



## THINGS TO WATCH

–FED POLICY DECISION: The Federal Open Market Committee (FOMC) holds its policy-setting meeting Tuesday and Wednesday. Officials have been silent during the 13-day blackout period which began March 11. This planned quiet stretch coincided with the failures of Silicon Valley Bank and Signature Bank, and massive liquidity injections into Credit Suisse and First Republic Bank in California. This sets up to be one of the FOMC's most difficult decisions in recent years as officials attempt to balance concerns over sticky inflation with fears about instability in the banking sector. Market participants seem to be evenly split between the FOMC pausing and hiking by another 0.25%.

–FIRST REPUBLIC'S FATE: Shares of San Francisco, CA-based lender First Republic Bank (FRC) resumed their decline Friday despite a \$30 billion infusion of temporary deposits from a group of the largest U.S. banks. Reports emerged last week that FRC was exploring strategic options including a complete sale. FRC shareholders have been shaken by concerns about significant deposit outflows endured by the lender, which specializes in servicing high-net worth clients.

–OLIVE GARDEN AND FANCY SNEAKERS: Footwear and athletic apparel giant (NKE) and Darden Restaurants (DRI), the parent company of popular chains including Olive Garden and Longhorn Steakhouse, both report quarterly results this week. DRI's results should provide a valuable update on the state of discretionary consumer spending in the U.S. Meanwhile, NKE typically gives a better read on global consumer spending trends across younger age groups as 60% of its sales come from outside North America.

–U.S. HOUSING MARKET DATA: Data from the National Association of Realtors (NAR) is expected to show the annual pace of existing home sales ticked up to 4.2 million units in February from 4.0 million in January. After the release of January data, NAR's chief economist Lawrence Yun said, "home sales are bottoming out... inventory remains low, but buyers are beginning to have negotiating power."

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	90.9	91.9	▼
Consumer Price Index (Y/Y)	6.0%	7.1%	▼
Core Consumer Price Index (Y/Y)	5.5%	6.0%	▼
Producer Price Index (Y/Y)	4.6%	7.3%	▼
Core Producer Price Index (Y/Y)	4.4%	6.2%	▼
Retail Sales (M/M)	-0.4%	-1.1%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	31861.98	-0.15%	-3.88%	-7.59%
NASDAQ	11630.52	4.41%	11.12%	-14.57%
S&P 500	3916.64	1.43%	2.01%	-11.22%
MSCI EAFE	1988.12	-3.12%	2.27%	-7.52%
Bbg Barclays Aggregate US	2090.71	0.59%	2.05%	-6.12%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.33%	4.79%	0.38%
10-Year Treasury	3.43%	3.81%	2.17%

REPORTS DUE THIS WEEK	LATEST
Existing Home Sales (Millions Annualized)	4.00
New Home Sales (Thousands Annualized)	670.0
Durable Goods Orders (M/M)	-4.5%
S&P Global U.S. Manufacturing PMI	47.3
S&P Global U.S. Services PMI	50.6

Price returns are as of 3/17/23. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

\$153 billion

According to data published by the Federal Reserve, the amount of liquidity tapped by U.S. banks from the Federal Reserve's discount window during the week ended March 15, eclipsing the previous weekly record of \$111 billion in 2008. During the 2007-2009 crisis, banks were initially reluctant to use the discount window due to the perception of desperation surrounding such liquidity enhancement measures.

11.11%

The return last week of an equally weighted portfolio of eight mega cap technology or tech-adjacent stocks: Advanced Micro Devices (AMD), NVIDIA (NVDA), Alphabet (GOOGL), Microsoft (MSFT), Meta Platforms (META), Adobe (ADBE), Amazon (AMZN), and Applied Materials (AMAT). Sharply lower U.S. Treasury yields and a growing view among investors that some large technology stocks could provide a compelling mix of safety and growth during periods of economic and financial stress have been tailwinds for this group.



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