

Theme Comment

- US ADP Employment Change disappointing at 13K vs. 60K expected. Chinese HSBC PMI almost in contraction (50.2) and Australian building approvals down 6.6% MoM.
- It more and more looks like a double-dip in GDP on a global scale. This is being priced into treasuries.
- Spain is on watch for a downgrade from Aaa, says Moody's (which itself is on watch for a downgrade, says S&P!)
- We recommend Scandinavian government bonds with the longest maturity possible. They are showing the largest negative beta to stocks/risk. We also recommend selling stocks on rallies as long as they stay below 1042 in S&P500.
- Merkel got her president, but it was more tight than comfortable. A weak government. That should also hit the EUR. EURCHF now at new lows.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
US	12:30	Initial / Continuing Jobless Claims		455K / 4550K	471K / 4548K
US	14:00	ISM Manufacturing / Prices Paid	59.2 / -	59.0 / 70.0	59.7 / 77.5
US	14:00	Pending Home Sales MoM (MAY)		-14.2%	6.0%

FX	Daily stance	Comment
EURUSD	0/-	Sell on rallies towards 1.2300 and target 1.2220. Stop above 1.2320.
USDJPY	0/-	Sell at the break of 88.08 and target 88.20. Stop above 88.35.
EURJPY	0/-	Sell at the break of 107.32 and target 106.70. Stop above 107.50.
GBPUSD	0/-	Sell on rallies towards 1.4970 and target 1.4900. Stop above 1.5010.
AUDUSD	0	Neutral.
USDCAD	0	Neutral.

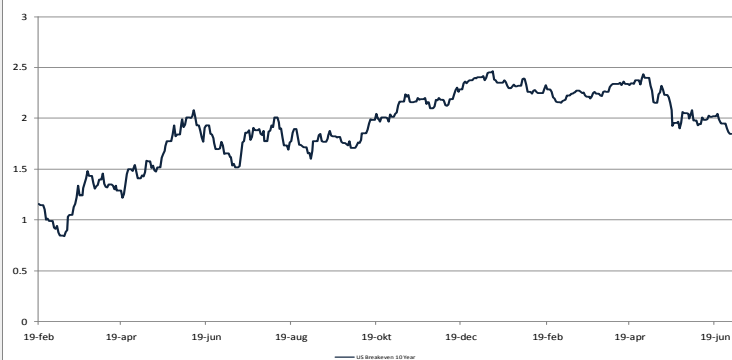
FX-Options	Comment
EURUSD	Despite some easing in the later part of the European day, the curve is still higher from the previous day. Spot re-testing 1.22 in Asia and US payrolls should keep gamma bid.
USDJPY	Gamma continues to get paid and downside strikes in particular sees abundance of bids. 1m is now 12.2% up almost 1 vol from the start of the week.
AUDUSD	Spot drops to 8320 lows and vols once again squeeze higher across. Market remains very nervous of an extended selloff and risk reversals and vols keep pushing higher.

Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 5900 and target 5835. Stop above 5927.
FTSE	0/-	Sell on rallies towards 4865 and target 4810. Stop above 4883.
S&P500	0/-	Sell on rallies towards 1033 and target 1027. Stop above 1036.
NASDAQ100	0/-	
DJIA	0/-	

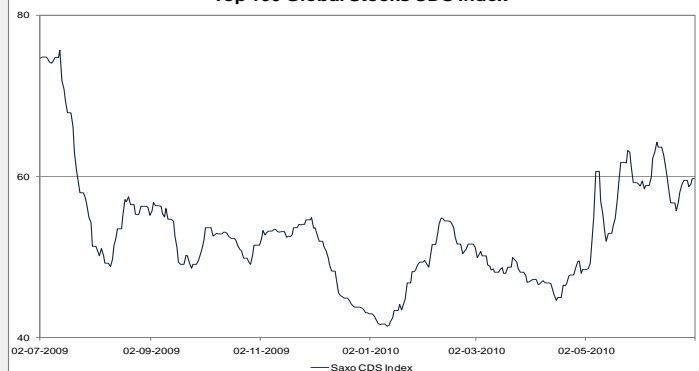
Commodities	Daily Stance	Comment
Gold	0/+	Buy at the break of 1244 and target 1254. Stop below 1240.
Silver	0/+	Neutral.
Oil (CLQ0)	0/-	Sell at the break of 74.50 and target 73.00. Stop above 75.10.

