

Theme Comment

- Earnings have once again been better than expected this earnings season. We expect the earnings surprise to be mostly priced in now. Hence macro will become more important again, starting with US GDP today. We have plenty of data today, but GDP is the main event. We expect a solid growth of 2.6% driven by consumer spending, which we also expect will increase 2.6%.
- QE2 looks more and more likely. Not only are the US economic data not too comforting at the moment, but Regional Fed President Bullard is now openly calling on the Fed to purchase treasuries if (we say when) the economy slows.
- Japan's unemployment rate rose to 5.3% in June, industrial production fell 1.5% MoM, while CPI was unchanged at - 0.7% YoY.

Economic Data Releases

| Country | Time (GMT) | Name | Saxo | Consensus | Prior |
|---------|------------|---------------------------------------|--------------|--------------|--------------|
| EC | 09:00 | Unemployment Rate / CPI YoY (JUN/JUL) | 10.0% / 1.6% | 10.0% / 1.7% | 10.0% / 1.4% |
| US | 12:30 | GDP / PCE (2Q, QoQ annualized, A) | 2.6% / 2.6% | 2.6% / 2.4% | 2.7% / 3.0% |
| CA | 12:30 | GDP MoM (MAY) | 0.3% | 0.2% | 0.0% |

| FX | Daily stance | Comment |
|--------|--------------|--|
| EURUSD | 0/+ | Buy dips to 1.3045 for a month-end fix rally to 1.3120. Stop below 1.2990. |
| USDJPY | 0/- | Break below 86.25 suggests 85.50 target, poss 85.0 else stuck in 86.25-87.0 range. |
| EURJPY | 0/- | Slide can extend to 112.00 area but generally 112.0-113.50 range. |
| GBPUSD | 0/+ | Rebound off 1.56 likely limited to 1.5670 area. |
| AUDUSD | 0/+ | Prefer buying dips to 0.8960-70 for final bounce to 0.9065 on mth-end fix demand. Stop below 0.8930. |
| USDCAD | 0/- | Capped at 1.0385, looking for a dip back to 1.03 again. Below risks 1.0250. |

| FX-Options | Comment |
|------------|--|
| EURUSD | Vols offered throughout the European session but EUR calls are still getting paid. 11 Aug FOMC date ATM strikes also traded in NY session. |
| USDJPY | Curve unchanged in Asia even as spot attempts to test 8600. There was a buyer 1w 8600s for 100mio and also buyer of Monday 8550/8700 risk reversal. |
| AUDUSD | Vols seem to have found some support after a week of constant selling. 1m risk reversal traded at 3.6 and some buyers for downside strikes in general. |

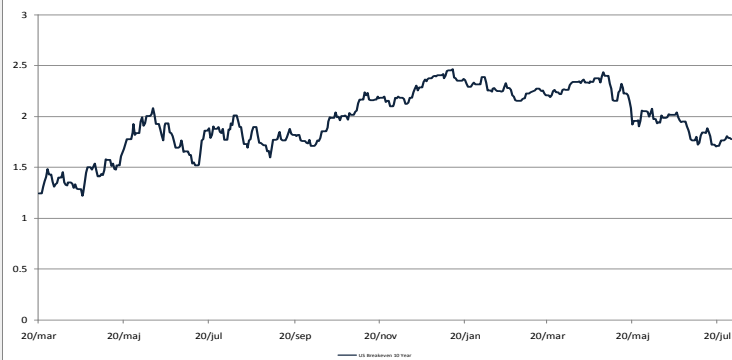
| Equities | Daily stance | Comment |
|-----------|--------------|--|
| DAX | 0/- | Sell at the break of 6124 targeting 6094. Stop/Loss above 6140. |
| FTSE | 0/- | Sell at the break of 5310 targeting 5279. Stop/Loss above 5320. |
| S&P500 | 0/- | Sell on rallies towards 1099 targeting 1091. Stop/Loss above 1101. |
| NASDAQ100 | 0/- | |
| DJIA | 0/- | |

| Commodities | Daily Stance | Comment |
|-------------|--------------|---|
| Gold | 0/+ | Buy on dips towards 1167 targeting 1176. Stop/Loss below 1164.50 |
| Silver | 0/+ | Buy on dips towards 17.56 targeting 17.70. Stop/loss below 17.50. |
| Oil (CLU0) | 0/- | Sell at the break of 77.95 targeting 77.50. Stop/Loss above 78.20 |

