— NEED TO LOOK @ OPEN INT IN CDS, E.G. ON AIG
w/ TBM YOU CAN SEE OPEN INT.
— THAT'S ANOTHER RSN FOR REPT? OF TRADE VALUES.

— ASK INDIVDL FIRMS

— SVCE PROVIDERS AGGREGATE QUOTES — MKT PRICE COMMUNCTN IS VIA EMAIL. FLOW OF INDICTVE QUOTES.
- MARK-IT
- CMA
- BLOOMBERG

~~— MARK IT REFENCE CASH FLOW O/S.~~

→ WHO WAS ON BOTH SIDES OF TRADES — V4 CHALLGS.

→ LOOK AT REPLCMT VALUE NOT NOTIONAL — BUT THAT DSN'T INCLUDE P.F.E.
PFE IS CP RISK.

2010-03-16 — 11E — BERGSTEN, GOLDSTEIN, WILLIAMSON, WEISMAN

WE / ① DEFINE THE CRISIS — DOES IT INCLUDE VICTIMS?
ARE SMALLER MKTS VICTIMS?
② SHOCK VS PROPAGATION
③ WHAT DID WE NOT SEE IN 2005-2006?
KNOWN: LOW RATES, CAPITAL FLOWS, ASST BUBB bubble

FB / TRANSMSSN OF CAPTL FLOWS INTO LOWER UNDRLY STDS NOT NECLY KNOWN.
necessarily

SIMON

→ THIRTEEN BANKERS   ROLE OF DEREGULATN

WC [redacted] / CURRNTLY WRITING BOOK. FINCL GLOBLZTN
Financial Globalization

① THY ALL DID IT

② BKG PANIC

WHY? - UNDRLYG ASSUMPTN THT HSG PRICES CD BE FLAT FOR 10 YRS ACCOMPND BY INFLATION.

- FINCL SYSTM DEPND ON PRICES NEVER FALLING.
- LACK OF TRSPRCY IN MBS — ONLY WHEN ABX SHOWED DECLINE WAS THERE TRSPRCY.

William Cline

- sympathetic
  SYMP TO SUPP ℓ. J Taylor
  J. TAYLOR.
- CURRNT ACCT WAS FINCG α 1/3 AND NOT THE MAIN FACTOR.
- YOU NEED TO LOOK AT NET FLOWS.

MG / DEFINE CRISIS

① CURRCY - NO. ALTHO IT WS FOR SE EM's.

② DEBT - BASED ON CRA sovereign SOVRGN RATGS. NO.

③ BKG - FISCAL COST OF RESCUING INSTNS. TOTAL WILL BE MUCH LOWER ON FIs. Financial Institutions [HIGHER IF YOU INCLUDE WRITEDWNS]

YOU need ND TO ASK WHY DID REAL GDP FALL SO FAR.

④ ECONC - substantial SUBSTL MVMT IN GDP.
- W/W SPREAD. UNEMPLYT.

- CAUSES - ATTACK ON SUP, HSG GOALS, ETC.
- REMEDIES - OPPTY TO BRG BK old OLD IDEAS.

E.G. PROP TRADING - NOT A CAUSE.

Paul Volcker

— 3/30 PVOLCKER AT IIE.

MIKE / — WHY DID UNEMP GO UP SO FAR BASED ON USUAL RELSHIP W/ GDP ETC.

JW / — GMN UNEMP RATES UP LESS THAN EXPECTED.

MIKE / — US GDP WAS SMALLEST IN G-7, BUT RELLY LGE INCRSE IN UNEMP.

— SERIES OF EVENTS. NOT IGNORG WHT HPPND IN THE ROW.

— 2003-2007 BUILD-UP. GLOBAL BUS CYCLE BOOM. EARLY 2007 — HAD STOPPED TGTNG MID-2006; RESDNL STOPPED GROWG LATE 2005.

— SUMMER 2007 — FM Turbulence TURBULCE. Federal Reserve FR EASES.

— AUG 2007 — BSC. CALMING — VIX SPREAD CALMED DOWN AGAIN.

— NBER DATES PEAK END-2007.
NBER
WORLD ECON BOOM CONTD THRU 1Q08.
very VY INFLATNRY IN 2008. ECB LAST TGHTNG MORE IN MID-2008.

— LEH. VIX, TED SPRDS SHOOT UP.

— GLOBAL ECONY TURNED DWG SUMMER '08.
DIVES IN H208 2H08 — INC CHINA.
— LOST 2 quarter 2Q LARGER DECLINE GRO SCE WWII.

— WSN'T TBTF — THE FINCL SYSTM WS TBTF.
WE LIQFY EVYONE.

— RECOVRY BGE MID-2009. INTSE FINCL DISRUPTION HAS EASED.

— IT'S NOT ALL THE FINCL SECTOR.
FOLLOWG INFLATION OF 2008, A SLOWDOWN WAS INEVTBLE.

