

Theme Comment

- The Fed Beige Book, released yesterday, reported growing manufacturing though the rate of growth is slowing in some districts. Durable goods orders declined yet again (-1.0% MoM) providing more evidence of a slowdown in manufacturing. We expect this to continue throughout the second half of the year.
- Shell reported a YoY increase in net income of 15% to \$4.4bn. on higher oil prices. Shell, which has been in a transition for the last year, has cut 5000 jobs to boost profitability. Sony beat earnings handsomely (25.7bn. Yen vs. 18bn. expected) and also raised full-year guidance by 10bn. to 60bn. Yen. Companies continue to deliver better than expected earnings.
- We expect today's German labour market report to show that the employment situation is improving. A continuation of the job subsidies programme (extended to 2012) will also support the labour market.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
GE	07:55	Unemployment Change / Rate (JUL)		-20K / 7.6%	-21K / 7.7%
EC	09:00	Consumer Confidence (JUL, final)		-14	-14
US	12:30	Initial / Continuing Jobless Claims		460K / 4500K	464K / 4487K

FX	Daily stance	Comment
EURUSD	0/-	1.3050 likely to be res again tdy. Sell rallies for 1.2950, stop abv 1.3075.
USDJPY	0/-	May see n/term suppt at 87.0 but rebound limited to 87.55-65. Sell there, stop abv 87.85.
EURJPY	0/-	Look to sell rallies to 113.75 for a dip to 112.65, stop abv 114.45.
GBPUSD	0/-	Look to sell near 1.5650 for a dip back to 1.5480. stop abv 1.5695.
AUDUSD	0/-	Sell into rebound to 0.8970-80 for a test of 0.8870, stop abv 0.9020.
USDCAD	0	Look for further consolidation 1.03-1.04.

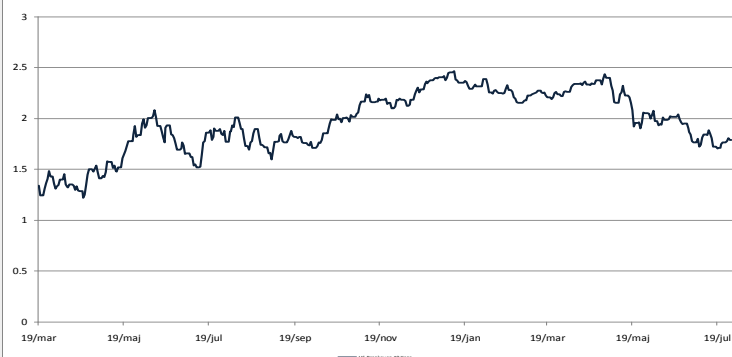
FX-Options	Comment
EURUSD	Spot managed to stay above 1.2970 most of the session and vols move down into the NY session. There was some buying interest in 2-3wk which gets the event risk for early Aug.
USDJPY	Spot drifted lower in Asia and front end remains soft. Some buyers for upside strikes and the market seems increasingly confident that 85 level will hold.
AUDUSD	Market continues to dump gamma with the almost everything under 1m getting sold. Meanwhile the risk reversals are also getting hit so looks like spot will find some support.

Equities	Daily stance	Comment
DAX	0/+	Buy around 6143 targeting 6174. S/L below 6125.
FTSE	0/+	Buy around 5287 targeting 5320. S/L below 5271.
S&P500	0/+	Buy around 1105 targeting 1111. S/L below 1103.
NASDAQ100	0/+	
DJIA	0/+	

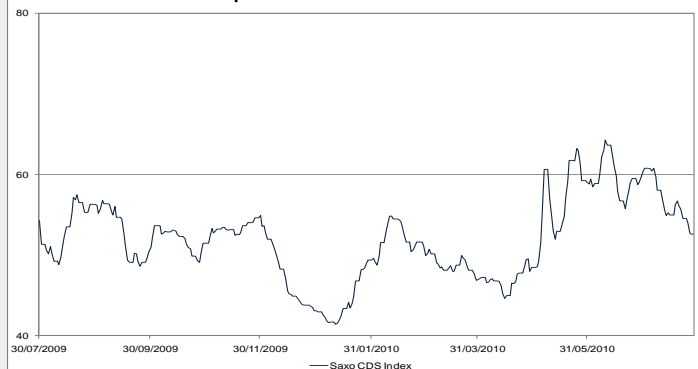
Commodities	Daily Stance	Comment
Gold	0/+	Buy at the break of 1167.50 targeting 1173. S/L below 1165.
Silver	0/+	Buy at the break of 17.65 targeting 17.75. S/L below 17.55.
Oil (CLU0)	0/+	Buy at the break of 77.25 targeting 77.70. S/L below 77.10

Earnings Releases

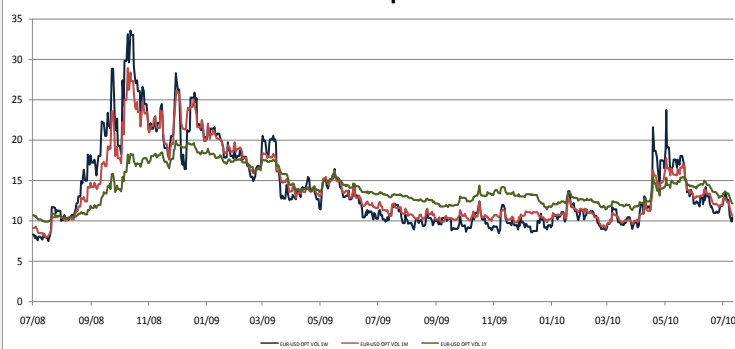
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
GE	07:00	Volkswagen AG	1.716	1.030	

US Breakeven 10 Year


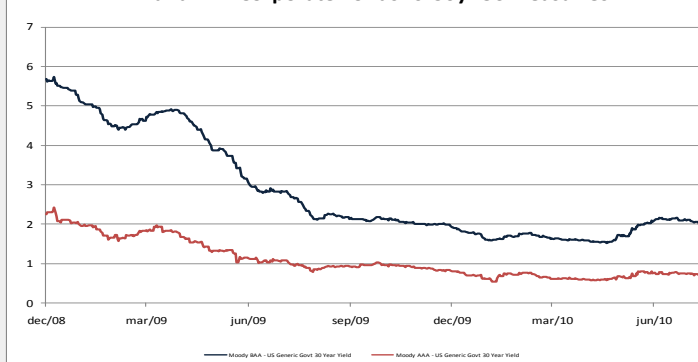
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


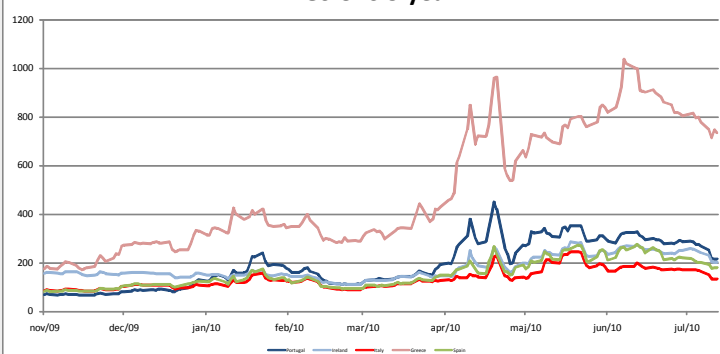
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 53.**

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 24.25** (prev. close at 23.19).

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