Earnings Releases

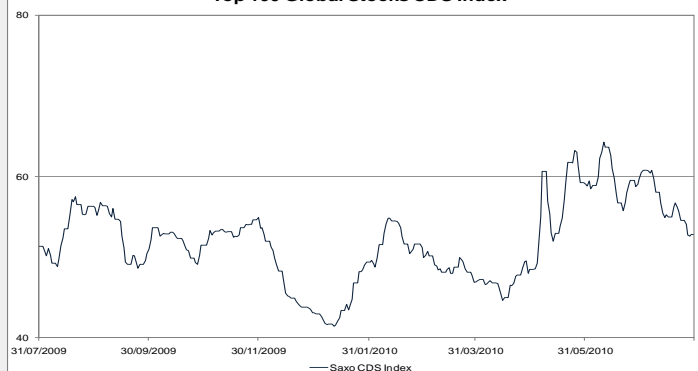
| Country | Time (GMT) | Name | EPS exp. | EPS prior | Comment |
|---------|------------|-------|----------|-----------|---------|
| US | | Merck | 0.825 | 0.830 | |

US Breakeven 10 Year



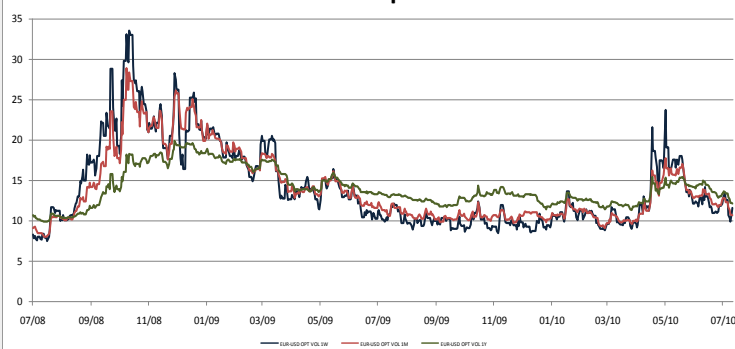
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



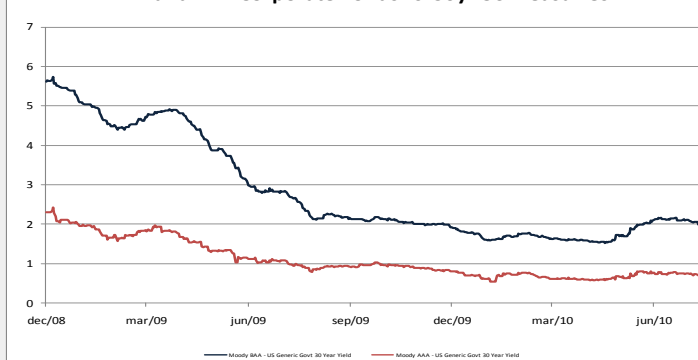
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 53.**

EURUSD Opt. Vol.



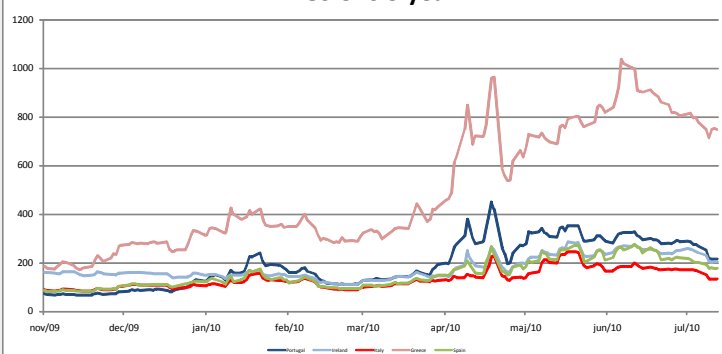
Volatility at different time horizons. Too low, now?

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 24.13** (prev. close at 24.25).

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