

Table 1.2. Typical “Haircut” or Initial Margin
(In percent)

	January–May 2007	April 2008
U.S. treasuries	0.25	3
Investment-grade bonds	0–3	8–12
High-yield bonds	10–15	25–40
Equities	15	20
Investment grade CDS	1	5
Synthetic super senior	1	2
Senior leveraged loans	10–12	15–20
2nd lien leveraged loans	15–20	25–35
Mezzanine level loans	18–25	35+
ABS CDOs:		
AAA	2–4	15
AA	4–7	20
A	8–15	30–50
BBB	10–20	40–70
Equity	50	100
AAA CLO	4	10–20
AAA RMBS	2–4	10–20
Alt-a MBS	3–5	20–50

Sources: Citigroup; and IMF staff estimates.

Note: ABS = Asset-backed security; CDO = collateralized debt obligation; CDS = credit default swap; CLO = collateralized loan obligation; RMBS = residential mortgage-backed security.