

Hedge Funds Bet France Would Collapse

Contributed by Tom McGregor
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Major hedge fund investors are making big-time bets that France would soon crumble. They believe that yields on French debt are too low, considering the government's new Socialist policies.

Reuters reports that, "hedge funds are going against market consensus and betting that ultra-low French government bond yields are unsustainable, believing a sluggish economy and the new government's policies will eventually force up borrowing costs."

Meanwhile, many other investors are betting that France will maintain its status as a core eurozone economy.

Consequently, its bond yields have generally tracked Germany, despite its deficit difficulties.

According to Reuters, "but many macro funds now think the yields, which have collapsed this year, cannot remain around the lowest levels seen for more than 20 years. France's economy, after all, is teetering on the brink of recession."

French President Francois Hollande plans to impose a 75% income tax on the rich and lower the pension age to 60.

To read the entire article from Reuters, link here:tmcgregordallas@yahoo.com