

## Last Week at a Glance

Most assets ended the week in positive territory but were mired by volatility, as central banks attempted to restore confidence in the banking sector. Even after the Swiss government brokered the sale of Credit Suisse to UBS, investors remained skeptical of global central banks' ability to achieve both financial stability and price stability.

- On March 19, UBS purchased Credit Suisse in an all-share deal for \$3.25 billion. Swiss authorities also offered UBS \$100 billion in liquidity. However, markets were surprised that the deal wiped out \$17 billion of Additional-Tier 1 bonds. In order to boost liquidity, the Swiss National Bank and the Federal Reserve coordinated with four other central banks to increase the trading frequency of US dollar swaps from weekly to daily.
- The European Central Bank (ECB), the Fed, and the Bank of England continued to prioritize lowering inflation and raised rates last week by 50 basis points (bps), 25 bps, and 25 bps, respectively. Fed Chairman Jerome Powell added that tightening lending conditions may have a similar effect to raising rates, but that rate cuts were not anticipated in their base case. Nonetheless, while markets still anticipate the ECB to raise rates, they are now pricing in a pause in rate hikes by the Fed in May and cuts by the end of 2023.
- Central banks also emphasized that the banking sector was sound and resilient. They underscored that there were ample tools to ensure liquidity, while still lowering inflation. Chairman Powell and Treasury Secretary Janet Yellen also said that bank deposits were safe to help prevent deposit runs. Even so, bank stocks were volatile and credit default spreads widened. For instance, Deutsche Bank's stock price fell 15% intraday on Friday until German Chancellor Olaf Scholz publicly said that it was a "very profitable bank."

## MARKET PERFORMANCE

As of March 26, 2023 • Local Currency • Percent (%)

Equities	Last Week	This Month	This Year
Global	1.2	-0.9	3.5
Developed Markets	1.1	-1.1	3.7
United States	1.4	-0.1	3.9
Euro Area	1.2	-3.5	7.5
United Kingdom	1.1	-5.6	0.2
Japan	-0.2	-1.9	3.4
Emerging Markets	1.8	0.5	2.1
<b>Fixed Income</b>			
US Aggregate	0.5	3.0	3.4
US Treasuries	0.4	3.5	3.6
US Corporate IG	0.9	2.6	3.3
US Corporate HY	0.3	-0.7	1.8
<b>Real Assets</b>			
Global Equity REITs	-1.4	-6.3	-3.1
Global Natural Resources	1.4	-5.6	-6.2
Gold Bullion	1.6	9.2	9.8
<b>Currencies</b>			
EUR/USD	1.1	1.5	0.8
GBP/USD	0.7	1.0	1.7
USD/JPY	-1.1	-4.1	-1.0