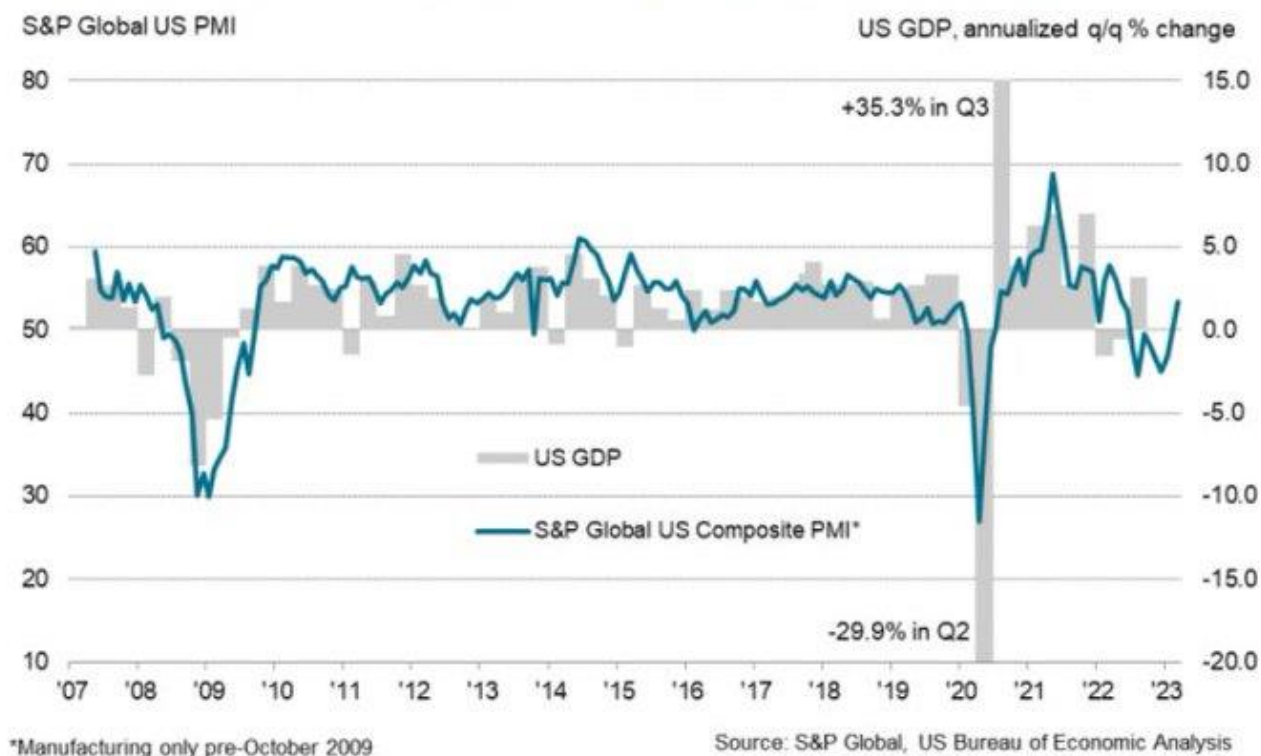
Source: Crescat Capital, Bloomberg

#macro

#us #pmis

March S&P Global U.S. Composite PMI (chart) moved up to 53.3 vs. 49.5 est. & 50.1 prior; Manufacturing PMI up to 49.3 vs. 47 est. & 47.3 prior; Services PMI up to 53.8 vs. 50.3 est. & 50.6 prior.

S&P Global Flash US PMI Composite Output Index



Source: S&P Global, Liz Ann Sonders

#macro

#us #credit-crunch

Credit crunch = recession: banking crises are followed by tighter lending standards (they have been getting tighter in recent quarters)...

Source: BofA

Chart 3: Banking crises are followed by tighter lending standards
Tightening lending standards for small biz vs Fed discount window usage



Source: BofA Global Investment Strategy, Bloomberg

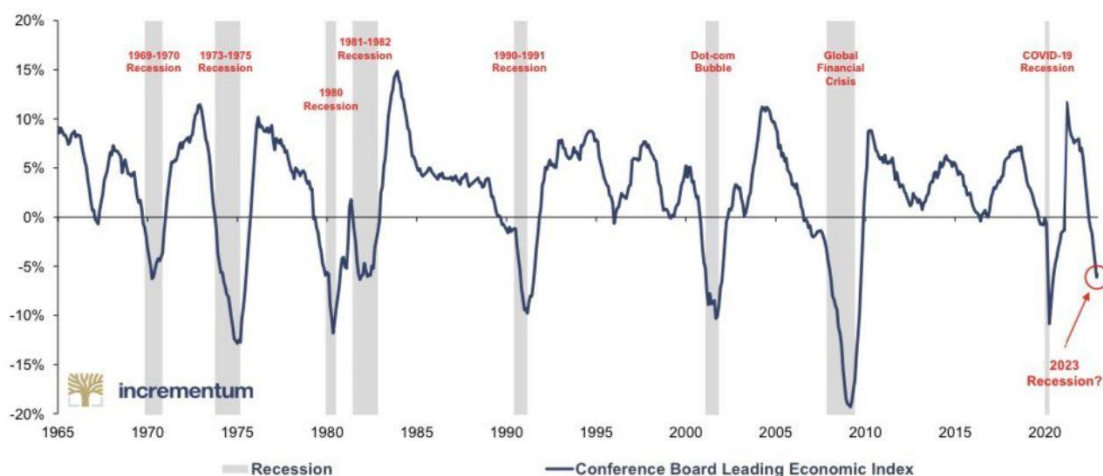
BofA GLOBAL RESEARCH



#leading-economic-index #recession

Since 1965, the Leading Economic Index has predicted every recession. Will 2023 be the first time it doesn't or will history repeat?

Since 1965, the Leading Economic Index Has Successfully Predicted Every Recession
Conference Board Leading Economic Index, yoy, 01/1965-01/2023



Source: Reuters Eikon, Incrementum AG

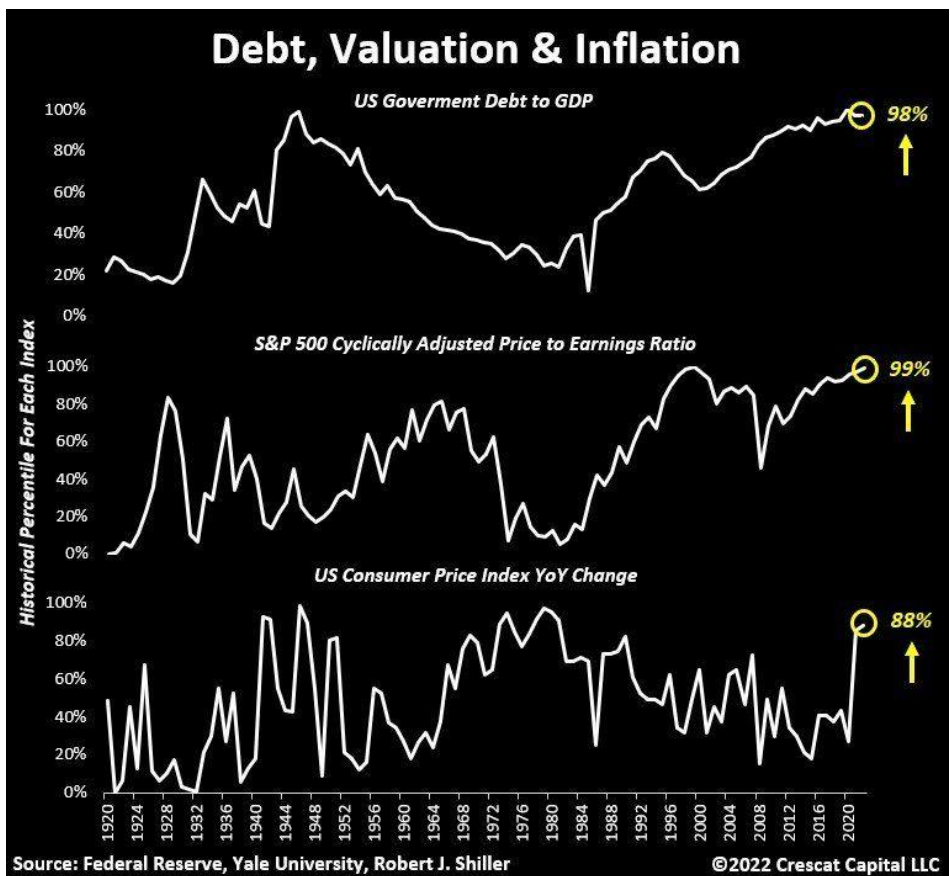


Source: Incrementum



#us #debt

As highlighted by Tavi Costa, US economy and equity markets are facing imbalances at 3 levels: 1) Debt (98% percentile vs. history); 2) Expensive valuations (99%); 3) Inflation (88%)
Never in history have we had all three issues happening at once. And when financial problems re-emerge, the Fed must always resort to financial repression, letting inflation run hotter than historical standards.



Source: Crescat Capital

#uk #inflation

ARE CENTRAL BANKERS LOSING THE WAR AGAINST INFLATION? Nearly every economist expected #UK #inflation to fall in January. In fact it rose. CPI rate up from 10.1% to 10.4%. UK annual #inflation rates rise again following the easing in January 2023:

- Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 9.2% in the 12 months to Feb 2023, up from 8.8% in Jan 2022
- CPI rose by 10.4%, up from 10.1%

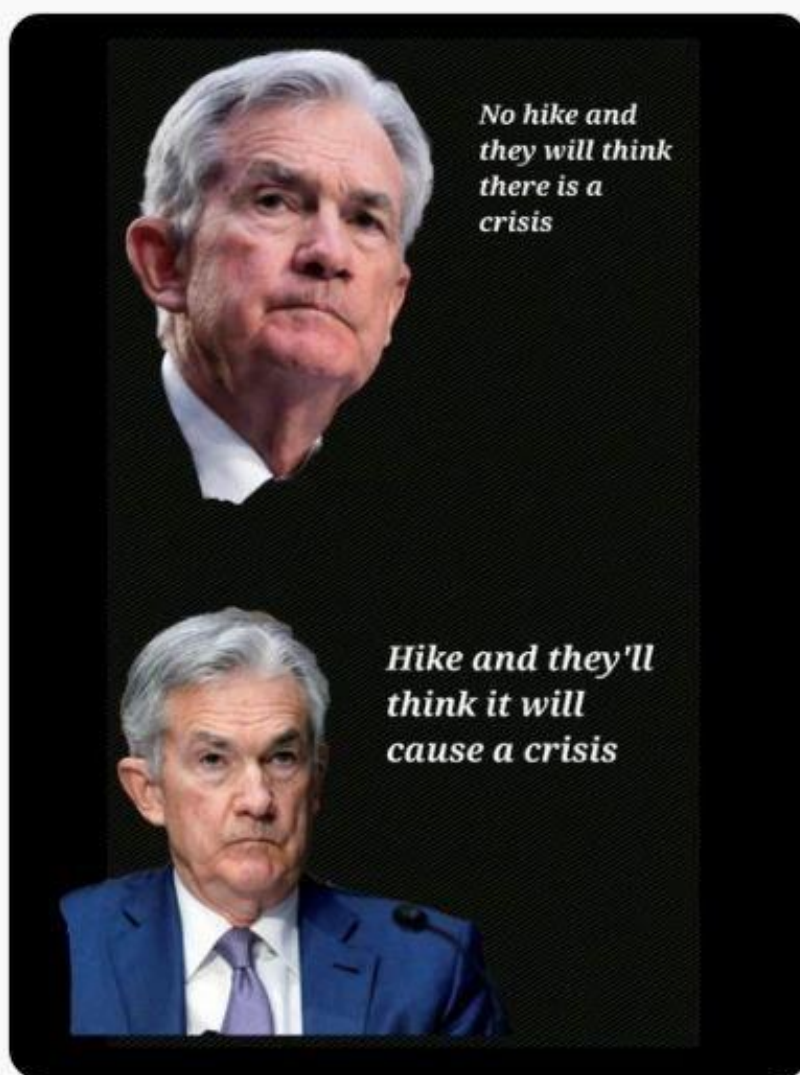


#centralbanks

#fed #powell

Jerome Powell looked tired during the conf call on Wednesday. Admittedly, there was no easy solution...

