

## Yields Nosedive (again) as Traders Anticipate an Early End to Fed Tightening

The Silicon Valley Bank collapse came from out-of-nowhere and may have redirected the path of monetary policy. On Friday, the FDIC took control of the troubled venture capital lender, marking the second largest bank failure in U.S. history. With only a fraction of the SVB deposit base falling under the \$250k insured amount, the question going into the weekend was whether the government would step in to assure *all* *depositors* would have access to their funds.

The answer came on Sunday when Treasury Secretary Yellen, along with the Fed Chairman and FDIC Chairman announced that *all* *SVB depositors*, along with depositors of the crypto-damaged Signature Bank of New York, *would be made whole* and that any losses to the Deposit Insurance Fund would be paid for, not by taxpayers, but through a special assessment on banks. Shareholders and unsecured debt investors would not be protected.

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