

**Theme Comment**

- Yesterday, the focus gradually shifted from PIIGS to PIIS. The market is calling the bluff of European policy makers. The Greek bail-out has been extremely costly compared to the size of the Greek GDP and its share of E-Z GDP. The market is beginning to wonder how big the problems “really” are in the PIIS countries and how the E-Z would be able to handle those problems in the absence of draconian and immediate austerity programs.
- This is threatening to blow-up the E-Z in a much shorter time-span than the market anticipated only half a year ago and it more and more looks like a return of the funding crisis from the summer/fall of 2008. The TED spread is widening again (but still below 20 bps.).
- CDS prices, Yield spreads vs. Germany, the VIX, the USD and the JPY are all higher and risk is completely off.

**Economic Data Releases**

Country	Time (GMT)	Name	Saxo	Consensus	Prior
EC	09:00	Retail Sales MoM (MAR)	0.1%	0.1%	-0.2%
US	12:15	ADP Employment Change (APR)		30K	-23K
US	14:00	ISM Non-manufacturing (APR)	56.2	56.0	55.4

FX	Daily stance	Comment
EURUSD	0/-	Sell any rebound into 1.3000-20 window for a push to 1.2930. Stop abv 1.3065.
USDJPY	0/-	95.0 looks to hold for now suggesting retreat back to 94.35 before higher. Abv targets 95.70.
EURJPY	0/-	Prefer to sell rallies to 123.50-60 are for a fresh test of 122.35 low. Stop abv 124.10.
GBPUSD	0/-	Look to sell any rebound to 1.5185 res for a dip to 1.5060. Stop abv 1.5225.
AUDUSD	0/-	Expect res at 0.9135 to hold for a test of 0.9035. Stop abv 0.9185.
USDCAD	0/+	Buy dips to 1.02 for a rebound back to 1.0335. Stop below 1.0165.

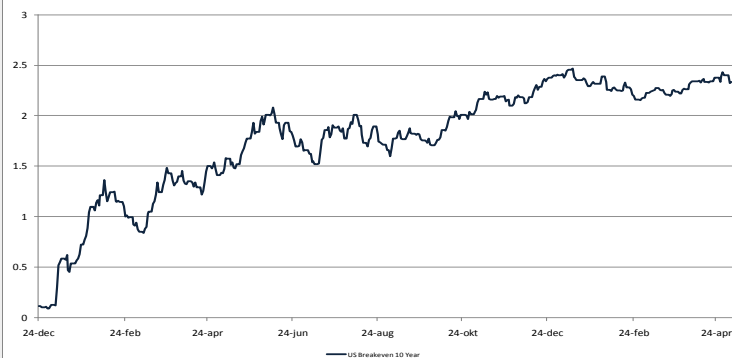
FX-Options	Comment
EURUSD	Large US name bought 1 yard of 1mth 1.29s and this continued well into the NY session with various downside strikes getting paid. Vols likely to stay high for some time now.
USDJPY	Yen vols stay firm. Spot rejected the 95 area where market still seems keen on defending. Friday and Monday 9400 strikes seeing some buying interest.
AUDUSD	Vols a lot higher after spot continued to show weakness. Risk reversals traded higher with plenty of aggressive bids for downside strikes. 2-3m ATM sees good bids.

Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 6035 and target 5998. Stop above 6052.
FTSE	0/-	Sell on rallies towards 5450 and target 5413. Stop above 5467.
S&P500	0/+	Buy on dips towards 50DMA and target 1180. Stop below 1164.
NASDAQ100	0/+	
DJIA	0/+	

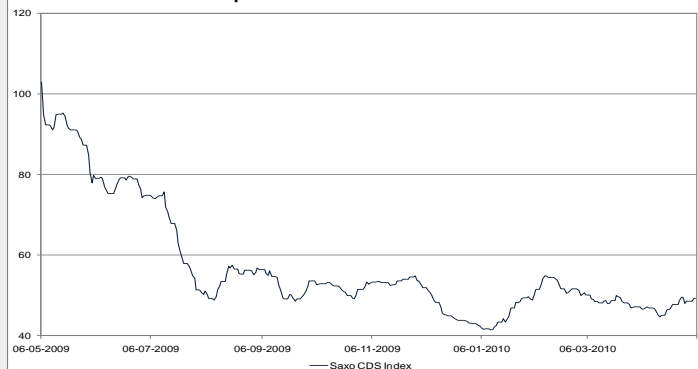
Commodities	Daily Stance	Comment
Gold	0/-	Sell at the break of 1166 and target 1153. Stop above 1170.
Silver	0/-	Sell on rallies towards 18.00 and target 17.75. Stop above 18.15.
Oil (CLM0)	0/-	Sell on rallies towards 83.30 and target 82.00. Stop above 84.00.