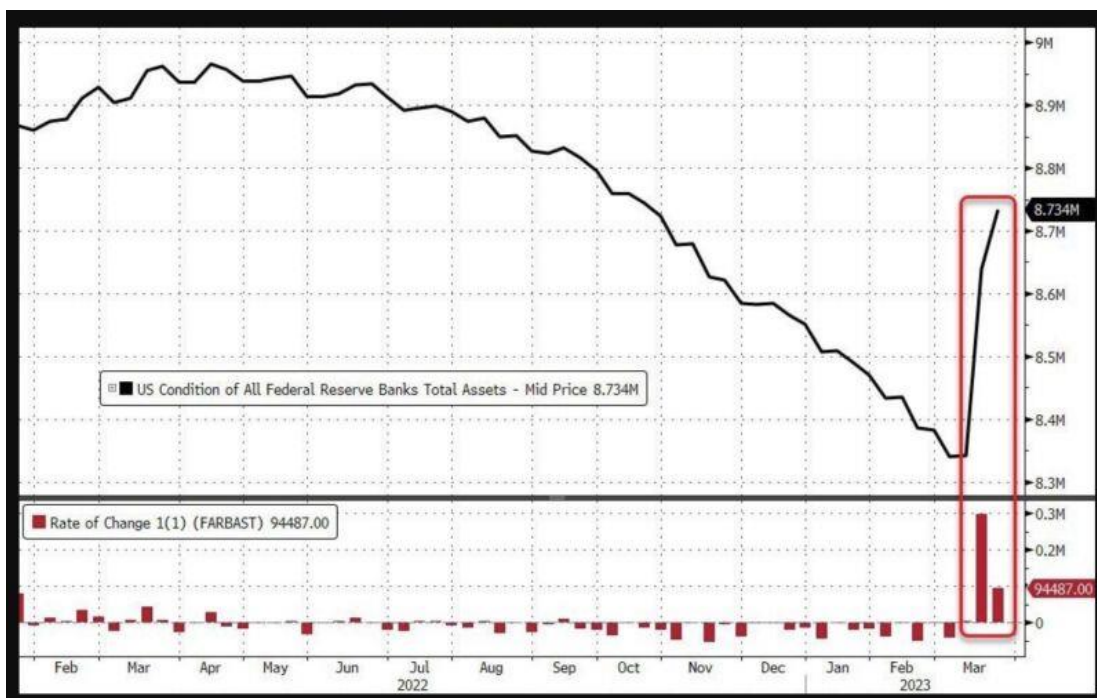
Source: Wall Street Silver



#centralbanks

#fed #balance-sheet

Fed Balance Sheet Surges By Another \$100BN Amid Bank Runs. As of March 22, the Fed's balance sheet increased by \$94.5 billion to \$8.734 trillion from \$8.639 trillion which in turn was a \$297 billion increase from the previous week when the bank crisis started. In total, the Fed's balance sheet has increased by \$393 billion in the past two weeks and is fast approaching its all time high of \$8.95 trillion one year ago, when QT kicked in and shrank the Fed's assets by \$600 billion.

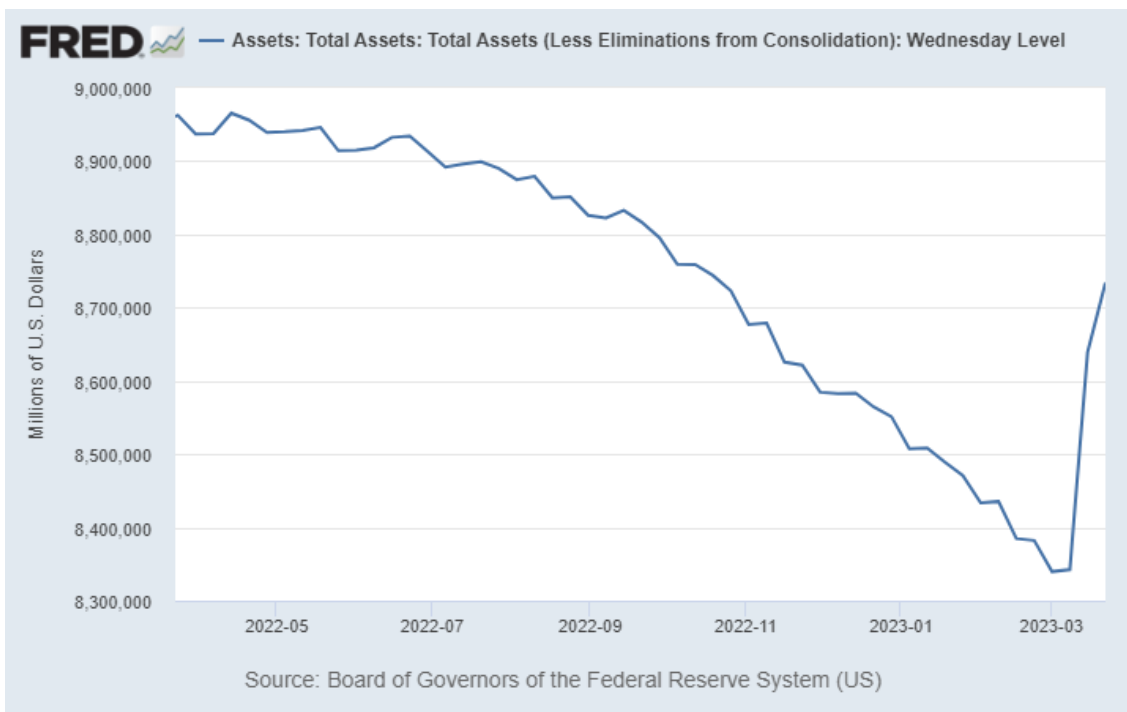


Source: www.zerohedge.com, Bloomberg

#centralbanks

#fed #balance-sheet

The Fed keeps QT on Treasuries & MBS (=HAWKISH). This is something difficult to reconcile for many: how can you say that QT keeps going while the Fed balance sheet just increased for a second week by more than \$300B? (Answer: they continued trimming securities held outright (QT), while increasing their loans/repos outstanding.



Breaking Market News @financialjuice · 2h
FED: WE WILL KEEP REDUCING THE BALANCE SHEET AS PLANNED.



Source: FRED

#centralbanks

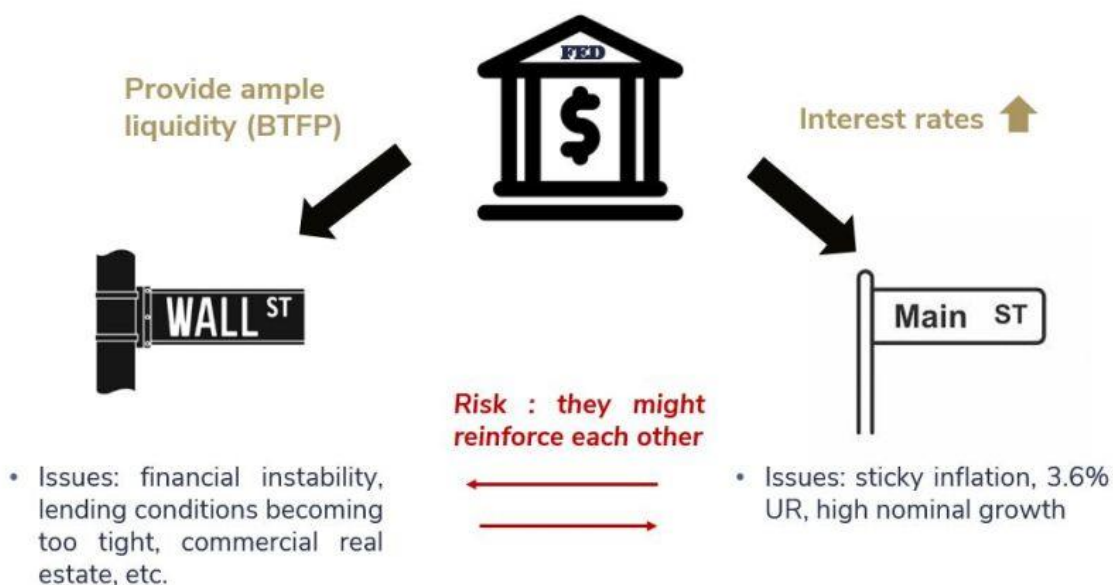
#fed #strategy

WHY ARE MARKETS SO COMPLACENT DESPITE THE FALLOUT OF 2 US REGIONAL BANKS AND CREDIT SUISSE BAILOUT?

One explanation could be that markets believe in the capacity of central banks to run 2 different monetary policies at the same time:

- 1) They are fighting inflation by hiking rates (see ECB last week).
- 2) They are rescuing the financial system by providing banks with ample liquidity / backstop (BTFP, SNB support, etc.). The later is even seen by some as a “stealth QE”.

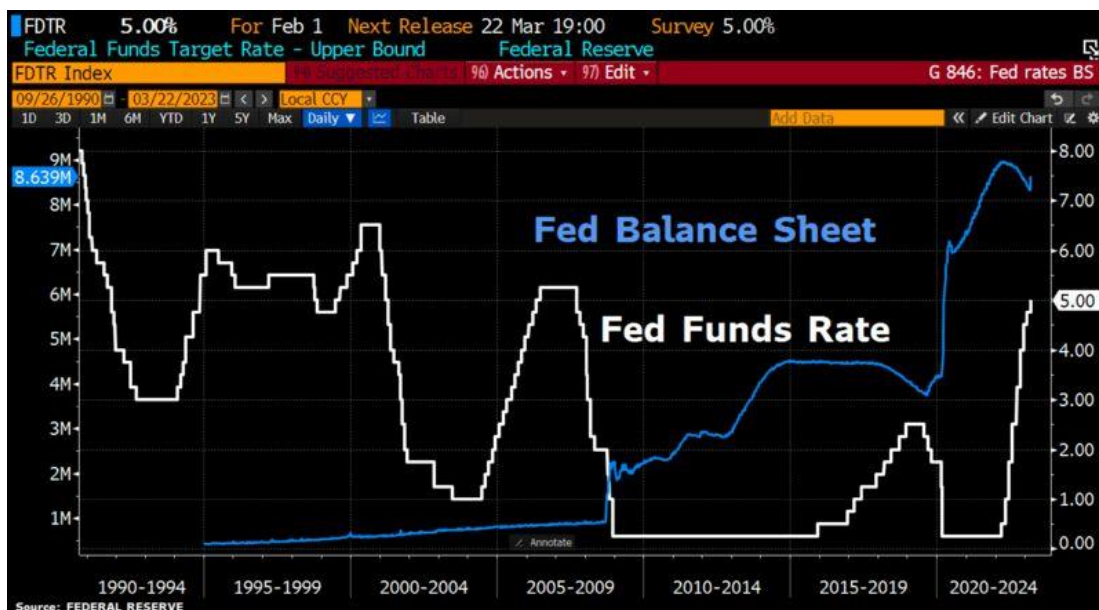
While this looks feasible on paper, running these policies at the same time carry important execution risks



#centralbanks

#fed #tightening

Fed raised benchmark rate 25bps to 4.75%-5% target range as expected. Officials still project the fed funds rate will end 2023 at 5.1%. Will NOT end QT. Fed will continue same pace of reducing treasury, MBS holdings. FOMC noted that future increases are not assured and will depend largely on incoming data. Still, the Fed projections call for another rate hike this year...

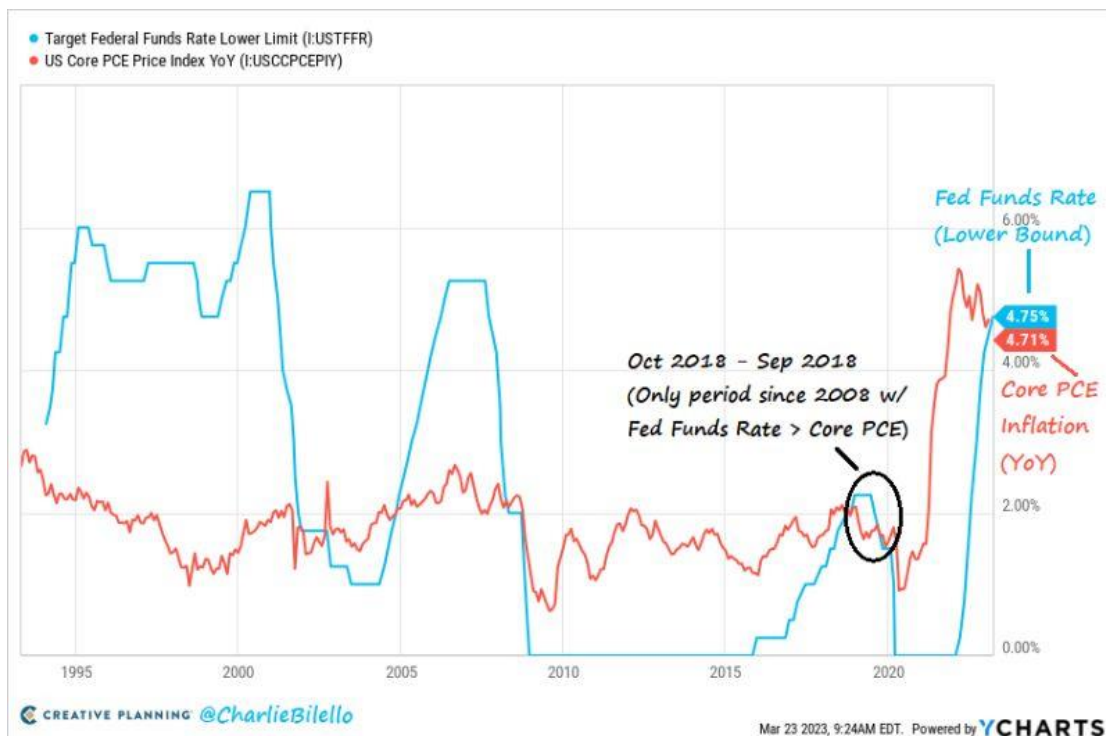


Source: Bloomberg, HolgerZ

#centralbanks

#fed #funds #real

The Fed Funds Rate is now above Core PCE (the Fed's preferred measure of inflation). Since 2008, the only other period w/ a Fed Funds Rate above Core PCE was Oct 2018 - Sep 2019. That ended with Fed rate cuts in 2019 & a swift move back to easy money.



