



The BID Process

by [Steve Brown](#)

About 20Ys ago, we had the idea to create a daily publication designed specifically for community bankers. While it has been refined over the years, it has stood the test of time. In fact, each week we add a few hundred new bankers or regulators to the distribution list of the Banc Investment Daily (BID) and readership is now over 75,000. Given that growth, every few years we stop to take a moment and explain the intent of each specific area within this publication. We do this to help make sure all of our readers can effectively utilize everything the BID is designed to deliver each and every morning.

First and foremost, the BID is 100% focused on community bank issues, designed to provide thought-provoking information - all presented in an easy-to-read single page format. It has never been longer than one page in length, but every single space within that page is maximized every single day.

The creative process is also unique, as it begins around 4:00am PT and ends promptly at 5:00am PT for delivery straight to your inbox each morning. That provides time to create, edit and refine things and ensures it gets out to everyone just in time for that 1st or 2nd cup of morning coffee.

Topics come from a variety of sources, including bankers themselves (one of our favorite sources - although once again we go on record saying we have not put listening devices in anyone's board room); regulators (from conferences, face-to-face meetings, video conferences, etc. - but always anonymous); industry experts (these can run the gamut from banking attorneys, accounting firms, technology and other companies - as long as they have a specialty in community banking) and from our own research.

The BID basically breaks down into two major sections. The first is the left side of the page (which we internally refer to as the "Top Left"). This is the section you are currently reading and it ends at the top of the next column. The rest of the publication is identified with bold headers describing what you are about to read.

The Top Left is basically our "idea of the day." The primary goal of it is to keep things fresh by putting a new spin on an old idea, getting bankers thinking, alerting you to upcoming regulatory issues, spreading the word or educating. Creating this section takes about 2 hours every single day and that includes tying it back to a random (and seemingly unrelated) picture as a critical part of the process. In this section, sometimes we start with a nascent idea (oh yea, we also try to sprinkle in at least one big word to keep everyone's vocabulary sharp) and then find a random picture that seems to work with it. At other times we challenge ourselves by creating an idea after selecting a picture.

Believe it or not, the rest of the publication takes just as long as writing the Top Left. To make sure bankers stay on top of things, we focus on issues that have impacted market yields or major economic data points that could affect your business or loan or deposit pricing.

The final section is all about news and events that could impact community bankers. To do this piece alone, we scour hundreds of sources, weed out only the best few and make sure you know about them so you can stay on top of things quickly and easily.

Finally, within the print version, the rate box comes into play. This grid contains a list of Treasury yields along with their monthly and YTD change. This is provided so you can keep track of your mark to market and better manage your loan/deposit pricing for various maturities. Also in the grid we include LIBOR swap rates. This is included since it is the de-facto funding level for large banks worldwide. It gives you a way to quickly check your deposit pricing for various maturity structures or to price loans. Next you will find the expected Federal funds rates. This comes from the futures markets each day and it gives you an idea of where market participants are actively trading Fed funds so you can project where they may be heading in the future.

Also in the grid at the bottom running across, we give daily updates on the current overnight Fed funds rate, the Fed funds target rate, the discount rate, prime, the unemployment rate and the price of oil.

In closing, we are proud to say we have not missed a single business day of the past 4,000+ creating and distributing the BID and we thank you for your readership.

BANK NEWS

FHLB Collateral

The FHFA issued a rule that expands the types of collateral FHLBs can accept for advances effective Jan 18. Bankers eagerly await hearing what this means and what flexibility it may offer them.

No Commodities

The OCC issued a final rule effective April 2017 that will bar banks from dealing or investing in industrial or commercial metals. Banks can still deal with or invest in metals when obtained from foreclosures. Banks with metals holdings have 5Ys to divest.

Settlement

Credit Suisse agreed to pay \$5.3B to settle claims over MBS securities it sold prior to the crisis. Deutsche Bank also agreed to a \$7.2B settlement.

Bailout Cost

The ECB is warning Italy that despite a government approved bailout of about \$20B, the 3rd largest bank in the country, Monte dei Paschi di Siena, will need \$9.2B more given its rapid deterioration.

More Reporting

The Fed has adopted a rule that would necessitate large banks to publicly divulge their liquidity risk metrics each quarter.

More Tools

Fed Chair Yellen said in a recent speech that the Fed will use asset purchases and forward guidance as part of its efforts to address its dual mandate when needed in the future.

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