

Theme Comment

- Risk sentiment bounced back in overnight trading after a sell-off in the US, but the S&P 500 appears to have trouble breaking through the Fib76 resistance around 1089 with Fib62 support at 1009. We sell on breaks today.
- Our credit indicators remain weak; the CDS index has climbed another point to 63 and the 3m USD Libor continues to rise. Furthermore the percentage of corporate bonds in distress is now at the highest since 2009.
- The US provides the only piece of really exciting economic data today as the second estimate of 1Q GDP will be released. We look for consumer spending and residential investment to drive our 3.5% forecast and expect risks to be to the upside.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
SW	07:30	PPI MoM (APR)		-0.3%	-1.5%
US	12:30	GDP QoQ (1Q S)	3.5%	3.4%	3.2%
US	12:30	PCE QoQ (1Q S)	3.8%	3.8%	3.6%

FX	Daily stance	Comment
EURUSD	0/+	EUR rebound could squeeze up to 1.2265, poss 1.2350, before lower. 1.2135-50 strong suppt area.
USDJPY	0/-	Prefer to sell rallies to 90.35 for a retracement back to 89.80-90 lvl again.
EURJPY	0/+	Break abv 110.30-45 area sees a stronger rebound to 111.45. Suppt 109.50.
GBPUSD	0/+	1.4365 likely to provide some suppt. Break abv 1.4440 suggests we target abv 1.45.
AUDUSD	0/+	0.8190-00 lvl strong suppt. Break abv 0.8330 would tgt 0.84. Below risks a test of 0.8125.
USDCAD	0/-	Expect to encounter res at 1.0740 for a slide towards 1.0550. Abv risks 1.0850 again.

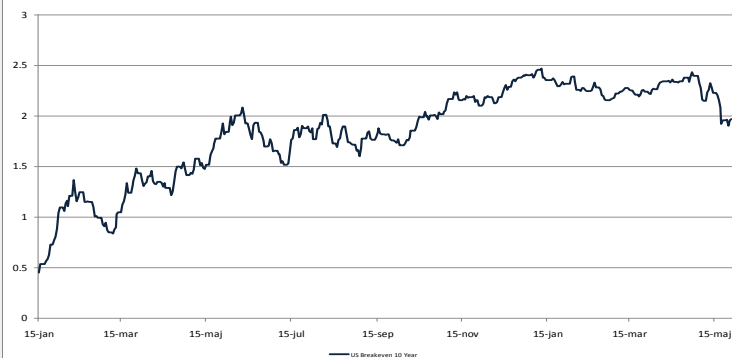
FX-Options	Comment
EURUSD	Vols turned bid in Ny as spot touched 1.2155 lows. Asian session saw a rally back to just under 1.23 but front end vols have not seen urgency to sell off just yet.
USDJPY	Curve has come off but with risk aversion starting to wane, sellers will push vols lower. However as fickle as risk sentiment is, USDJPY skew should hold up.
AUDUSD	Vols turn weaker as spot rallies through 8300. Liquidity is improving and likely gamma will come further under pressure if the rally gains momentum.

Equities	Daily stance	Comment
DAX	0/-	Sell at the break of 5716 targeting 5654. S/L above 5733.
FTSE	0/-	Sell at the break of 5021 targeting 4957. S/L above 5050.
S&P500	0/-	Sell at the break of 1064 targeting 1055. S/L above 1067.
NASDAQ100	0/-	
DJIA	0/-	

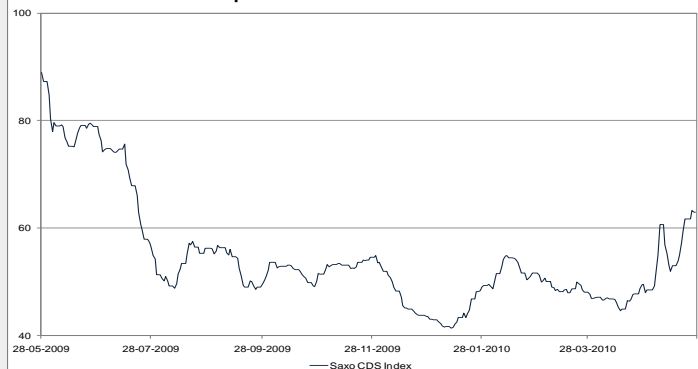
Commodities	Daily Stance	Comment
Gold	0/+	Buy at the break 1218 targeting 1228. S/L below 1215.
Silver	0/+	Buy at the break of 18.31 targeting 18.60. S/L below 18.22
Oil (CLN0)	0/-	Sell on rallies towards 72.72 targeting 71.60. S/L above 73.30.

Earnings Releases

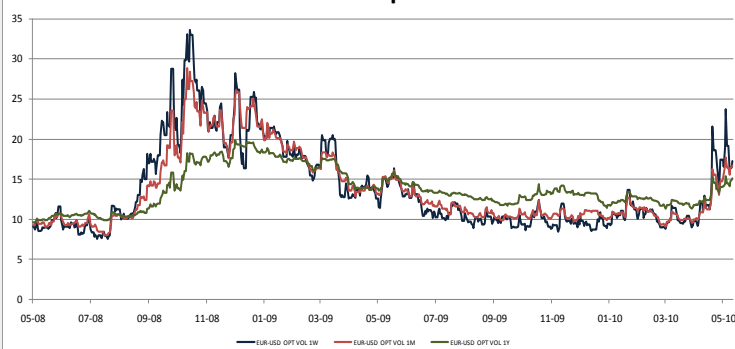
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
US		Costco Wholesale Corp	0.661	0.690	

US Breakeven 10 Year


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

Top 100 Global Stocks CDS Index


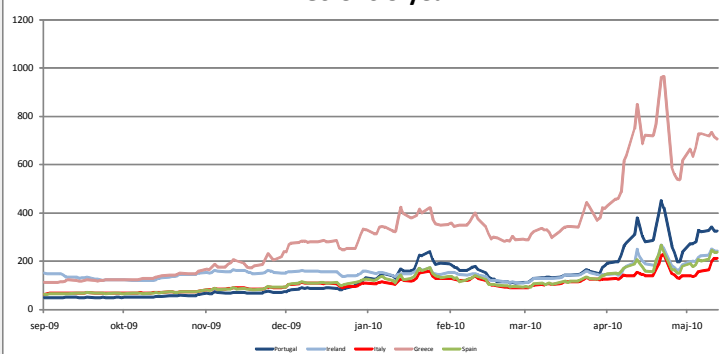
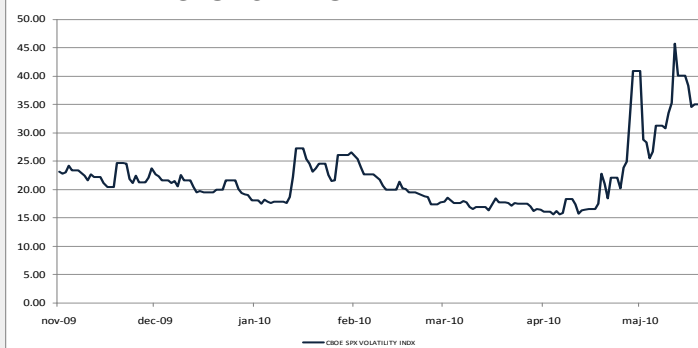
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 63.**

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 35.02** (prev. close at 34.61).

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