

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/- | |

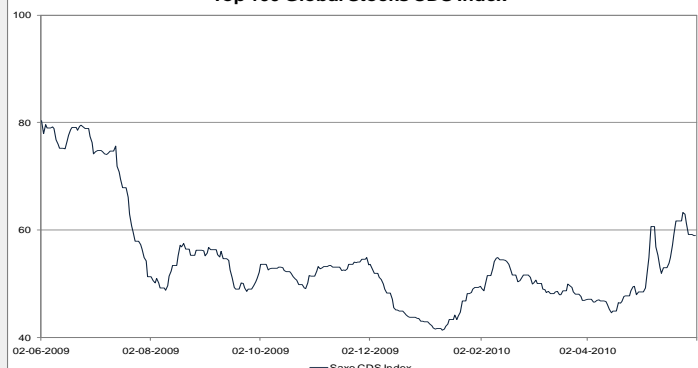
| Commodities | Daily Stance | Comment |
|-------------|--------------|--|
| Gold | 0/+ | Buy on dips towards 1213 and target 1225. Stop below 1208. |
| Silver | 0/+ | Buy at the break of 18.65 and target 18.85. Stop below 18.60. |
| Oil (CLNO) | 0/- | Sell on rallies towards 75.50 and target 73.50.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

Earnings Releases

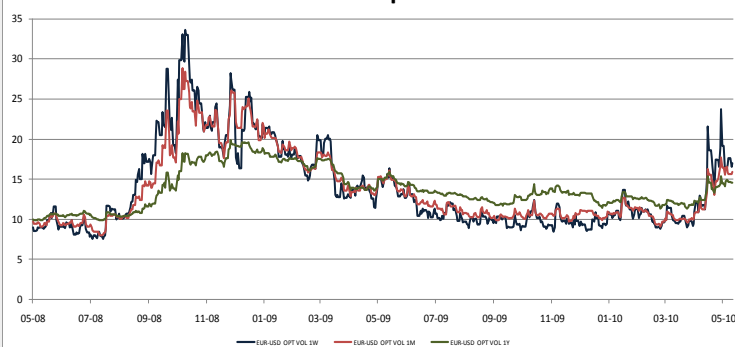
| Country | Time (GMT) | Name | EPS exp. | EPS prior | Comment |
|---------|------------|------|----------|-----------|---------|
|---------|------------|------|----------|-----------|---------|

US Breakeven 10 Year

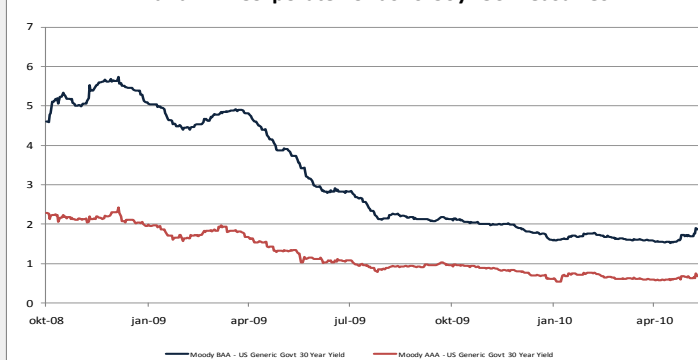

USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


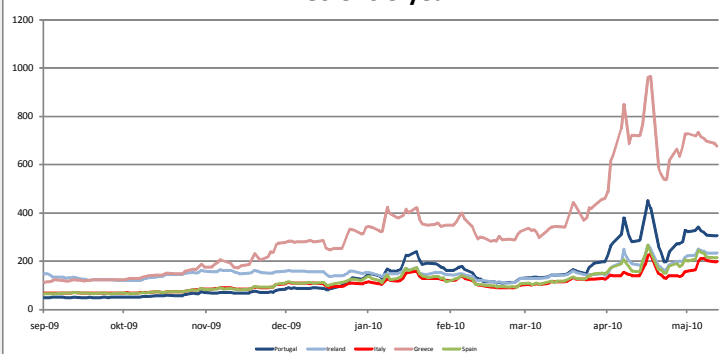
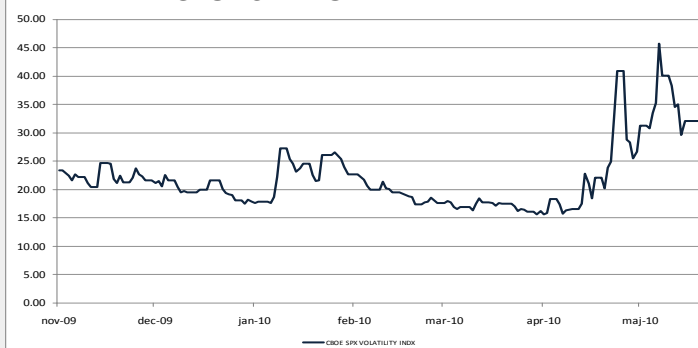
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 59.**

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 32.07** (prev. close at 29.68).

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

General

These pages contain information about the services and products of Saxo Bank A/S (hereinafter referred to as "Saxo Bank"). The material is provided for informational purposes only without regard to any particular user's investment objectives, financial situation, or means. Hence, no information contained herein is to be construed as a analysis; or an offer to buy or sell; or the solicitation of an offer to buy or sell any security, financial product, or instrument; or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Saxo Bank does not guarantee the accuracy or completeness of any information or analysis supplied. Saxo Bank shall not be liable to any customer or third person for the accuracy of the information or any market quotations supplied through this service to a customer, nor for any delays, inaccuracies, errors, interruptions or omissions in the furnishing thereof, for any direct or consequential damages arising from or occasioned by said delays, inaccuracies, errors, interruptions or omissions, or for any discontinuance of the service. Saxo Bank accepts no responsibility or liability for the contents of any other site, whether linked to this site or not, or any consequences from your acting upon the contents of another site. Opening this website shall not render the user a customer of Saxo Bank nor shall Saxo Bank owe such users any duties or responsibilities as a result thereof.

Analysis Disclosure & Disclaimer

Risk warning

Saxo Bank A/S shall not be responsible for any loss arising from any investment based on any analysis, forecast or other information herein contained. The contents of this publication should not be construed as an express or implied promise, guarantee or implication by Saxo Bank that clients will profit from the strategies herein or that losses in connection therewith can or will be limited. Trades in accordance with the analysis in an analysis, especially leveraged investments such as foreign exchange trading and investment in derivatives, can be very speculative and may result in losses as well as profits, in particular if the conditions mentioned in the analysis do not occur as anticipated.