JP Morgan

Author : michaelbloomer

The problem with history is that the more we create, the more we have to forget.

Why are JPM's trading positions unavailable?

“Jamie Dimon and JP Morgan Chase just proved what anyone not getting a paycheck from a Wall Street bank already knows: gigantic too-big-to-fail banks are too-big-to-manage.” http://www.bettermarkets.com/reform-news/jpmorgan-loss-proves-need-financial-reform-strong-volcker-rule "Too-big-to-fail banks like JP Morgan, with trillions in assets and trillions more in high-risk investments and trading, require regulation and transparency. This is yet another example of the need for the more than $700 trillion derivatives market to be brought into the light of financial regulation. That is the only thing that will reduce the risk these banks pose to the taxpayers, the financial system and the economy.

Jamie Dimon and JP Morgan Chase just proved what anyone not getting a paycheck from a Wall Street bank already knows: gigantic too-big-to-fail banks are too-big-to-manage. They must not be allowed to continue to threaten our financial system and our economy."

http://www.economonitor.com/blog/2012/05/jp-morgan-debacle-reveals-fatal-flaw-in-federal-reserve-thinking/?utm_source=contactology&utm_medium=email&utm_campaign=EconoMonitor%20Highlights%3A%20Rough%20Ride%20in%20Europe%2C%20JPMorgan%20%26%20FinReg%20%20

There was no hint in the stress tests that JP Morgan could be facing these kinds of potential losses. We still do not know the exact source of this disaster, but it appears to involve credit derivatives – and some reports point directly to credit default swaps (i.e., a form of insurance policy sold against losses in various kinds of debt.) Presumably there are problems with illiquid securities for which prices have fallen due to recent pressures in some markets and the general “risk-off” attitude – meaning that many investors prefer to reduce leverage and avoid high-yield/high-risk assets.

But global stress levels are not particularly high at present – certainly not compared to what they will be if the euro situation continues to spiral out of control. We are not at the end of a big global credit boom – we are still trying to recover from the last calamity. For JP Morgan to have incurred such losses at such a relatively mild part of the credit cycle is simply stunning. The Financial Services Roundtable, in contrast, is spouting nonsense – they can only feel deeply embarrassed today. Continued opposition to the Volcker Rule invites ridicule. It is immaterial whether or not this particular set of trades by JP Morgan is classified as “proprietary”; all megabanks should be presumed incapable of managing their risks appropriately.. .

SUBSCRIBE VIA RSS