

**Theme Comment**

- We expect this risk appetite sentiment that spurred a rally overnight in Asia on the back of positive surprises in new industrial orders in the Euro-Zone and better than expected earnings from Microsoft to continue here in the beginning of the European session. UK GDP could turn the picture, but today's major event is the release of the stress test results at 18:00 CET.
- Trichet said yesterday that it is time for a global tightening (cuts in public spending and higher taxes) as the recovery is now so strong that these policy moves will not curb growth. This is in rather sharp contrast to FED Chairman Bernanke which believes that fiscal tightening should be delayed at least until 2011. We believe that the cut back on public spending is the right thing to do in order to restore the economy for longer term growth.

**Economic Data Releases**

Country	Time (GMT)	Name	Saxo	Consensus	Prior
UK	08:30	GDP Qoq/YoY (2Q)	-	0.6%/1.1%	0.3%/-0.2%
UK	08:30	BBA Loans For House Purchases (JUN)	-	37.000	36.709
CA	11:00	CPI MoM/YoY (JUN)	-	0.0%/1.0%	0.3%/1.4%

FX	Daily stance	Comment
EURUSD	0/+	Buy dips to 1.2850 for the next leg back to 1.30, stop below 1.2810
USDJPY	0/+	Buy dips down to 86.50-60 area for a rebound to 87.45 then 88.0. Stop below 86.25
EURJPY	0/+	Buy dips to 111.40 for a rebound to 113.20. Stop below 110.90
GBPUSD	0/+	Buy dips to 1.5250, or break of 1.5300 for 1.5350. Stop below 1.5210, 1.5250 resp.
AUDUSD	0/+	Buy dips down to 0.8860 for a push towards 0.90, stop below 0.8820
USDCAD	0/-	Expect to find res at 1.0420 for a drift down to 1.0350 again. Stop abv 1.0470

FX-Options	Comment
EURUSD	Vols were initially bid in Europe but market seems to be less anxious about the results of the stress test and started selling options. Monday strikes still bid over the event.
USDJPY	Market continues to sell vols after risk aversion was completely forgotten by the market. Risk reversals have also come under pressure with Yen calls getting sold.
AUDUSD	Vols got hammered as spot continues to hold above 8900. Gamma sellers push front end much lower with 1m now 14.4% vs 15.5% just a day ago.

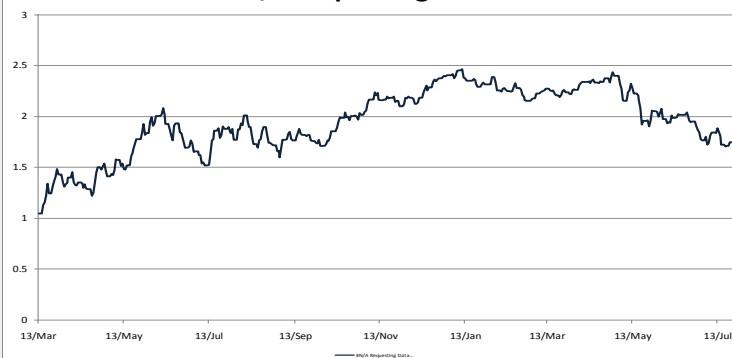
Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6100 targeting 6152. S/L below 6080.
FTSE	0/+	Buy on dips towards 5266 targeting 5320. S/L below 5245.
S&P500	0/+	Buy on dips towards 1088 targeting 1099. S/L below 1085.
NASDAQ100	0/+	
DJIA	0/+	

Commodities	Daily Stance	Comment
Gold	0	Seen capped at 1,200 for a 1,185 – 1,200 range
Silver	0	Expect to meet res at 18.20. Seen stuck in a 17.90-18.20 range
Oil (CLU0)	0	Expect to trade in a 78.70-79.40 range

**Earnings Releases**

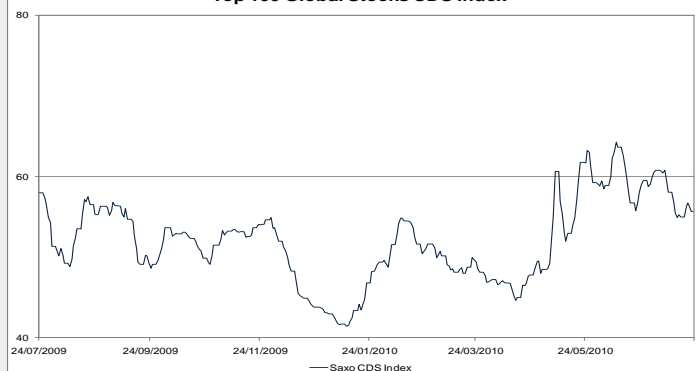
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
SW	07:30	Scania AB	2.163	1.780	
US	Bef-Mkt	McDonald	1.119	1.050	
US	11:00	Ford	0.408	0.480	

