

Theme Comment

- Extremely solid numbers out of Europe on Friday combined with the results of the stress tests sparked a rally in risk and the S&P500 closed above 1100 for the first time in roughly a month. We expected soft tests and hence it was unsurprising that only 7 out of 91 banks failed. In addition, the results show that EUR 30bn is needed in new capital in the banking sector while we expected a much higher figure of EUR 75bn. We still believe that there are too many uncertainties in the US and European banking sectors to enter long positions in financials.
- German IFO was surprisingly strong at 106.2 and 105.5 for Business Climate and Expectations, respectively (101.8 and 102.5). UK GDP also surprised greatly to the upside, recording 1.1% QOQ, which translates to 4.5% annualized.
- US New Home Sales is the highlight today and we expect a 5% increase in sales. Not because the housing market is improving, but simply because of the horrendously low level of sales in May. The -32.7% MoM decline was likely exaggerated by the tax credit expiration (for New Home Sales, the tax credit expired in April).

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
SW	07:30	Trade Balance (JUN)		6.5B	2.7B
US	12:30	Chicago Fed Nat. Activity Index (JUN)			0.21
US	14:00	New Home Sales - Units / MoM (JUN)	315K / 5.0%	311K / 3.7%	300K / -32.7%

FX	Daily stance	Comment
EURUSD	0/+	Buy dips to 1.2885 for the next leg back to 1.30, stop below 1.2830.
USDJPY	0/-	Prefer to sell rallies to 87.85, stop abv 88.15 for a dip to 87.20.
EURJPY	0	112.50-113.50 looks to be the range for today.
GBPUSD	0/+	Buy dips to 1.54 for 1.55560 target. Stop below 1.5340.
AUDUSD	0	While holding below 0.8980 risk we retrace back to 0.8900-10 area before chance of higher.
USDCAD	0	1.0350 looks immediate support for a 1.0350-1.0420 range. Below risks 1.03.

FX-Options	Comment
EURUSD	Vols came off fairly aggressively in the front end after the results of the EU stress tests. Spot remained near the highs on Friday and skew should come off more if this continues.
USDJPY	With spot noe firmly off the 87.00 level, vols are unlikely to see any demand. The market seems comfortable selling gamma . 1m traded at 10.9, unchanged from Friday's NY close.
AUDUSD	Vols have been coming off since Friday and the rangebound session in Asia is likely to put further pressure on the curve. 1m risk reversals are now 3.5 AUD puts over.

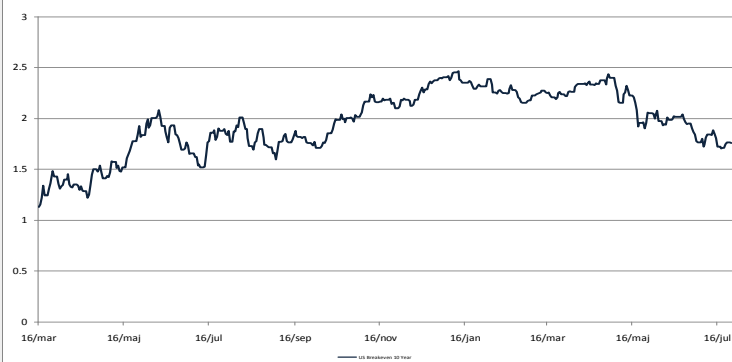
Equities	Daily stance	Comment
DAX	0/+	Buy on dips towards 6190 targeting 6242. S/L below 6167.
FTSE	0/+	Buy on dips towards 5323 targeting 5371. S/L below 5306.
S&P500	0/+	Buy on dips towards 1099 targeting 1104. S/L below 1096.
NASDAQ100	0/+	
DJIA	0/+	

Commodities	Daily Stance	Comment
Gold	0/-	Sell at the break of 1190 targeting 1185. S/L above 1192.
Silver	0/-	Sell at the break of 18.11 targeting 18.05. S/L above 18.15.
Oil (CLU0)	0/+	Buy at the break of 79.28 targeting 79.92. S/L below 78.99

