

## JP Morgan Chase acquires beleaguered First Republic Bank, U.S. Recession Probability rises to 57.77%, and Wall Street closed down.

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The U.S. & European Stock markets began the week with a timid start for May, a stark reversal for a strong April. Wall Street investors were in a holding pattern following the much-expected outcome of First Republic Bank, which the FDIC was forced to seize to stabilize the financial system and the upcoming Fed's FOMC meeting that takes center stage.

First Republic Bank had been under significant pressure since March following Silicon Valley Banks' demise and had seen billion in outflows, became the latest victim of the banking turmoil, and records the third bank failure.

The beleaguered First Republic Bank (FRC) was seized by the Federal Deposit Insurance Corporation (FDIC). The FDIC accepted a bid from JPMorgan Chase Bank to assume all of the deposits and most of the assets of First Republic Bank.

First Republic Bank's 84 offices in eight states reopened as branches of JPMorgan Chase Bank. The FDIC and JPMorgan Chase Bank entered a loss-share agreement on single-family, residential, and commercial loans purchased from the former First Republic Bank. The FDIC, as the receiver, and JPMorgan Chase Bank, National Association, will share in the losses and potential recoveries on the loans covered by the loss-share agreement.

The FDIC estimates that the cost to the Deposit Insurance Fund will be about **\$13 billion**.

First Republic reported its earnings on April 24, which reported 1Q23 revenues of \$1.2 billion, down 13.40%, and a net income of \$269 million, falling 32.90%; the bank saw deposits fall 35.5% to \$104.5 billion, had seen its stock fall from \$147.00 on 2/2/23 to \$17.50 on 4/24/23, fell during the week another 61.31% to close at \$3.50 on 4/28/23.

### Key Economic Data:

- **U.S. Recession Probability:** rose to 57.77%, compared to 54.49% last month.
- **U.S. Construction Spending MoM:** rose to 0.28%, compared to -0.32% last month.
- **U.S. Retail Gas Price:** fell to \$3.765, down from 3.769 last week, falling -0.11%.
- **U.S. ISM Manufacturing PMI:** rose to 47.10, up from 46.30 last month.
- **U.S. ISM Manufacturing New Orders Index** is at a current level of 45.70.
- **U.S. ISM Manufacturing Employment Index:** rose to 50.20, up from 46.90 last month, increasing 7.04%.
- **U.S. ISM Manufacturing Prices Paid Index:** rose to 53.20, up from 49.20 last month, increasing 8.13%.

### Puerto Rico COVID-19 Update:

- Daily Cases: 63
- Positivity Rate: 15.59%
- Hospitalizations: 91
- Deaths: 1
- Source P R. Department of Health.

### Eurozone Summary:

- Stoxx 600 closed at 466.78, up 2.75 points or 0.59%.
- **FTSE 100 and Dax Index are closed in observance Labour Day.**

### Wall Street Summary:

- Dow Jones Industrial Average closed at 34,051.70, down 46.44 or 0.14%.
- S&P 500 closed at 4,167.87, down 1.81 points or 0.04%.
- Nasdaq Composite closed at 12,212.60, down 13.99 points or 0.89%.
- Birling Capital Puerto Rico Stock Index closed at 2,430.25, up 21.47 points or 0.89%.
- Birling Capital U.S. Bank Stock Index closed at 3,715.77, up 23.38 points or 0.68%.
- U.S. Treasury 10-year note closed at 3.59%.
- U.S. Treasury 2-year note closed at 4.14%.



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## GDPNow 5.1.23 Second Quarter GDP Forecast

Date	GDPNow 2Q23	Change
4/28/2023	1.70%	Initial Forecast
5/1/2023	1.80%	5.56%



# US Recession Probability, US Construction Spending, US Gas Price, IS ISM Manufacturing, US ISM Manufacturing New Orders, Employment & Prices Paid

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- US Recession Probability
- US Construction Spending MoM
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- US ISM Manufacturing PMI
- US ISM Manufacturing New Orders Index
- US ISM Manufacturing Employment Index
- US ISM Manufacturing Prices Paid Index





## Wall Street Recap

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