

Theme Comment

- Heavy drop in VIX and hefty bounce in risk. S&P500 broke and closed above the 200 DMA and it should be on its way towards 1150 in end of June or early July (beginning of earnings season, which should be strong).
- We are, however, still of the opinion that the sovereign debt crisis is not contained. Greek 2-year yields are now solidly above 8% again and Spanish 2-year yields are the highest since the end of 2008. A rally towards 1150 is therefore a SELL as governments will have to come up with more severe austerity measures.
- US NAHB Housing Market index disappointingly low (due to expiry of tax credit) and the ABC Consumer Confidence was also low.
- Watch out for Capacity Utilization and Industrial Production today. Both could be slightly disappointing.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
US	12:30	PPI / Core PPI MoM (MAY)	-0.9% / 0.0%	-0.5% / 0.1%	-0.1% / 0.2%
US	12:30	Housing Starts / Building Permits (MAY)		648K / 625K	672K / 610K
US	13:15	Ind. Prod. MoM / Cap. Utilization (MAY)	0.5% / 74.3%	0.9% / 74.5%	0.8% / 73.7%

FX	Daily stance	Comment
EURUSD	0/+	Buy here, or dips below 1.23, for a rebound abv 1.2350, tgt 1.2420. Stop below 1.2230
USDJPY	0	91.60-70 looks strong res. But expect to be confined to a 91.20-70 range
EURJPY	0/+	Prefer to buy dips 112.50 for a rebound to 114.0. Stop below 111.90
GBPUSD	0/+	Look to buy dips. 1.4795 or 1.4765 for a bounce to 1.48 then 1.4835. Stop below 1.4715
AUDUSD	0/+	Buy dips to 0.8600-10 lvl, or breaks abv 0.8665, for a test of 0.8735. Stop below 0.8575
USDCAD	0	Likely ranging 1.0225 – 1.0300. Below risks drop to 1.0150

FX-Options	Comment
EURUSD	Vols traded more or less sideways during Tuesday's session. On a more interesting note, risk reversals are still getting sold off and we are now seeing EUR calls trading slightly over EUR puts over EUR puts in o/n-1w expiry. First time since Oct 2009. Expect to see spot trading in a range, with no directional view.

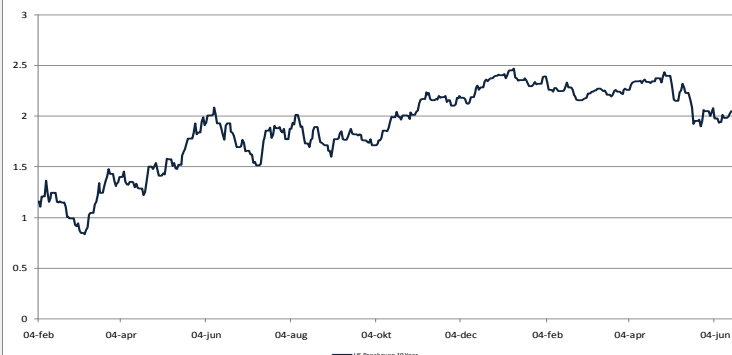
Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6200 and target 6244. Stop below 6180.
FTSE	0/+	Buy on dips towards 5232 and target 5270. Stop below 5215.
S&P500	0/+	Buy on dips towards 1109 and target 1115. Stop below 1106.
NASDAQ100	0/+	
DJIA	0/+	

Commodities	Daily Stance	Comment
Gold	0/	Buy at the break of 1237 and target 1249. Stop below 1230.
Silver	0/+	Buy at the break of 18.68 and target 18.96. Stop below 18.50.
Oil (CLN0)	0/+	Sell around 78 and target 76.50. Stop above 78.60.

Earnings Releases

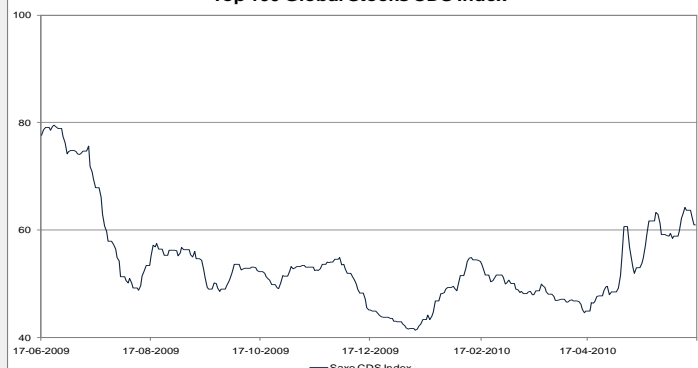
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year



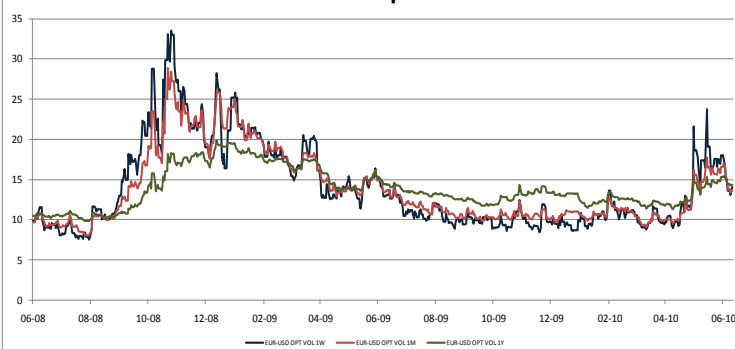
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



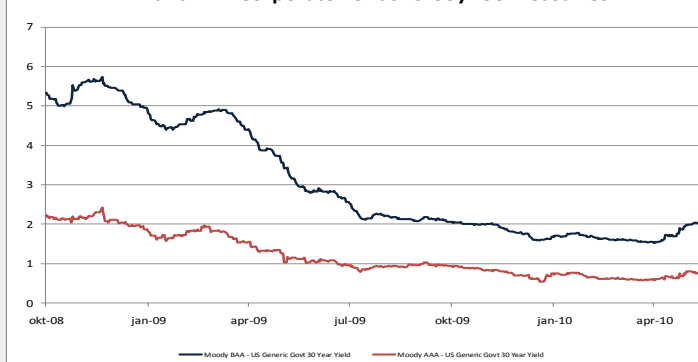
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 61.**

EURUSD Opt. Vol.



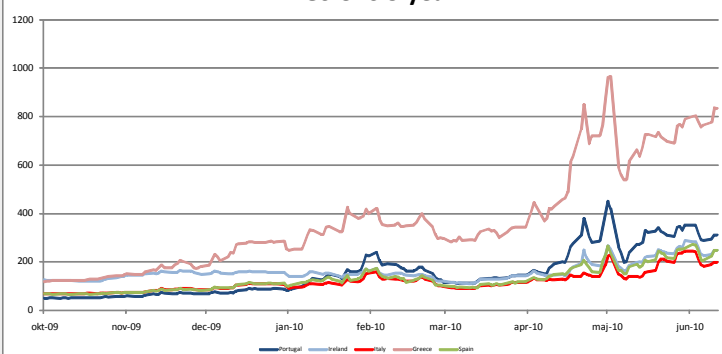
Volatility at different time horizons. Too low, now?

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 25.87** (prev. close at 28.58).

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