



## Crisis Mode

While a complete economic meltdown may have been averted by backstopping Silicon Valley Bank and Signature Bank, the Federal Reserve must be in crisis mode.

According to the FDIC, there were \$620 billion in unrealized losses at the end of 2022 due to longer-term maturities held at banks.

This results from the most aggressive rate-tightening action we have ever seen.

Hundreds of banks are exposed and swimming naked right now,

As a result, banks are in panic mode to get liquidity.

It's a multi-trillion problem.

### **New Fed Bank Backstop Has Scope to Inject as Much as \$2 Trillion**

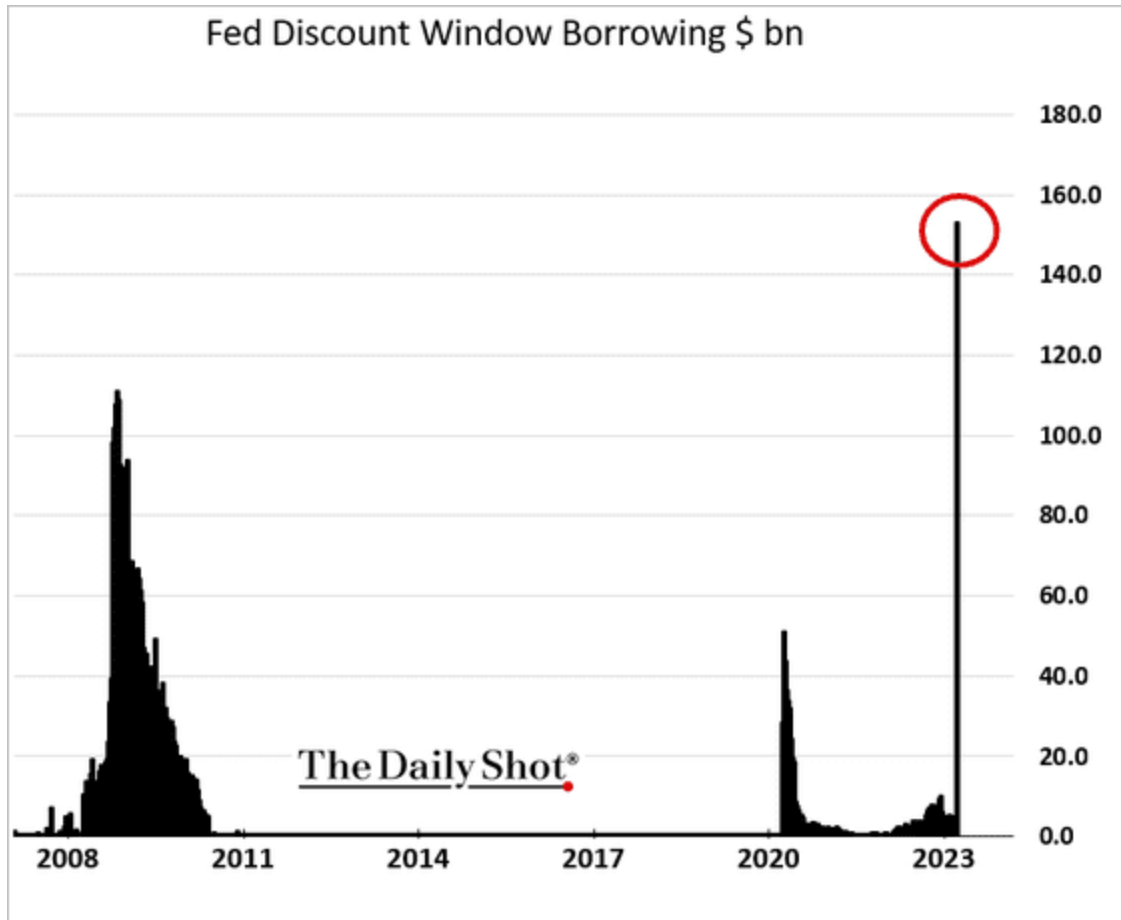
- Facility unlikely to be used by largest banks: JPM strategists
- Wrightson ICAP sees window, new facility use rising by \$100b

It's not going away anytime soon.

There's been a mad dash to borrow from the Federal Reserve Discount Window.

Check out the chart below.

The dramatic uptick in borrowing is staggering.



I do not favor bailouts of people taking excessive risks and pulling down millions of dollars in stock sales and bonuses.

Executives at Silicon Valley Bank will be tied up legally for a long time. Bonuses and stock sales should be clawed back.

A lot of people should get fired.

Rightly, equity and bondholders should be wiped out of their investments.

The \$250,000 in FDIC insurance per account is silly. It's an arbitrary number.