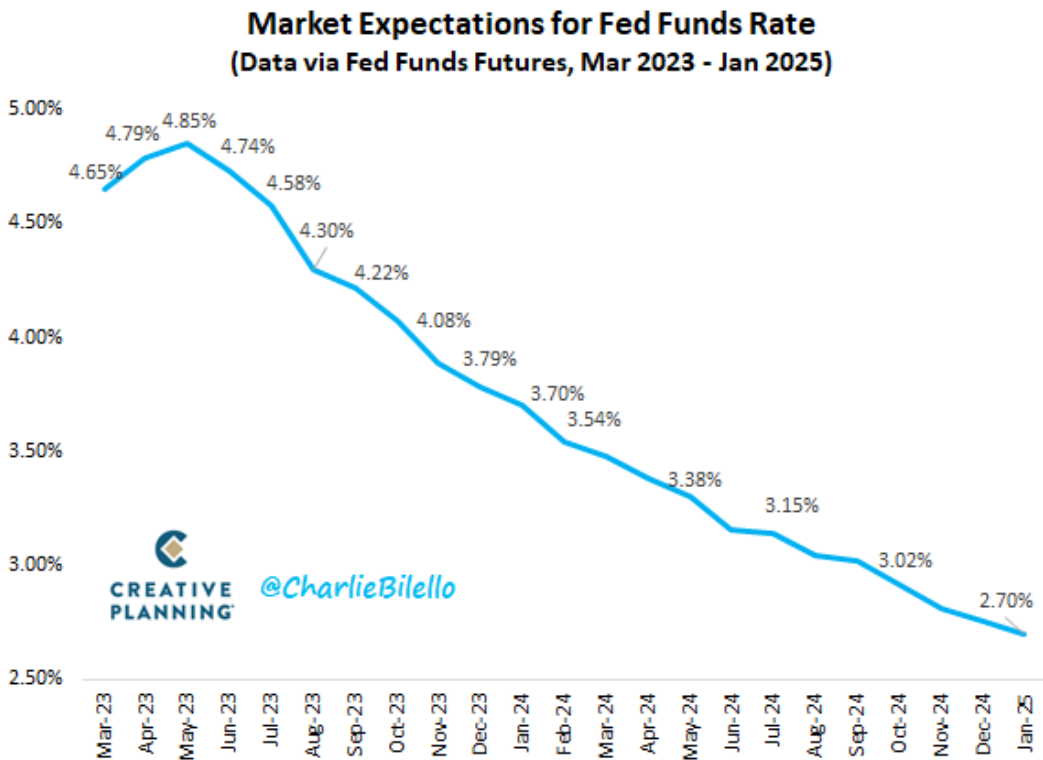
Source: Charlie Biello

#centralbanks

#fed-funds-expectations

Current market expectations for the path of the Fed Funds Rate...

- May 3, 2023: Pause.
- June 14, 2023: 25 bps cut to 4.50-4.75%.
- July 26, 2023; 25 bps cut to 4.25-4.50%.
- Sep 20, 2023: 25 bps cut to 4.00-4.25%.
- Nov 1, 2023: Pause.
- Dec 13, 2023: 25 bps cut to 3.75-4.00%.

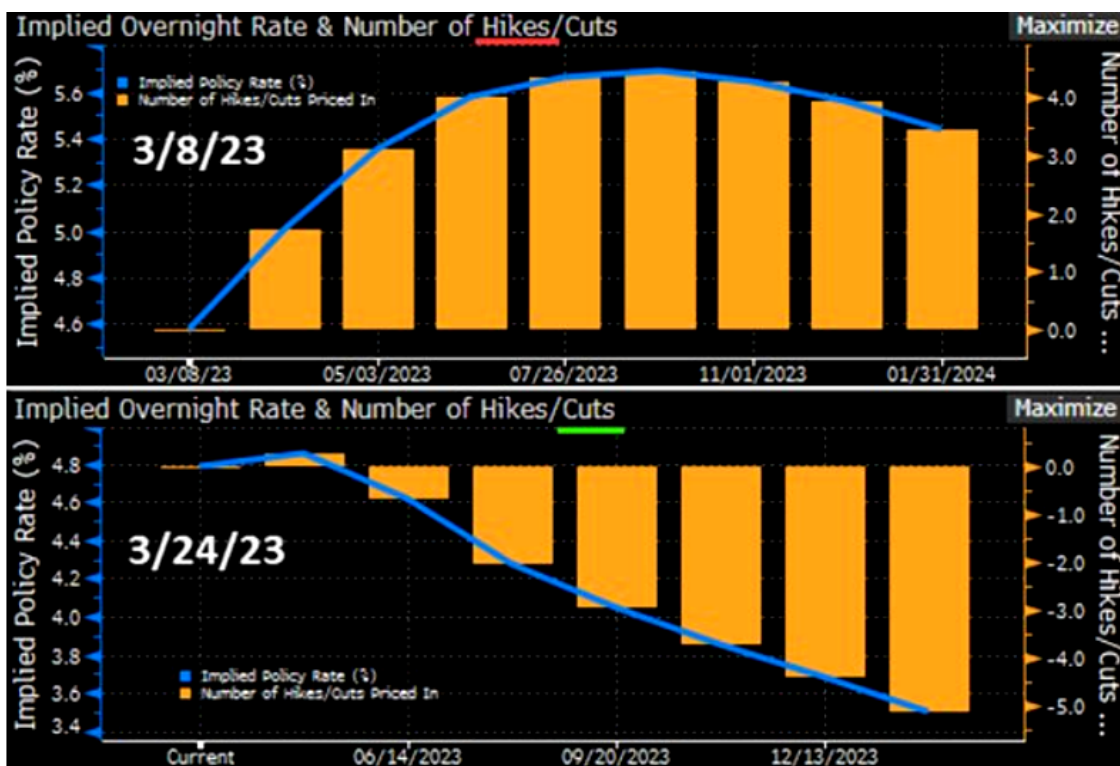


Source: Charlie Bilello

#centralbanks

#fed #rates #expectations

Implied Fed curve "delta" has been huge. As McElligott writes: "...even going so far as to price small delta of an April INTERMEETING CUT from the Fed".



Source: The Market Ear, Bloomberg

#centralbanks

#fed #rates #expectations #dot-plot

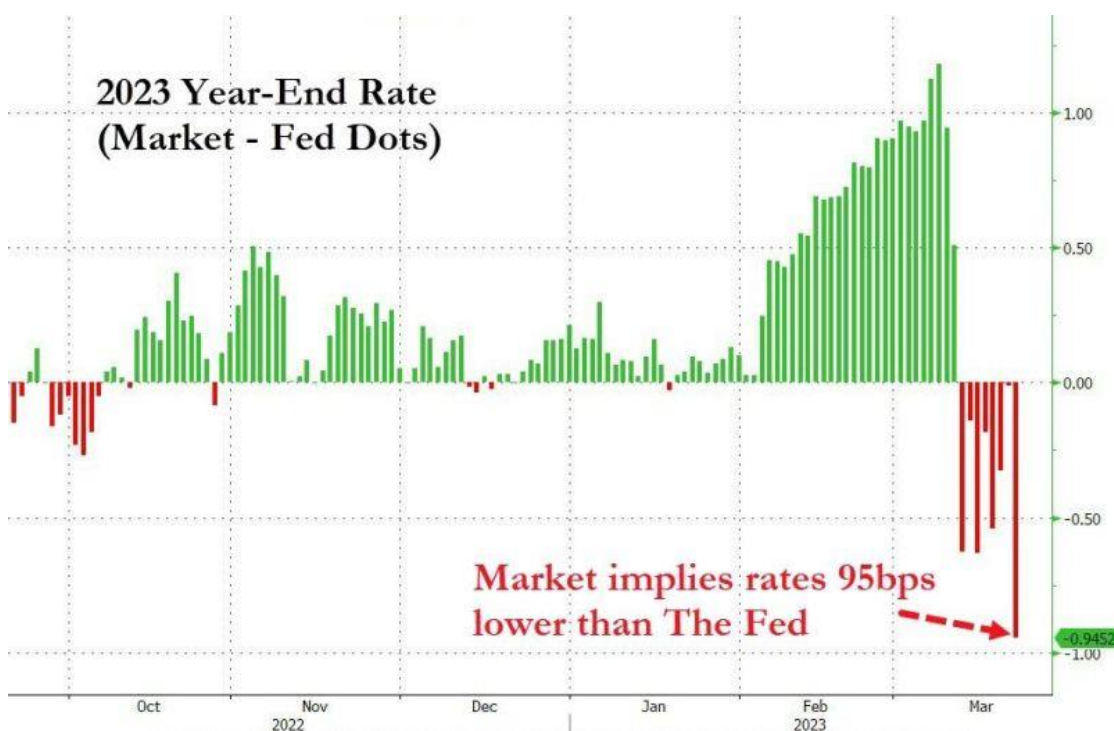
There is a 100 bps differential between the Fed's dot plot and what the market is pricing in. How long can this dichotomy stay? Source: Natalia Gurushina



#centralbanks

#fed #rates #expectations #dot-plot

Market's expectations dramatically more dovish than The Fed's DotPlots...



Source: www.zerohedge.com, Bloomberg

#centralbanks

#fed #money-markets

Bill Ackman says he expects an acceleration of deposit outflows from banks after Janet Yellen “walked back” comments about guaranteeing all deposits & Fed raised its benchmark rate to 5%. The 5% rate threshold makes bank deposits “much less attractive.”

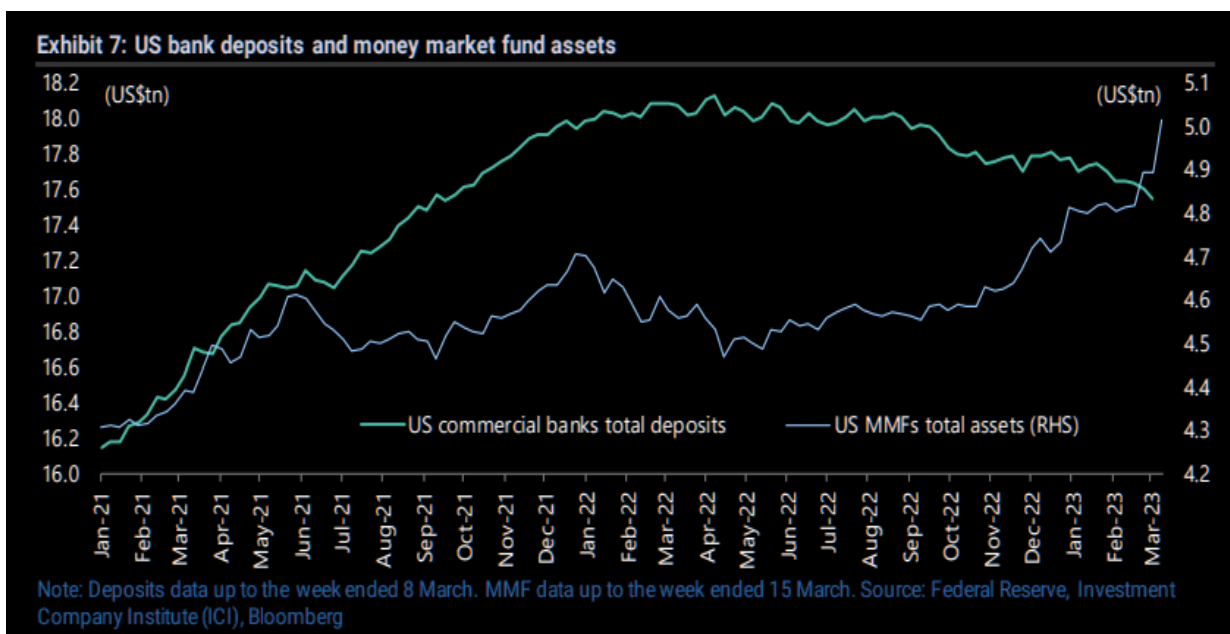


Source: Bloomberg, HolgerZ

#centralbanks

#fed #dilemma

The cross: money markets "breaking up" and people still wonder why deposits are waning...



Source: The Market Ear

#centralbanks

#fed #dilemma

Nice chart by The Macro Compass. US banks have been steadily losing deposits, as money has been flowing towards higher-yielding and safer alternatives like Money Market Funds (MMFs). The Bank Term Funding Program (BTFP) fixes the asset side of the bank's issues - but what about bank liabilities? Since the #Fed began to raise interest rates a year ago, the amount of money in money market funds has increased by ~\$400bn, and the inflows increased by more than \$100bn last week. By raising rates, Fed would exacerbate these flows. No bank can sustain a major, prolonged bank run on its deposits.



Source: TheMacroCompass.com, Bloomberg



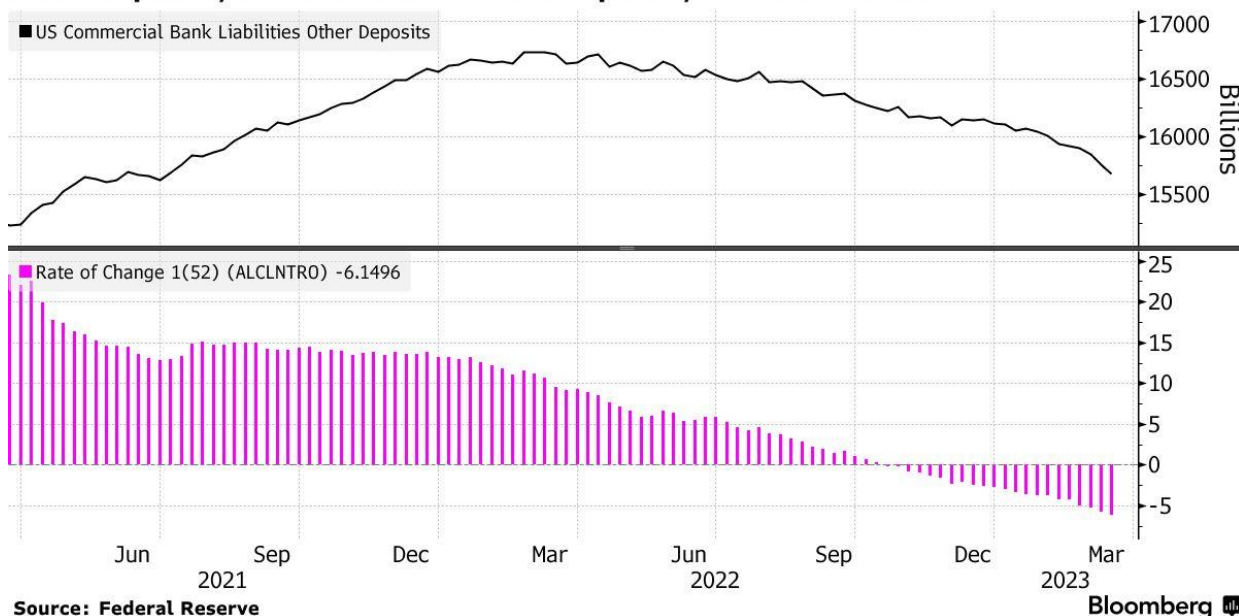
Source: The Macro Compass

#centralbanks

#fed #dilemma

US bank deposits declined by most in nearly a year, MINUS \$98 billion in week ended March 15. The decline is entirely due to a slump at smaller US banks.

