



May 3, 2023

Dear Friends and Clients,

Spring is often thought of as an uplifting time, marked by growth and renewed hope as we emerge from the long months of winter and look ahead to the rest of year. Investors saw signs of such renewed hope in recent weeks, especially on the inflation front as several inflation measures showed signs of improvement. We also saw markets stabilize after the surprisingly fast collapse of Silicon Valley Bank. But although it initially appeared that a stable spring would set the markets up for a calm, quiet summer, a flurry of recent activity is testing investor sentiment.

Another bank collapse also put investors a bit on edge last week as JPMorgan—with financial support from the FDIC—will acquire First Republic Bank, the second biggest bank to fail in U.S. history. The story was similar to Silicon Valley Bank, with a concentrated and wealthy deposit base and mismanaged bond portfolio. These unique characteristics and a government backstop make any other large bank failures unlikely in the near term, though sentiment around bank conditions is fragile.

In other significant news, Treasury Secretary Janet Yellen warned that the date when the U.S. might not be able to pay its bills is fast approaching, if the debt ceiling is not raised or suspended soon. With the time for debate shrinking, the Treasury encouraged Congress not to wait until the last minute to resolve the debt ceiling issue (as they did in 2011). This urgent warning may actually provide a silver lining for investors, however, if Congress is pushed to resolve the issue sooner and avoids a summer-long Congressional debate. Markets may stabilize once the debt ceiling issue is resolved and the Fed ends its current interest rate tightening campaign.

Looking ahead, we see several signs of health for the economy and markets, such as delinquency rates on consumer loans still below pre-COVID-19 levels. Although business hiring intentions have slowed and consumers are pulling back on spending, we do not see the types of cracks we observed in the years leading up to the Great Financial Crisis. We may not have a clear path for growth just yet, with some banks still under duress and the debt ceiling yet unresolved, but we believe the upward trajectory remains thanks to a relatively healthy consumer base.

Please reach out to me if you have any questions.

Best regards,

Victor



**Victor S. Levy, J.D., LL.M., CLU, CFP®**

1818 Market St | Suite 3232 | Philadelphia, PA 19103

Main: 215-875-8720 | Fax: 267-875-8756

[vlevy@levywealth.com](mailto:vlevy@levywealth.com)

[www.levywealth.com](http://www.levywealth.com)

[Click here to send me a secure file](#)

Securities offered through LPL Financial, Member of FINRA/SIPC. Investment Advice offered through Levy Wealth Management Group, a registered investment advisor and separate entity from LPL Financial.

CA Insurance Lic# 0E70025  
Levy Wealth Management Insurance Lic# 0N00344  
Leon Levy & Associates Lic# 0G83967

The information contained in this email message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

#### Important Information

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested into directly. Index performance is not indicative of the performance of any investment and do not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results. All data is provided as of May 2, 2023.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services. LPL Financial doesn't provide research on individual equities.

All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

This Research material was prepared by LPL Financial, LLC. All information is believed to be from reliable sources; however LPL Financial makes no representation as to its completeness or accuracy.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Past performance does not guarantee future results.

Asset allocation does not ensure a profit or protect against a loss.

For a list of descriptions of the indexes and economic terms referenced, please visit our website at [lplresearch.com/definitions](http://lplresearch.com/definitions).