

Theme Comment

- US consumer confidence jumped to 63.3 in May from 57.7 in April, but unsurprisingly it is still the expectations component that acts as the driver. The present situation component is still very weak and only up by 0.5 points from a year ago.
- New Home Sales and Durable Goods Orders are the main economic releases today with both expected to increase. We expect sales of new homes to fall over the coming months due to the expiration of the homebuyer tax credit.
- Italy has approved budget cuts of EUR 24bn in an effort to trim deficits. And while this is certainly positive from a long-term perspective it is another nail in the Eurozone growth coffin in the short run.
- Technicals in US and overnight trading make us bullish on risk today.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
SW	07:30	Trade Balance (APR)		7.0B	7.2B
US	12:30	Durable Goods Orders / Ex. Trans MoM (APR)	2.0% / 0.2%	1.3% / 0.5%	-1.2% / 3.7%
US	14:00	New Home Sales MoM (APR)	5.0%	3.4%	26.9%

FX	Daily stance	Comment
EURUSD	0/+	Expect to find support at the 1.2250-60 area for a bounce thru 1.23 to 1.24. Stop below 1.2215.
USDJPY	0/+	Dips below 90.0 seen limited to 89.80-90 before rebound to 90.60. Abv there targets 91.10.
EURJPY	0/+	Prefer to buy any dips to low 110s for a push towards 113.0. Stop below 109.70.
GBPUSD	0/+	Break abv 1.4415 would target 1.45 initially. Support expected at 1.4340-50 area.
AUDUSD	0/+	Look for n/term base around 0.8190-00 lvl. Upside target 0.83. Below risks 0.8125.
USDCAD	0/-	Rejection of 1.0850 suggests deeper correction to 1.0650 initially, chance of 1.0550.

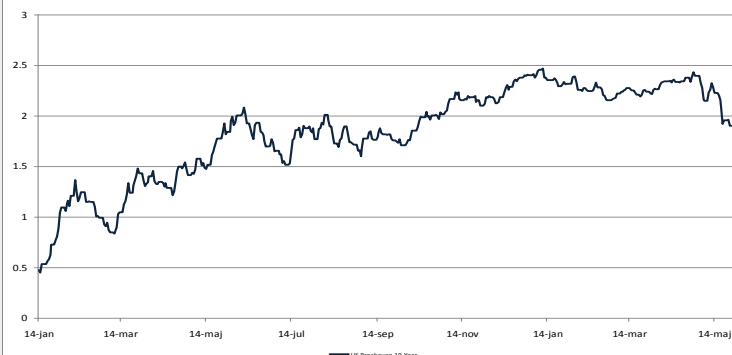
FX-Options	Comment
EURUSD	Vols a touch higher and market is once again bid for EUR puts. US name was seen buying Friday 1.20s. Asian session also saw some buyers of 1m 1.19 EUR puts.
USDJPY	Vols eased with spot holding above 90. Vega and also downside gamma bid. Some overnight 9050-9100 strikes traded in the market .
AUDUSD	Vols continue to be extremely spot sensitive. Risk reversals are holding firmly and unless we break above 8350, gamma is unlikely to come off much further.

Equities	Daily stance	Comment
DAX	0/+	Buy at the break of 5738 targeting 5785. S/L below 5720.
FTSE	0/+	Buy at the break of 4997 targeting 5051. S/L below 4970.
S&P500	0/+	Buy at the break of 1081 targeting 1095. S/L below 1074.
NASDAQ100	0/+	
DJIA	0/+	

