

Theme Comment

- Both Chicago Fed and the Dallas Fed were quite disappointing yesterday and it more and more looks like a double-dip in H2 2010.
- The EUR continues to drop as PIIGS rates continue to rise and the spread to German/Northern rates widens. EURCHF has dropped more than 6% MTD (21% since 2007) and looks like a freight train going south. It also looks like SNB has given up on intervention and will let the cross run its course.
- S&P500 close to 1040, which could be the neckline in a big head-and-shoulders formation. We expect some support around 1060-62 (trendline from March 2009) and thus would buy the dips today.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
EC	09:00	Indus./Consum./Econ. Confidence (JUN)		-6/-17/98.1	-6/-17/98.4
US	13:00	CaseShiller 20-City HPI YoY (APR)	3.5%	3.4%	2.3%
US	14:00	Conf. Board Consumer Confidence (JUN)		62.5	63.3

FX	Daily stance	Comment
EURUSD	0/-	Sell on rallies towards 1.2270 and target 1.2210. Stop above 1.2290.
USDJPY	0/-	Sell on rallies towards 89.10 and target 88.60. Stop above 89.50.
EURJPY	0/-	Sell the break of 108.08 and target 107. Stop above 108.25.
GBPUSD	0	Neutral.
AUDUSD	0/-	Sell on rallies towards 0.8660 and target 0.8600. Stop above 0.8690.
USDCAD	0/+	Buy on dips towards 1.0380 and target 1.0440. Stop below 1.0360.

FX-Options	Comment
EURUSD	Vols were a touch higher as spot drifts lower. The risk reversals are better bid and front end vols held steady despite finding offers most of the session.
USDJPY	Vols paid as spot tumbles under 8900 with Chinese equities leading the way. Some short covering in gamma and risk reversals prevail.
AUDUSD	Curve is paid as risk aversion continues to grip the market. After yesterday's complacent vol selling we see nervousness return as market tries to cover short gamma.

Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6070 and target 6134. Stop below 6046.
FTSE	0/+	Buy on dips towards 5005 and target 5044. Stop below 4989.
S&P500	0/+	Buy on dips towards 1062 and target 1074. Stop below 1058.
NASDAQ100	0/+	
DJIA	0/+	

Commodities	Daily Stance	Comment
Gold	+	Buy around 1238 and target 1249. Stop below 1233.
Silver	0/+	Buy on dips towards 18.50 and target 18.75. Stop below 18.40.
Oil (CLQ0)	0/+	Buy on dips towards 76.50 and target 78.00. Stop below 76.00.

Earnings Releases

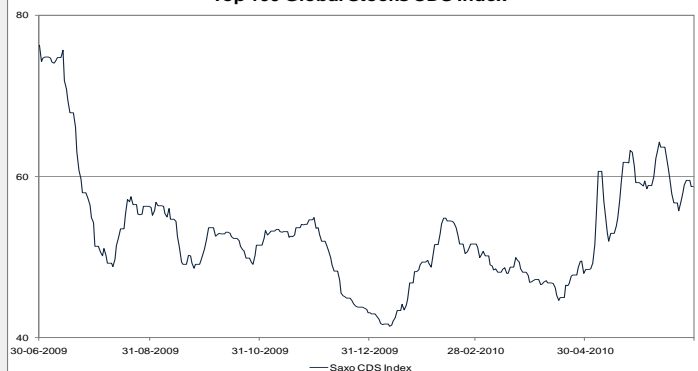
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year



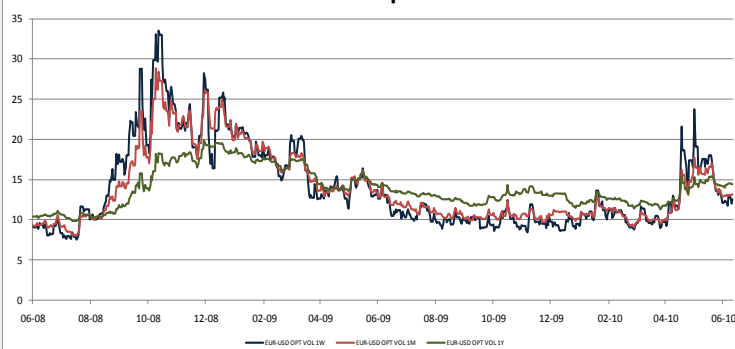
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



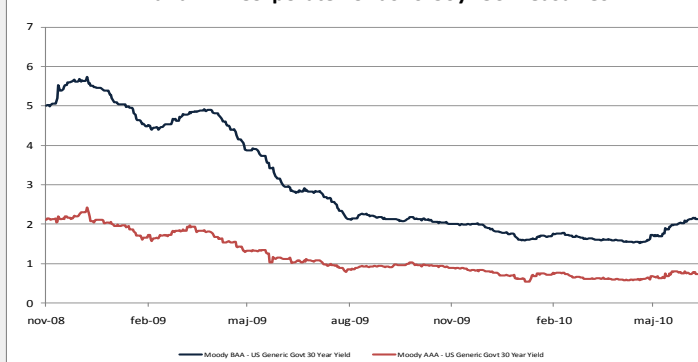
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 59.**

EURUSD Opt. Vol.



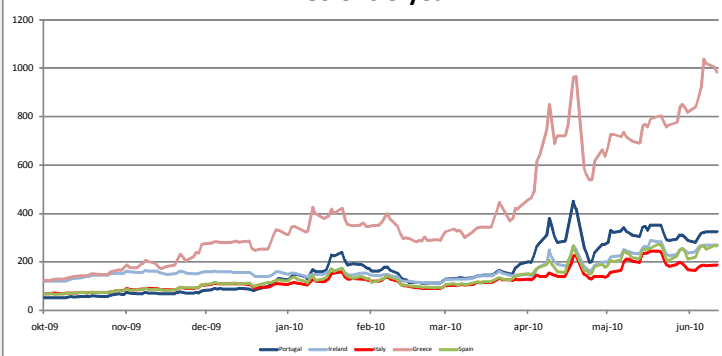
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

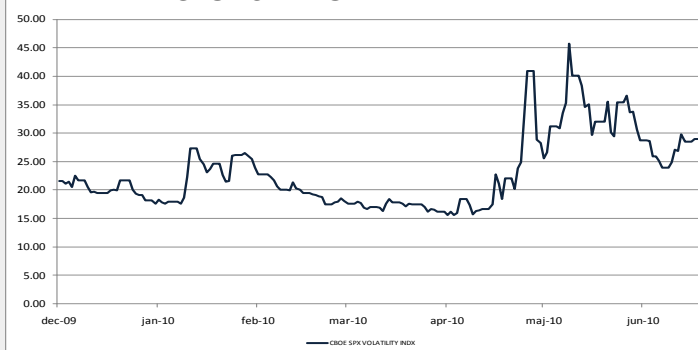


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 29.00** (prev. close at 28.53).

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