

Performance Through Last Week End -1 Day

As of Date: 3/9/2023

Best	BBgBarc US Agg Bond TR USD 0.8	MSCI ACWI Ex USA GR USD 4.8	ICE BofA 1-3 M US Trsy TR USD 2.3
	FTSE WGBI NonUSD Hdg USD 0.5	S&P 500 TR USD 2.4	MSCI ACWI Ex USA GR USD -1.0
	ICE BofA 1-3 M US Trsy TR USD 0.1	S&P Global Property TR USD 1.0	Wilshire Liquid Alternative TR USD -2.2
	MSCI ACWI Ex USA GR USD -0.1	Wilshire Liquid Alternative TR USD 0.9	S&P 500 TR USD -6.8
	Wilshire Liquid Alternative TR USD -0.3	FTSE WGBI NonUSD Hdg USD 0.9	BBgBarc US Agg Bond TR USD -8.8
	S&P 500 TR USD -1.5	ICE BofA 1-3 M US Trsy TR USD 0.8	FTSE WGBI NonUSD Hdg USD -9.9
	S&P Global Property TR USD -1.7	BBgBarc US Agg Bond TR USD 0.3	Bloomberg Commodity TR USD -14.8
Worst	Bloomberg Commodity TR USD -2.5	Bloomberg Commodity TR USD -6.8	S&P Global Property TR USD -16.2
	Last Week	Year-To-Date	1 Year

I need to interrupt this edition of Monday Morning Musings to provide a brief insight into Friday's shut down of Silicon Valley Bank (SVB). So take a deep breath, sip your morning beverage, and read on. As you likely know by now, SVB failed simply due to a classic run on the bank. The question is why. Importantly, the bank had just about the lowest retail deposits to total deposits of any bank in the country. As of late 2022, it was under 10%. For comparative purposes, large money center banks are in the neighborhood of 50% - 70%. This matters as retail deposits are much stickier than institutional deposits. Continuing, the SVB deposit and loan demographics is dominated by technology, life science, and healthcare companies. Critically, a large percentage of these are "early stage" firms. Even more critical is the fact that as of the end of 2022, of the \$173B in deposits, less than \$5B was fully insured. Typically, when a company obtains a loan, the bank demands they keep their deposits at the bank as well. Ouch!

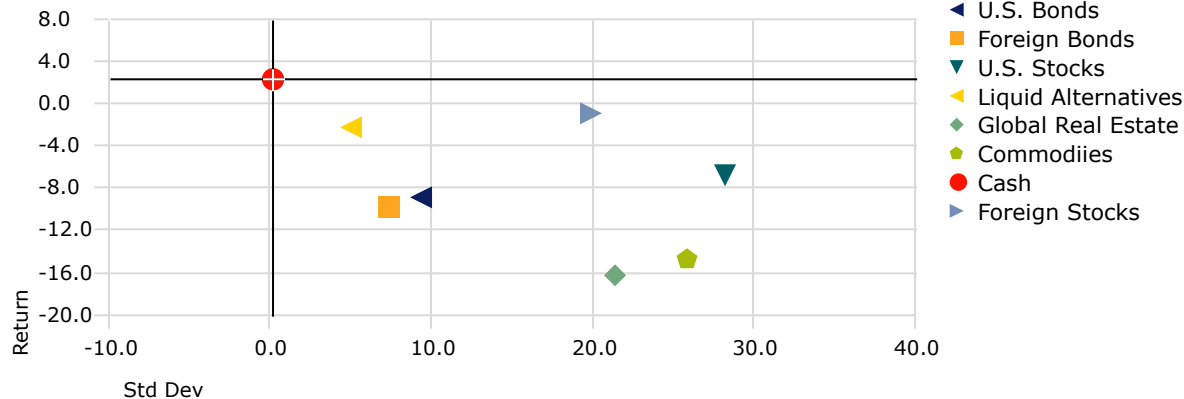
The other important data point is SVB invested its securities portfolio in long-dated government bonds. Combine this asset - liability mismatch with Fed rate increases and the result is not surprising. The key now is will the contagion effect spread to other banks and the broader financial system. That is the item to watch in the days ahead. More to come on this, in the meantime, stay calm & carry on.

Economic Data	Current	Previous
GDP (QoQ) - Q4	2.7%	3.2%
Unemployment Rate - Feb	3.6%	3.4%
Consumer Confidence - Feb	102.9	106.0
CPI (YoY) - Jan	6.4%	6.5%
Core Retail Sales (MoM) - Jan	2.3%	-0.9%

Economic Calendar for the Week

Monday	No Significant Releases
Tuesday	Core CPI (MoM) (Feb) CPI (MoM) (Feb) CPI (YoY) (Feb)
Wednesday	Crude Oil Inventories Retail and Core Retail Sales (MoM) (Feb) PPI (MoM) (Feb)
Thursday	Initial Jobless Claims Building Permits (Feb) Philadelphia Fed Manufacturing Index (Mar)
Friday	No Significant Releases

1 Year Risk-Reward



Bloomberg Barclays US Aggregate Bond TR USD

The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Bloomberg flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

FTSE WGBI Non-USD Hedged USD

The index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds of all WGBI countries except the United States and is stated in US dollar terms. It is a subset of Citigroup World Government Bond Index (WGBI).

S&P 500 TR USD

The index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

MSCI ACWI Ex USA GR USD

The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

Wilshire Liquid Alternative TR USD

Wilshire Liquid Alternative Index aims to deliver a precise, broad market measure for the performance of diversified liquid alternative investment strategies that are implemented in mutual fund structures.

Bloomberg Commodity TR USD

The index measures the performance of future contracts on physical commodities which traded on US exchanges and London Metal Exchange. The commodity weightings are based on production and liquidity, subject to weighting restrictions applied annually.

S&P Global Property TR USD

The index defines and measures the investable universe of publicly traded property companies. The index is ideal for a range of investing activities, including benchmarking active funds and setting the foundation for passive funds. The S&P Global Property divides into two sub-indices: S&P Developed Property and S&P Emerging Property.

ICE BofA 1-3 Month US Treasury TR USD

Is an unmanaged index tracking 1-3 month U.S. government securities. The index is produced by Merrill Lynch, Pierce, Fenner & Smith, Inc.

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