

**Theme Comment**

- The US Senate passed a bill yesterday, which seeks to further regulate the financial sector including a ban on proprietary trading at banks. Unsurprisingly equities crashed with the S&P 500 plunging 36 points. Meanwhile the ECB took on the role as saviour of the EUR, which rallied within a short time span.
- Market volatility is high, and we could see a reversion in stocks today, but we nevertheless continue to sell on breaks due to technicals. If we breach our low levels further downside looks likely to us.
- Germany's revised GDP for Q1 was unchanged at 0.2% QoQ supported by government spending while private consumption declined once again; this time by 0.8% QoQ.
- We have a bunch of European macro data today with GE PMI and IFO and EC PMI the ones to watch. Will the weaker EUR boost the numbers enough to overcome the current mess (EC consumer confidence fell yesterday by 3 points to -18, the lowest level since October 2009)?

**Economic Data Releases**

Country	Time (GMT)	Name	Saxo	Consensus	Prior
GE	07:30	PMI Services / Manuf. (MAY)		55.4 / 61.1	55.2 / 61.5
EC	08:00	PMI Serv. / Manuf. / Comp. (MAY)		55.6/57.4/57.2	55.6/57.6/57.3
GE	08:00	IFO Business Climate / Curr. Ass. / Exp. (MAY)		101.9/100/103.5	101.6/99.3/104

FX	Daily stance	Comment
EURUSD	0/+	Break abv 1.26 targets 1.2650, then 1.2750 res. Suppt now firm at 1.2440.
USDJPY	0/+	Rebound can edge up to 90.80-85 lvl before stalling. Suppt 89.80.
EURJPY	0/+	Next res at 114.10 area. Support moving up to 112.50.
GBPUSD	0/+	Rebound seen testing 1.4450-60 lvl first before lower. Suppt 1.4330.
AUDUSD	0/+	Can stretch up to 0.8340 lvl before consolidation/retracement. Suppt 0.82.
USDCAD	0/-	While holding below 1.07, chance we ease off to 1.0540 support. Abv risks 1.0740 first.

FX-Options	Comment
EURUSD	Vols will remain bid with each move in spot. The market can't get enough of gamma and it seems there are only buyers in this thin market.
USDJPY	Curve finally caught up with the other yen crosses. Risk reversals are well supported and there is good demand for longer dated vega.
AUDUSD	Vols are not coming off despite this spot move off the lows. Liquidity is vague and spreads are wide and there is little reason vols should come off with these spot moves.

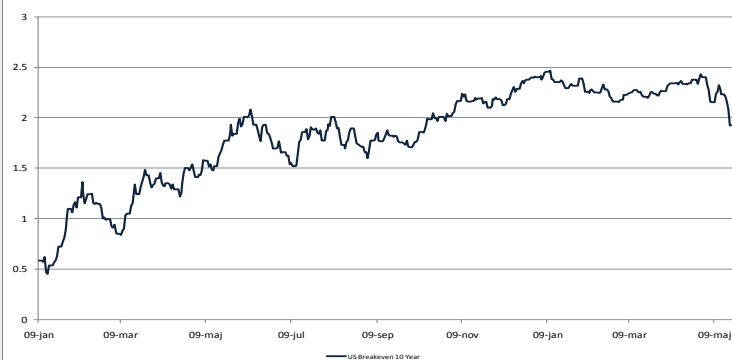
Equities	Daily stance	Comment
DAX	0/-	Sell at the break of 5780 targeting 5719. S/L above 5805.
FTSE	0/-	Sell at the break of 5000 targeting 4922. S/L above 5043.
S&P500	0/-	Sell at the break of 1066 targeting 1044. S/L above 1074.
NASDAQ100	0/-	
DJIA	0/-	

Commodities	Daily Stance	Comment
Gold	0/+	Buy at the break of 1181 targeting 1189. S/L below 1178.
Silver	0/+	Buy at the break of 17.85 targeting 18.00. S/L below 17.77.
Oil (CLM0)	0/-	Sell at the break of 69.90 targeting 68.92. S/L above 70.25.

