

## AIG Could Have 'huge' Gains In Second Quarter, Analyst Says

by dow-jones

SAN FRANCISCO (Dow Jones) -- American International Group could report "huge" gains from the second quarter because of a rally in credit markets since the end of March, Bijan Moazami, an analyst at Friedman, Billings, Ramsey, wrote in a note to investors on Friday.

AIG (AIG) reported a record \$7.8 billion first-quarter net loss late Thursday. A lot of that was driven by a \$9.11 billion write-down on a large credit derivatives portfolio that's exposed to complex mortgage-related securities known as collateralized debt obligations (CDOs).

However, some parts of the credit market have rallied since the end of March, suggesting some of those write-downs could be reversed when AIG reports results from the second quarter, Moazami explained.

"A significant chunk of the first-quarter losses have since reversed in the second quarter as fixed-income securities have rallied recently and the cost of credit default swaps has fallen," the analyst wrote. AIG "could have huge gains in the second quarter."

AIG also said late Thursday that it plans to raise \$12.5 billion in new capital. The insurer is selling new common stock and equity units for \$7.5 billion of that.

The other \$5 billion may come from the sale of hybrid securities. But FBR's Moazami said AIG may end up not bothering because of second-quarter gains.

The analyst kept his outperform rating on AIG shares.

---

Copyright Dow Jones Newswires

*AIG Could Have 'huge' Gains In Second Quarter, Analyst Says by dow-jones*