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Credit Default Swaps Signal Warning

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Credit Default Swaps Signal Warning

Credit Default Swaps allow investors to hedge the risk of default on underlying debt, essentially acting as put options. Recently, CDS prices on the debt of banks such as Goldman Sachs and Deutsche Bank have increased in price, signaling a larger possibility of default. Many investors view CDS prices as a barometer of faith, thereby suggesting that bank stocks are poised for further declines. See article here, [WSJ](#).

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