PASIV
SCOOPS
THE WEEKLY MARKET DIGEST

Rising Rates Eat Into ECB's Profit

February 26, 2023 • Vol. 37

The European Central Bank recorded zero profits last year

-2.67%

Index Recap
The S&P 500 suffered its worst weekly decline since early December following a string of positive inflation & growth surprises.

Our top 3 scoops this week

1. ECB scraps dividend payments as rising interest rates eat into profits

The ECB is pulling the breaks on dividend payments for eurozone central banks after recording zero profits for the first time in fifteen years, in 2022. The ECB suffered a fall in the value of its bond investments following rising interest rates, with analysts predicting that the reversal of its ultra-loose monetary policies could lead to years of losses. But this isn't the only challenge facing the Union. The EU carbon price hit a record high of 100 euros per tonne, putting additional pressure on firm in industries such as aviation and steel production that are particularly reliant on fossil fuels. The carbon price hike reflects the EU's commitment to meeting its climate goals, but also adds to the financial burden of companies in a sluggish economy.

How will the ECB's decision to scrap dividend payments impact the already struggling profitability of eurozone banks?

2. Meta to launch a service very similar to Twitter Blue

It seems like Meta (Ticker : META) is taking inspiration from Twitter and jumping on the blue checkmark bandwagon. The social media giant announced that it is testing Meta Verified, a new feature that allows users to pay $12/month for a blue checkmark, which confirms the credibility of their account. Before users can sign up to Meta Verified, they need to meet minimum activity requirements to ensure account authenticity. The feature is rolling out to Australia and New Zealand and will be available in other countries shortly.

Is Meta Verified a step into ensuring more security online or just another means of feeding into social media validation?

3. McKinsey slashes 2,000 jobs in its biggest round of layoffs ever

McKinsey, one of the world's largest consulting firms, could layoff as many as 2,000 back-office workers in what would be one of the largest rounds of cuts in its history. The move comes as the firm redesigns how its communications, technology, and human resources departments operate. The cuts will steer clear of the consultancy's legal and compliance teams. Labor shortages also compelled the firm to raise partner salaries in an attempt to retain talented employees who might otherwise be attracted by competitors' lucrative remuneration packages.

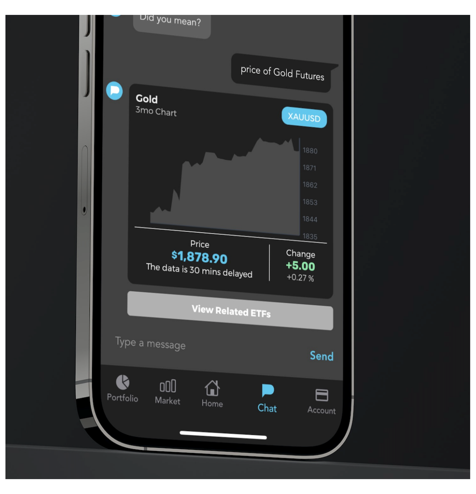
Will the job cuts allow McKinsey to sustain high partner payouts?

How this can impact your portfolio

If you want to increase your exposure to clean energy	Take a look at this ETF from BlackRock
If you're optimistic about Meta Verified	Take a look at these ETFs with exposure to Meta Platforms
If you want to learn more about job cuts at consultancy firms	You might want to check out this article by FT

Pasiv is now available in dark mode

Say hello to the dark side with Pasiv's all new Dark Mode, now available for all Android and iOS users



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