

Theme Comment

- Australian Building Approvals and Chinese PMI disappointed in overnight trading with the former falling 14.8% MoM though it is still up 21.3% YoY. The latter fell to 52.7 from 55.2 and is not far from outright contraction now (another CH PMI also disappointed the market by recording 53.9 vs. 54.5 expected and 55.7 prior).
- The Australian central bank kept the RBA Cash Target at 4.50% as expected, but the AUD declined after the decision.
- We expect that today's ISM report will show that manufacturing increased at a slower – though still very solid – pace in May (59.5). The regional PMIs point to a slowdown in the national index, but the strong New Orders component in April is likely to alleviate the decline.
- We maintain our negative stance on the 1-3 month horizon and at least expect a re-test of the 1040-44 lows from this year in S&P500.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
GE	07:55	Unemployment Change (MAY)		-17K	-68K
UK	08:30	PMI Manufacturing (MAY)		57.9	58.0
US	14:00	PMI Manufacturing / Prices Paid (MAY)	59.5 / -	59.0 / 72.0	60.4 / 78.0

FX	Daily stance	Comment
EURUSD	0	1.2250 looks a key level. Below risks deeper correction to 1.22. Res 1.2330.
USDJPY	0/+	Prefer to buy dips down to 90.75-80 area for a bounce to y'day's high at 91.55. Stop below 90.40.
EURJPY	0	Seen capped at 112.25 lvl initially. Below 111.30 risks a test of 110.80.
GBPUSD	0/+	Expect suppt at 1.4435 to contain losses before a rebound back to 1.4540. Below risks 1.4380 again.
AUDUSD	0/+	0.8355 seen as a n/term low for a bounce to 0.8470, poss 0.8550. Stop below 0.8310.
USDCAD	0	Chance to edge up to 1.05 but seen ranging 1.0420-1.0500 ahead of BOC.

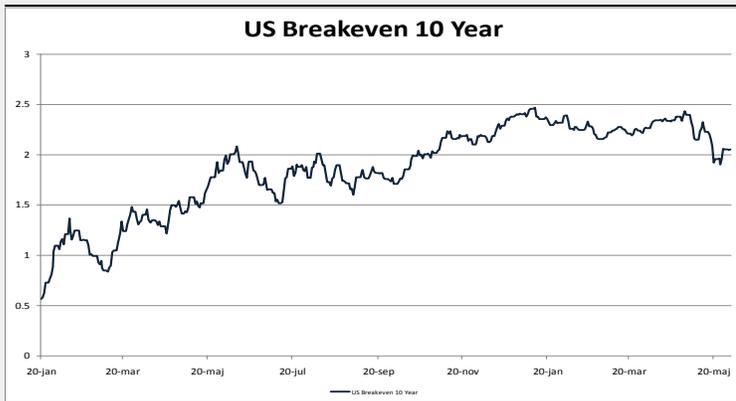
FX-Options	Comment
EURUSD	Front end vols are better bid with spot under 1.23 and looking offered throughout most of the Asian session. Risk reversals likely to stay firm until we move off the lows.
USDJPY	Vols better supported as spot dips under 91.00 on general risk aversion in Asian session. Most interests in the brokers were buyers of sub 1-mth upside strikes.
AUDUSD	Change of sentiment as vols moves higher with spot tumbling to low of 8355. 1w trades up to 20% compared to 18.5% yesterday.

Equities	Daily stance	Comment
DAX	0/-	Sell at the break of 5910 and target 5880. Stop above 5923.
FTSE	0/-	Sell around 5200 and target 5178. Stop above 5212.
S&P500	0/-	Sell on rallies towards 1089 and target 1081. Stop above 1093.
NASDAQ100	0/-	
DJIA	0/-	

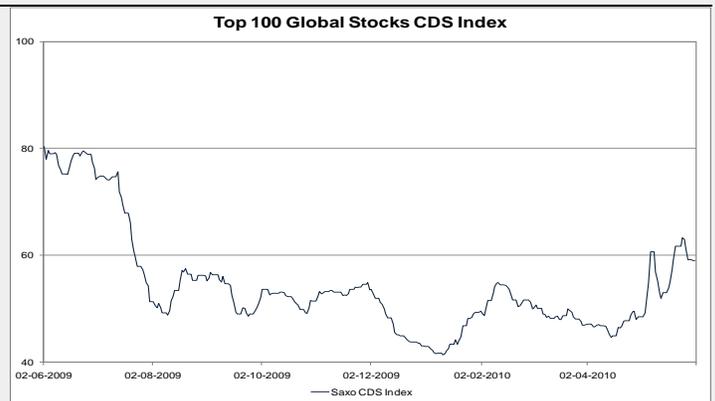
Commodities	Daily Stance	Comment
Gold	0/+	Buy on dips towards 1213 and target 1225. Stop below 1208.
Silver	0/+	Buy at the break of 18.65 and target 18.85. Stop below 18.60.
Oil (CLN0)	0/-	Sell on rallies towards 75.50 and target 73.50. Stop above 76.

