



Portfolio Trade Alert - March 10, 2023

Trade Alert For Equity And ETF Models

As you may or may not know, the FDIC put **Silicon Valley Bank (SVB) into receivership**. Deposits will be moved to another bank, and the FDIC will work off the remaining assets and liabilities.

Is this a big deal?

SVB is the second-largest bank default ever, so yes. Banks are heavily reliant on deposits and capital. If deposits start leaving banks, there may be more failures. A few S&P 500 regional banks (FRC and SBNY) are down more than 20% today, forewarning more potential problems.

More importantly, this will force all banks to increase their capital ratios. That means tighter lending standards and capital raises. That isn't good for the economy and financial stocks. The other wild card is how will the FDIC selling SVB's assets affect other banks, and do other banks have exposure to SVB? Schwab fell over 10% yesterday and is down another 7% today. Does Schwab have exposure? Lastly, unlike in 2008, the Fed is battling inflation which will make interest rate cuts much more difficult.

This event happened extremely fast. Was the FDIC overly aggressive, or was the situation dire? We don't know much yet. As you can tell, there are a lot of unanswered questions. We will learn a lot more in the coming days.

Bonds are surging today, and quite a few of our conservative stocks are holding up, protecting our portfolios well.

Equity Model

- *Sell 100% of iShares S&P 500 ETF (SPY)*
- *Sell 100% of T. Rowe Price (TROW)*

ETF Model

- *Sell 100% of iShares S&P 500 ETF (SPY)*
 - *Sell 100% of iShares Financial Sector ETF (XLF)*
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