US Bank Deposits Have Seen a Steady Drip Since Last Fall
Other deposits, which excludes timed-deposits, are down about 6%



Source: Federal Reserve



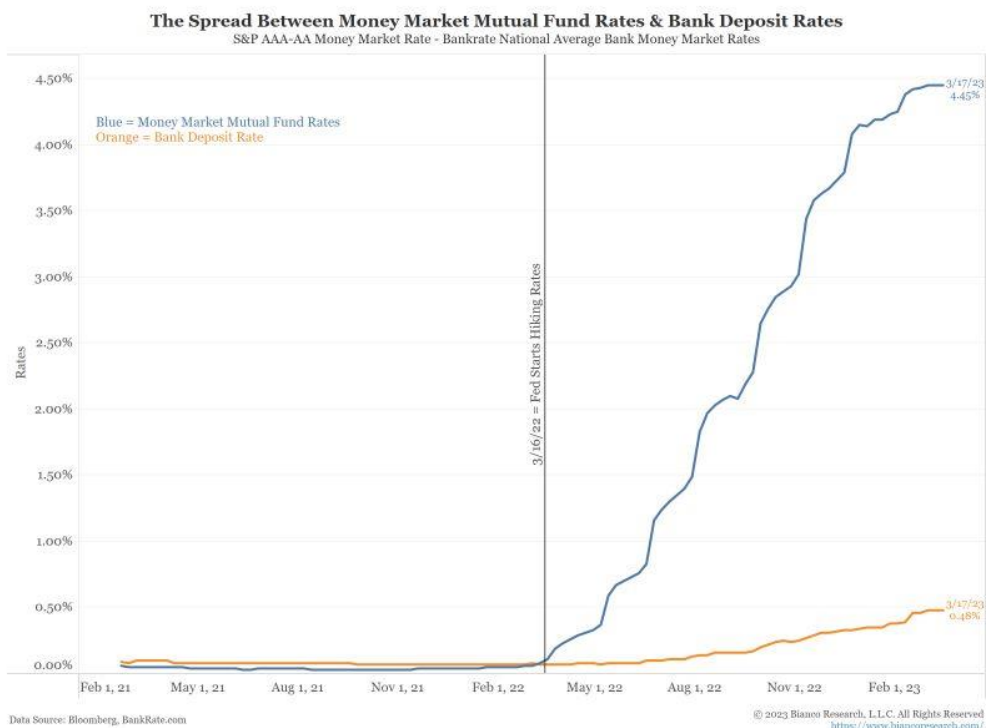
Source: Bloomberg



#fed #dilemma

A nice twitter thread by Jim Bianco. As shown on the chart below, US banks are losing deposits because yield seekers are leaving to park their cash into money market funds. In light of this, the #fed has a dilemma as it is left with the following 3 choices:

- 1) Don't raise savings rates, continue to bleed deposits.
 - 2) Raise savings rates (but kill bank profitability).
 - 3) Cut the funds rate and risk higher and persistent #inflation.
- What should they do?



Source: Bianco Research

#centralbanks

#us #financial-conditions

Bloomberg's Financial Conditions Index went from loose (green) to the tightest since March 2020. Gives the Fed an excuse to pause if it wants to...

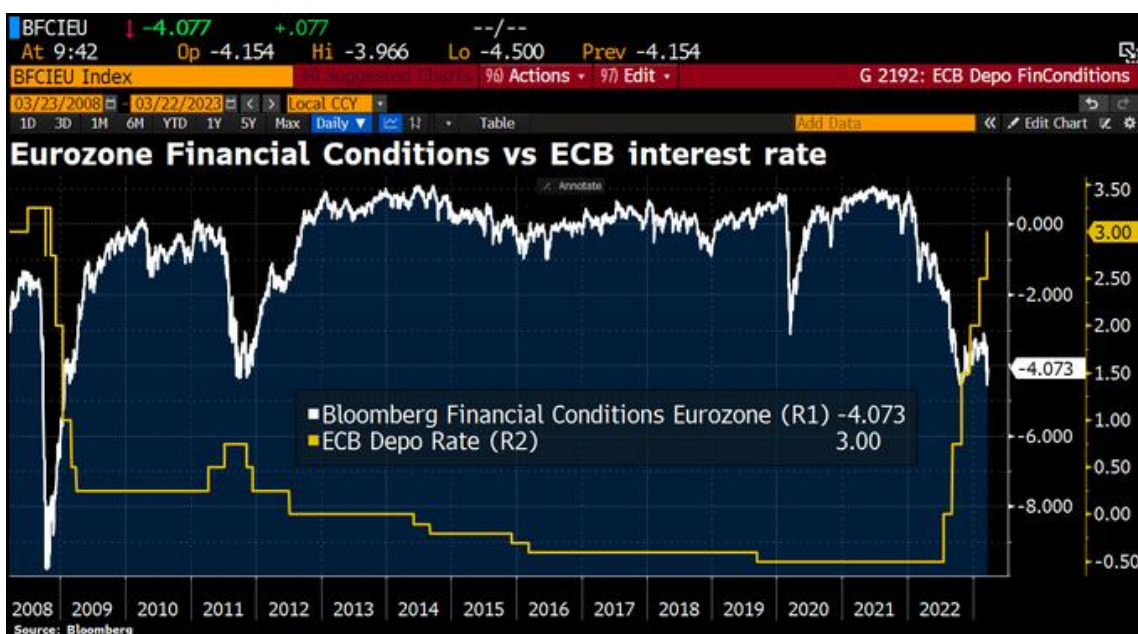


Source: Liz Young, Bloomberg

#centralbanks

#ecb #monetary-policy

Is there a trade-off between fighting #inflation & ensuring financial stability?

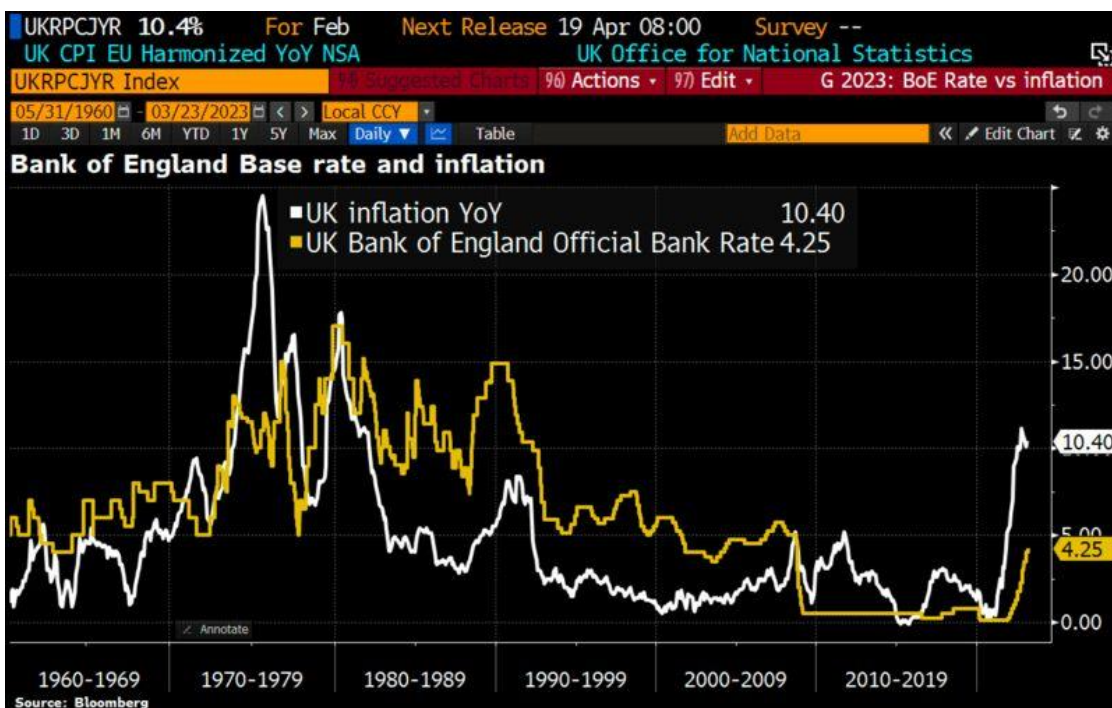


Source: Bloomberg

#centralbanks

#boe #rates-hike

Bank of England hikes policy rate by 25bps to 4.25%, highest level since 2008 as expected. Rate is still way below inflation.

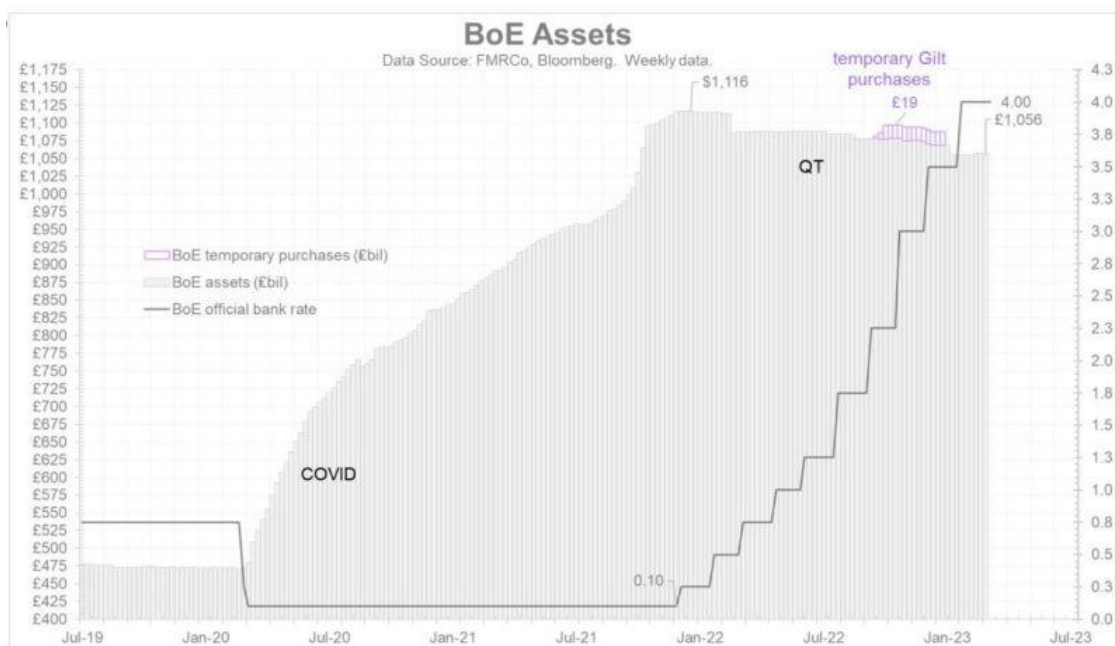


Source: Bloomberg, HolgerZ

#centralbanks

#boe #rates-hike

Are we about to see a return to QE? Probably not yet if the we look at what happened in the UK last Fall. The current bull argument is that BTFP is a stealth QE which is unleashing billions of dollars of liquidity at a time when US Nominal GDP is close to 8%, i.e QE is back = buy risk assets. However, it is worth remembering that last fall, when the Bank of England (BoE) conducted temporary asset purchases (in purple below) to solve for an asset-liability mismatch similar to what we are seeing in the US now. A shown on this chart by Fidelity, the growth of BoE balance sheet assets was only temporary as the QT trend resumed a few months afterwards.



Data source: FMRCo, Bloomberg, Haver Analytics, FactSet. Data as of 03/19/2023. Past performance is no guarantee of future results.



