Joe,

We have received 2 significant collateral calls overnight from Merrill Lynch and from Socgen.

Socgen is asking for $1.7bn on a portfolio of 13.6bn. They have another 3.7bn where 1bn has prices above the posting threshold of 92 but the other 2.7bn is waiting for prices that come from UBS so the call may well increase. The Socgen call is on 14 deals, 8 HG and 5 mezz. A lot of their prices come from GS although they also have deals where they got prices from other dealers that include Bear, JP Morgan, RBS, Morgan Stanley and Wachovia. The average price on deals they have made a call on is 79.60.

Merrill Lynch came back with an increased collateral call which is now $610mm on a portfolio of 7.8bn. They still have another 2bn of exposure that as of yet they have not made a call on. Their average price is 84.20.

I am assuming we should push back, dispute the marks and see if we can agree a compromise number with each bank?

Goldman are yet to respond by the way but should do today

Andrew  few