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# 4 Big Banks Score Perfect 61-Day Run

By ERIC DASH

It is the Wall Street equivalent of a perfect game of baseball — 27 up, 27 down, the final score measured in millions of dollars a day.

Despite the running unease in world markets, four giants of American finance managed to make money from trading every single day during the first three months of the year.

Their remarkable 61-day streak is one for the record books. Perfect trading quarters on Wall Street are about as rare as perfect games in Major League Baseball. On Sunday, Dallas Braden of the Oakland Athletics pitched what was only the 19th perfect game in baseball history.

But Bank of America, Citigroup, Goldman Sachs and JPMorgan Chase & Company produced the equivalent of four perfect games during the first quarter. Each one finished the period without losing money for even one day.

Their showing, disclosed in quarterly financial filings, underscored the outsize — and controversial — role that trading has assumed at major financial institutions. It also drives home the widening lead that a handful of big banks are enjoying over lesser rivals on post-bailout Wall Street.

Experts said it would be difficult to repeat such a remarkable feat this quarter. Even so, the performance could feed the debate in Washington over the role of proprietary trading at banks, as well as sometimes conflicted roles banks play as market makers in matching buy and sell orders.

Risk management experts said the four banks, as well as other Wall Street players, reaped big rewards without necessarily placing big bets that stocks or bonds would go up or down. Instead, they mostly played matchmaker, profiting from the difference between the prices at which clients were willing to buy and sell. Banks said that customer order flows were particularly strong during the period.

“This is not about hitting home runs,” said Jaidev Iyer, who runs his own risk management consulting firm, J-Risk Advisors. “This is just, as we call it, milking the market and your captive client base.”

Still, the quarterly showing was highly unusual. Bank of America said that its trading revenue surpassed $100 million on 26 days, or almost 43 percent of the 61 trading days in the first quarter. It was the first time Bank of America had a perfect quarter since acquiring Merrill Lynch in early 2009.

JPMorgan said that its trading revenue hit $90 million on 39 days during the first quarter, and exceeded $180 million on nine days, or about 14 percent of the time.

A JPMorgan spokesman said the last time the bank had a perfect run was the first quarter of 2003. “The high level of trading and securities gains in the first quarter of 2010 is not likely to continue throughout 2010,” Morgan said in a regular filing with the Securities and Exchange Commission this week.

Goldman Sachs — which is fighting an S.E.C. suit claiming the bank defrauded customers on a complex mortgage investment — posted its first perfect quarter ever. Goldman made at least $100 million on 35 days during the quarter, and at least $25 million on the remaining trading days.

In the wake of the S.E.C. suit, Goldman's role as a market maker has come under scrutiny on Capitol Hill. It has staunchly defended its business practices and said it had done nothing wrong.

Gary D. Cohn, Goldman's president, said Tuesday that the standout quarter highlighted the strength of the trading that Goldman executed for its customers, particularly its fixed income, currency and commodities unit, known as FICC. "Our FICC and equities businesses are largely global market-making businesses where we intermediate flows and commit capital and liquidity and in the process generate revenue including bid-offer spreads," Mr. Cohn said at a UBS conference in New York. "These franchises create numerous opportunities for the firm."

Citigroup also had a loss-free first quarter, according to a person briefed on the situation. The bank discloses its trading performance on an annual basis, but big daily losses have been a regular occurrence over the last few years. In 2008, it lost $400 million on 21 of its 260 trading days.

This year, even those that lost money from time to time, performed very well during the quarter. Morgan Stanley said its losses reached as much as $30 million only four days in an otherwise profitable quarter. A Morgan Stanley spokesman said the firm's last perfect run was the second quarter of 2007.

Given the recent turmoil, last quarter's strong showing will be hard to replicate. In 2009, the banks posted losses on less than 20 percent of the trading days; during the turmoil of 2008, losses occurred as much as 40 percent of the time.

"It was pretty smooth sailing last quarter," said William Tanona, an analyst at Collins Stewart. "I would be very surprised to see history repeat."