**Earnings Releases**

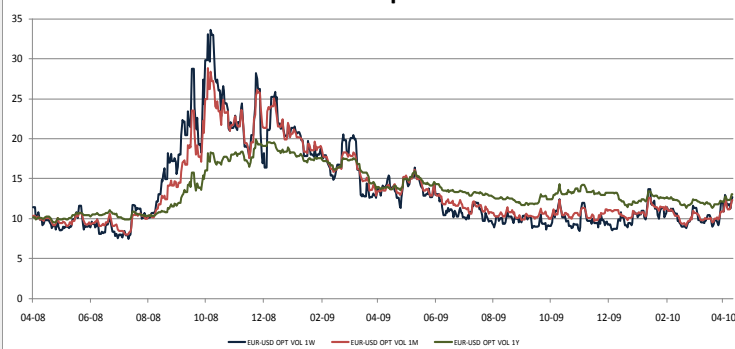
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
GE	11:00	Deutsche Lufthansa	-0.542	-0.170	
GE		BMW	0.400	0.240	

**US Breakeven 10 Year**


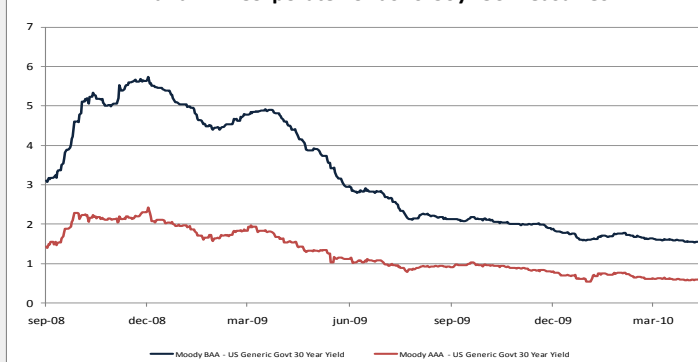
USD breakeven 10 Year – an expression for measuring inflation expectations.

**Top 100 Global Stocks CDS Index**


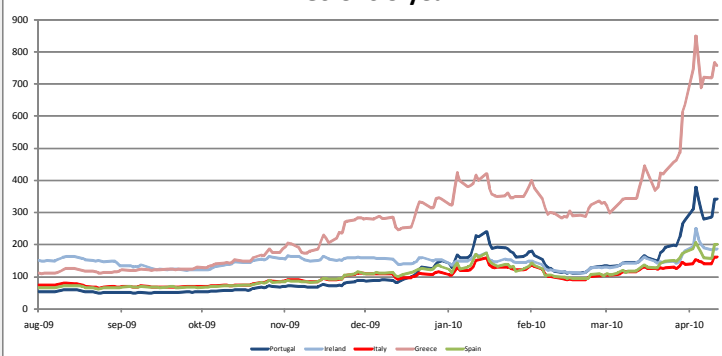
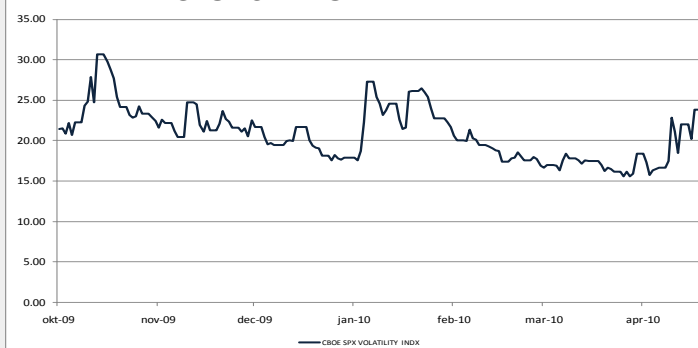
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 49.**

**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 23.84** (prev. close at 20.19).

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