

Theme Comment

- European regulators are said to describe 3 scenarios in the upcoming stress test, where the sovereign-shock scenario being the most severe. We still believe the assumptions of the test is too relaxed and fear that the market will drop on the back of the release as it judges the inputs being not sufficient stressful. Government bond yield in PIIGS countries are edging higher.
- Apple posted a 78 percent surge in the third-quarter profit and this triggered a rally in risk overnight in Asia. Look out for earnings from Morgan Stanley and Abbott Laboratories today as drivers of further risk appetite.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
UK	08:30	Bank Of England Minutes	-	-	-
US	11:00	MBA Mortgage Applications (JUL)	-	-	-2.9%
CA	12:30	Whole Sales MoM (MAY)	-	0.4%	-0.3%

FX	Daily stance	Comment
EURUSD	0/-	Res now seen at 1.2925, sell towards there for a re-test of 1.2840, stop abv 1.2965
USDJPY	0/-	87.50 still caps for a retracement back to 87.0. Stop abv 87.85
EURJPY	0	Likely stuck within 112.0-113.0 parameters. Awaiting developments
GBPUSD	0/-	1.53 still caps for next down-leg targeting 1.5220, stop abv 1.5355
AUDUSD	0/-	0.8840-50 remains resistance. Look for dip back to 0.8780, stop abv 0.8880
USDCAD	0/+	N/term suppt just below 1.04. Expect rebound towards 1.0485 res.

FX-Options	Comment
EURUSD	Vols turned offere, Sell rallies for a re-test of d in the NY session and several good names ere seen upside EUR calls for good days. Gamma should find support if spot goes through 1.28.
USDJPY	Vols ended up flat mostly. There were a few buyers for short date downside strikes around 8650 and also 6m ATM traded 12.85% right in the middle of the spread.
AUDUSD	2w traded at 15.1% for around 180mio all day which covers the next RBA rate decision. The rest of the curve holds still despite spot in a narrow range.

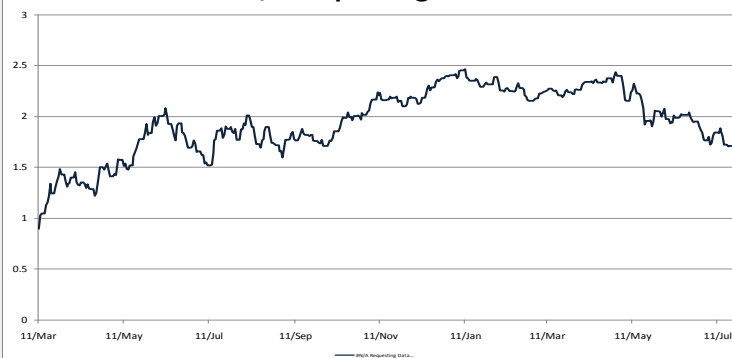
Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 5992 targeting 6040. S/L below 5973.
FTSE	0/+	Buy on dips towards 5153 targeting 5187. S/L below 5138.
S&P500	0/+	Buy on dips towards 1079 targeting 1089. S/L below 1075.
NASDAQ100	0/+	
DJIA	0/+	

Commodities	Daily Stance	Comment
Gold	0/-	Still see res at 1,195 for a test of 1,175, stop abv 1,201
Silver	0/-	Look to sell rallies to 17.90 for a dip back to 17.40, stop abv 18.10
Oil (CLU0)	0/-	Seen capped at 78.0 for now. Look for slippage down to 77.20

Earnings Releases

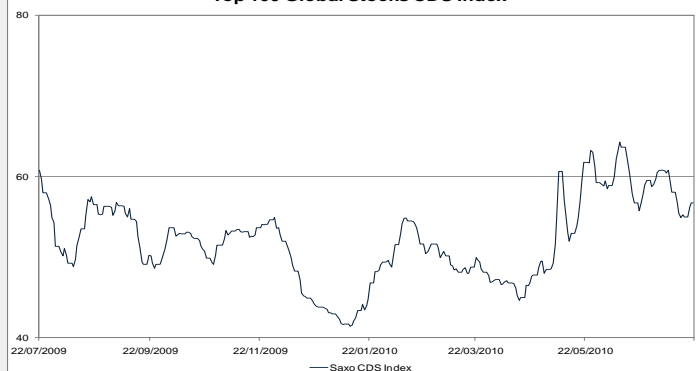
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
UK	11:00	GlaxoSmithKline	0.281	0.264	
US	Bef-Mkt	Abbott Laboratories	0.998	0.840	
US	12:00	Morgan Stanley	0.474	0.800	

#N/A Requesting Data...



