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### Federal Reserve Bank Email from Clinton Lively to Brian Peters and Sarah Dahlgren Re Market Risk in the System

Clinton Lively

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**Clinton Lively/NY/FRS**

09/15/2008 06:13 PM

To

Brian Peters/NY/FRS@FRS, Sarah Dahlgren/NY/FRS@FRS

cc

Jim Mahoney/NY/FRS@FRS, Dianne Dobbeck/NY/FRS@FRS, Anthony Cirillo/NY/FRS@FRS, Andrew Small/NY/FRS@FRS, Wai Wong/NY/FRS@FRS

bcc

Subject

Market Risk in the System

Attached is a summary report of key market risks for major financial institutions. The information presented was provided by the following firms over the past week - Lehman, Merrill, BankAmerica, Citi, UBS, Credit Suisse, Deutsche Bank, JPMorgan and AIG. While in many cases the information was incomplete, a key concentration across these firms is their holdings in commercial and residential real estate - both in securitized and whole loan form. Given the failure of Lehman (with \$62bil) and combined holdings of BAC and MER estimated at \$104bil, further price pressure on these assets may be severe.

Regards,  
Clint



System Risk Report Notes SEP 15 08.doc



System Risk Report SEP 15 08.pdf

	Risk Metric	Unit	Totals	LEH 9/3/08	MER 9/8/08	BAC 8/27/08	MER+BAC	CITI 8/28/2008	UBS 9/4/2008	CS 8/29/2008	DB** 8/29/2008	JPM 9/5/2008	AIG 9/11/2008
Corporate	Invest Grade	Spread -1bp \$mm	(22)		(6)	0	(5)	(11)		(1)	(5)	36	
		Spread +10% \$mm	36		7	0	7	8		(0)	3	2	
	Non Invest Grd	MV \$bil	30	13									
		Spread -1bp \$mm	3										
		Spread +10% \$mm	0										
Hedges	MV	\$bil	(24)	(24)									
Total Real Estate	MV	\$bil	417	62	90	14	104	59	32	37	23	45	56
Commercial Resi / ABS Hedges	MV	\$bil	214	42	25	10	35	49	10	18	19	10	31
	MV	\$bil	221	26	65	5	70	9	22	19	11	39	25
	MV	\$bil	(18)	(7)							(7)	(4)	
Interest Rates	Rates -1bp	\$mm	12	1	1	2	3	7	2	(2)	1	0	(0)
Public Equity	MV	\$bil	2	3	0	0	0	(2)	0	4	1	(2)	(2)
Private Equity	MV	\$bil	51	10		8	8	18	0	15			
Currencies*													
Major	MV	\$bil	(3.23)	(0.84)	(1.20)		(1.20)	2.48	(0.16)		0.89	(1.19)	
Minor	MV	\$bil	6.77	0.87	1.20	0.28	1.48	(8.56)	0.47		(0.90)	1.20	
USD	MV	\$bil	(9.48)				(0.35)	(1.25)	0.10		(0.11)	(0.46)	
EUR	MV	\$bil	(2.52)					1.60	(0.02)			(0.92)	
JPY	MV	\$bil	2.01									0.43	
Commodities													
Oil	MV	\$bil	3.62	(0.06)		0.02	0.02	3.57	0.13	0.02	(0.11)	0.04	
Natgas	MV	\$bil	(0.70)	0.02	(1.36)	(0.15)	(1.51)	0.67	(0.02)	(0.16)	0.21	0.09	
Power	MV	\$bil	3.00	0.15	1.86	0.35	2.21		(0.00)	0.61	(0.05)	0.09	
Stress: Flight to Quality Loss in \$bil				(4)				(9)	(12)	(2)		(7)	

\* Sign indicates currency position - positive is long currency, short USD  
\*\* US exposures only