

Theme Comment

- The CNY is flying after the PBoC sought for “flexibility” in the exchange rate. All things Asian and commodity related are also higher. China, however, does not want to discuss the CNY in the upcoming G20 meeting.
- We are getting closer to our short-term target of 1150, above which we would sell rallies. We fear that this is the right shoulder in a big head-and-shoulders formation in S&P500 and that the trend in stocks will be declining towards the end of the year.
- Gold is making new highs and it looks like it is a buy on dips as long as it stays above 1250.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
JN	07:00	Convenience Store Sales YoY (MAY)			-3.7%
SZ	07:00	SNB publishes Monthly Bulletins			
EC	14:30	Trichet speaks to EU Parliament Committee			

FX	Daily stance	Comment
EURUSD	0	May struggle past 1.2490 recent high. Expect to range-trade 1.2375-1.2490 for now.
USDJPY	0	90.90-00 looks to be strong res. But suppt now expected at 90.65 so range-trading likely.
EURJPY	0	113.25 the next res. Abv looks to challenge 114.0 but momentum looks to be slowing.
GBPUSD	0	May squeeze up to 1.4960 but likely to still stuck in range. 1.4850-1.4935.
AUDUSD	0	Immed. res at 0.8835-40, may be tough to pass. Suggest 0.8750-0.8840 for today.
USDCAD	0	Break below 1.0110 would trigger rush to 1.00 again. Res now 1.0225.

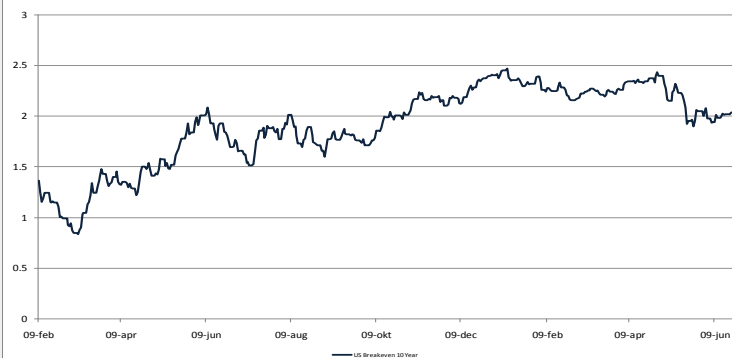
FX-Options	Comment
EURUSD	Vols better bid this morning as spot trades to 1.2490 high on the Sydney open. While ranges have narrowed since, we should see some pressure on front end in early Europe.
USDJPY	Vols slightly higher given the news surrounding the CNY. This morning's USDCNY fixing remains unchanged but vols are not seeing aggressive sellers just yet.
AUDUSD	Vols opened higher as spot gaps up on the opening. 1m traded to 14.9%, up from 14.4% on Friday but front end should start coming under pressure given the narrow spot range.

Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6256 targeting 6307. S/L below 6235.
FTSE	0/+	Buy on dips towards 5293 targeting 5330. S/L below 5280.
S&P500	0/+	Buy on dips towards 1125 targeting 1131. S/L below 1122.
NASDAQ100	0/+	
DJIA	0/+	

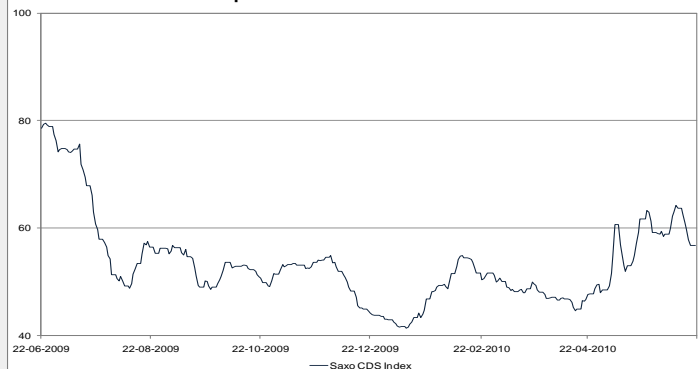
Commodities	Daily Stance	Comment
Gold	0/+	Buy on dips towards 1252 and target 1264. Stop below 1249.
Silver	0/+	Buy on dips towards 19.20 and target 19.44. Stop below 19.12.
Oil (CLNO)	0/+	Buy on dips towards 78 and target 79.50. Stop below 77.40.