Source: Fidelity

#centralbanks

#snb #rates-hike

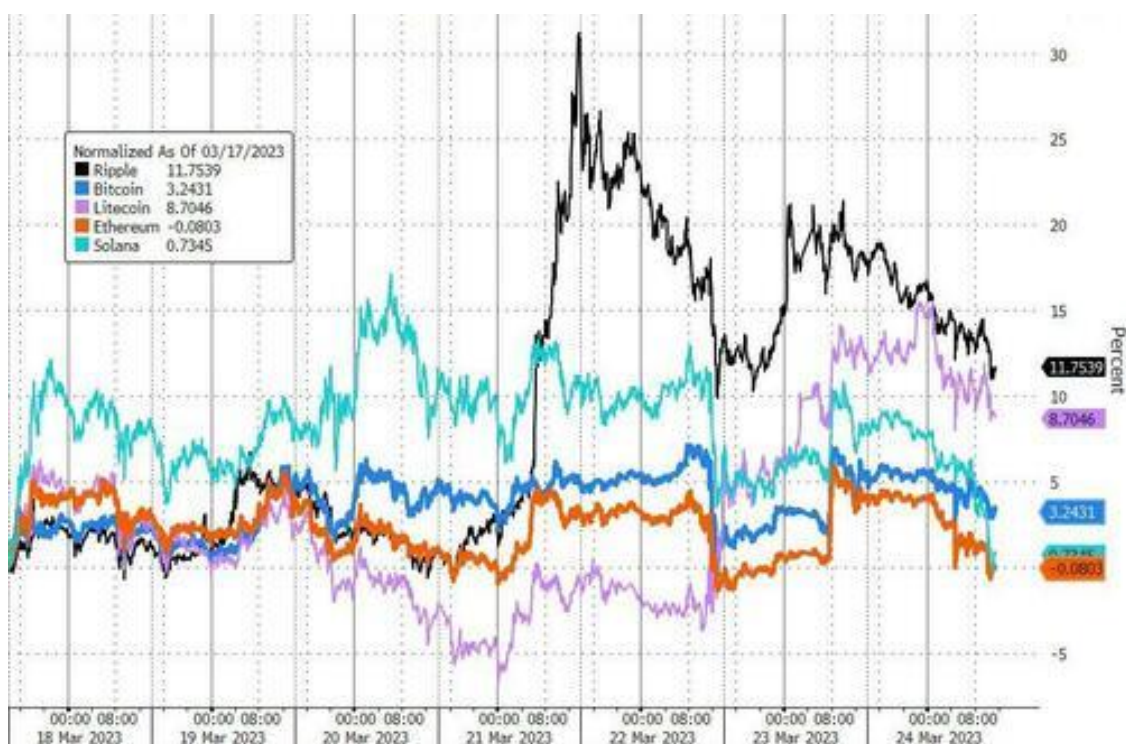
SNB RAISES POLICY RATE BY 50BPS TO 1.5% (vs. EST. 1.50%). SNB CAN'T EXCLUDE MORE RATE HIKES IN FORESEEABLE FUTURE. SNB SAYS PREPARED TO INTERVENE IN CURRENCY-MARKETS IF NEEDED. It seems that SNB is following the steps of the #ecb despite the CS fallout. This is in line with expectations. Statement was rather hawkish: they are worried about February inflation number and potential wage-inflation spiral risk. Let's keep in mind that the CS saga has weakened the Swiss Franc (it was close to parity yesterday); Swiss franc weakness would go against the "reverse currency war" put in place by the SNB last year (i.e stronger CHF as a tool to fight against imported inflation). Hence their ambition to intervene in the Forex market if needed. The EUR-CHF is currently trading at 0.9971 - the Swiss Franc is thus slightly firmer than ahead of SNB decision.





#cryptos #weekly

Crypto was modestly higher on the week with BTC and ETH both up around 5% at their best but giving back most of those gains today...



Source: www.zerohedge.com, Bloomberg

#cryptos

#coinbase

SEC Warns Coinbase of Enforcement Over Its Staking Rewards Products

The SEC's crackdown on crypto staking has hit Coinbase, one month after it fined Kraken \$30 million over staking.



By [Stacy Elliott](#) and [Daniel Roberts](#)

📅 Mar 22, 2023

🕒 3 min read



Image: Shutterstock

Source: Decrypt



#bitcoin #ark-invest #target-price

ARK Invest has revised its optimistic scenario, projecting that Bitcoin's price will approach \$1.5 million by 2030. The surge will be fuelled by institutional investors who are expected to allocate a percentage of their portfolio ranging from 2.5% to 6.5% to Bitcoin.



Source: www.zerohedge.com, Bloomberg

#cryptos

#bitcoin #target-price

Hal Finney predicting \$1 million Bitcoin at \$0.80, 12 years ago...

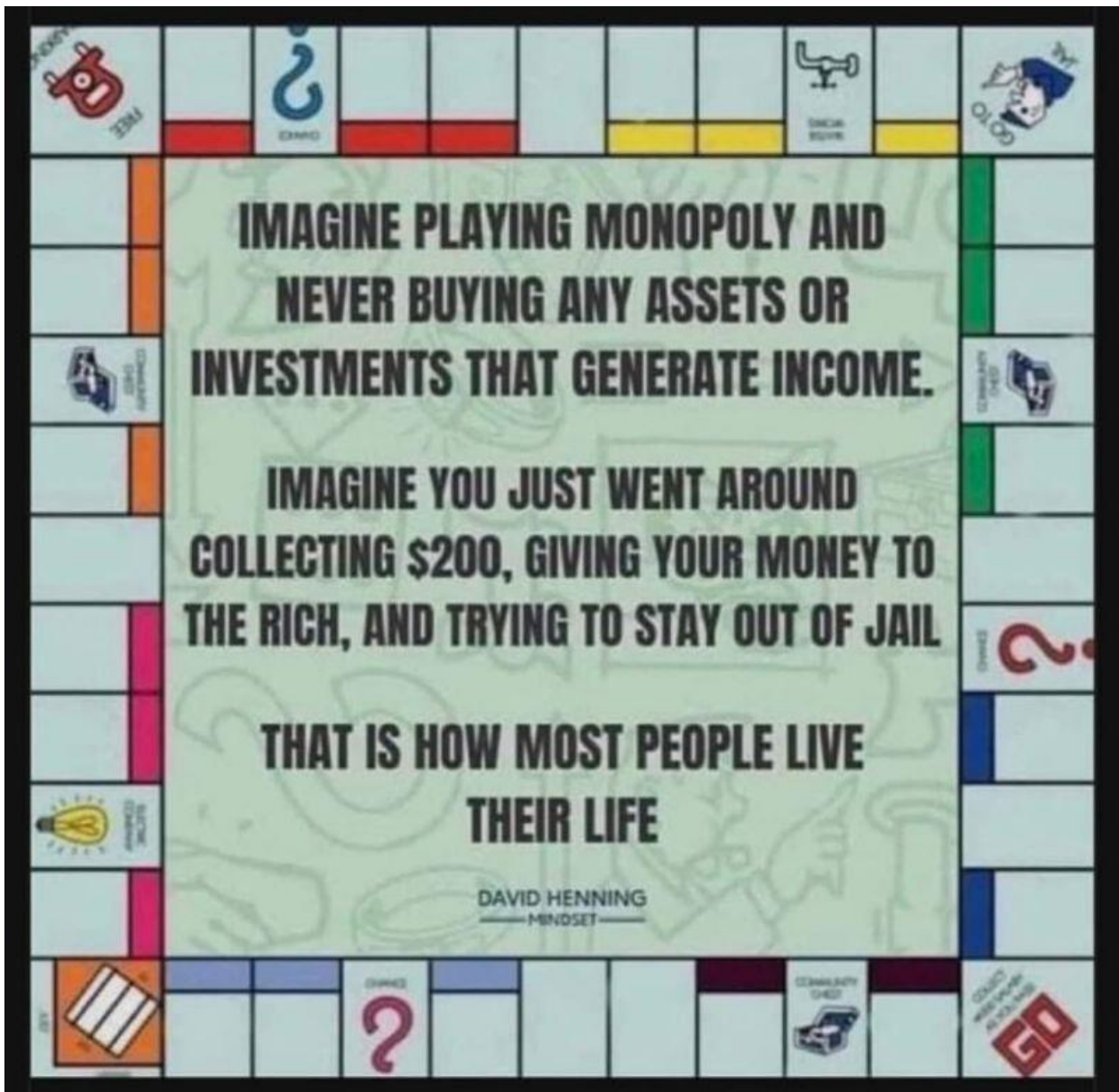
"Unless bitcoins become substantially more valuable, the Bitcoin network will never be substantially more resistant to attack. For Bitcoin to succeed and become secure, bitcoins must become vastly more expensive."

HAL FINNEY | MARCH 17, 2011

Source: pete_rizzo

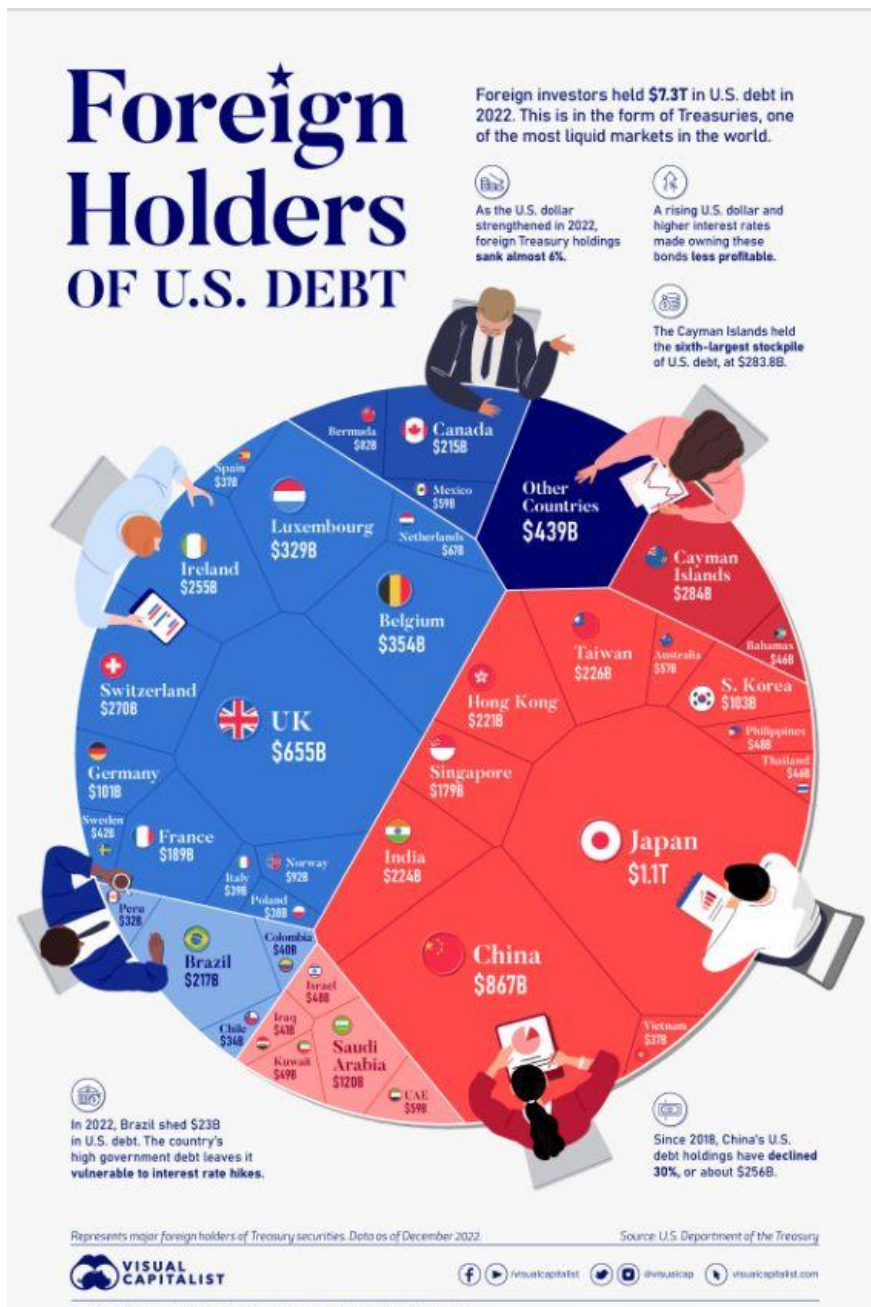
#food-for-thought

#monopoly



#food-for-thought

#us #debt



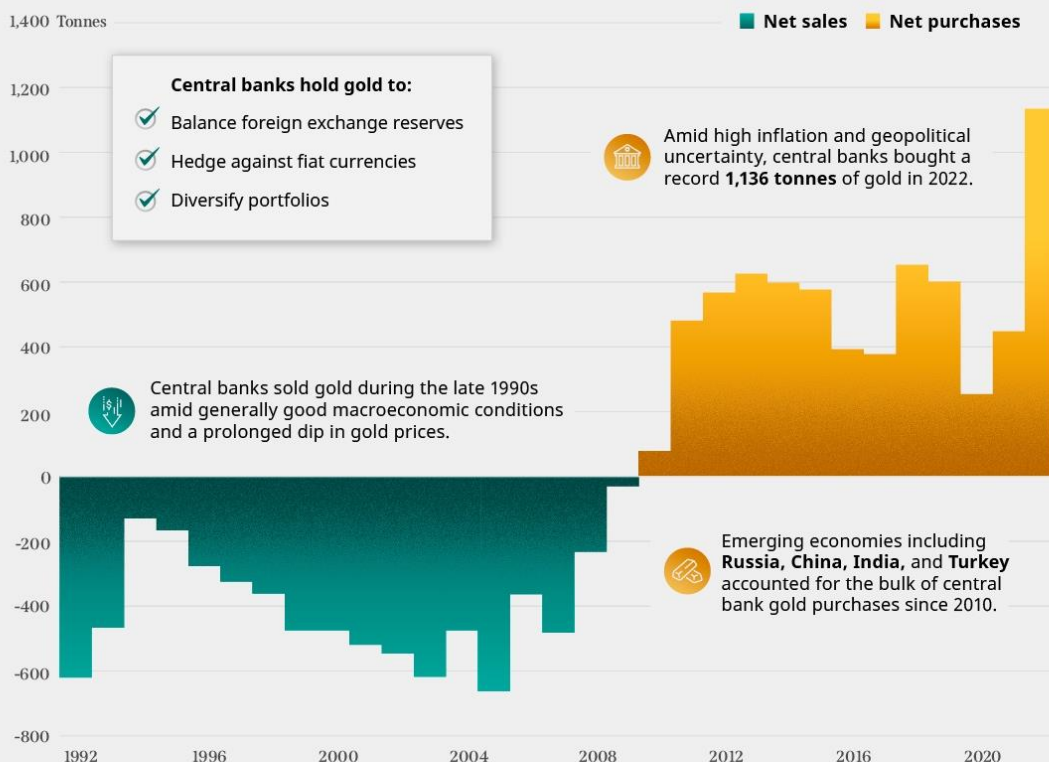
#food-for-thought

#gold

E

30 Years of CENTRAL BANK GOLD DEMAND

Between 1992 and 2022, central banks switched from being net sellers of gold to stockpiling it.