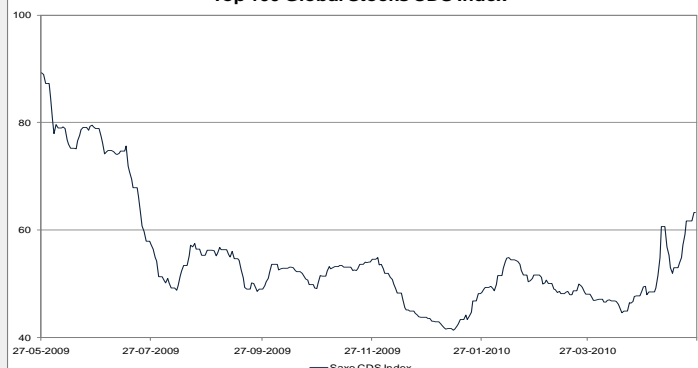
Commodities	Daily Stance	Comment
Gold	0/+	Break abv 1,205 suggest we can extend rebound to 1,217. Below 1,197 defers rally.
Silver	0/+	break abv 18.0 to extend to 18.40 lvl. Suppt seen at 17.80 lvl.
Oil (CLN0)	0/+	Next support at 69.23. See chance to rebound to 70.50 eventually. Initial res at 69.75.

Earnings Releases

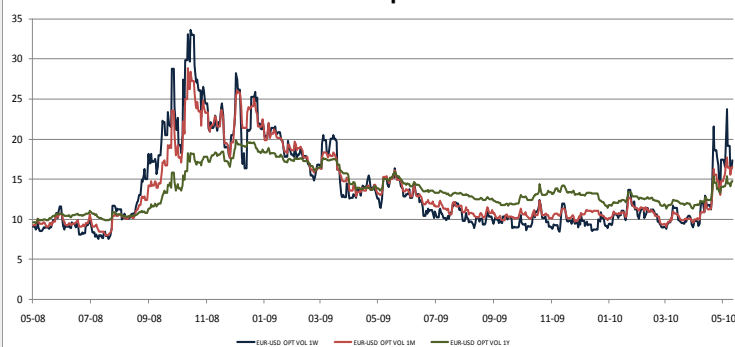
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year


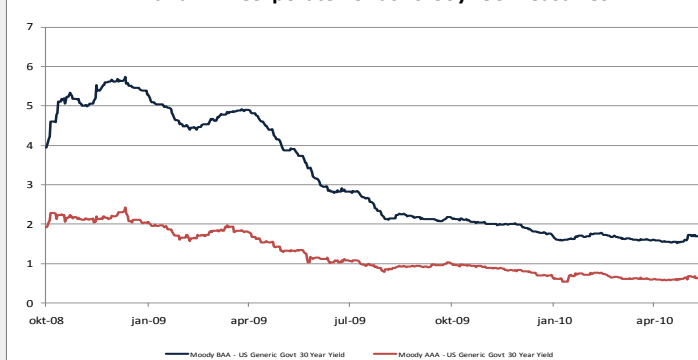
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


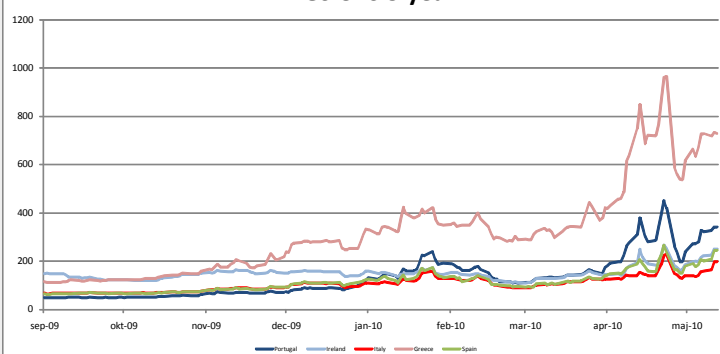
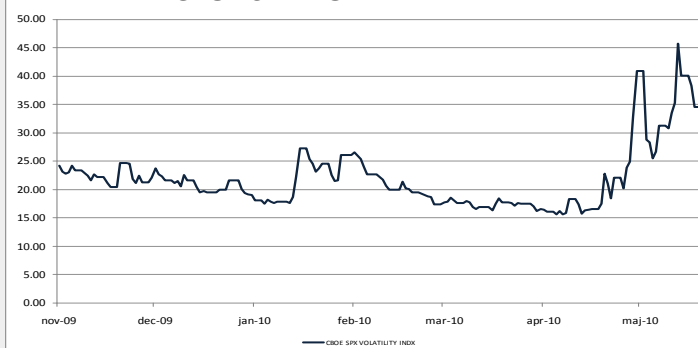
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 62.**

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 34.61** (prev. close at 38.32).

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.