Earnings Releases

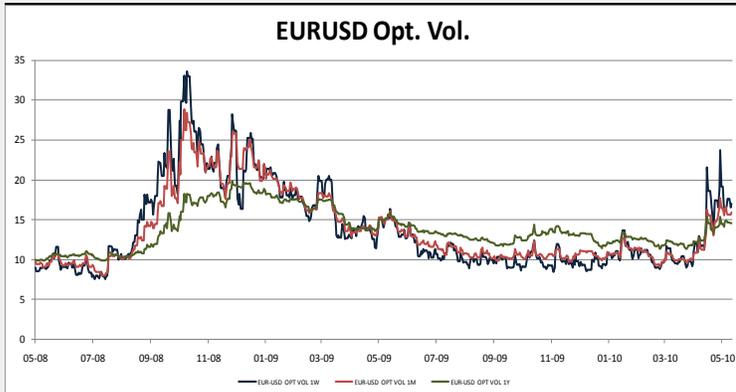
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
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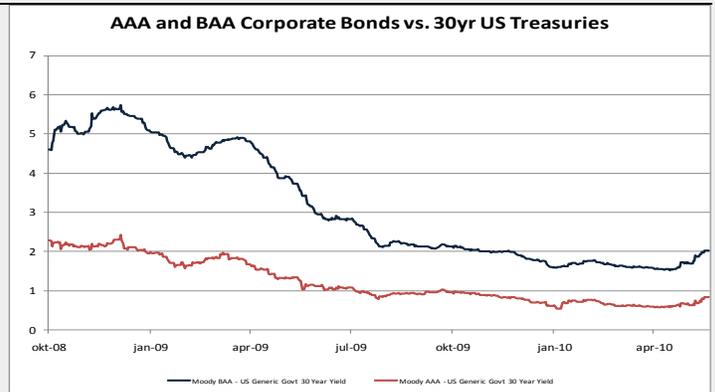
USD breakeven 10 Year – an expression for measuring inflation expectations.



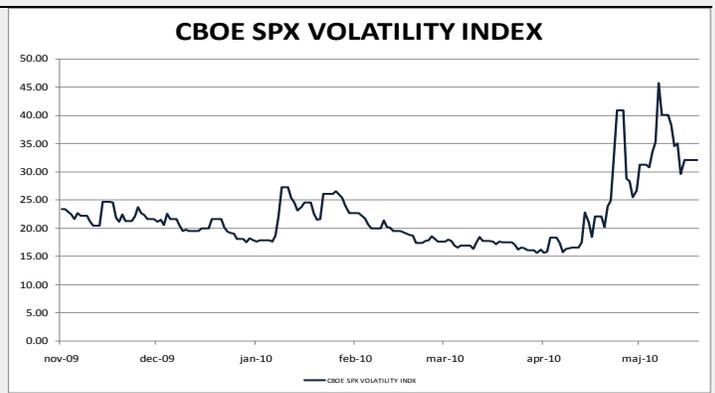
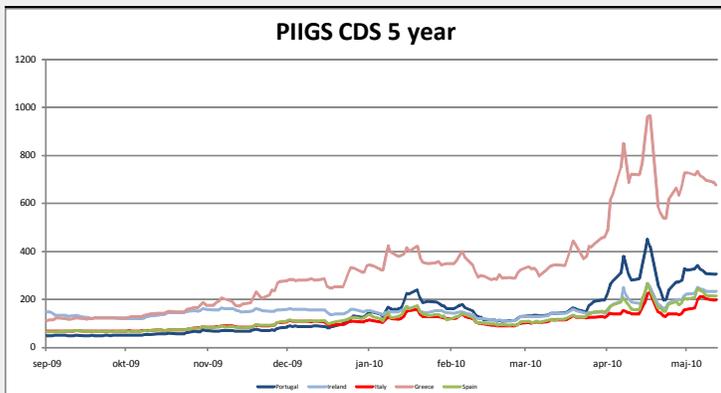
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 59.**



Volatility at different time horizons. Too low, now?



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



The VIX Index is **now at 32.07** (prev. close at 29.68).

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