A meal delivery business in Boston had \$10 million in customer deposits held at Silicon Valley Bank.

That money pays for inventory, payroll, and general operating expenses and keeps the business afloat.

If that dough went poof, the effects on the economy would be disastrous. It's not feasible to have 40 bank accounts so as not to breach the FDIC limits.

These accounts need to be protected.

That now begs the question of what the Federal Reserve does with interest rates.

Likely, they won't raise rates this week.

If that happens, the stock market could surge on the news.

The Federal Reserve wants to tamp down excessive speculation.

If they raise rates by 0.25% and the tone of the press release afterward is muted, the stock market could surge.

If they raise rates by 0.50%, then more banks could implode.

I'm glad I am not in their shoes. They must be in crisis mode. They need to control inflation and avoid a full-scale banking meltdown.

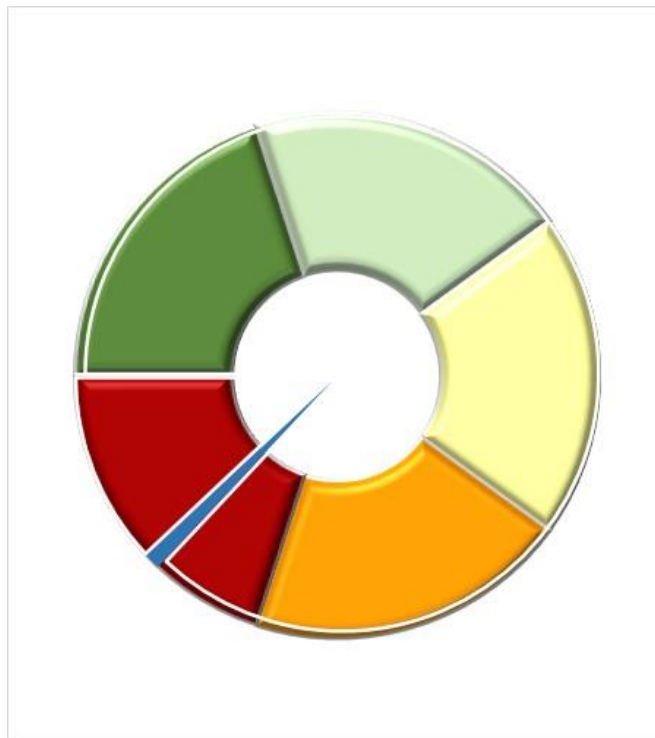
There may be no correct answer!

The *Risk-O-Meter* is in the "red zone." Last week when the market sold off at the end of Monday despite Silicon Valley Bank depositors being protected, I purchased some small-cap index funds. I bought SCHA, which is the Schwab small-cap index.

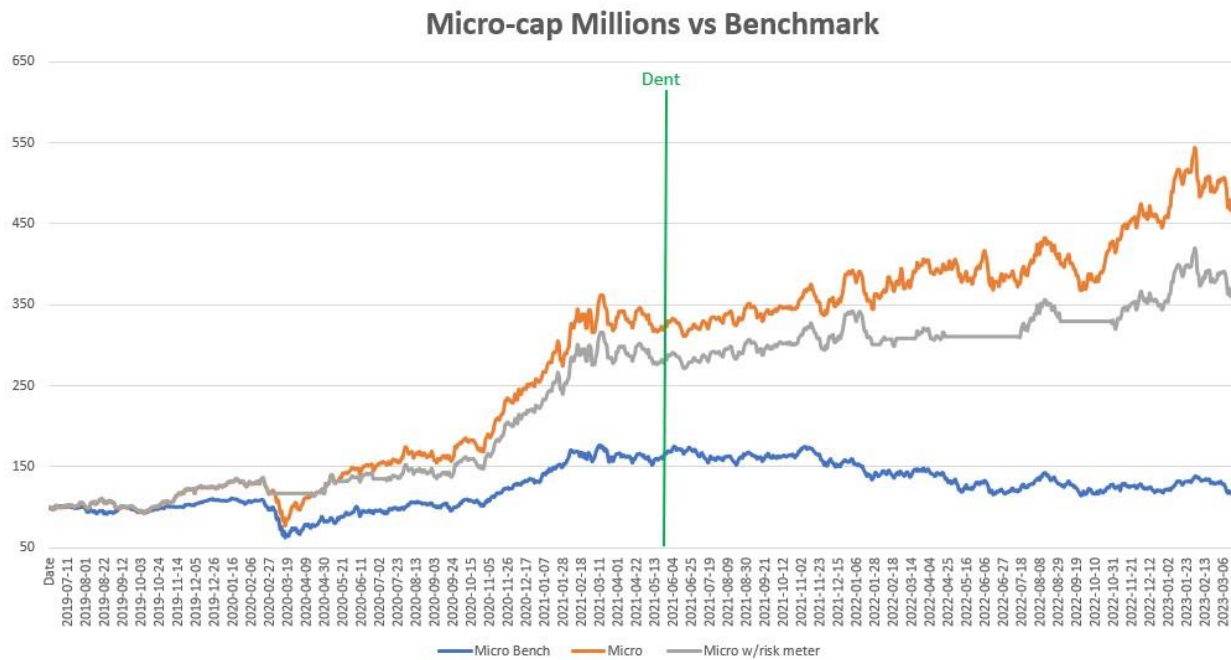
The market was deeply oversold.

