

Headline for April

- The yield curve inverted meaningfully for the first time since 2007 following weak manufacturing data in Europe and signaling from the Fed.
 - **What this means:** On Friday, March 22, 2019, the yield on the 10-year treasury note fell below the yield on the 3-month T-Bill. This is more significant than the 5-to-3-year inversion that occurred last December, primarily because greater emphasis is placed on the longer duration covered by a 10-year treasury note.
 - **Why it matters:** Yield curve inversions of one month or longer have preceded the previous seven recessions. However, lead times can be inconsistent. Historically, a recession can occur anywhere from one to two years after the curve has inverted for at least a month. While the yield curve did not remain inverted on March 22nd, we still believe it to be an important leading indicator.

I-Banks Get Excited About Cannabis M&A

- The explosion in popularity of the cannabis industry in 2018 has enticed financial institutions to get more involved with the sector’s financing in 2019.
- The SAFE Banking Act, introduced in Congress last week, aims to make cannabis-related deposit accounts legal in 2019 in the U.S. While cannabis M&A is legal in the U.S., American dealmakers have greater barriers to entry than Canadian competitors, where cannabis is legal at a federal level.

Investment Banking Terminology:

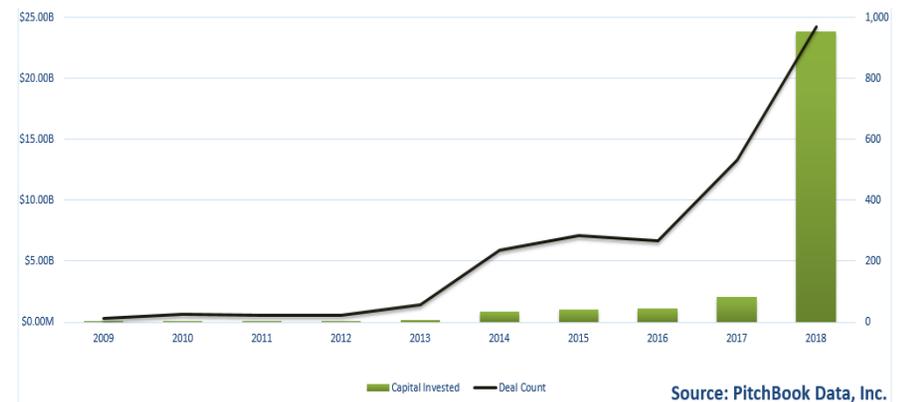
Yield Curve – A curve showing several yields or interest rates across different contract lengths (2 month, 2 year, 20 year, etc. ...) for a similar debt contract. The most frequently reported yield curve compares the three-month, two-year, five-year, 10-year and 30-year U.S. Treasury debt.

Market Snapshot for April 2019

As of April 4 th	April 4 th	YTD% Δ	LTM % Δ
S&P 500	\$2,873.40	14.48%	9.98%
NASDAQ	\$7,895.55	17.78%	13.62%
2 Yr. T-Note	2.33%	(680)Bps	219Bps
10 Yr. T-Note	2.52%	(803)Bps	(968)Bps

Deal Flow in the Cannabis Industry Rises

- Cannabis, a once taboo topic, is now being embraced in the market. The chart below displays the growth in the number and deal value of cannabis transactions in the U.S. over the past 10 years. The total deal value in 2018 (\$23.9B) was 1,100% larger than 2017.
- In 2018, the U.S. cannabis vertical’s total deal value was only slightly smaller than blockchain’s, which totaled \$28.6B.



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