

Short Sellers Target Two California Banks, PacWest (PACW) and Western Alliance (WAL), and have made \$378.9 million in profits betting against them, and Wall Street closed down.

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed the session with more losses as two issues concern investors on both sides of the Atlantic. In the U.S., the 25 basis points interest rate increased by the Federal Reserve Yesterday; even though there was a 94.1% of happening, the investors are rattled, likewise is happening in Europe as the ECB increased rates by 25 basis points. However, in the U.S., the banking crisis continues to unfold, adding more Banks to the fray. After the failure of two California banks, SVB and First Republic Bank, now west coast regionals PacWest Bancorp. (PACW) and Western Alliance Bancorp. (WAL) are being targeted by short sellers who have made \$378.9 million in paper profits betting against the regional banks. The banks have seen their stock prices significantly impacted. PacWest has seen its stock fall YTD 71.77%, and Western Alliance has declined 50.11%. Pac West indicated that it had yet to experience out-of-the-ordinary deposit outflows and that its cash and liquidity position exceeds its uninsured deposits.

Today both banks are under siege:

- **PacWest Bancorp (PACW)** closed at \$3.16, down \$3.26 or -50.78%.
- **Western Alliance Bancorp (WAL)** closed at \$18.16, down \$11.41 or -38.59%.

Not only is it saddening, it's a shock. What is of great concern is that Californians have lost Two key banks in this turmoil and could lose others; I cannot emphasize the significant advantages of a local bank enough that includes, among others:

1. **Personalized Service:** Community banks typically have a smaller customer base, which allows for a more personalized approach to customer service. Customers are more likely to be recognized by name and receive individualized attention from local bank employees.
2. **Local Decision Making:** Community banks are typically locally owned and operated, which means that decisions are made locally. This can lead to a more efficient decision-making process and a greater understanding of local economic conditions.
3. **Community Involvement:** Community banks often have a solid commitment to their communities. They may invest in local businesses, sponsor community events, and support local charities and non-profits.
4. **Competitive Rates:** Community banks may offer competitive rates on loans and savings accounts, as they have lower overhead costs than larger banks.

Even though Community banks may have limitations in terms of Limited Branch Networks, limited technology, or even Limited Services, their benefits for a community greatly outweigh the minor limitations.

Key Economic Data:

- **U.S. Initial Claims for Unemployment:** rose to 242,000, up from 229,000 last week, increasing 5.68%.
- **U.S. Productivity:** fell to -2.70%, compared to 1.60% last quarter.
- **30-Year Mortgage Rate:** fell to 6.39%, compared to 6.43% last week.
- **U.S. Trade Balance on Goods:** improved to -86.59B, up from -93.03B last month.
- **U.S. Unit Labor Costs: Nonfarm Business QoQ:** rose 6.30%, compared to 3.30% last quarter.
- **Canada Ivey PMI:** fell to 56.80, down from 58.20 last month, decreasing -2.41%.
- **ECB Deposit Facility Interest Rate:** increased to 3.25%, compared to 3.00% yesterday.
- **Germany Exports MoM:** fell to -5.20%, compared to 4.00% last month.
- **Germany Trade Balance:** rose to 16.70 billion, up from 16.10 billion last month, increasing 3.73%.

Puerto Rico COVID-19 Update:

- Daily Cases: 73
- Positivity Rate: 15.82%
- Hospitalizations: 91
- Deaths: 2
- Source P R. Department of Health.

Eurozone Summary:

