Twitter Thread by Rajat Kumar Singh



Rajat Kumar Singh
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Credit Suisse and Deutsche Bank are on the verge of collapse.

A thread on the ongoing crisis at DB and CS as per my limited understanding. ■

(/1)

#deutsche #CreditSuisse



The combined asset base of the two banks is nearly $2 Trillion which is 3x the asset base of Lehman Brothers at the time of its collapse.

(/2)

#deutsche #CreditSuisse #LehmanBrothers

Deutsche Bank

Revenue	▲ €25.4 billion (2021)[2]
Operating income	▲ €3.4 billion (2021)[2]
Net income	▲ €2.5 billion (2021)[2]
Total assets	▲ €1.387 trillion (Q2 2022)[3]
Total equity	▲ €60 billion (Q2 2022)[3]
Number of employees	82,915 (Q2 2022)[3]

Credit Suisse

Revenue	▼ SFr 22.7 billion (2021)[4]
Operating income	▼ SFr 946 million (2021)[4]
Net income	▼ SFr −1.7 billion (2021)[4]
AUM	▲ SFr 1.61 trillion (2021)[4]
Total assets	▼ SFr 755.8 billion (2021)[4]
Total equity	▲ SFr 44.2 billion (2021)[4]
Number of employees	▲ 50,110 (end 2021)[4]

On 15 September 2008, Lehman Brothers, a bank considered 'too big to fail' filed for insolvency. It was the single largest bankruptcy filing in the history of the US.

At the time, the bank had $639 billion in assets and $619 billion in debt.

(/3)

Both Credit Suisse and Deutsche Bank are designated as systemically important financial institutions (SIFI): i.e. they are "too big to fail".

Remember the times when they labeled Lehman Brothers as "TBTF"?

Source - FSB

(/4)

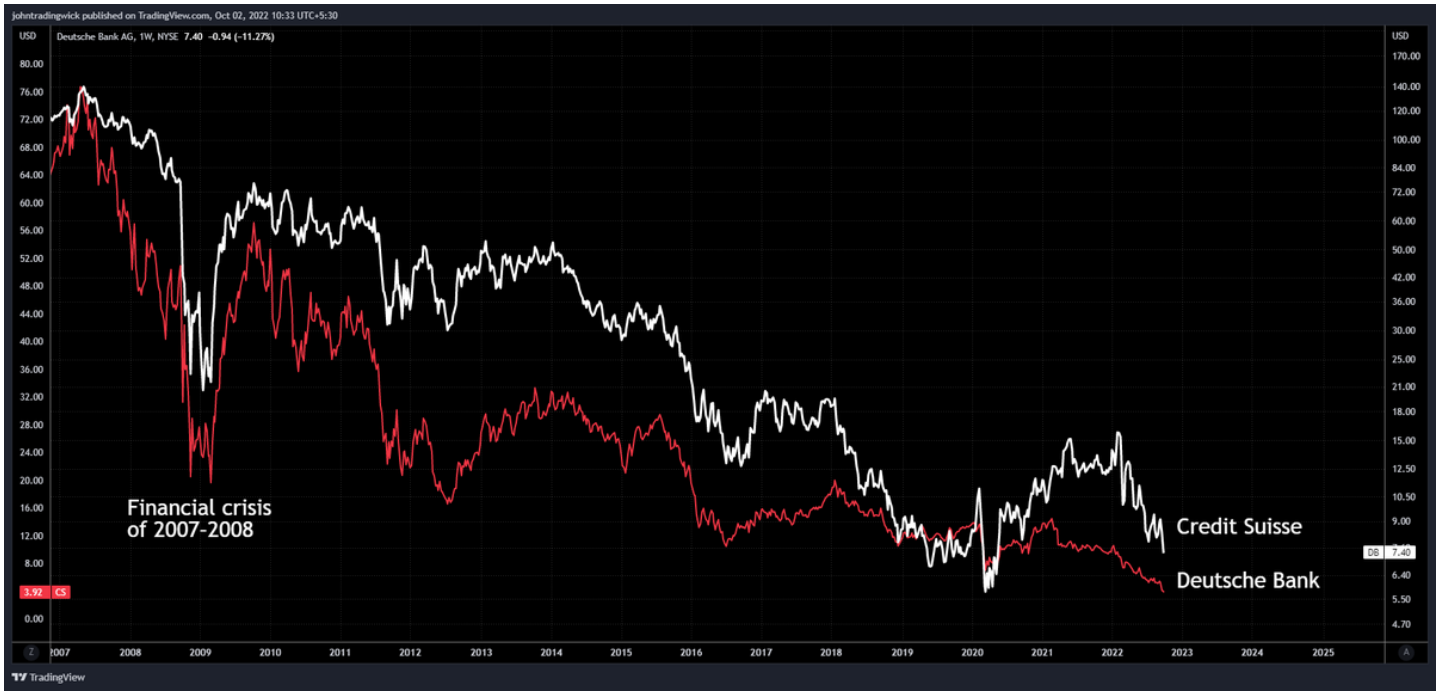
G-SIBs as of November 2021[13] allocated to buckets corresponding to required levels of additional capital buffers