— ARS — PART OF PHENOMNN — MAKING $$
BY CREATG LIQUDTY. LIABLTIES THT
ARE M LIQUID THN THE UNDRLYG ASTS.
— DEPENDED ON BUYERS. LQDTY DRIES UP
IMMDTELY.
— ABNORMAL INSTRMNTS: SAME PRINCIPLE.
MASSIVE CRTN OF PSEUDO-LIQDTY.
— ESSCE OF BKG IS CREATG WLTH BY
CREATG LIQDTY. ONE has HS TO BE
CAREFUL HOW YOU LET FIS be
ENGAGE IN THAT ACTVTY.

S.WEISMAN/ YOU HAVE 2 ROLES:
① NARRATIVE
② INVESTGTVE — "HAD WE KNOWN,
OUTCOME MGHT HAVE BN DIFFT."

WC/ ① CRAS JUST INSDRS KW IT WS A SCAM.
② AIG EXPOSURES – EVEN TFG DON'T KNOW.
→ JW/ DID THEY RLLY?

GARY HUFBAUER/ COMPLETE & UTTER REG CAPTURE —
WAY M THAN ICC.
① — BASEL WAS SO CAPTURED BY BKS.
TARULLO BOOK.
— IRS cont CT OL w/ BIG INTL FIRMS.
— REGULTRS AREN'T PAID — COMP singapore SINGAPORE.
② ONLY 100 INSTNS COUNT. FED SHD should
HAVE O/S ON ALL. FED SHDNT
HVE MISSED HUGE PILE OF SECURTIES.
— ALSO HFS & MMFS
— LEGSLTN WILL COVER THAT.

— AIG — HANK GREENBERG Greenberg
— THY KW WHT THY W DOING.
(3) GOVT C'T STP MASSIVE ASSET P LOSS.
— NXT CRISIS W'T BE HSG.
MMFS — SUPPOSE FID / VANG / TROWE WT BERUPT:
Fidelity Vanguard T Rowe Price
TBTF LK AT POPULTN THY SERVE.
WE/ — BB WAS LKG AT SUBP & BUBBLE.
WHY WAS HE WRG?
(1) M BAD STUFF
(2) DON'T USTD WHERE IT WAS.
GH/ THGHT IT WD BE LIKE PRVS BUBBLES —
INFLTN WD TAKE CARE OF IT.
JW/ LEVERAGE — SPREAD SHOCK.
WE/ GORTON — CONCN ABT CPARTIES, AFTER LEH.
Counterparties
MG/ WHO WILL BE PROTECTED AFTER LEH.
WC/ WESSEL — WHY BSC + NOT LEH.
Argentina
— ARGENTINA FACTOR. NOTHG HPPNS
WHEN A FAILS.
shiller had
MIKE/ CASE- SHLLR HD MADE CASE FOR BUBBLE.
— STUPIDITY.
— EXTT OF RISK UNDERESTMTD BY GOVT & PRVT SCTR.
1981, 1975, 1991 — BKS WD HVE
BN INSOLVT UNDR MTM.
CAPTL WAS TOO LITTLE THEN.
WE/ IF WE HAD RLLY RUN A 20% HSG P DROP,
WE WD HAVE CAUGHT GSES, LEH ...
MG/ ECONC PAPRS. SECURTZN WILL REDUCE RISK.
RAGHU RAJAN SPEECH AT JACKSON HOLE —
Raghuram Rajan Jackson Hole
KOHN SAID DT WRRY
Kohn
A GHYPE. RISK HADN'T BN SPREAD.
GH/ GAVE FALSE SENSE THAT LEVERAGE CD could
GO TO 40-1.

Australian Canadian
→ AUST + CAN. BKS DID NOT GO ALG.

TSTANTON / AG SAID SAKD BKS don't DT FLLOW SELF-interest INTRST.

GHUF / RISK MGR SHD HAVE STATUS / POWER / TENURE.
— RISK MGR SHD HVE TO SIGN OFF
LIKE CEO UNDR S-OX.

MORRIS / AG belief BLF IN SELF-REGULATN.

MIKE / — COLL DAMGE FROM FAILURE.
— YOU WNT OWNER TO HOLD THE RISK.
— PLE ASSUMED THT CD UNLOAD RISK.
could unload

2010-03-17 RESCH TEAM MTG

— EMPTY SUBORDINATION?

KIM / — WORST WAS SYNTHTCS — THY HAD A MASSIVE BIAS TO PICK THE WORST STUFF

WE / — HYPOTHESES?

GF / — PLE USTD NATIONWIDE PRICE DECLINE
① WOULD BLOW THEM OUT. THY ASSUMED IT WON'T HPPN.
→ COMPENDIUM OF QUOTES.

WE / — ② RM WAS INSUFFCT. SCENARIO ANALYSIS.
THY HAD THE ANALYSIS BUT DON'T ELEVATE IT.
OR, DON'T USTD FULL IMPACT.

READING LISTS → MONDAY AM - SHADOW BKG
PAGE 1 = α 5-6, TOTAL 100 PP
PAGE 2 = WORKG GROUP ONLY.

→ SEND SH BKG SVY TO KIM

→ CONCN : DON'T FORGET ACCTG
COMMISRS