



## The Feds Vice Chair for Supervision, Michael Barr, calls SVB's failure "a textbook case of mismanagement", fears subside, and Wall Street rises.

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The U.S. and European stock markets continued to rise as the banking confidence crisis has not worsened following the recent bank closures; now, investors are focusing again on rising rates, inflation data, the jobs market, and critical macroeconomic data.

On the macroeconomic data subject every Thursday, the unemployment claims report and today it showed an increase of 3.66% to 198,000 when compared to last week, broadly the unemployment claims remain pretty low and, for more than eight weeks, well below the 200,000 claims threshold. The data shows that the jobs market remains strong, while we are yet to see the effect that dozens of announced job cuts will have on the labor markets data. Lastly, the last six months' increase in claims indicates that finding a new job is getting tricky.

The fears over a wave of bank closures have subsided this week following the testimony in Congress of the FDIC, Treasury, and the Fed have helped restore some confidence. Following the Congressional hearings, it becomes evident that the most significant outcome of the current crisis will be more restrictions from regulators to banking institutions of \$100 billion in assets and additional policies to discover vulnerabilities within the banking sector at any level.

**Federal Reserve Banks Vice Chair for Supervision Michael S. Barr submitted remarks to Congress calling SVB's failure "a textbook case of mismanagement".**

Mr. Barr also stated that SVB "waited too long to address its problems, and ironically, the overdue actions it finally took to strengthen its balance sheet sparked the uninsured depositor run that led to the Bank's failure".

However, as I have said in the past, Silicon Valley Bank was a **classic case of incompetent management, with a deadly mixture of a business model focused on the technology and venture capital sectors with too rapid growth** that took the Bank also grew exceedingly quickly, tripling in asset size from \$71 billion in 2019 to \$211.79 billion in 2022. When the pandemic took hold and the tech sector rose to new heights, the Bank grew 198% and invested its deposits in long-term securities to increase its yields and profits. However, the Bank had no experience managing such a considerable interest rate risk of those securities and did not implement measurement tools, models, and metrics that would have allowed them to manage the interest rate risk and divest in time.

Simultaneously, the Bank had 97% of its deposits concentrated from venture capital firms and the tech sector and was considered volatile.

The unique Silicon Valley Bank profile does not exist in the U.S., much less in Puerto Rico. The Puerto Rico Banking Sector remains solid and shielded from these issues. Banco Popular, FirstBank, and Oriental Bank are fundamentally solid, stable capital positions and twice the required tier 1 required capital.

### Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** rose to 198,000, up from 191,000 last week, increasing 3.66%.
- **U.S. Total Vehicle Sales:** fell to 15.34 million, down from 16.38 million last month, decreasing - 6.37%.
- **30-Year Mortgage Rate:** fell to 6.42%, compared to 6.60% last week.
- **U.S. Personal Savings Rate:** rose to 4.00%, compared to 3.20% last quarter.
- **Eurozone Economic Sentiment Indicator:** fell to 99.30, down from 99.60 last month, decreasing - 0.30%.
- **Eurozone Consumer Confidence Indicator:** fell to -19.20, down from -19.10 last month.
- **Germany Consumer Price Index YoY:** is unchanged at 8.70%, compared to 8.70% last month.
- **Germany Consumer Price Index MoM:** fell to 0.79%, compared to 0.97% last month.
- **Japan Industrial Production Index MoM:** fell to -5.32%, compared to 0.31% last month.

### Puerto Rico COVID-19 Update March 30:

- Daily Cases: 56
- Positivity Rate: 10.52%
- Hospitalizations: 83
- Deaths: 1
- Source P R. Department of Health.

### Eurozone Summary for March 30:

- Stoxx 600 closed at 455.11, up 4.90 points or 1.09%.
- FTSE 100 closed at 7,620.43, up 56.16 points or 0.74%.
- Dax Index closed at 15,522.40, up 193.62 points or 1.26%.

