

## Theme Comment

- We have a full calendar today ranging from UK CPI (08:30) over ZEW surveys to US price and housing starts. We expect a solid showing from US PPI aided by higher energy prices. Housing starts should also be good as buyers rushed to close deals before the April 30 expiration of the homebuyer tax credit. The Home Builders Index released yesterday is now at the highest level since August 2007 and underlines the current rebound in the US housing market... but how much is due to forward-pulled demand?
- Strong risk appetite in the US session saw stocks rally 2% from the intraday low. Asia did not follow in the footsteps of the US, but we nevertheless buy on dips today in equities.

## Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
GE	09:00	ZEW Survey Econ. Senti. / Curr. Sit. (MAY)		47.0 / -33.0	53.0 / -39.2
US	12:30	PPI / Core PPI MoM (APR)	0.3% / 0.0%	0.1% / 0.1%	0.7% / 0.1%
US	12:30	Housing Starts/Building Permits MoM (APR)		3.8% / 0.0%	1.6% / 6.8%

FX	Daily stance	Comment
EURUSD	0/+	Buy on dips towards 1.2350 and target 1.2410. Stop below 1.2325.
USDJPY	0/+	Buy on dips towards 92.50 and target 93.00. Stop below 92.30.
EURJPY	0/+	Buy on dips towards 114.50 and target 115.15. Stop below 114.30.
GBPUSD	0	Neutral.
AUDUSD	0/+	Buy on dips towards 0.8740 and target 0.8780. Stop below 0.8718.
USDCAD	0/+	Buy at the break of 1.0315 and target 1.0340. Stop below 1.0300.

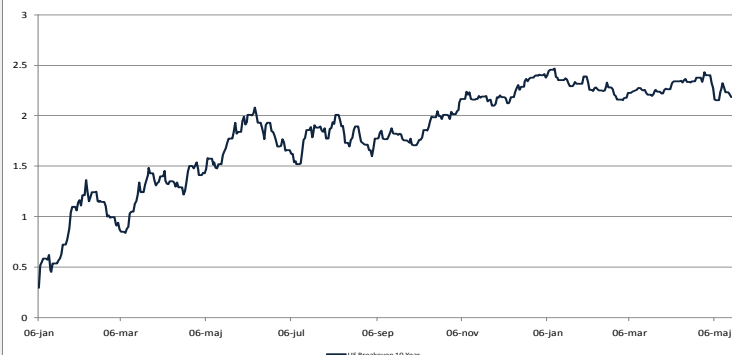
FX-Options	Comment
EURUSD	Vols continue to be paid out the curve along with the risk reversals. This continues to be bearish for spot given the persistent demand to get long volatility.
USDJPY	Spot was rangebound in Asia but back end vols are holding up well. There are still some concentration of strikes around 9250-9300 for the week which might limit the spot range.
AUDUSD	Vols particularly choppy and extremely sensitive to spot moves. Interest in the market seems to be buyers of low strikes given the general risk aversion sentiment in Asia.

Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6122 targeting 6160. S/L below 6108.
FTSE	0/+	Buy on dips towards 5288 targeting 5314. S/L below 5273.
S&P500	0/+	Buy on dips towards 1135 targeting 1144. S/L below 1130.
NASDAQ100	0/+	
DJIA	0/+	

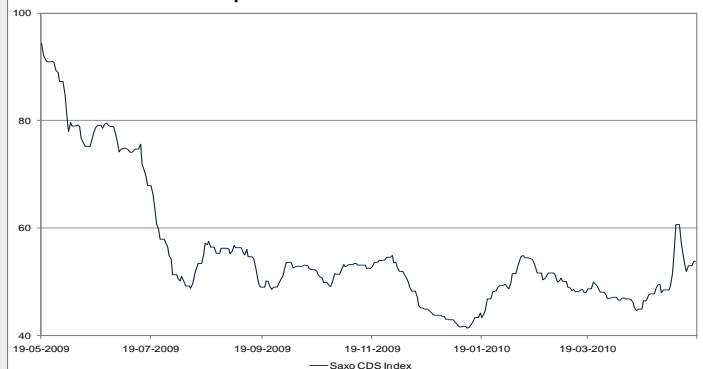
Commodities	Daily Stance	Comment
Gold	0/-	Sell at the break of 1222.75 targeting 1218.50. S/L above 1225.30.
Silver	0/-	Sell at the break of 18.81 targeting 18.60. S/L above 18.85.
Oil (CLM0)	0/+	Buy at the break of 71 targeting 71.60. S/L below 70.75.

