

Better Odds Than A Casino

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60 Out of 60 Profitable Days?

Ever wondered what it would be like to trade the market day after day and NEVER have a losing day. Clearly you would be a genius and rich beyond your wildest dreams! Yes?

Well never having a losing day is standard practice for the Too Big To Fail Banks (TBTF) which not too long ago 'we the public' had to bailout?

I have been analyzing the 10K and 10Q's of these banks and they consistently have quarters where they never have a losing trading days. It reminds me of the Godfather movie where Michael Corleone makes the family New York mob business "legal" by going into the Las Vegas casino business where the odds are stacked in the houses favor. Today, Michael Corleone would want to own Goldman Sachs, BoAML and JP Morgan!



My reading prompted me to check the gaming Nevada Gaming regulations to better understand whether owning a Casino or being a TBTF prop trader was better.

According to the [UNLV Gaming](#) the house will keep somewhere between 2% to 7% of all the money that is bet. The more betting that happens, the more the house keeps.

House Advantages for Popular Casino Games	
Game	House Advantage
Roulette (double-zero)	5.3%
Craps (pass/come)	1.4%
Craps (pass/come with double odds)	0.6%
Blackjack - average player	2.0%
Blackjack - 6 decks, basic strategy*	0.5%
Blackjack - single deck, basic strategy*	0.0%
Baccarat (no tie bets)	1.2%
Caribbean Stud*	5.2%
Let It Ride*	3.5%
Three Card Poker*	3.4%
Pai Gow Poker (ante/play)*	2.5%
Slots	5% - 10%
Video Poker*	0.5% - 3%
Keno (average)	27.0%
*optimal strategy	

This would appear to be very similar to the stock market, where the more that is traded the more the TBTF banks makes.

Let's consider the Q1 results for Bank of America Merrill-Lynch and JP Morgan to get a better perspective.

BoAML TRADING - Profitable on 60 out of 60 days

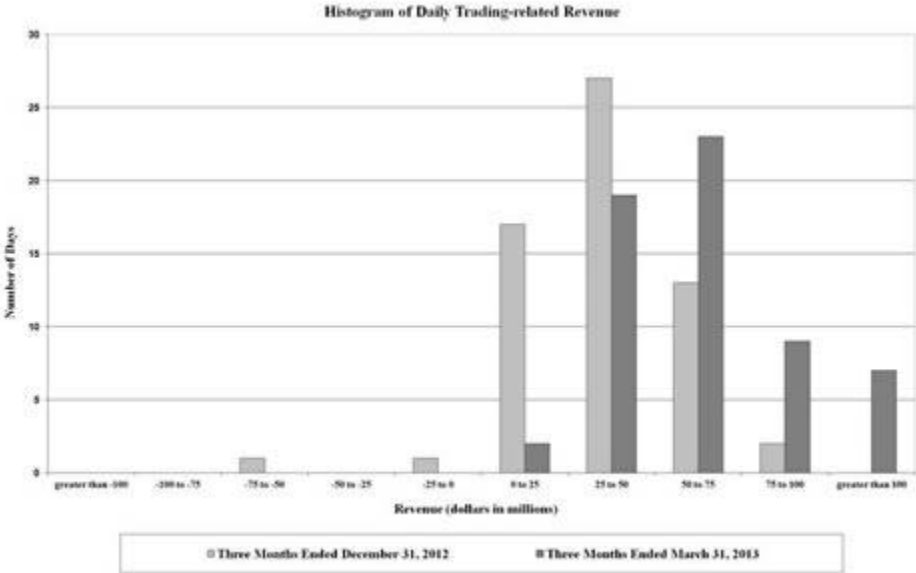
In the first quarter of 2012, when not only did BoAML record seven trading days when it generated revenue of over \$100 million daily, but more significantly it had **zero** days (of 60 total) with any net trading losses.

In Q4 2012 it had 2 losing days out of 61.

