

Theme Comment

- FED Chairman Bernanke said yesterday in his semi-annual speech to the US Congress that the economic outlook remains unusually uncertain, but was ready to act. Do be sure that if this trend with soft US numbers continues expect some policy action due to the very fact that the midterm election is soon coming up. Another round of stimulus could bring risk appetite back in the market.
- Today's market sentiment will be affected by a string big names earnings reports (Nokia, Caterpillar, UPS and Microsoft) and a series of heavy influencing macro numbers (industrial new orders, existing home sales, leading indicators). We expect some risk aversion in the market today and keep a sell-on-rallies stance.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
EC	09:00	Industrial New Orders MoM/YoY (MAY)	-	-0.1%/20.0%	0.9%/
US	14:00	Existing Home Sales MoM (MAY)	-	-0.3%	0.8%
US	14:00	Leading Indicators (JUN)	-	-0.3%	0.4%

FX	Daily stance	Comment
EURUSD	0/-	While holding below 1.2820 chance we fall further to 1.2680. Abv risks 1.29 again
USDJPY	0	Slide can extend to 86.20 again but suppt there seen holding. Suggest 86.20-86.90 range
EURJPY	0	Expect suppt at 110.0 to hold for a 110.0 – 111.50 range
GBPUSD	0/-	Sell rallies to 1.5225 for a dip to 1.5150 then 1.50. Stop abv 1.5275
AUDUSD	0/-	Sell rallies to 0.88 for a retracement back to 0.8685. Stop abv 0.8850
USDCAD	0/-	Seen capped at 1.05 for a dip towards 1.0420. Abv risks 1.0550 first

FX-Options	Comment
EURUSD	Market was looking to buy vols mostly with spot dropping a figure. The 1wk 1.2850s traded for 400mio and rumoured to be larger.
USDJPY	Vols stay bid with spot steadily lower. Risk reversal are slightly higher (towards Yen calls) and there seems to be demand to buy more short dated Yen calls for 86 and under.
AUDUSD	Front end vols slightly softer despite spot moving under 8750. Back end of the curve still remains well supported and market continues to see buyers for AUD puts.

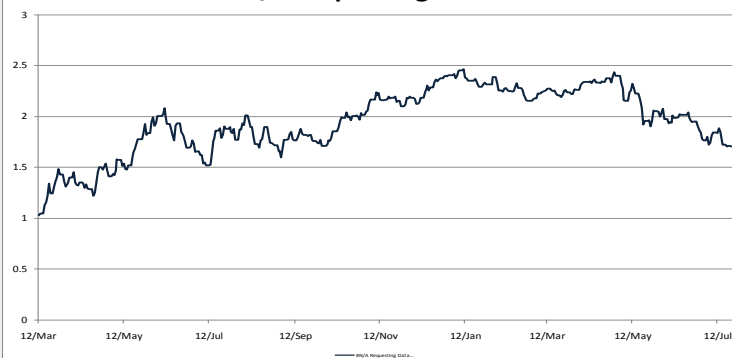
Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 5992 targeting 5956. S/L above 6011.
FTSE	0/-	Sell on rallies towards 5239 targeting 5197. S/L above 5255.
S&P500	0/-	Sell on rallies towards 1078 targeting 1072. S/L above 1081.
NASDAQ100	0/-	
DJIA	0/-	

Commodities	Daily Stance	Comment
Gold	0/-	Sell rallies to 1,185 fir a test of 1,170. Stop abv 1,196
Silver	0/-	Capped at 17.80 for a push to 17.20, stop abv 17.95
Oil (CLU0)	0/-	Look for dip towards 76.0. Below sees 74.70 with res strong at 78.0

