

# European Economic Crash: Are France and Germany In Trouble?

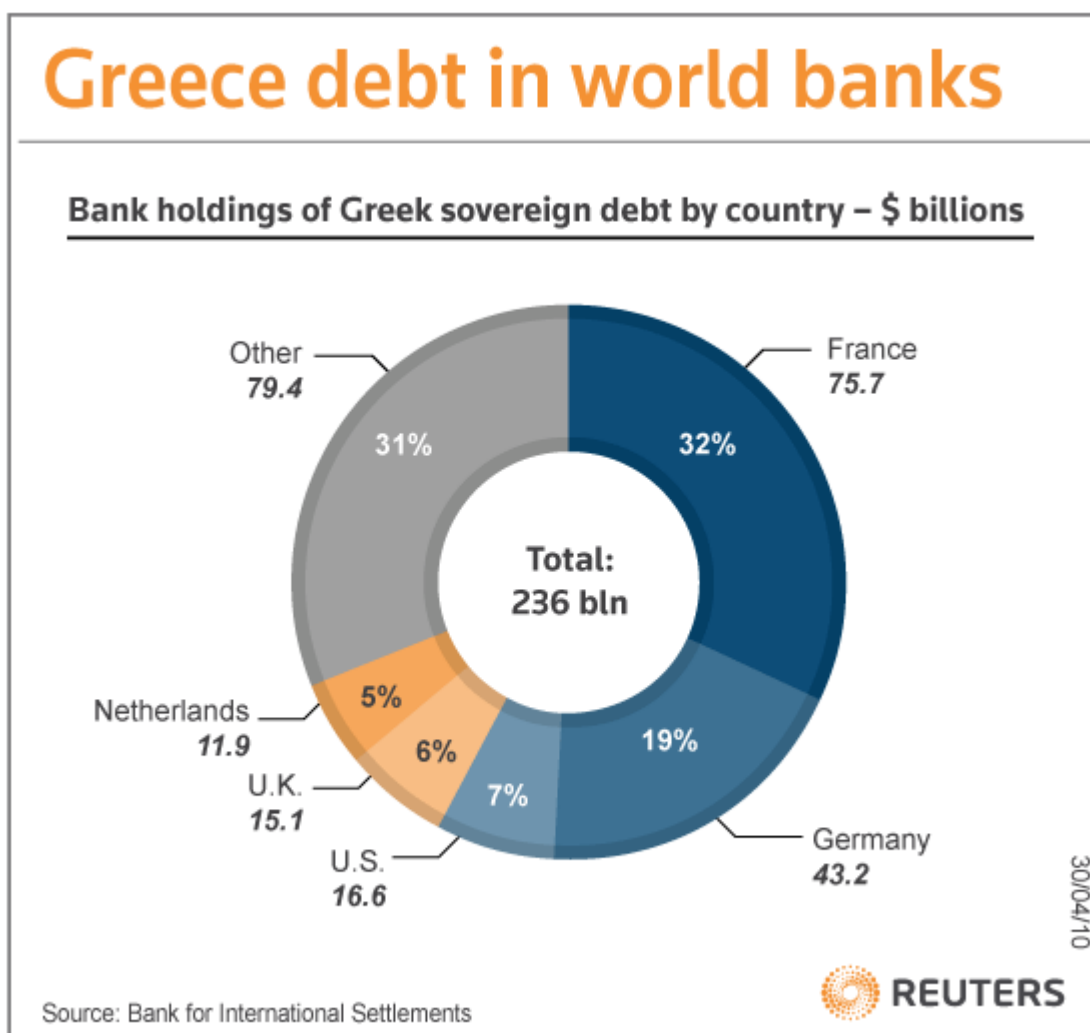
By [Washington's Blog](#)  
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Region: [Europe](#)  
Theme: [Global Economy](#)

You know that [Greece, Portugal and Spain](#) are in trouble.

You probably know that the [UK is threatened](#) by the sovereign debt contagion.

But as the following [Reuters](#) chart shows (based on information provided by BIS), France and Germany are the largest holder of Greek debt:



As The Street [notes](#), France and Germany are also greatly exposed to Portugal and Spain:

France's banking sector has the second-largest exposure to Portugal and Spain

debt loads, after Germany, according to the BIS.

European banks have more at-risk assets in Portugal and Spain than in Greece. European lenders are holding Portugal debt issues of \$240.5 billion — including \$47.4 billion by German banks and \$44.9 billion by French firms, according to BIS figures from the end of 2009 quoted in a Bloomberg report.

And as Tyler Durden [points out](#), France Germany and the UK are getting hit with wider credit default swap spreads:

With a stunning \$630 million, \$558 million and \$370 million in net notional derisking, France, UK and Germany are the top three most active recipients in negative bets in the prior week, not just in sovereigns but in all names...

Zero Hedge's outside bet to be the first core country to blow up, thanks to its massive PIIGS exposure, France, finally made the top spot in net derisking, with \$629 million in net notional, or 189 contracts. The smart money is now massively betting that Europe's core is done for; as the PIIGS have demonstrated, the blow out in spreads for the core trifecta can not be far behind.

Given that central bankers have - for several years - focused on credit default swaps as the most important economic indicator (see [this](#) and [this](#)), widening spreads are a bad sign, indeed.

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