Earnings Releases

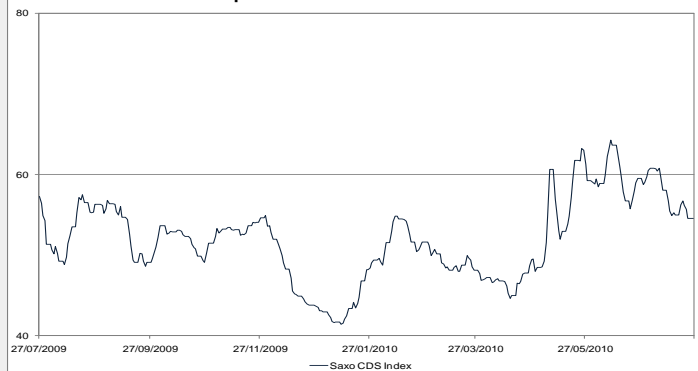
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
---------	------------	------	----------	-----------	---------

US Breakeven 10 Year



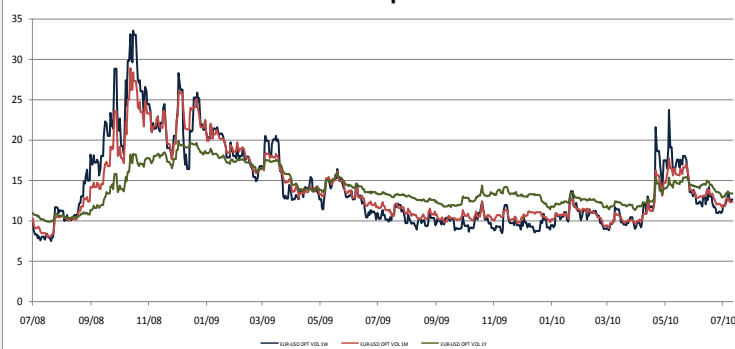
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



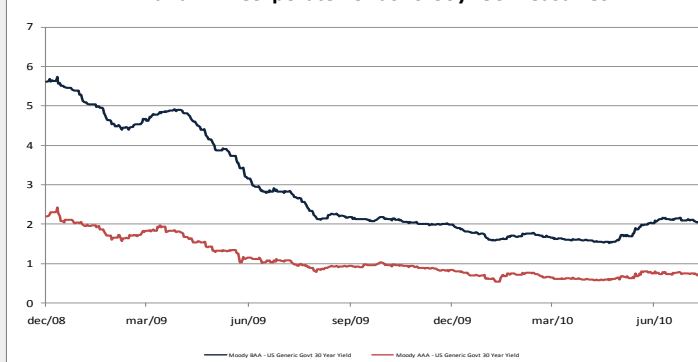
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 55.**

EURUSD Opt. Vol.



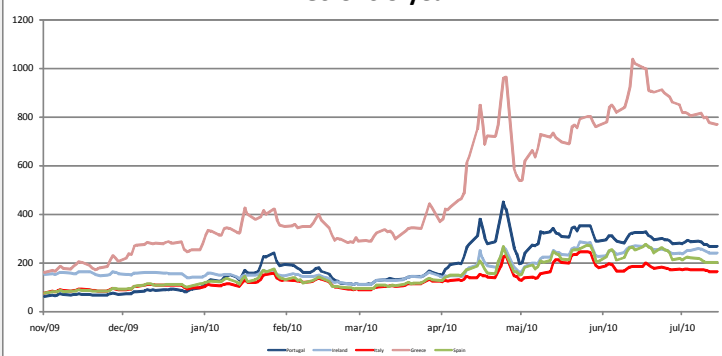
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

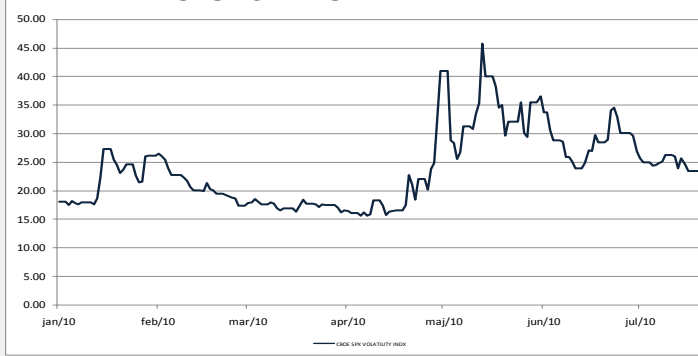


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 23.47** (prev. close at 24.63).

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.