Bucket[14]	G-SIBs in alphabetical order within each bucket
5 **(3.5%)**	(Empty)
4 **(2.5%)**	JP Morgan Chase
3 **(2.0%)**	BNP Paribas Citigroup HSBC
2 **(1.5%)**	Bank of America Bank of China Barclays China Construction Bank Deutsche Bank Goldman Sachs Industrial and Commercial Bank of China Mitsubishi UFJ FG
1 **(1.0%)**	Agricultural Bank of China Bank of New York Mellon Credit Suisse Groupe BPCE Groupe Crédit Agricole ING Bank Mizuho FG Morgan Stanley Royal Bank of Canada Santander Société Générale Standard Chartered State Street Sumitomo Mitsui FG Toronto Dominion UBS UniCredit Wells Fargo

The stocks of Deutsche and Credit Suisse have been slowly bleeding out since 2009 and both are down ~90% from 2009 high.

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#deutsche #CreditSuisse @in_tradingview

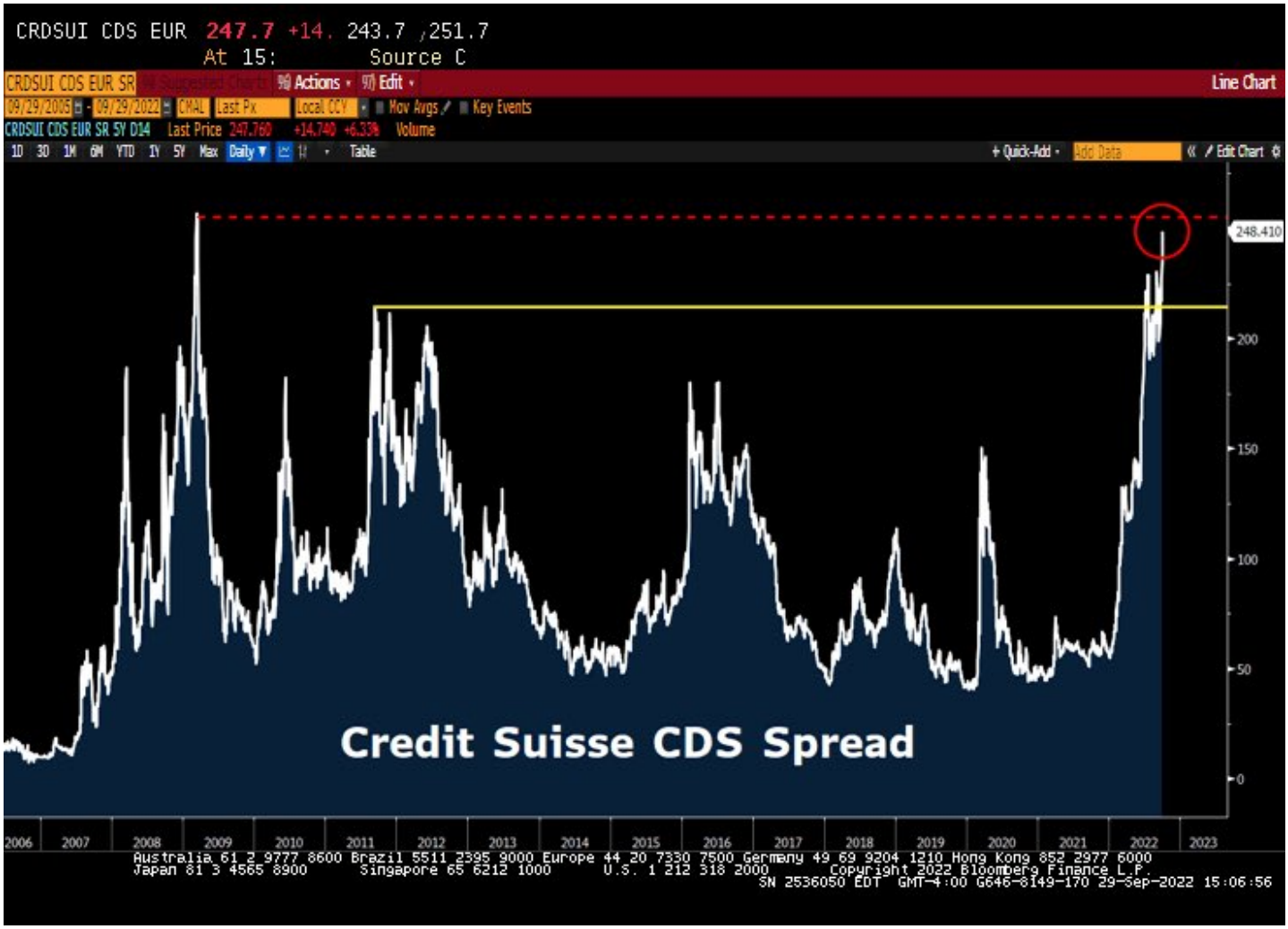


The credit default swaps (CDS) for Credit Suisse are going absolutely vertical and are now approaching the highs of the great financial crisis of 2008. Higher CDS = Stronger market-wide belief that CS is going to fail.

Chart courtesy: @FossGregfoss

(/6)

#CDS



A CDS is a derivative that allows an investor to swap or offset their credit risk with that of another investor. To swap the risk of default, the lender buys a CDS from another investor who agrees to reimburse them if the borrower defaults.

(/7)

What does this crisis mean in layman's terms?

1. If the banks can't pay off their debts i.e. they become insolvent and have to sell off their assets.

2. If the prices of these assets fall below a certain level, the other banks too will have to start selling to avoid...

(/8)

the forceful margin calls on their positions.

3. This massive deleveraging event will create a domino effect due to mass selling and this economic crisis will spread from one market/region to another, known as Contagion.

