

Hedged.biz Downgrades Credit Ratings Agencies

Hedged.biz has downgraded Fitch, Moody's and Standard and Poors from AAA directly to junk.

For downgrading (upgrading) issuers only after price discovery has occurred and being reactive rather than proactive. For downgrading (upgrading) issuers only after bad (good) stuff has happened and been priced in. Downgrading BP over a month after their rig in the Gulf blew up is not very useful.

For operating a conflicted model whereby the issuer pays the credit ratings agency to provide a rating.

For the audacity to rate instruments which they did not fully understand.

For being part of a feedback mechanism of automatic leverage and deleverage.