Earnings Releases

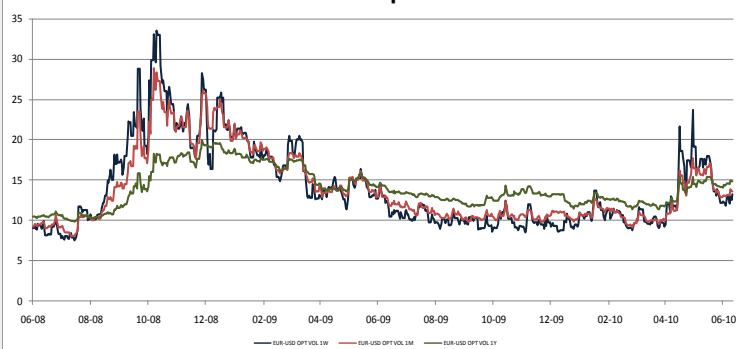
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year


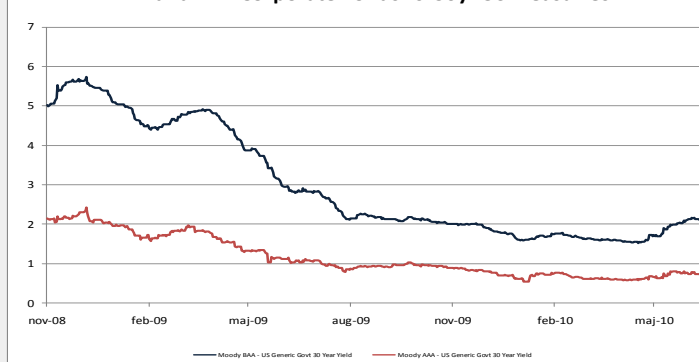
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


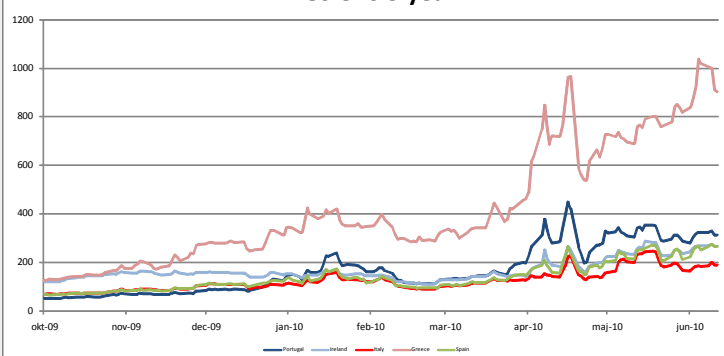
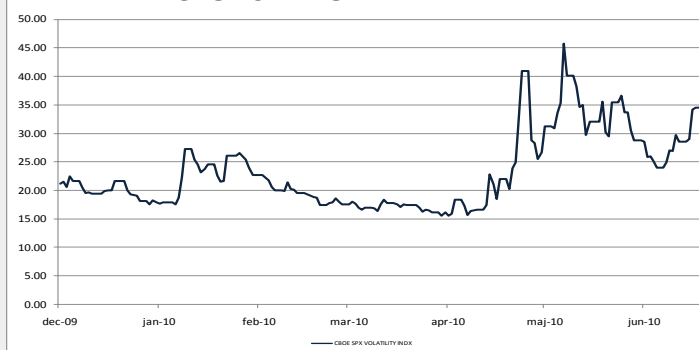
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 60.**

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 34.54** (prev. close at 34.13).

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.