(/9)

Though there is a good chance that the German government will go all out to save Deutsche because it's the biggest bank in Germany. But the size of the bailout is a matter of concern.

(/10)

#deutschebank #CreditSuisse

Rank	Bank	Total assets (billions of US dollars)	Headquarter city
1▲	HSBC	2,953.64	London
2▼	BNP Paribas	2,905.93	Paris
3▶	Crédit Agricole	2,674.35	Paris
4▲	Barclays	1,874.40	London
5▼	Banco Santander	1,814.90	Santander (legal) and Madrid (operations)
6▲	Groupe BPCE	1,724.12	Paris
7▼	Société Générale	1,665.47	Paris
8▶	Deutsche Bank	1,505.74	Frankfurt
9▲	Crédit Mutuel Group	1,249.36	Strasbourg
10▼	Intesa Sanpaolo	1,215.74	Turin
11▼	Lloyds Banking Group	1,200.41	Edinburgh (legal) and London (operations)
12▲	UBS	1,117.18	Zürich
13▼	ING Group	1,081.87	Amsterdam
14▶	NatWest Group	1,058.86	Edinburgh
15▼	UniCredit	1,042.50	Milan
16▲	La Banque Postale	878.32	Paris
17▼	Credit Suisse	829.12	Zürich
18▲	Standard Chartered	827.82	London
19▶	Banco Bilbao Vizcaya Argentaria	812.21	Bilbao (legal) and Madrid (operations)
20▼	CaixaBank	773.38	Valencia (legal) and Barcelona (operations)

No one really knows when the system will start collapsing. But when it does, it will be extremely brutal. It's a ticking time bomb.

FYI this thread is based on my limited knowledge and I reserve the right to be wrong.

Take care and stay safe! ♥■

(11/11)

https://t.co/Px0PSu84jL

People need to understand that "Macro top/bottoms are not formed in a day". They take time.

Everyone is like "SPX will rally soon, Nifty will rally, don't FUD".

Isn't it a piece of common knowledge that after a massive fall, markets do pull back the majority of the time?

/1 pic.twitter.com/j1FRAj22gU

— Rajat Kumar Singh (@imfamousrajat) October 2, 2022