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# Macro Roundup Artcile

## Headline: Silicon Valley Bank Failure

**Article Link:** https://assets.jpmprivatebank.com/content/dam/jpm-wm-aem/global/pb/en/insights/eye-on-the-market/silicon-valley-bank-failure.pdf

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| Author(s) | Michael Cembalist |
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**Tweet:** A research piece by Michael Cembalist @JPMorgan calculates capital ratios for key banks assuming that all unrealized securities losses were realized. Silicon Valley Bank (SIVB) was an outlier.

**Summary:** The irony of SIVB [Silicon Valley bank] is that most banks have historically failed due to credit risk issues. This is the first major one I recall where the primary issue was a duration mismatch between high quality assets and deposit liabilities. As shown below, being flooded with deposits from fast-money VC firms and other corporate accounts at a time of historically low-interest rates might have been more of a curse than a blessing. Between Q4 2019 and the first quarter of 2022, deposits at US banks rose by $5.4 trillion and due to weak loan demand, only ~15% was lent out; the rest was invested in securities portfolios or kept as cash.

**Primary Topic:** Financial Markets

**Topics:** Banking, Business Cycle, Financial Markets, Other Source

**Permalink:** https://www.edwardconard.com/macro-roundup/a-research-piece-by-michael-cembalist-jpmorgan-calculates-capital-ratios-for-key-banks-assuming-that-all-unrealized-securities-losses-were-realized-silicon-valley-bank-sivb-was-an-outlier?view=detail

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