The market is still deeply oversold. Trying to predict what the Federal Reserve will do this week is a wild guess. No one has any clue. It could go in many different directions.

There will be plenty of opportunity to react after the fact. Follow the trend as it is your friend.



# Micro-Cap Millions



There is one trade this week.

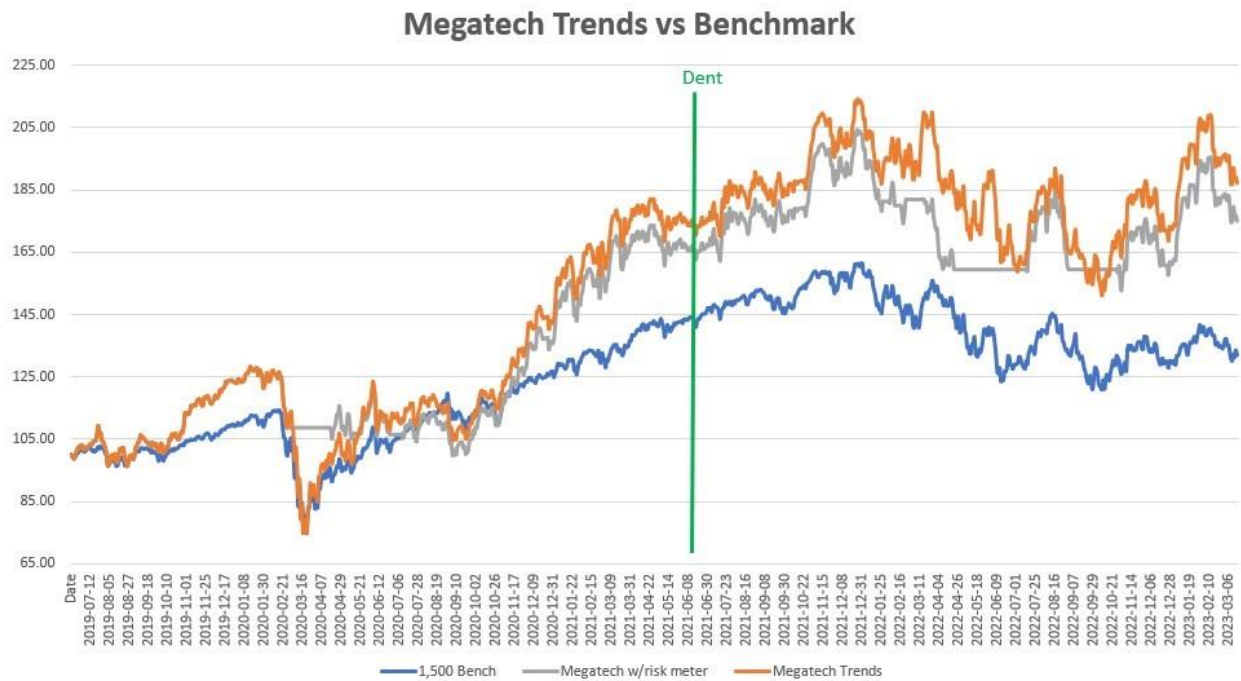
**Buy Opera, Ltd. (Nasdaq: OPRA)**

**Sell Climb Global Solutions, Inc. (Nasdaq: CLMB)**

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BELFB	Bel Fuse, Inc.	17.66%	207	Technology
DPSI	DecisionPoint Systems, Inc.	-25.04%	67	Technology
EDAP	EDAP TMS SA	-0.91%	35	Healthcare
KMDA	Kamada Ltd.	8.74%	88	Healthcare
KNSA	Kiniksa Pharmaceuticals Ltd.	-17.88%	130	Healthcare
MGIC	Magic Software Enterprises Ltd.	-20.12%	28	Technology
<b>OPRA</b>	<b>Opera Ltd.</b>	<b>0.00%</b>	<b>new</b>	<b>Technology</b>
SPOK	Spok Holdings, Inc.	2.90%	18	Telecommunications
UTMD	Utah Medical Products, Inc.	6.15%	18	Healthcare
UUU	Universal Security Instruments, Inc.	-15.06%	18	Technology

