

Title: Credit Suisse is Fucked

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Linked Post Content:

Bunch of Credit Suisse posts around and wanted to find the sauce behind it all without the speculation. Got asked to make this its own post, so here it is.

Found that all of the points are reported by MSM, which almost never happens to big banks. MSM will try to retain a good relationship with banks, so that they can have a source. This is a sign that the kill is about to happen, and the vultures are starting to circle.

Note that the following articles are mostly from the last week and from well-established financial news organizations, i.e. Reuters, Bloomberg, The Financial Times, Wall Street Journal.

Credit Suisse is about to collapse. [edit: not related] ~~Possibly the reason for the emergency Fed meeting on Monday?~~ Use something like archive.is to circumvent paywalls (or if using DuckDuckGo, use the [DuckDuckGo !Bang](https://duckduckgo.com/bang) , *!ais *):

1. ■ Their CEO sent out a memo about having a strong capital base and liquidity, which means they don't. "Appear strong when you are weak" (Sun Tzu), and, "All rumors are false until officially denied" ([Nassim Nicholas Taleb](https://twitter.com/nntaleb/status/1576208659486412802?s=46&t=Ki0TW7YIGb5y6pfbvON7gQ), also a former Credit Suisse trader), both apply here. https://www.reuters.com/business/finance/credit-suisse-has-strong-capital-base-liquidity-ceo-memo-2022-09-30/
2. Continuing the above, the statement was issued because they may not be able to meet their Credit Default Swap obligations, as it has reached 2009 levels and shares of Credit Suisse touched a new low. https://www.bloomberg.com/news/articles/2022-10-02/credit-suisse-ceo-seeks-to-calm-as-default-swaps-near-2009-level
3. ■ Jens Welter is leaving to go to Citi. You don't abandon 27 years at a bank after getting promoted to the top investment banker nine months ago, unless you realize that the Sword of Damocles is hanging over your head. https://www.ft.com/content/7f67de02-407c-41bf-aeb5-aa823c8d02c2
4. ■ Credit Suisse keeps being on the losing end of a series of very large deals going bad after holding the bag for Archegos, and with the latest Citrix debt fallout, they were the most vulnerable and have to realize the losses now. https://www.bloomberg.com/news/articles/2022-09-22/citrix-debt-debacle-heralds-a-day-of-reckoning-on-wall-street
5. ■ [edit: redundant to next article] ~~Credit Suisse either lost a ton of money in swaps and/or all of their clients left, as their required client margin went from \$8.9B to \$25.5M in one year. That's -99.71%.~~ https://www.risk.net/risk-quantum/7954613/client-margin-at-credit-suisse-shrinks-to-just-25m
6. Due to Archegos and trying to reduce risk, Credit Suisse exited the very profitable Prime Broker business, meaning it's not going to make money back there. https://www.reuters.com/business/finance/prime-brokers-fight-clients-after-credit-suisse-exit-2022-09-16/
7. ■ Credit Suisse is broken now and no one has the money or risk appetite to try to fix this very expensive problem to buy their debt or diluted equities. This WSJ article actually covered almost all of my points above. https://www.wsj.com/articles/investors-put-a-price-on-credit-suisse-salvation-11664440211

TL;DR They're fucked.

How did Credit Suisse get here? Generally, as time went on, banks had to take on more risk in order to generate more profit, to the point where growth at all costs supersedes stability. Risk is no longer recognized as important. Asset values, everything including real estate, equities, and derivatives, get inflated because they are no longer valued correctly against risk. Money created out of thin air by governments to juice their economies prop up these valuations. Now everything is blowing up. Very likely, Credit Suisse holds a big bag of GME shorts as the Prime Broker for Archegos, and they never closed.

TL;DRS