Data as of 31 December 2022.

ELEMENTS

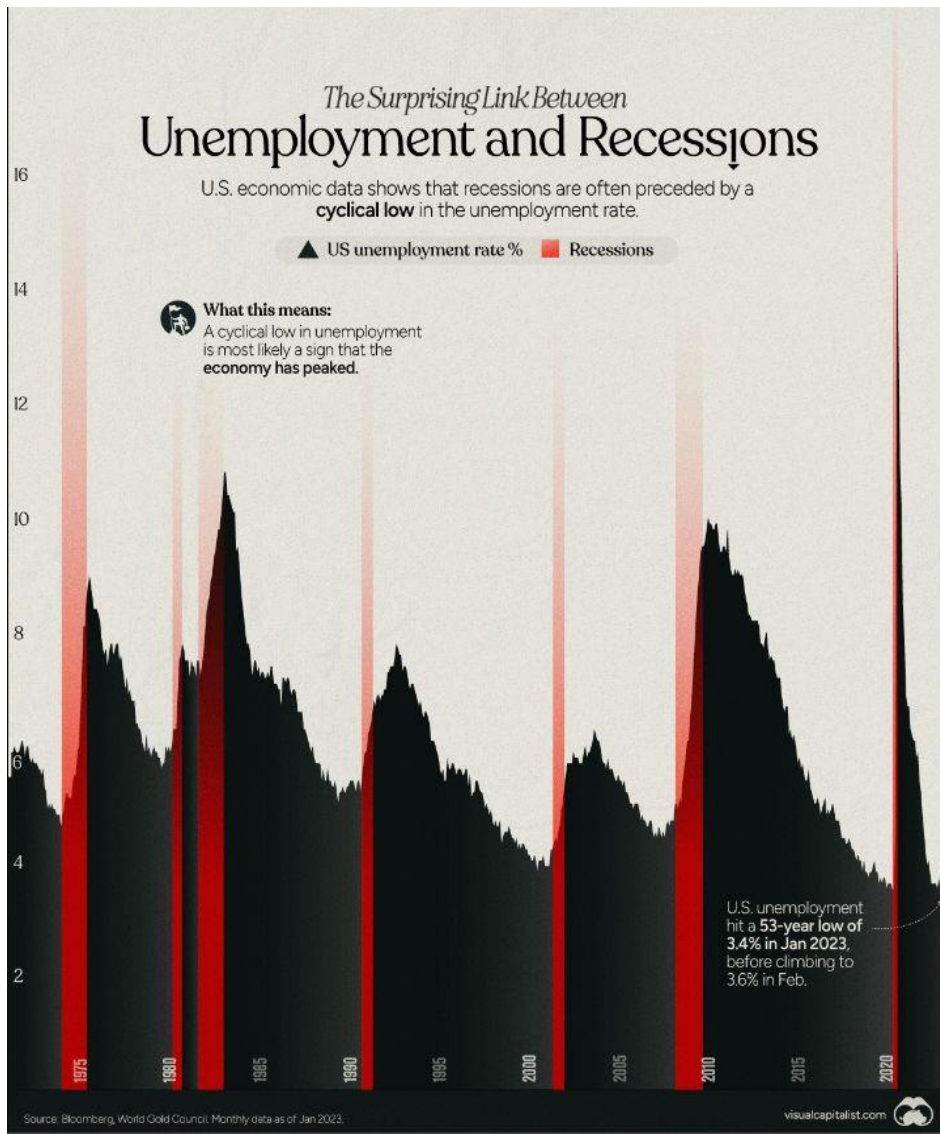
Source: Metals Focus, Refinitiv GFMS, World Gold Council

ELEMENTS.VISUALCAPITALIST.COM

#food-for-thought

#unemployment #recession

Visualizing the Link Between Unemployment and Recessions

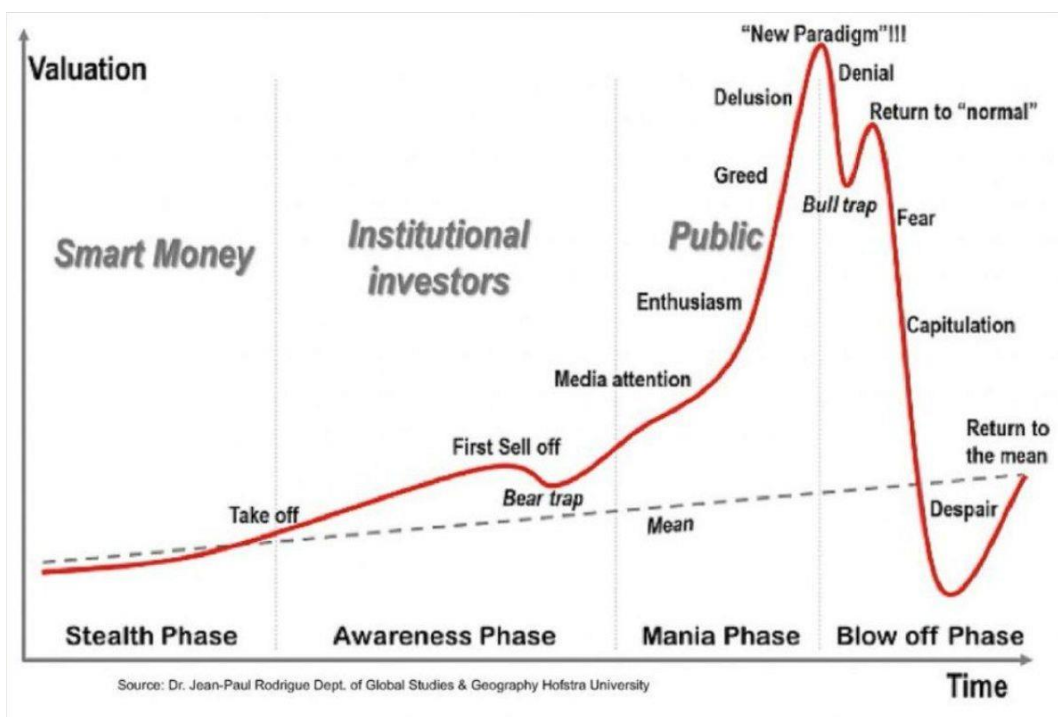


Source: Visual Capitalist

#food-for-thought

#time-will-tell

Where are we now ?



Source: Jean-Paul Rodrigue

#food-for-thought

#bear-markets #history

History of Bear Markets: S&P 500 in 20th bear market past 140 years; average peak to trough decline 37.3%, average duration 289 days; history says “average” bear market should have ended Oct 19th 2022 with S&P 500 at 3005; it’s now a longer-than-normal bear market but policy intervention meant bear was never allowed to be big in price (SPX low was 3577); and biggest bull market recoveries (on average 40% in 1 year, 54% in 2 years after lows) occur only after the biggest declines.

Table 1: History of Bear Markets

US bear markets (peak to-trough decline and 2-year returns from trough)

Peak	Trough	Decline	Event (s)	2yr returns (vs trough)
09/1929	06/1932	-86.2%	Crash of 1929, 1st part of Great Depression	113.2%
03/1937	04/1942	-60.0%	2nd part of Great Depression, WWII	58.9%
10/2007	03/2009	-56.8%	Global Financial Crisis	95.1%
06/1911	12/1920	-51.0%	WWI, Post-War Auto Bubble Burst	46.4%
03/2000	10/2002	-49.1%	Dot-com bubble burst	44.5%
01/1973	10/1974	-48.2%	Inflationary Bear Market, Vietnam, Watergate	67.3%
11/1968	05/1970	-36.1%	Start of Inflationary Bear Market	59.7%
01/1906	10/1907	-34.2%	Panic of 1907	69.6%
02/2020	03/2020	-33.9%	COVID-19 Crash of 2020	99.2%
08/1987	10/1987	-33.2%	Black Monday	54.4%
4/1899	06/1900	-30.4%	Cornering of Northern Pacific Stock	54.2%
05/1946	06/1949	-29.6%	Post-war Bear Market	59.0%
12/1961	06/1962	-28.0%	Height of Cold War, Cuban Missile Crisis	55.7%
10/1892	07/1893	-27.3%	Silver Agitation	23.7%
11/1886	03/1888	-22.0%	Depression, Railroad strikes	12.6%
04/1903	09/1903	-21.7%	Rich Man's Panic	54.5%
08/1897	03/1898	-21.1%	Outbreak of Boer War	43.9%
09/1909	07/1910	-20.6%	Enforcement of the Sherman Anti-Trust Act	22.4%
05/1890	07/1891	-20.1%	Barings Brothers Crisis	-4.7%
01/2022	-	-17.7%	Great Bond Bear Market	-

Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH



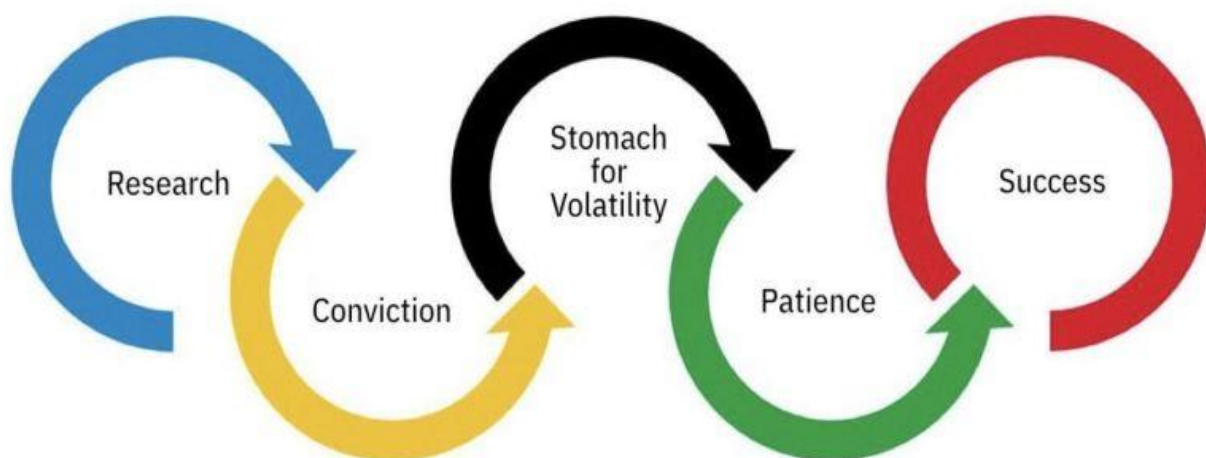
Source: BofA, www.zerohedge.com

#food-for-thought

#investing

The Olympic Rings of Investing. Great visual made.

The Olympic Rings of Investing



Source: StockMarketNerd & dhavaL_kotecha through Compounding Quality.

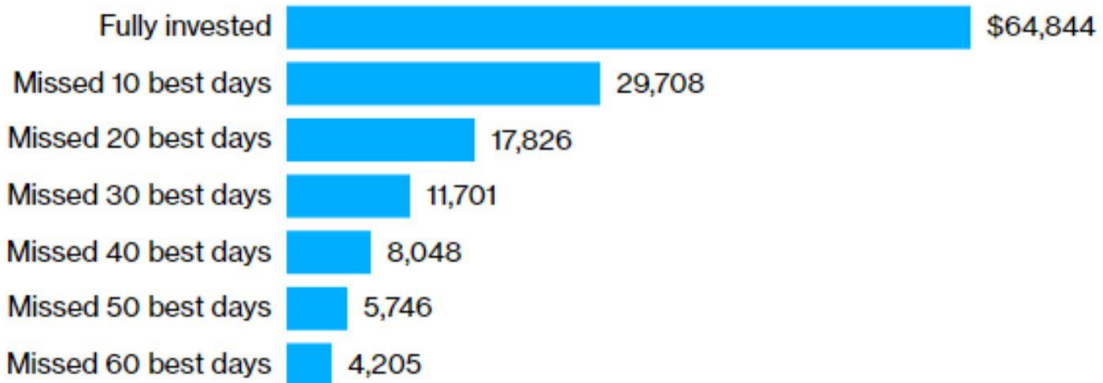
#food-for-thought

#sp500 #timing

Timing the Market

Investors Pay Steep Price for Missing Best Days of Rally

Performance of \$10,000 invested in S&P 500 in 20 years to end of 2022



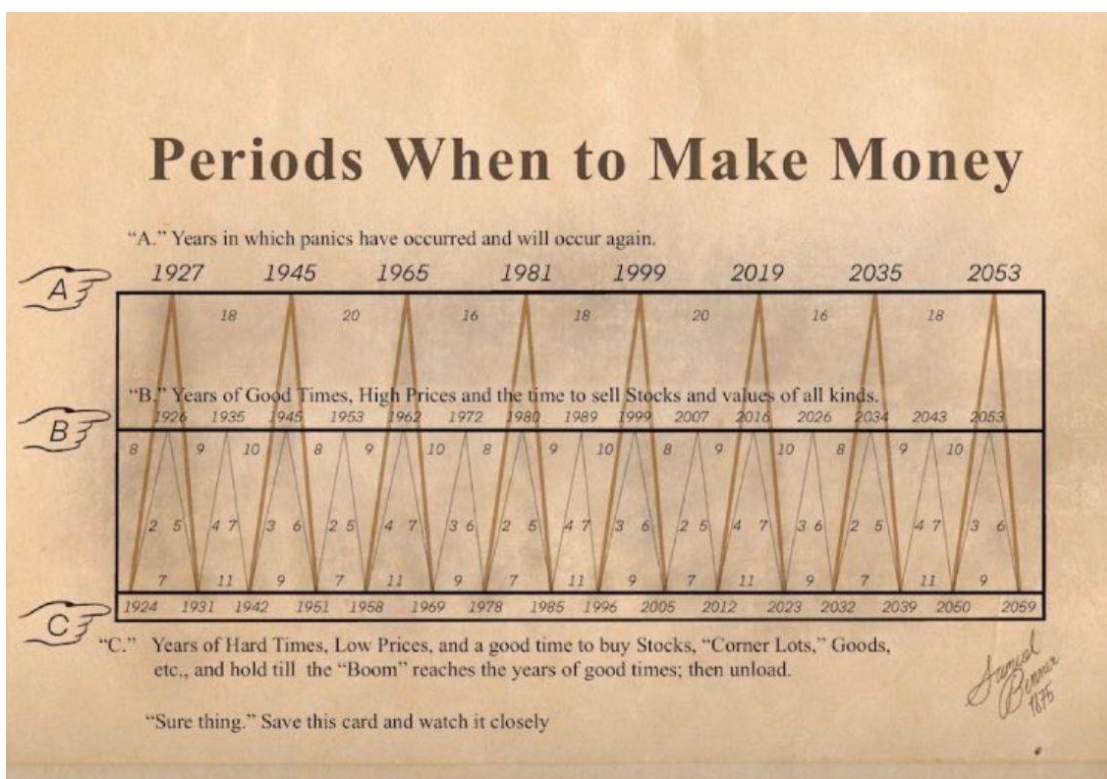
Source: JPMorgan Asset Management

Source: JPM

#food-for-thought

#history #timewilltell

This chart made in 1875 by Samuel Benner showing periods of panic, good time to sell assets and good times to buy.



