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Nota di contenuto	THE CRISIS OF CROWDING; Contents; Foreword; Preface; Cast of Characters; CHAPTER 1 Introduction; PART I: THE 1998 LTCM CRISIS; CHAPTER 2 Meriwether's Magic Money Tree; The Birth of Bond Arbitrage; The Dream Team; Early Success; CHAPTER 3 Risk Management; The General Idea; Leverage; Measuring Risk; The ; Economics; Copycats, Puppies, and Counterparties; LTCM's Actual Risk Management Practices; Diversification; Operations; The Raw Evidence; CHAPTER 4 The Trades; The Short U.S. Swap Trade; The European Cross-Country Swap Trade (Short UK and Long Europe); Long U.S. Mortgage Securities Hedged The Box Spread in Japan The Italian Swap Spread; Fixed-Income Volatility Trades; The On-the-Run and Off-the-Run Trade; Short Longer-Term Equity Index Volatility; Risk Arbitrage Trades; Equity Relative-Value Trades; Emerging Market Trades; Other Trades; The

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The Shed Show CHAPTER 9 The Bear Stearns Collapse; A Brief History of the Bear; Shadow Banking; Window Dressing; Repo Power; The Unexpected Hibernation; The Polar Spring; CHAPTER 10 Money for Nothing and Fannie and Freddie for Free; The Basic Business; Where's the Risk?; CDO and CDO2; The Gigantic Hedge Fund; Big-Time Profits; The U.S. Housing Bubble; The Circle of Greed; Real Estate Agents and Mortgage Lender Tricks; Home Owners; Profits and Politicians; The Media and Regulators; Grade Inflation; Commercial Banks; Freddie and Fannie's Foreclosure; Why Save Freddie and Fannie? Did Anyone Know? CHAPTER 11 The Lehman Bankruptcy; The Wall Street Club; Why Was Lehman Next?; Business Exposure; A Chronology of the Gorilla's Death; Double Down in Real Estate; Mildly Seeking Capital; The Final Days; A Classic Run on the Bank; Why Let Lehman Fail?; Who Was at Fault?; Lehman Brothers; The Counterparties; The Government and Market Structure; The Legal Opinion on the Lehman Bankruptcy; Who Would Have Been Next?; The Spoils of Having Friends in High Places; CHAPTER 12 The Absurdity of Imbalance; The Long-Dated Swap Imbalance; The Repo Imbalance
The 228 Wasted Resources and the Global Run on Banks

Sommario/riassunto

"A rare analytical look at the financial crisis using simple analysis The economic crisis that began in 2008 revealed the numerous problems in our financial system, from the way mortgage loans were produced to the way Wall Street banks leveraged themselves. Curiously enough, however, most of the reasons for the banking collapse are very similar to the reasons that Long-Term Capital Management (LTCM), the largest hedge fund to date, collapsed in 1998. The Crisis of Crowding looks at LTCM in greater detail, with new information, for a more accurate perspective, examining how the subsequent hedge funds started by Meriwether and former partners were destroyed again by the lapse of judgement in allowing Lehman Brothers to fail. Covering the lessons that were ignored during LTCM's collapse but eventually connected to the financial crisis of 2008, the book presents a series of lessons for hedge funds and financial markets, including touching upon the circle of greed from homeowners to real estate agents to politicians to Wall Street. Guides the reader through the real story of Long-Term Capital Management with accurate descriptions, previously unpublished data, and interviews Describes the lessons that hedge funds, as well as the market, should have learned from LTCM's collapse Explores how the financial crisis and LTCM are a global phenomena rooted in failures to account for risk in crowded spaces with leverage Explains why quantitative finance is essential for every financial institution from risk management to valuation modeling to algorithmic trading Is filled with simple quantitative analysis about the financial crisis, from the Quant

Crisis of 2007 to the failure of Lehman Brothers to the Flash Crash of 2010. A unique blend of storytelling and sound quantitative analysis, *The Crisis of Crowding* is one of the first books to offer an analytical look at the financial crisis rather than just an account of what happened. Also included are a layman's guide to the Dodd-Frank rules and what it means for the future, as well as an evaluation of the Fed's reaction to the crisis, QE1, QE2, and QE3"--