# Mega-Tech Trends



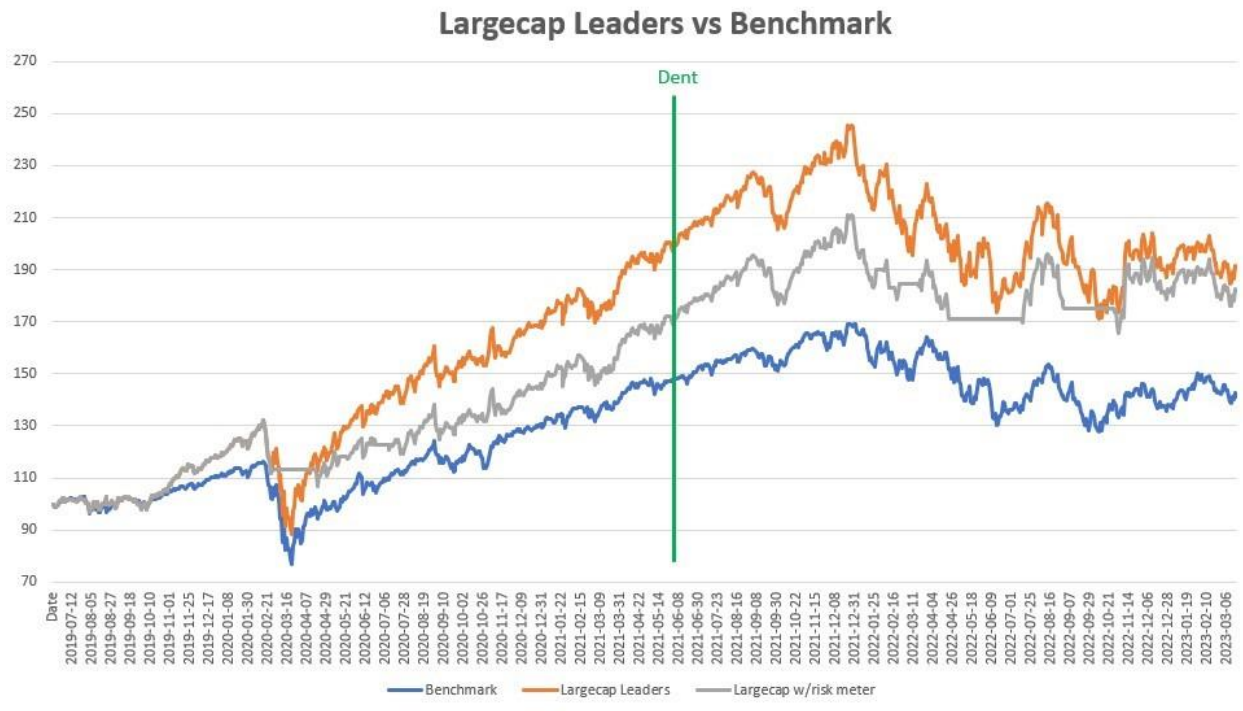
This week there is one "sell" but no "buys." Fewer stocks meet the criteria for inclusion in the portfolio. We are in unique times.

## Sell Jabil, Inc. (NYSE: JBL)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
BDC	Belden, Inc.	9.62%	130	Technology
CRUS	Cirrus Logic, Inc.	0.36%	39	Technology
DGII	Digi International, Inc.	-6.72%	11	Technology
DIOD	Diodes, Inc.	-0.57%	4	Technology
FN	Fabrinet	-9.04%	35	Technology
OSPN	OneSpan, Inc.	12.58%	4	Technology
TDC	Teradata Corp.	-10.44%	28	Technology

# Large Cap Leaders



There is one trade this week.

**Buy ANSYS, Inc. (Nasdaq: ANSS)**

**Sell Adobe, Inc. (Nasdaq: ADBE)**

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ADI	Analog Devices, Inc.	8.79%	46	Technology
<b>ANSS</b>	<b>ANSYS, Inc.</b>	<b>0.00%</b>	<b>new</b>	<b>Technology</b>
CRM	Salesforce, Inc.	6.74%	4	Technology
CSCO	Cisco Systems, Inc.	0.99%	102	Technology
FDS	FactSet Research Systems, Inc.	-3.69%	59	Technology
KEYS	Keysight Technologies, Inc.	-12.15%	109	Technology
MSI	Motorola Solutions, Inc.	3.04%	39	Technology
NOW	ServiceNow, Inc.	-6.61%	39	Technology
ORCL	Oracle Corp.	-2.28%	53	Technology
PAYC	Paycom Software, Inc.	-14.12%	35	Technology

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