Source: Menthorq

#food-for-thought

#active-management #funds

Winning the loser's game. As shown on this table, actively trading stocks to try to beat the market is a loser's game.

Report 1a: Percentage of U.S. Equity Funds **Underperforming** Their Benchmarks (Based on Absolute Return)

SPIVA Category	Comparison Index	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)	20-Year (%)
All Domestic Funds	S&P Composite 1500	50.29	78.69	88.01	93.14	93.95	92.14
All Large-Cap Funds	S&P 500	51.08	74.27	86.51	91.41	93.40	94.79
All Mid-Cap Funds	S&P MidCap 400	62.60	77.97	64.78	81.51	93.22	94.04
All Small-Cap Funds	S&P SmallCap 600	56.91	66.92	70.54	89.11	94.35	93.67
All Multi-Cap Funds	S&P Composite 1500	50.75	81.02	87.55	93.20	94.58	93.54
Large-Cap Growth Funds	S&P 500 Growth	73.85	88.94	86.09	95.89	98.15	97.65
Large-Cap Core Funds	S&P 500	54.30	68.27	84.01	95.91	95.69	96.38
Large-Cap Value Funds	S&P 500 Value	58.70	39.46	69.02	84.90	79.13	86.51
Mid-Cap Growth Funds	S&P MidCap 400 Growth	91.23	78.36	38.89	65.87	91.00	91.58
Mid-Cap Core Funds	S&P MidCap 400	53.66	70.75	78.15	88.43	96.49	97.03
Mid-Cap Value Funds	S&P MidCap 400 Value	72.73	81.82	83.93	95.65	93.00	92.16
Small-Cap Growth Funds	S&P SmallCap 600 Growth	79.60	75.76	58.60	84.50	95.43	96.67
Small-Cap Core Funds	S&P SmallCap 600	39.83	65.48	76.33	95.26	94.81	95.12
Small-Cap Value Funds	S&P SmallCap 600 Value	40.63	43.84	80.65	90.99	91.43	92.16
Multi-Cap Growth Funds	S&P Composite 1500 Growth	56.21	85.00	84.36	89.55	96.05	91.36
Multi-Cap Core Funds	S&P Composite 1500	58.38	79.43	90.20	96.69	93.48	95.36
Multi-Cap Value Funds	S&P Composite 1500 Value	58.16	58.04	86.84	91.23	90.60	88.89
Real Estate Funds	S&P United States REIT	87.67	58.44	61.90	74.03	87.25	87.10

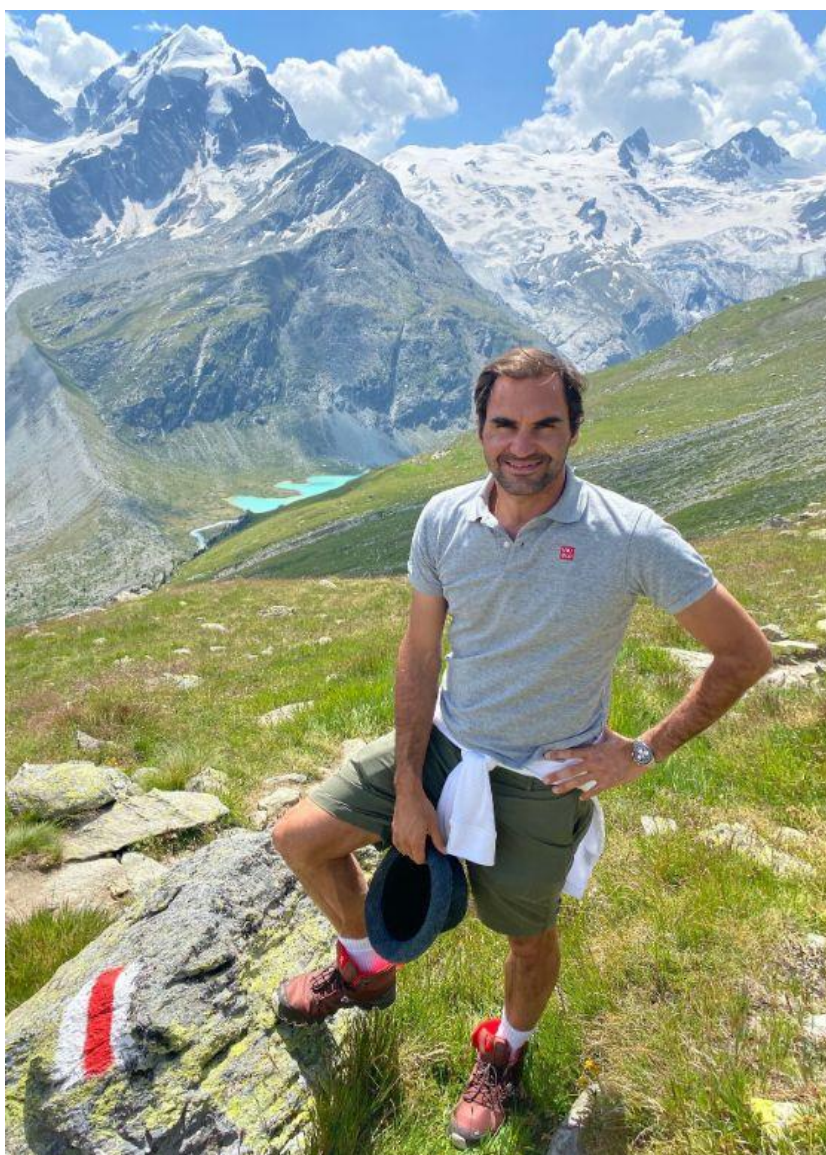
Sources: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Source: Peter Mallouk, Charlie Bilello

#food-for-thought

#fed #humor

The only Fed Hike the Market like to see...



#food-for-thought

#banks #derivatives

These are some of the top U.S. banks ranked by derivatives exposure.

Banks Ranked by Derivatives

The following is a ranking of all banks in the United States in terms of "Derivatives". This comparison is based on data reported on 2022-12-31.

Rank	Derivatives	Bank Name
1	\$53,221,165,000,000	Goldman Sachs Bank USA
2	\$50,031,374,000,000	JPMorgan Chase Bank
3	\$47,243,934,000,000	Citibank
4	\$19,709,297,000,000	Bank of America
5	\$12,363,506,000,000	Wells Fargo Bank
6	\$2,351,476,000,000	State Street Bank and Trust Company
7	\$1,326,011,362,000	HSBC Bank USA
8	\$1,160,557,000,000	The Bank of New York Mellon
9	\$913,813,934,000	U.S. Bank
10	\$592,469,808,000	PNC Bank
11	\$360,823,433,000	TD Bank
12	\$322,051,062,000	Western Alliance Bank
13	\$321,679,000,000	Truist Bank
14	\$313,437,196,000	The Northern Trust Company
15	\$253,308,589,000	Citizens Bank
16	\$199,227,211,000	Capital One
17	\$179,344,753,000	Fifth Third Bank
18	\$177,649,156,000	MUFG Union Bank
19	\$164,816,000,000	Regions Bank
20	\$144,885,727,000	KeyBank
21	\$129,324,000,000	Morgan Stanley Bank
22	\$95,754,578,000	The Huntington National Bank
23	\$70,848,000,000	Comerica Bank
24	\$66,408,313,000	Manufacturers and Traders Trust Company
25	\$57,133,565,000	Santander Bank, N.A.
26	\$54,214,700,000	BOKF
27	\$52,611,400,000	UBS Bank USA
28	\$51,889,418,000	BMO Harris Bank
29	\$47,045,000,000	Morgan Stanley Private Bank
30	\$36,618,830,000	City National Bank



Source: Gabor Gurbacs

#food-for-thought

#banking-crisis #humor

No Comment



**Banks
evaluating
you for a \$2k
credit limit**

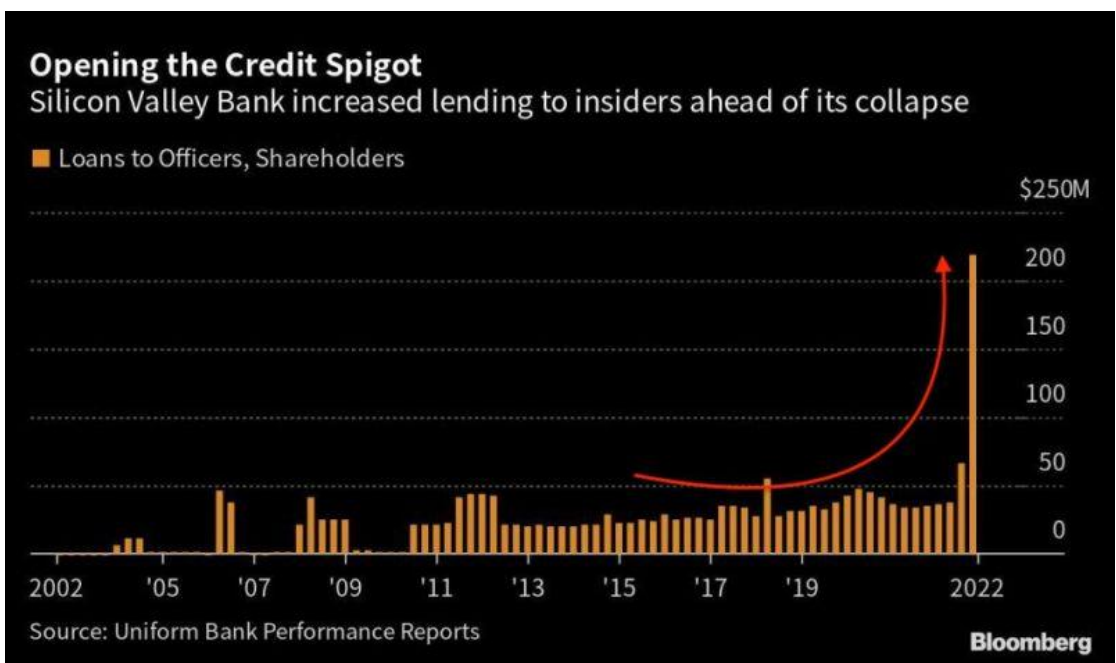
**Banks
evaluating their
own \$100 billion
bond portfolio**

Source: Elon Musk

#food-for-thought

#svb #insiders #loans

As Silicon Valley Bank deteriorated last year, it expanded lending to a key group: Insiders.