Earnings Releases

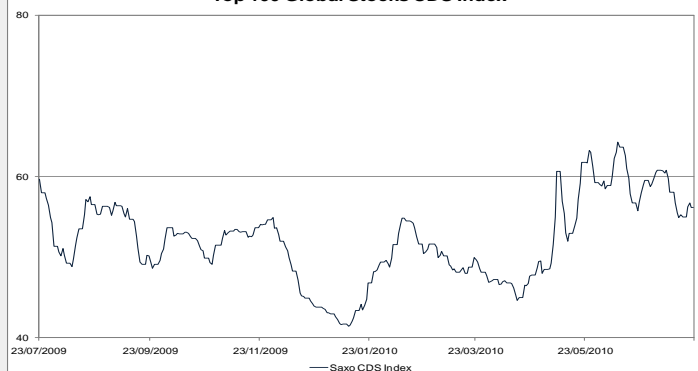
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
FI	10:00	Nokia	0.109	0.094	
US	11:30	Caterpillar	0.840	0.500	
US	11:45	United Parcel Services	0.769	0.700	

#N/A Requesting Data...



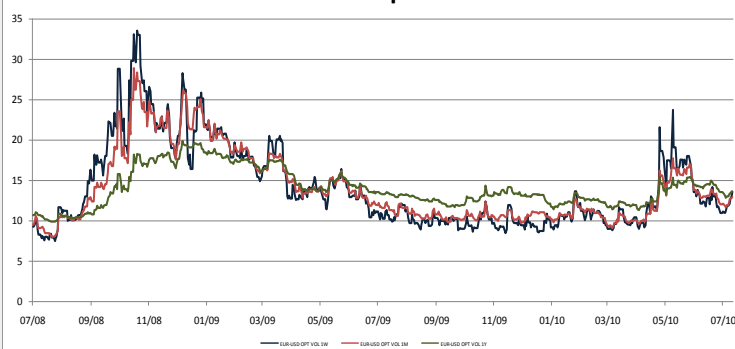
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



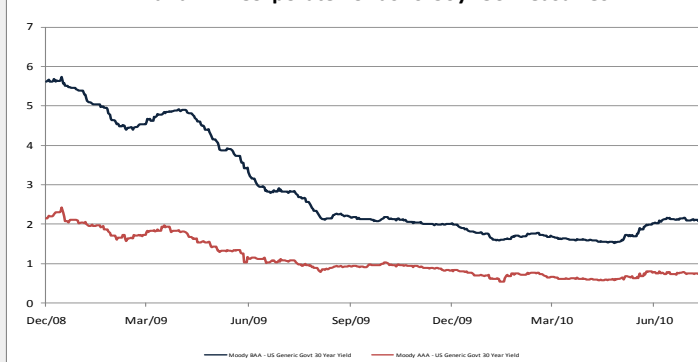
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 56.**

EURUSD Opt. Vol.



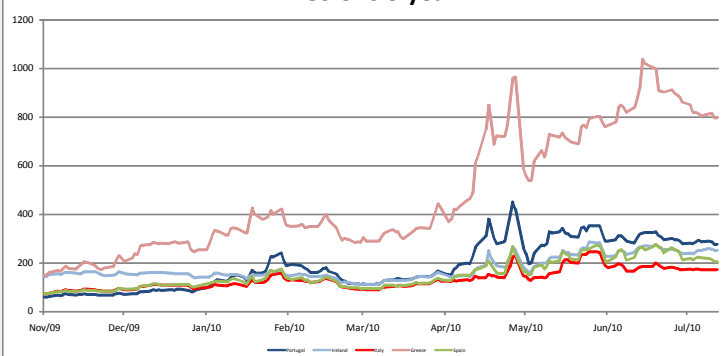
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

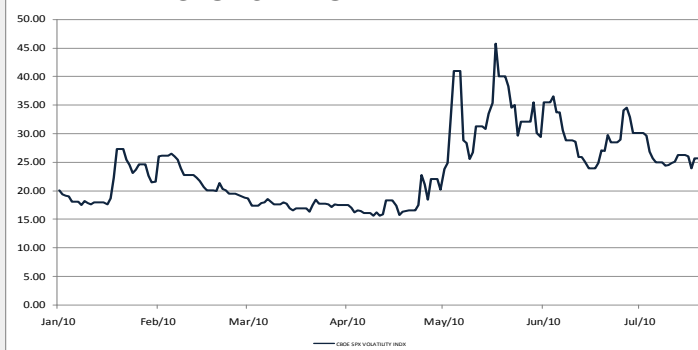


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 23.93** (prev. close at 25.97).

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.