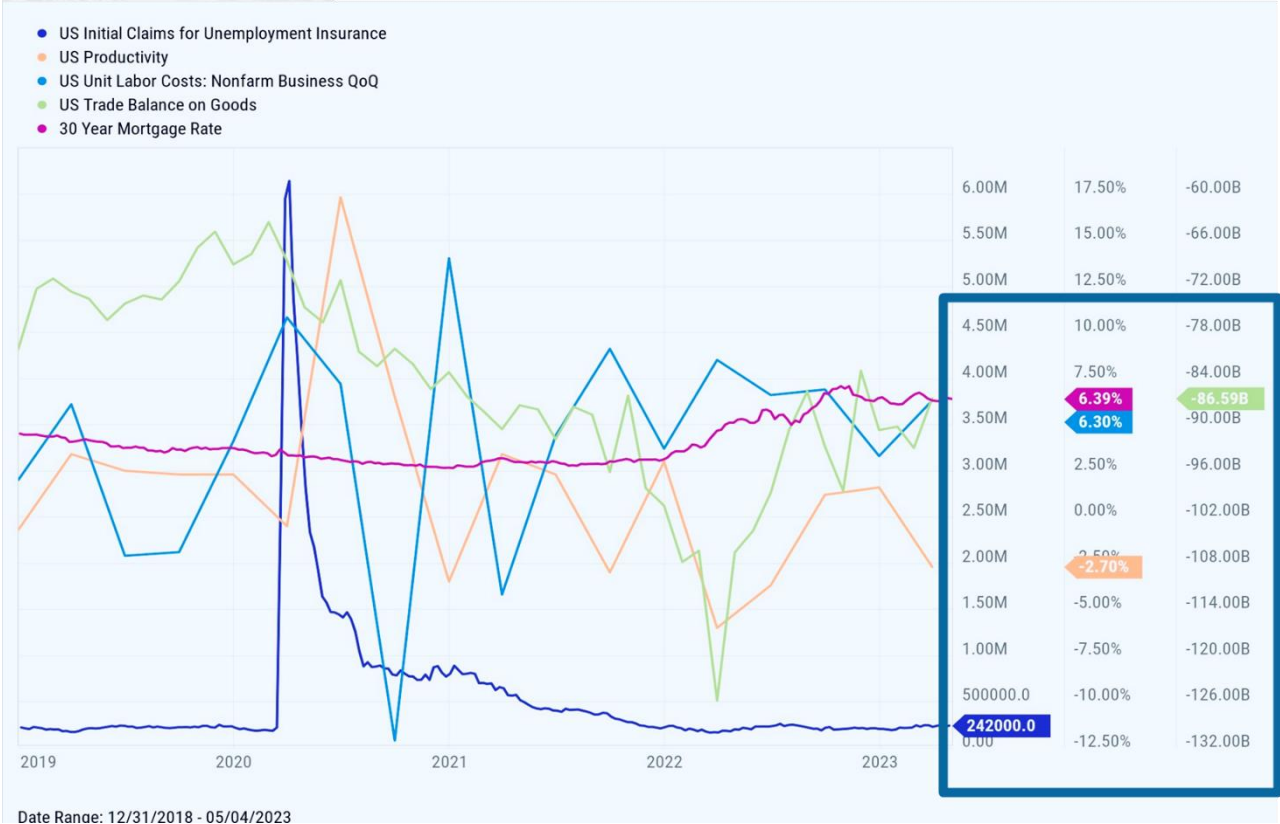
- Stoxx 600 closed at 460.36, down 2.15 points or 0.46%.
- FTSE 100 closed at 7,702.64, down 85.73 points or 1.10%.
- Dax Index closed at 15,734.24, down 80.82 points or 0.51%.

Wall Street Summary:

- Dow Jones Industrial Average closed at 33,127.74, down 286.50 or 0.86%.
- S&P 500 closed at 4,061.22, down 29.53 points or 0.72%.
- Nasdaq Composite closed at 11,966.40, down 58.93 points or 0.49%.
- Birling Capital Puerto Rico Stock Index closed at 2,280.07, down 35.70 points or 1.54%.
- Birling Capital U.S. Bank Stock Index closed at 3,577.46, down 45.93 points or 1.27%.
- U.S. Treasury 10-year note closed at 3.37%.
- U.S. Treasury 2-year note closed at 3.75%.