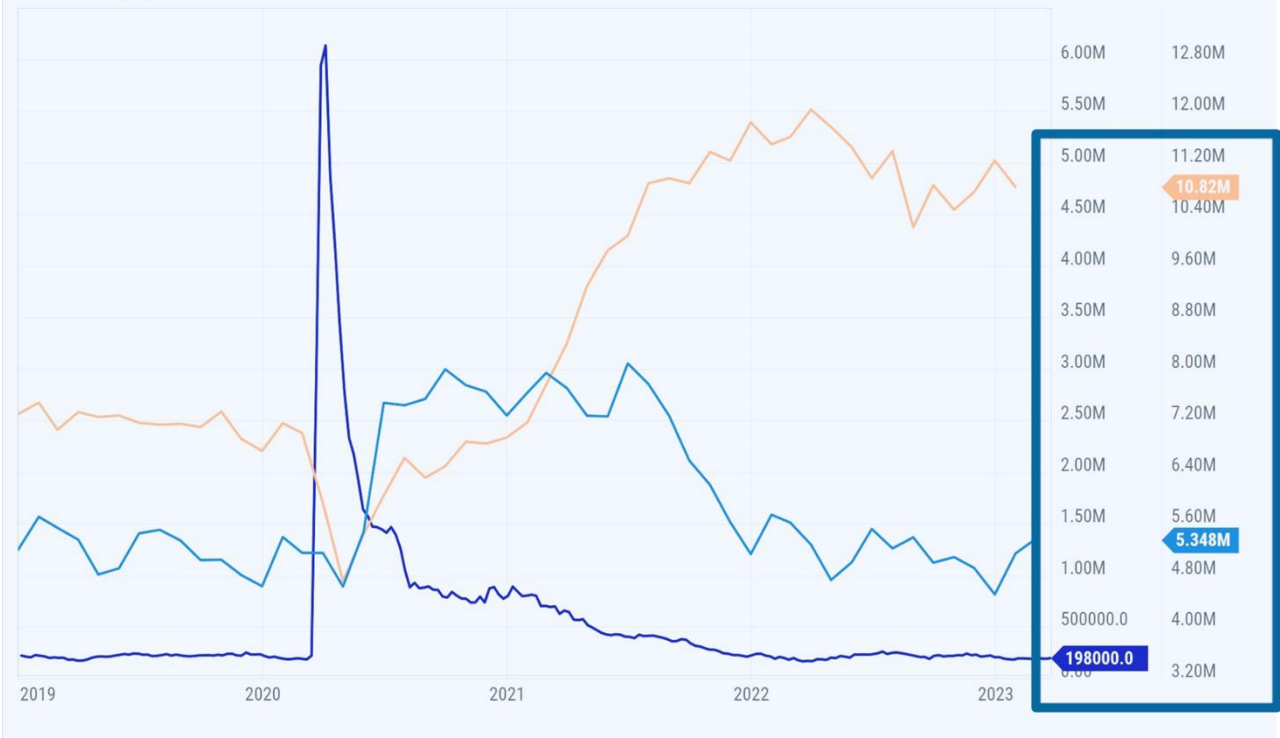
### Wall Street Summary for March 30:

- Dow Jones Industrial Average closed at 32,859.03, up 141.43 or 0.43%.
- S&P 500 closed at 4,050.83, up 23.02 points or 0.57%.
- Nasdaq Composite closed at 12,013.47, up 87.24 points or 0.73%.
- Birling Capital Puerto Rico Stock index closed at 2,321.78, up 4.36 points or 0.19%.
- Birling Capital U.S. Bank Stock Index closed at 3,538.39, up 46.89 points or 1.34%.
- U.S. Treasury 10-year note closed at 3.55%.
- U.S. Treasury 2-year note closed at 4.10%.



# US Claims for Unemployment rose to 198,000, up 3.66%.

- US Initial Claims for Unemployment Insurance
- US Job Openings: Total Nonfarm
- US Unemployed Persons: Job Seeker



# Eurozone Consumer Confidence Indicator, Eurozone Economic Sentiment Indicator, Germany CPI YoY, Germany CPI MoM

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- Eurozone Consumer Confidence Indicator
- Eurozone Economic Sentiment Indicator
- Germany Consumer Price Index YoY
- Germany Consumer Price Index MoM





# 30-Year Mortgage Rate & US Total Vehicle Sales



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