## #N/A Requesting Data...



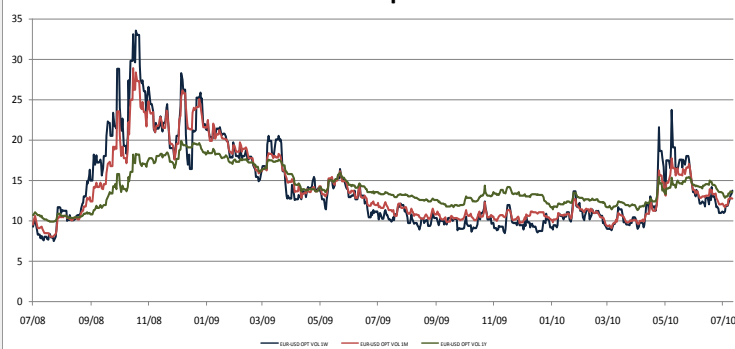
USD breakeven 10 Year – an expression for measuring inflation expectations.

## Top 100 Global Stocks CDS Index



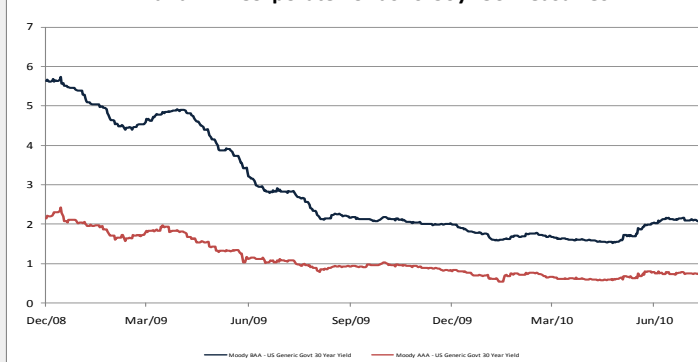
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 56.**

## EURUSD Opt. Vol.



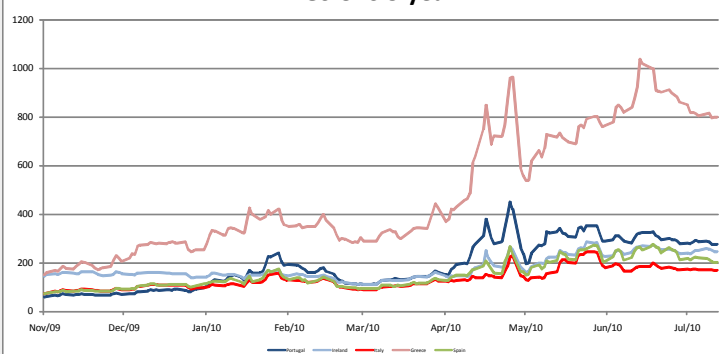
Volatility at different time horizons. Too low, now?

## AAA and BAA Corporate Bonds vs. 30yr US Treasuries

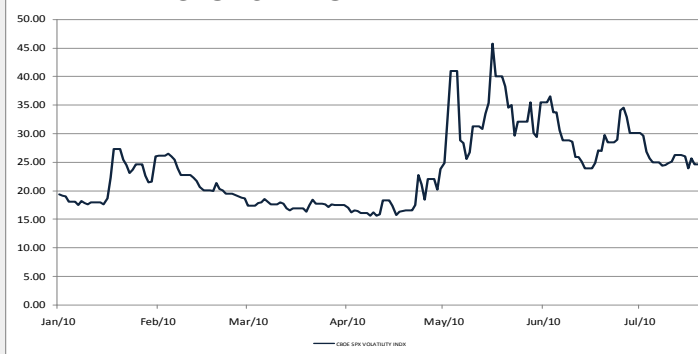


Spreads are easing, but still **showing tight corporate debt markets.**

## PIIGS CDS 5 year



## CBOE SPX VOLATILITY INDEX



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

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