Earnings Releases

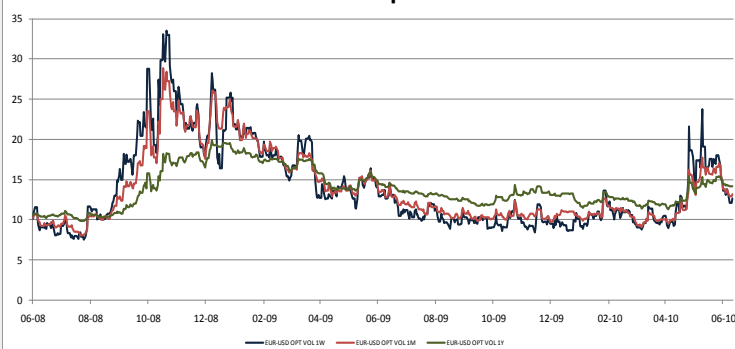
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year


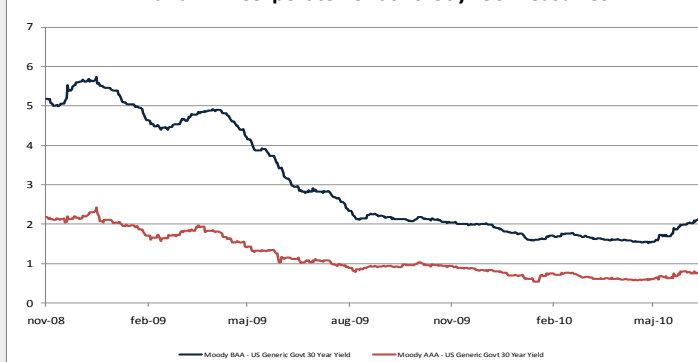
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


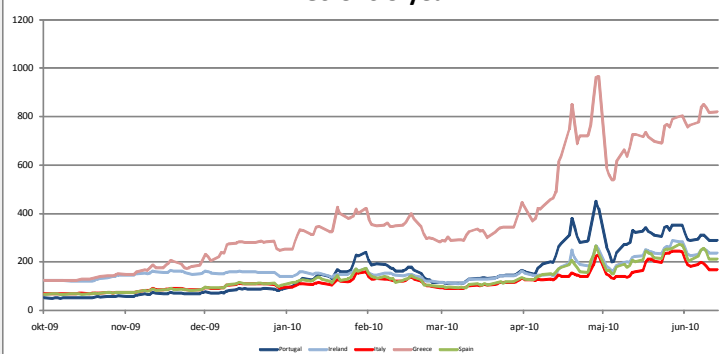
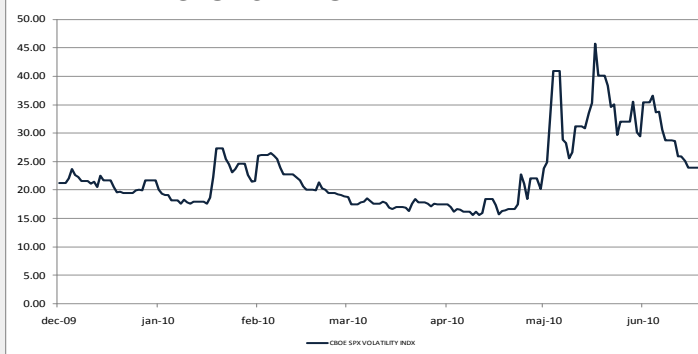
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 57.**

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 23.95** (prev. close at 25.05).

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