**Earnings Releases**

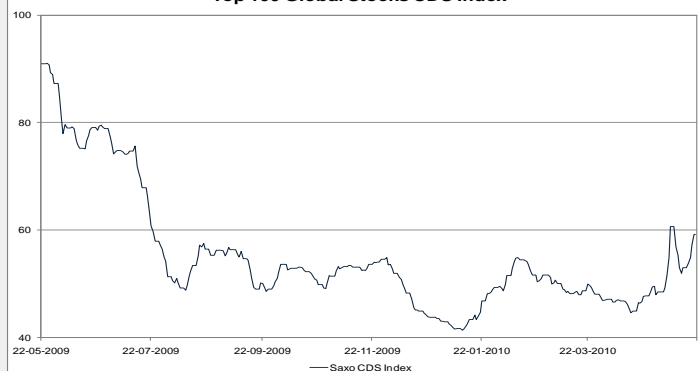
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
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## US Breakeven 10 Year



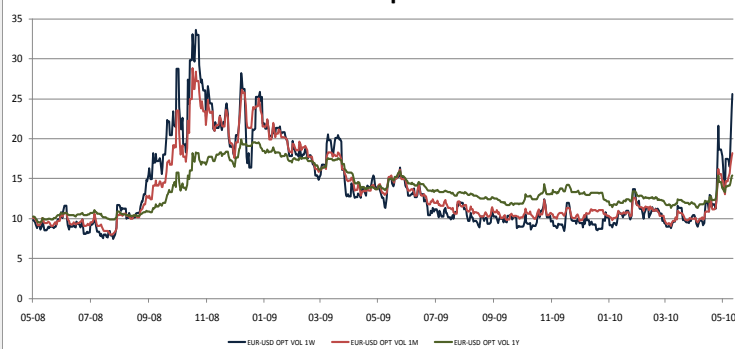
USD breakeven 10 Year – an expression for measuring inflation expectations.

## Top 100 Global Stocks CDS Index



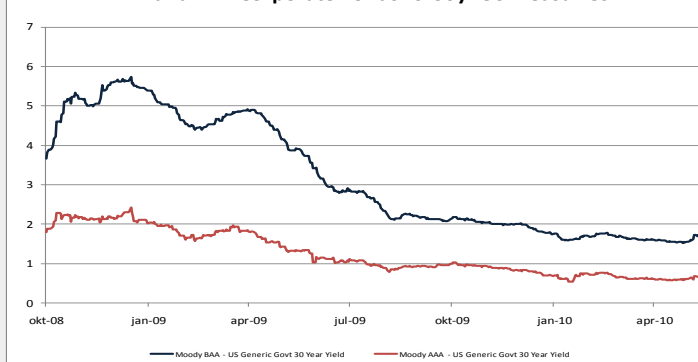
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 59.**

## EURUSD Opt. Vol.



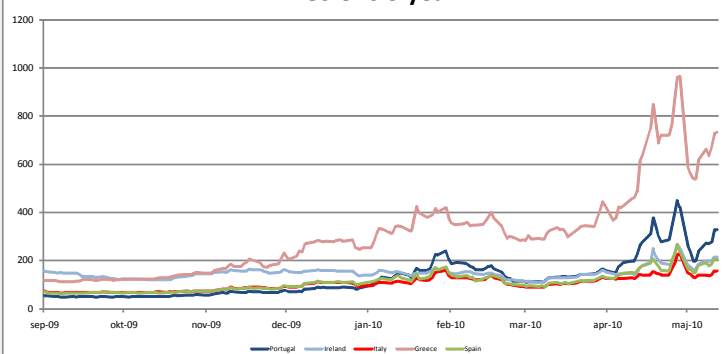
Volatility at different time horizons. Too low, now?

## 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 45.79** (prev. close at 35.32).

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