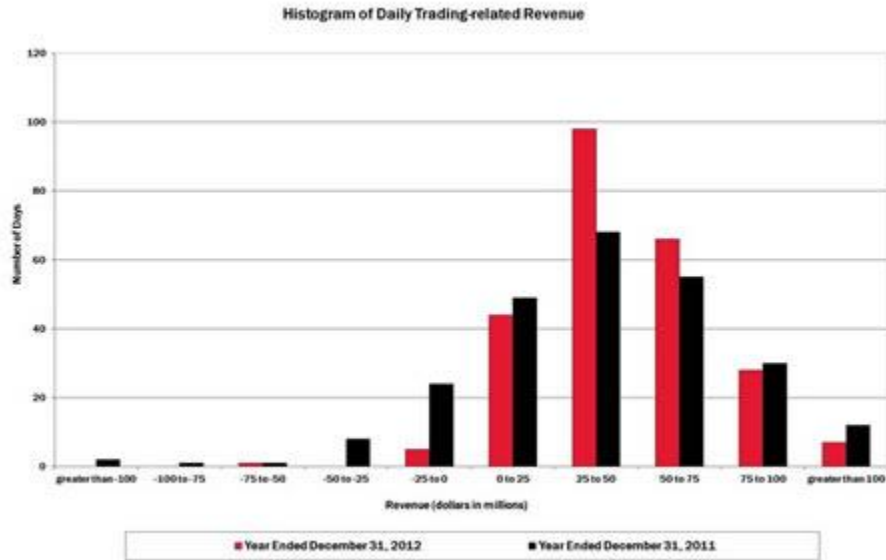
After the "humiliating" performance in Q4 2012, when Bank of America had a whopping 2 trading loss days out of 61, it has managed to redeem itself: a track record that can only be matched by any day trader on Twitter. After all, From [BAC](#):

The histogram below is a graphic depiction of trading volatility and illustrates the daily level of trading-related revenue for the three months ended March 31, 2013 compared to the three months ended December 31, 2012. During the three months ended March 31, 2013, positive trading-related revenue was recorded for 100 percent, or 60 trading days, of which 97 percent (58 days) were daily trading gains of over \$25 million. These results can be compared to the three months ended December 31, 2012, where positive trading-related revenue was recorded for 97 percent, or 59 of the 61 trading days, of which 69 percent (42 days) were daily trading gains of over \$25 million and the largest loss was \$50 million.

The histogram:



Going further back, here is 2011 and 2012:



What is better than trading when there is no risk of loss!

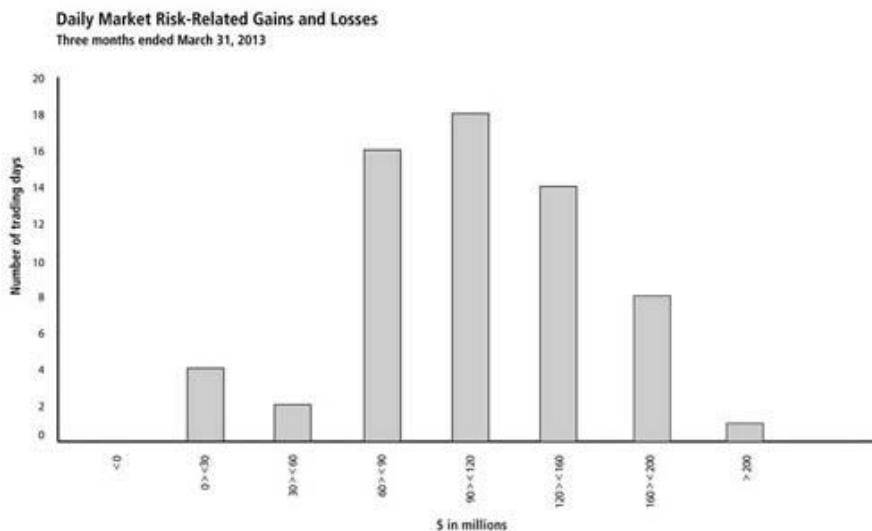
During post financial crisis (start of 2009), Bank of America has had 962 profitable trading days, with just 97 days with trading losses: **a 90.8% win record.**

JPM TRADING - Profitable on 63 out of 63 days

[JP Morgan Has Zero Trading Losses In The First Quarter](#) 05-08-13 Zero Hedge

in the quarter ended March 31, JP Morgan was profitable on 63 out of 63 trading days and had one day in which it gained more than \$200 million.

This is trading perfection unmatched anywhere in the known universe. Michael Corleone would have been in dismay. This is better than giving someone a "deal they can't refuse!".



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If they make a Godfather IV movie, expect Michael Corleone's grandson to have graduated from Harvard Law and be the controlling shareholder of one of the TBTF banks, having successfully removed the family from the 'low return, higher risk' casino business.

Asked why he shifted the family business, Mr. Corleone is likely to answer:

" Risk is for suckers. The regulated casino business was just too risky a business with insufficient returns, too many controls and lacking government protection! You see son, the protection racket is something our family has always understood and the government now protects US!"



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