

**Theme Comment**

- US consumer credit took another nosedive in May (-\$9.1B) following a huge downward revision to April (-\$14.9B from \$1.0B), which demonstrates exactly why the consumer will not take over – as is usually the case – in this recovery from the initial manufacturing bounce that is now slowing down.
- We will kick off earnings season on Monday (Alcoa) and with analysts having revised down 2Q earnings (especially financials) in the last couple of months, the companies can pretty much only surprise to the upside. Equity analysts, for example, only expect GS to generate barely half the earnings they managed in 2Q2009.
- Watch out for housing starts from Canada today. Cracks are beginning to appear in the property markets in China, Australia, and Canada, but will they turn into slight corrections or full-blown crashes?
- Stocks rallied 0.70% from the close of the European session and we expect another positive day as the market prepares for another earnings season that will probably see more ‘beats’ than ‘misses’.

**Economic Data Releases**

Country	Time (GMT)	Name	Saxo	Consensus	Prior
UK	08:30	PPI Output MoM (JUN)	0.0%	0.1%	0.3%
CA	11:00	Chng in Employment / Unempl. Rate (JUN)	12.9K / 8.0%	20.0K / 8.1%	24.7K / 8.1%
CA	12:15	Housing Starts (JUN)		190.3K	189.1K

FX	Daily stance	Comment
EURUSD	0/+	While holding abv 1.2670 chance we test 1.2750 but below risks 1.2600 first.
USDJPY	0	Continuing slow grind higher but meets res at 89.0. Suppt 88.40.
EURJPY	0	Testing channel res at 112.50. Abv targets 113.30 else slide back to 111.70.
GBPUSD	0/+	Buy dips to 1.5120 for re-test of 1.5250. Stop below 1.5095.
AUDUSD	0/+	Buy dips to 0.8735 for a test of prev. high at 0.8860. Stop below 0.8690.
USDCAD	0	Suppt below 1.04 seen holding for a ranging day 1.0400-1.0480.

FX-Options	Comment
EURUSD	Spot ranges continue to narrow and vols move lower. Some overnight ATM and EUR call buying going on yesterday which could suggest extension of spot above 1.27
USDJPY	Curve continues to come under pressure as spot ticks up. There seems to be some low delta upside strikes above 90 for 1wk and under being paid in the market.
AUDUSD	Sellers continue to push front end vols lower. 1m is now 15.3@, down from 15.7% and as spot continues to grind higher gamma is unlikely to find support.

Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6050 and target 6100. Stop below 6026.
FTSE	0/+	Buy on dips towards 5121 and target 5163. Stop below 5100.
S&P500	0/+	Buy on dips towards 1065 and target 1075. Stop below 1061.
NASDAQ100	0/+	
DJIA	0/+	

Commodities	Daily Stance	Comment
Gold	0	Looking for further consolidation around 1,200. Range 1,190-1,210. Sml risk be break lwr to 1,184 again
Silver	0/-	Major res coming in at 18.05. Sell there for a dip to 17.70, stop abv 18.15
Oil (CLQ0)	0	Expect suppt at 75.45 to hold for a ranging day between 75.50-76.0