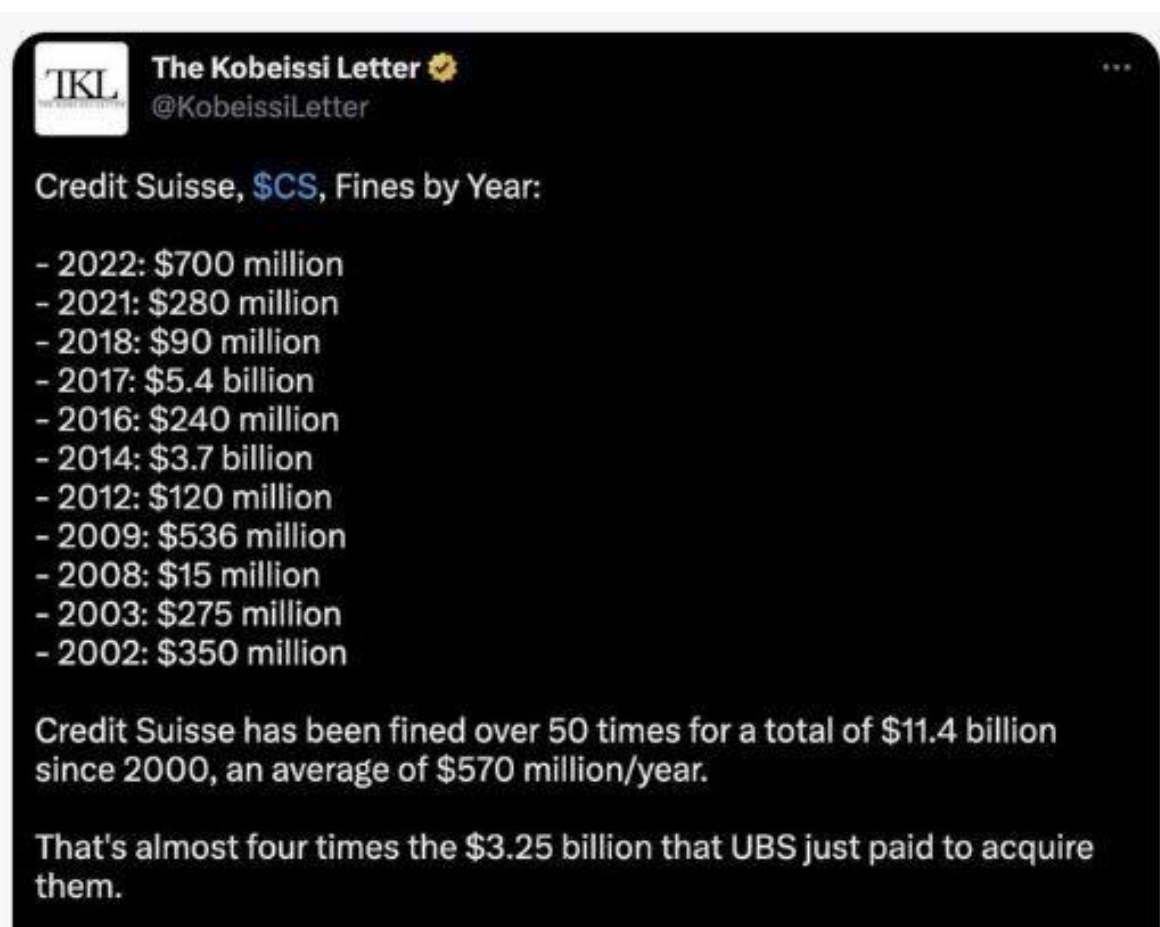


Source: Bloomberg

#food-for-thought

#credit-suisse #fines

Since 2000, Credit Suisse has been fined over 50 times for a total of \$11.4 billion. That's almost 4 times the acquisition price paid by UBS...



TKL The Kobeissi Letter 
@KobeissiLetter

Credit Suisse, **\$CS**, Fines by Year:

- 2022: \$700 million
- 2021: \$280 million
- 2018: \$90 million
- 2017: \$5.4 billion
- 2016: \$240 million
- 2014: \$3.7 billion
- 2012: \$120 million
- 2009: \$536 million
- 2008: \$15 million
- 2003: \$275 million
- 2002: \$350 million

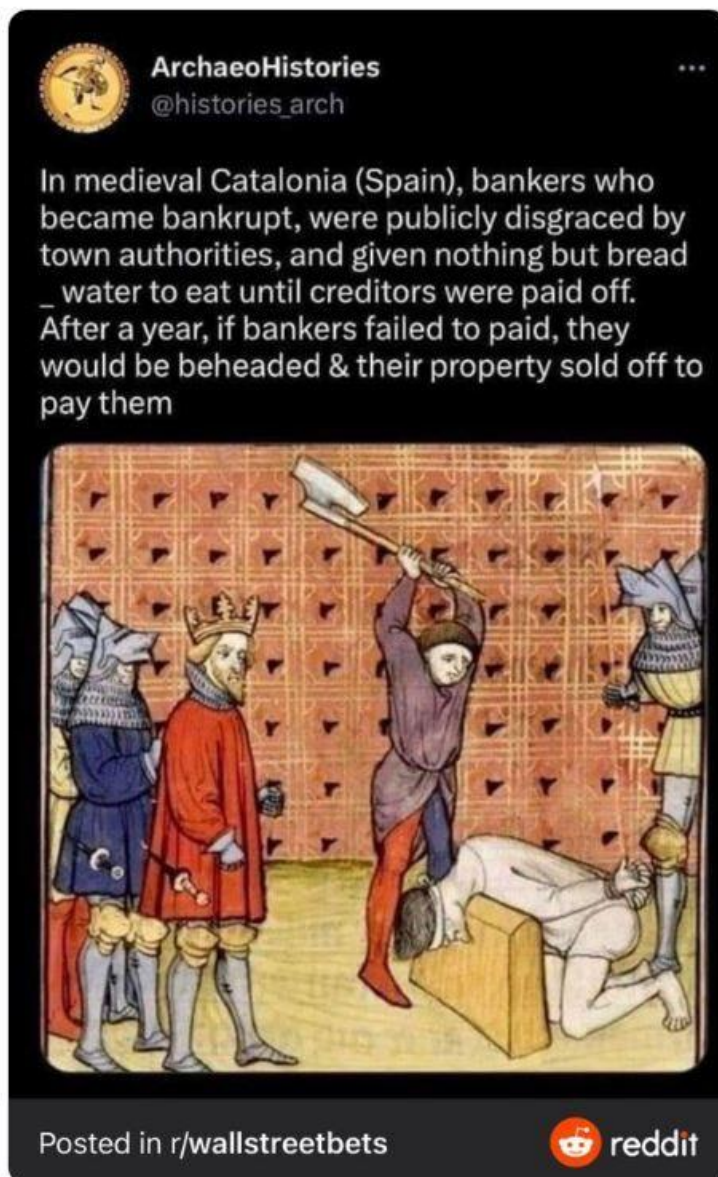
Credit Suisse has been fined over 50 times for a total of \$11.4 billion since 2000, an average of \$570 million/year.

That's almost four times the \$3.25 billion that UBS just paid to acquire them.

#food-for-thought

#banking-crisis #humor

Reddit r/wallstreetbets are undefeated...



#food-for-thought

#warren-buffett



MastersInvest.com @mastersinvest · 16h

"We did not buy Coca-Cola based on any conversation of any kind with the top management before we bought our interest. We simply bought it based on reading the annual report, plus our knowledge of how the business worked."

- Warren Buffett



#food-for-thought

#us #m&a

U.S. M&A deal activity decreased in February, going down 23% with 1,066 announcements compared to 1,385 in January. However, aggregate M&A spending increased. In February 136.4% more was spent on deals compared to January. The five sectors that witnessed the largest declines in M&A deal volume (relative to the same three-month period one year ago) were: Finance (661 vs. 1426), Technology Services (682 vs. 1172), Commercial Services (546 vs. 790), Distribution Services (198 vs. 370) and Health Services (136 vs. 295).



Source: FactSet

Source: Facstet



#food-for-thought

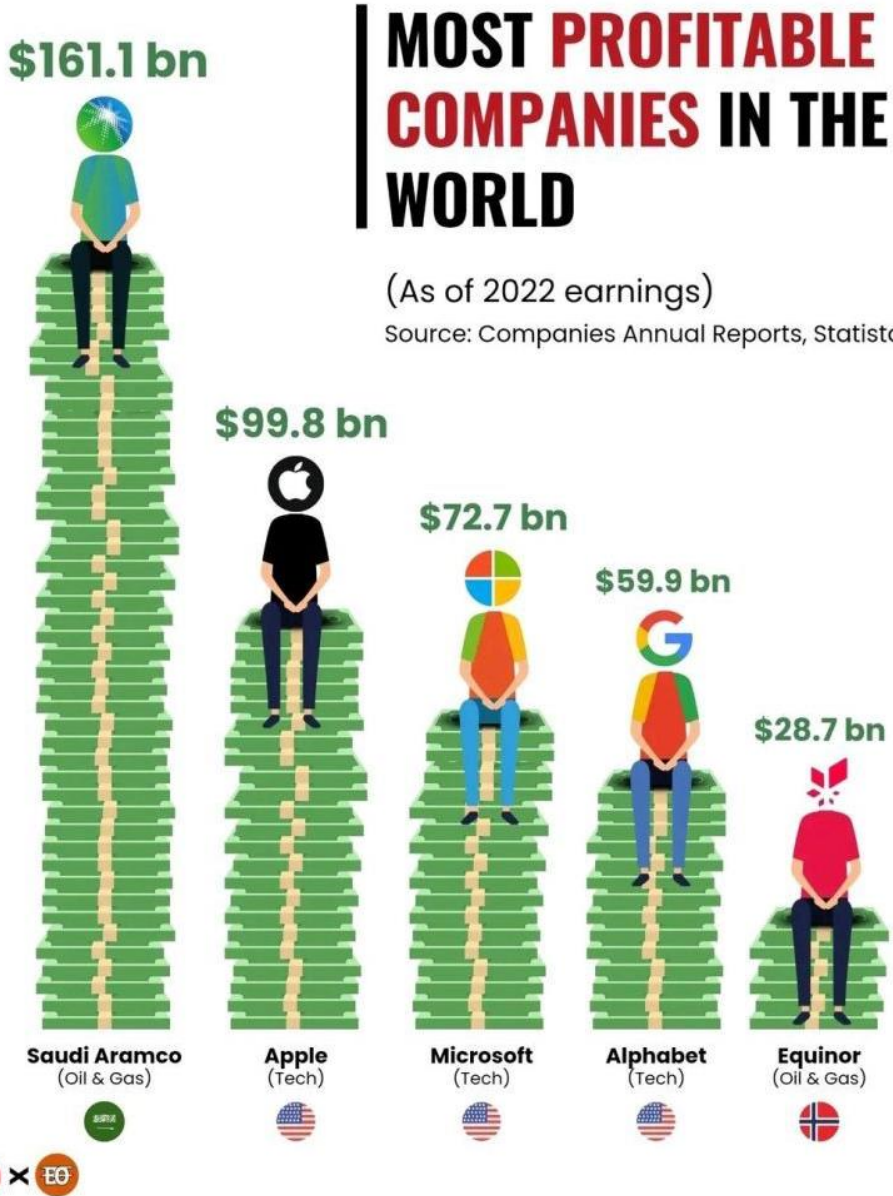
#ipo

Market Cap at IPO vs Current Market Cap



#food-for-thought

#profitable #companies

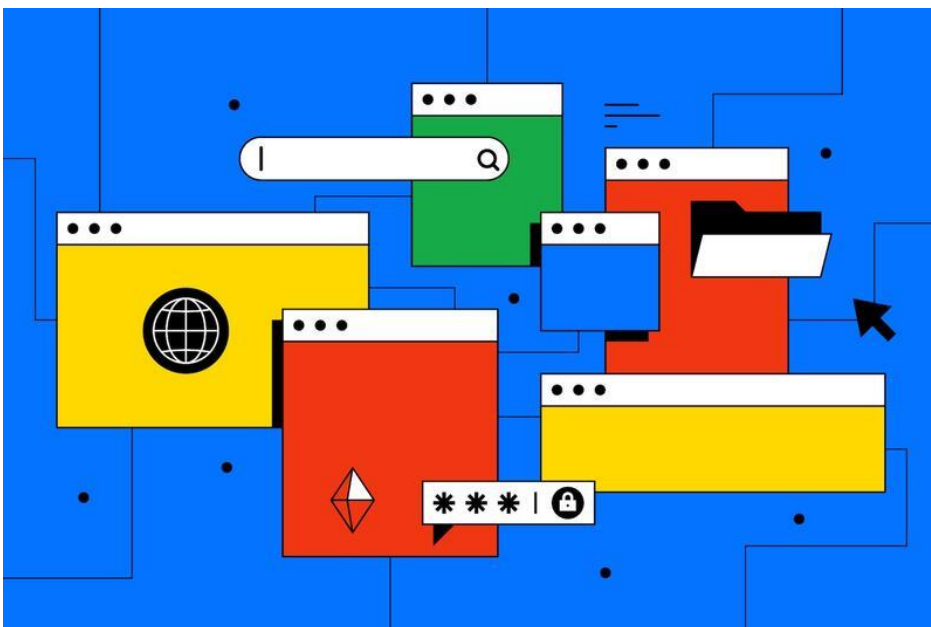


Source: Aryan Jain

#food-for-thought

#google #ai

Google on Tuesday made its long-awaited artificial intelligence chatbot, called Bard, available to the public — an attempt to regain its leadership in the most competitive and high-profile new technology in years. The bot, which is based on tech that has been under development by the company for eight years, can answer questions, write text and have informative conversations on nearly any subject. But in a sign that Google is proceeding more cautiously than its rivals — something that has spurred internal tension among the company’s own employees — Bard will have a separate website and won’t immediately be prominently promoted through Google Search or the company’s other popular products.



#food-for-thought

#ai #bill-gates

Bill Gates has been thinking a lot about artificial intelligence, and now he's put those thoughts to paper. "The Age of AI has Begun" — outlining his views on the future of AI. He wrote that developing AI is "as fundamental as the creation of the microprocessor, the personal computer, the internet, and the mobile phone." In the letter, Gates elaborated on these ideas by discussing his thoughts on how AI can be used both as a tool to improve people's productivity, and how it can help improve global inequities — in the workplace, healthcare, and education.

The Age of AI has begun

Artificial intelligence is as revolutionary as mobile phones and the Internet.

By **Bill Gates** | March 21, 2023 • 14 minute read










Source: Gatesnotes

#food-for-thought

#bitcoin

PAYMENT OPTIONS COMPARISON

		
Transaction Fees 	~2-3.5%	FREE (to accept)
Transparency 	Zero (trust bank)	Full transparency
Fund Availability 	~1 day	Instant
Fraud 	Business is Liable	N/A (one way transactions)
International Payments 	~5-7 business days	Instant

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

25 MARCH 2023

#food-for-thought

#paris



Wall Street Silver 
@WallStreetSilv



Best time is now for a Paris vacation. Hotels look cheaper than normal online.



6:35 AM · Mar 25, 2023 · 152.9K Views

#food-for-thought

#success



#food-for-thought

#leadership

leadership is not a
position or a title,
it is action and
example.

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For the future...