## Earnings Releases

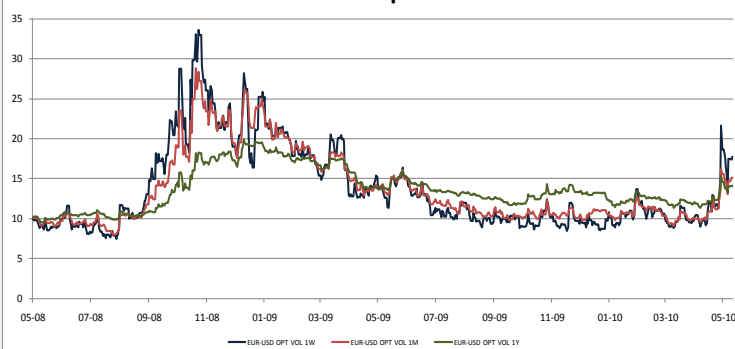
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
US	Bef-Mkt	Home Depot	0.402	0.240	
US	11:00	Walmart Stores	0.845	1.170	
US	Aft-Mkt	Hewlett-Packard	1.055	0.980	

**US Breakeven 10 Year**


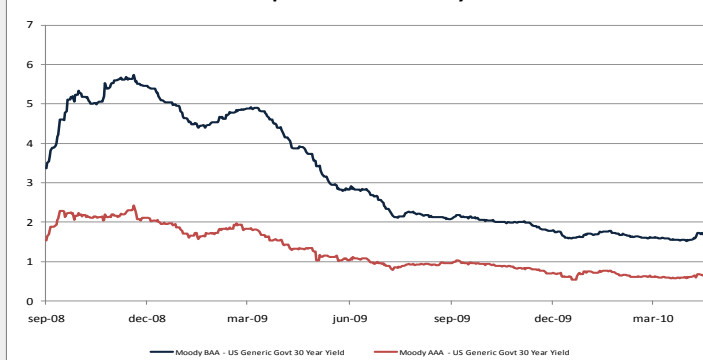
USD breakeven 10 Year – an expression for measuring inflation expectations.

**Top 100 Global Stocks CDS Index**


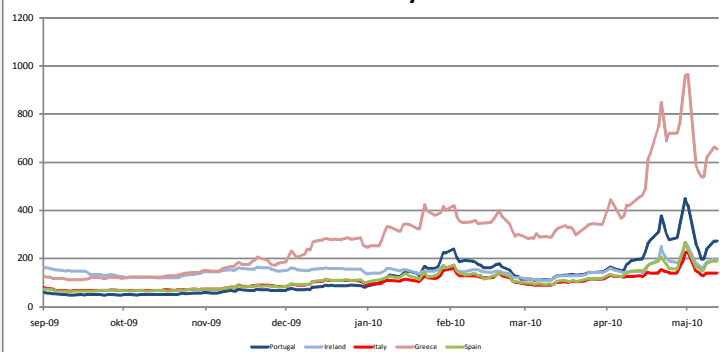
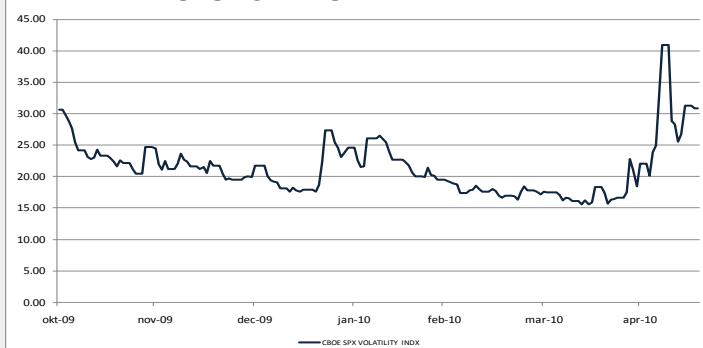
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 54.**

**EURUSD Opt. Vol.**


Volatility at different time horizons. Too low, now?

**AAA and BAA Corporate Bonds vs. 30yr US Treasuries**


Spreads are easing, but still **showing tight corporate debt markets.**

**PIIGS CDS 5 year**

**CBOE SPX VOLATILITY INDEX**


The VIX Index is **now at 30.84** (prev. close at 31.24).

For more trading commentary on [forex and equities](#) go to [www.tradingfloor.com](http://www.tradingfloor.com) or [www.saxobank.com](http://www.saxobank.com)

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