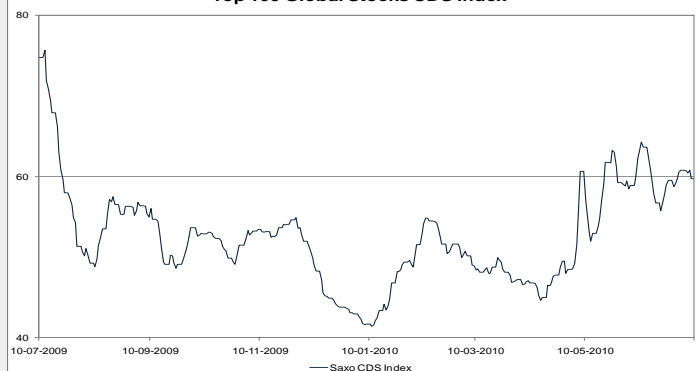
**Earnings Releases**

## US Breakeven 10 Year



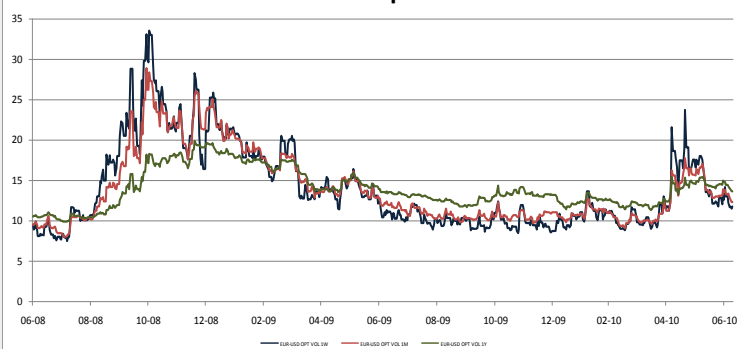
USD breakeven 10 Year – an expression for measuring inflation expectations.

## Top 100 Global Stocks CDS Index



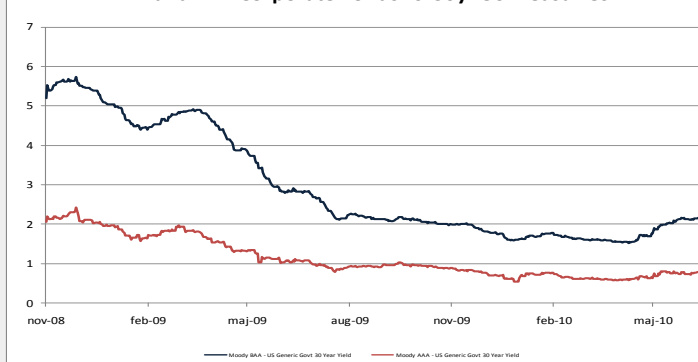
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 60.**

## EURUSD Opt. Vol.



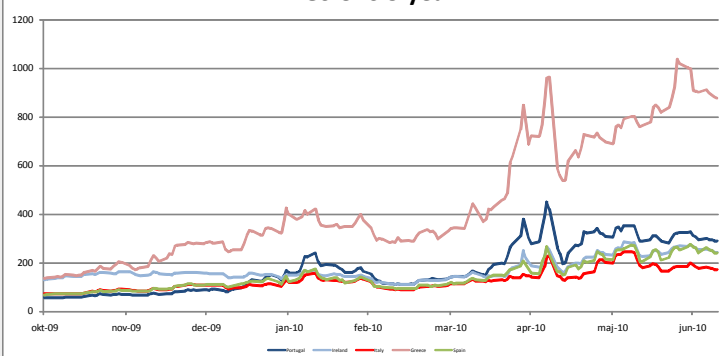
Volatility at different time horizons. Too low, now?

## AAA and BAA Corporate Bonds vs. 30yr US Treasuries

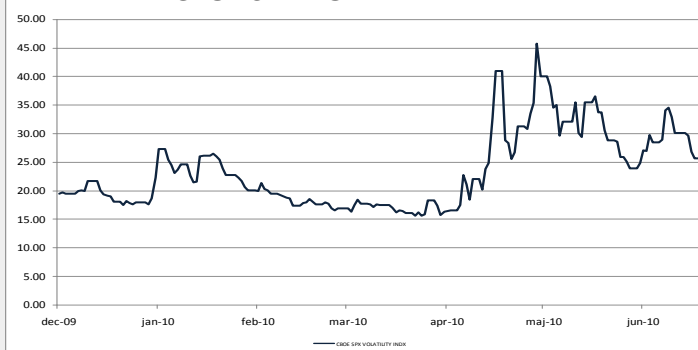


Spreads are easing, but still **showing tight corporate debt markets.**

## PIIGS CDS 5 year



## CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 25.71** (prev. close at 26.84).

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