

Theme Comment

- Equities erased the gains from Friday and the S&P 500 performed diametrically opposite to Friday as the index lost almost a 1% in the last 15 minutes of trading. Sentiment has shifted from buy on dips to sell on rallies.
- However, news yesterday also conspired to make it tough on the bulls. Four Spanish savings banks with a combined \$167bn in assets are planning to merge. The 'cajas' expanded at a fast pace in the boom, but the excess capacity is now becoming obvious. In addition, the Spanish central bank seized a bank last week as it refused to merger. In Asia N. Korean leader Kim Jong Il has ordered the military to prepare for combat, dealing another blow to risk sentiment.
- So far US stocks have not been able to mount a serious comeback to test the 200DMA in S&P 500 while Nasdaq is struggling to stay above its 200DMA (the future is now below). With risk sentiment waning we sell on rallies.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
UK	08:30	GDP YoY (1Q)	-0.2%	-0.2%	-0.3%
US	13:00	CaseShiller 20-City HPI YoY (MAR)	2.1%	2.5%	0.6%
US	14:00	Consumer Confidence (MAY)		58.5	57.9

FX	Daily stance	Comment
EURUSD	0/-	Look to sell rallies. Res seen at 1.2355 for next dip to 1.2150 again. Abv risks prolonged rally to 1.24.
USDJPY	0/-	Break below 89.80 suggests we visit 89.50 initially. Generally still in 89.50-90.50 rge.
EURJPY	0/-	Expect to re-visit recent low at 109.50. Res now 111.25.
GBPUSD	0/-	Break below 1.4315 would risk a dip to 1.4235-45. Res now seen at 1.4380.
AUDUSD	0/-	Watch suppt at 0.8185. break below targets 0.8075. Res now 0.8225.
USDCAD	0/+	Expect to beak abv res at 1.0750 with next res at 1.0870. Suppt moving up to 1.0660.

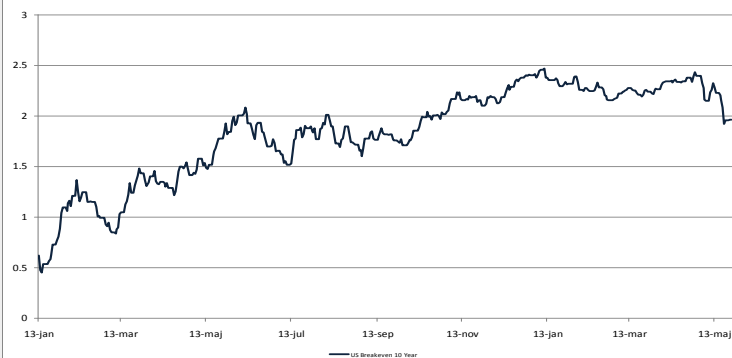
FX-Options	Comment
EURUSD	Despite the weakness in spot yesterday, vols eased and 1m sees sellers. Spot extends losses in Asia so we should see vols better support in Europe
USDJPY	Gamma bid up this morning. Spot under 9000 and we are seeing demand for downside strikes. Vega also seeing some decent buying interest supporting the whole curve.
AUDUSD	Spot tumbles under 8200 and market turns nervous, paying up vols and risk reversals. Such is the fickle nature of market lately. 1w gets the next RBA rate decision.

Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 5766 targeting 5702. S/L above 5786.
FTSE	0/-	Sell on rallies towards 5034 targeting 4997. S/L above 5052.
S&P500	0/-	Sell on rallies towards 1066 targeting 1055. S/L above 1073.
NASDAQ100	0/-	
DJIA	0/-	

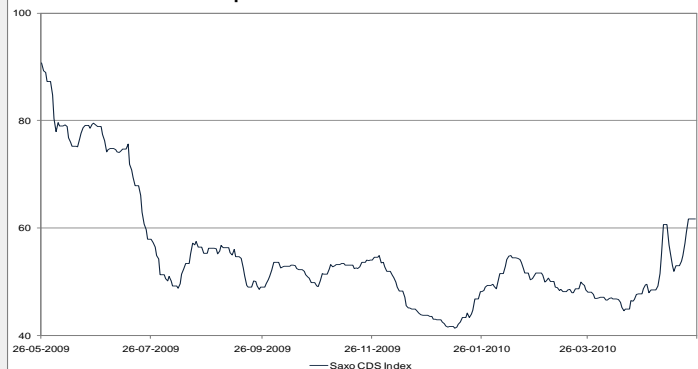
Commodities	Daily Stance	Comment
Gold	0/+	Buy at the break of 1196 targeting 1201. S/L below 1194.
Silver	0/+	Buy at the break of 17.80 targeting 17.93. S/L below 17.75.
Oil (CLN0)	0/-	Sell at the break of 68.80 targeting 67.93. S/L above 69.20.

Earnings Releases

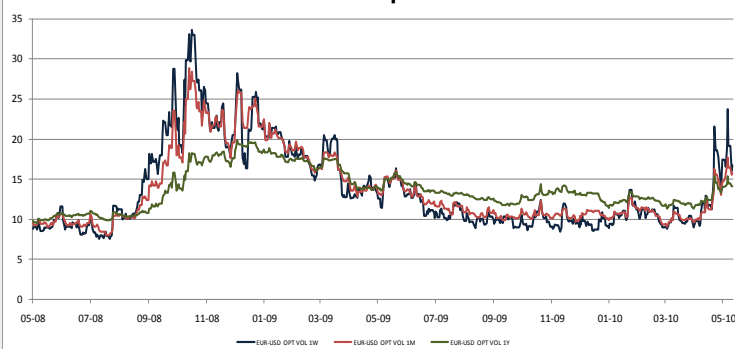
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year


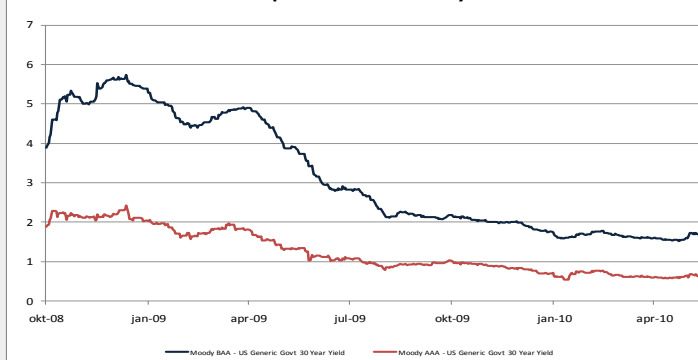
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


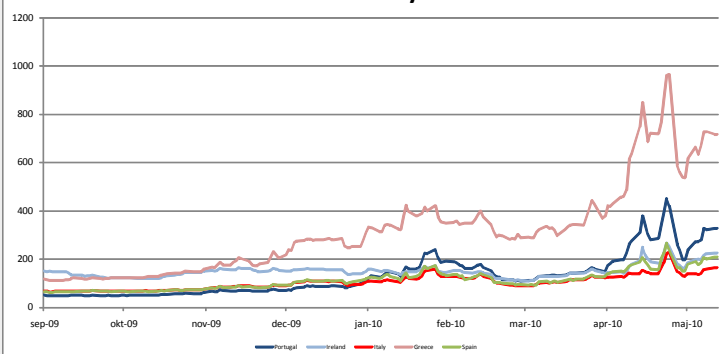
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 62.**

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 38.32** (prev. close at 40.10).

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