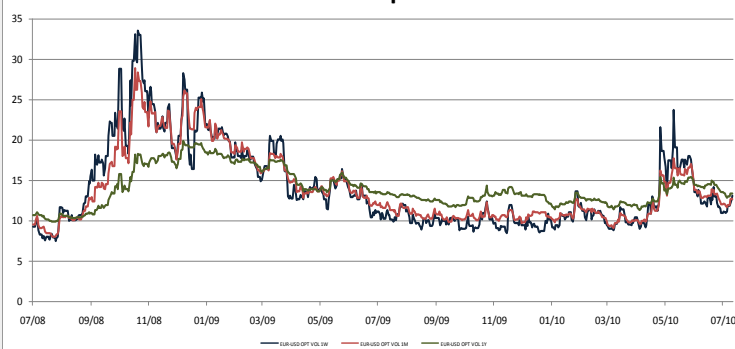
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



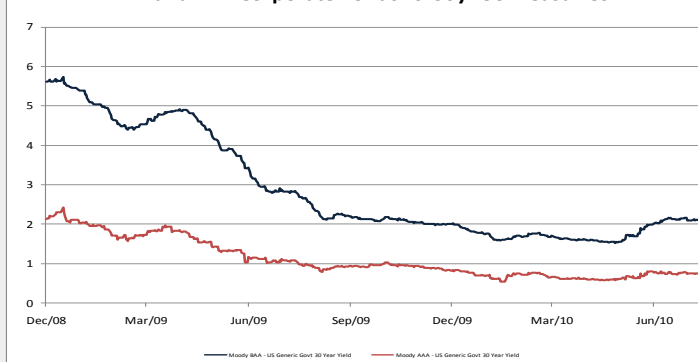
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 57.**

EURUSD Opt. Vol.



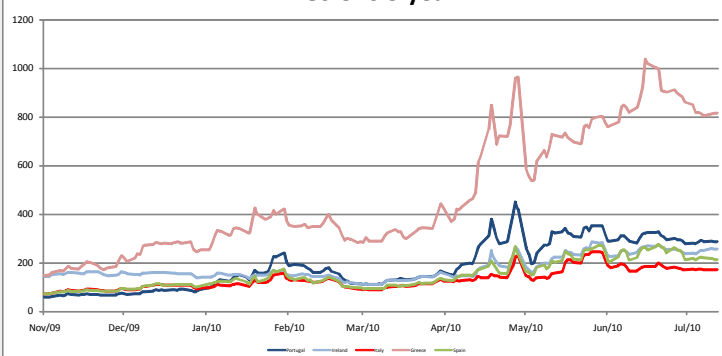
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

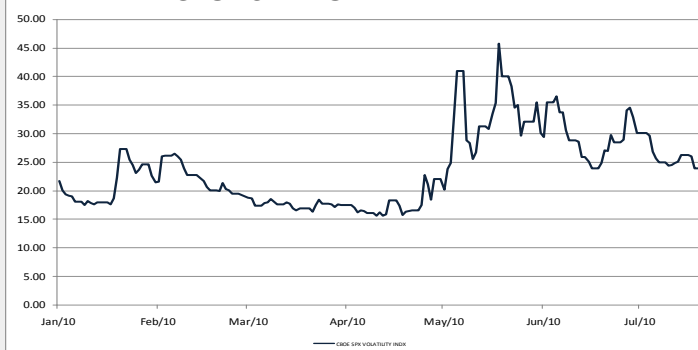


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 23.93** (prev. close at 25.97).

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