

# BREAKING NEWS: Fannie and Freddie Downgraded, France Will Be Downgraded, Munis Getting Hammered ... States Will Be Next

By [Washington's Blog](#)

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Region: [Europe](#), [USA](#)

Theme: [Global Economy](#)

As I [noted](#) yesterday, munis will get hammered by the credit downgrade, and France may soon lose its AAA credit.

## Munis Pounded

Less than 12 hours later, munis are [getting pounded](#) by downgrades.

## France In Trouble

French credit default swaps are soaring.

Here's a [summary](#) courtesy of Business Insider:



For background on the importance of credit default swaps as an economic indicator, [see this](#).

## Fannie, Freddie and Clearinghouses Hit

S&P just downgraded [Fannie and Freddie](#).

In addition, S&P downgraded [major clearinghouses](#) including Options Clearing, National Securities Clearing and DTCC.

All 3 companies are major clearinghouses for over-the-counter derivatives, as well as other types of financial instruments.

## Next Up ... States?

As I [reported](#) last month, the real danger is entire states getting downgraded.

Moody's has warned against 5 states in particular:

- Maryland

- New Mexico
- South Carolina
- Tennessee
- Virginia

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