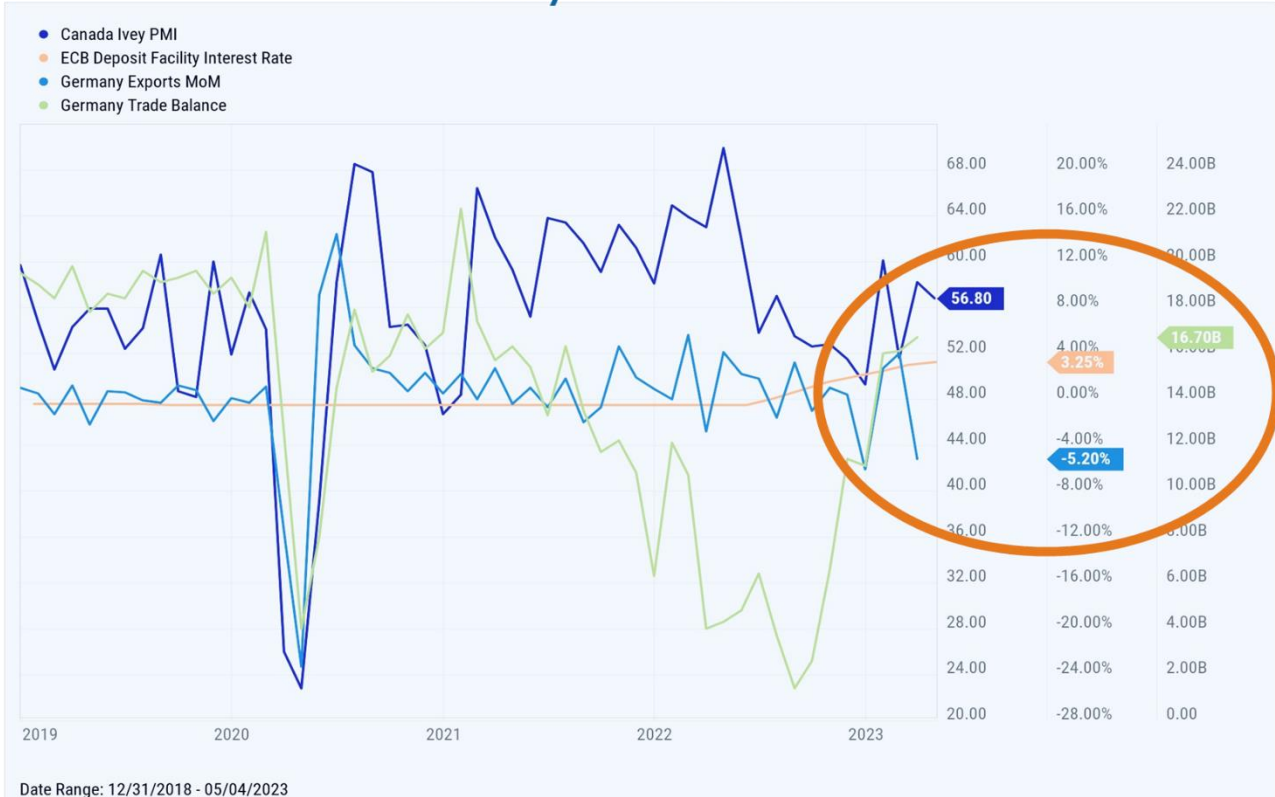


US Claims for Unemployment, US Productivity, US Labor Costs, US Trade & 30-Year Mortgage Rate





Canada Ivey PMI, ECB Deposit Facility Interest Rate, Germany Exports & Germany Trade Balance

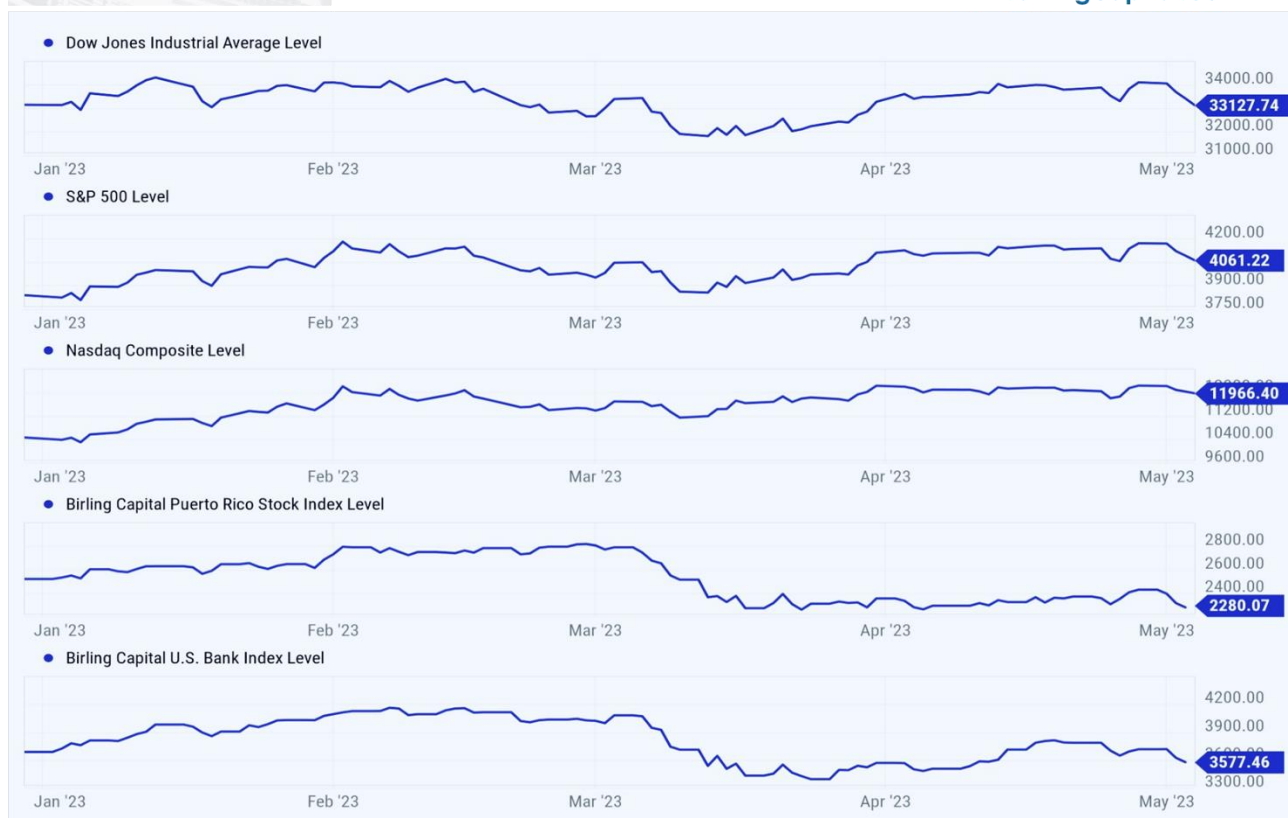




Wall Street Recap

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