

Theme Comment

- Chinese housing prices rose 10.3% from a year ago in July, which is down from 11.4% in June. In addition, the BOJ kept rates unchanged and more importantly did not announce any new easing measures. These news sent stocks down overnight. Chinese trade balance increased to \$28.7B in July from \$20.0B the previous month.
- A bunch of economic releases today, but the market will be waiting anxiously for the FOMC announcement. Stocks and EURUSD have gained in recent days as the market builds a case for some type of quantitative easing. We think the market is expecting too much too soon and hence could be in for a surprise tonight.
- Wholesale inventories will provide another hint as to whether US 2Q GDP will be revised down from the initial 2.4%.
- In the last couple of days Goldman Sachs has revised down both their US GDP, Japan GDP, and S&P500 forecasts.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
NO	08:00	CPI MoM (JUL)		-0.3%	-0.1%
CA	12:15	Housing Starts (JUL)		185.0K	192.8K
US	18:15	FOMC Rate Decision	0.25%	0.25%	0.25%

FX	Daily stance	Comment
EURUSD	0/-	Look to sell rallies abv 1.32 for another push to 1.3050. Stop abv 1.3245.
USDJPY	0/-	Still prefer to sell rallies to 86.10 for a dip back to 85.20. Stop abv 86.55.
EURJPY	0/-	Sell rallies to 113.35 for a test of 112.0, stop abv 113.85.
GBPUSD	0/-	Sell rallies to 1.5840-50 area for a deeper retracement to 1.5680. Stop abv 1.5890.
AUDUSD	0	N/term suppt at 0.9110. If holds stuck in 0.9110-0.9180 range else target 0.9025.
USDCAD	0/+	Break abv 1.0310 would signal deeper correction to 1.0390 else stuck 1.0230 – 1.0310.

FX-Options	Comment
EURUSD	Backend vols were bid throughout the day and Thursday/Friday options bid. Low strikes also seeing some demand as spot hits 1.3150 lows in Asia.
USDJPY	Yen curve stays well supported in the front. Spot has mostly stayed in 25 point range but with FOMC being key, intraweek strikes are still bid.
AUDUSD	Spot attempts to test 9100 in a risk averse Asian session. Vols are paid up in the front end. 1m is paid up to 12.5% from 11.8% yesterday.

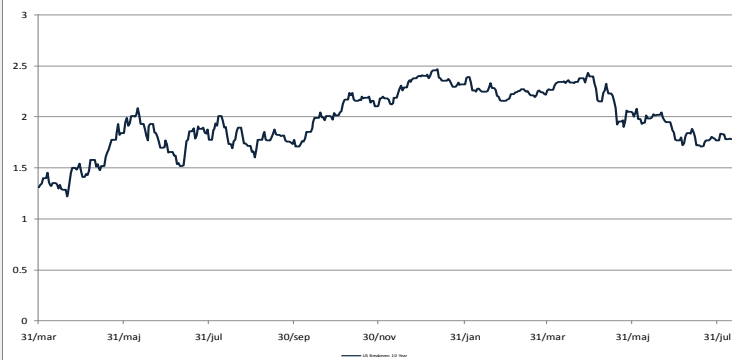
Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 6350 targeting 6297. S/L above 6366.
FTSE	0/-	Sell on rallies towards 5405 targeting 5373. S/L above 5420.
S&P500	0/-	Sell on rallies towards 1126 targeting 1119. S/L above 1129.
NASDAQ100	0/-	
DJIA	0/-	

Commodities	Daily Stance	Comment
Gold	0/+	Buy at the break of 1202 targeting 1208. S/L below 1199.
Silver	0/+	Buy on dips towards 18.26 targeting 18.39. S/L below 18.19.
Oil (CLU0)	0/-	Buy on dips towards 80.62 targeting 81.62. S/L below 80.44.

Earnings Releases

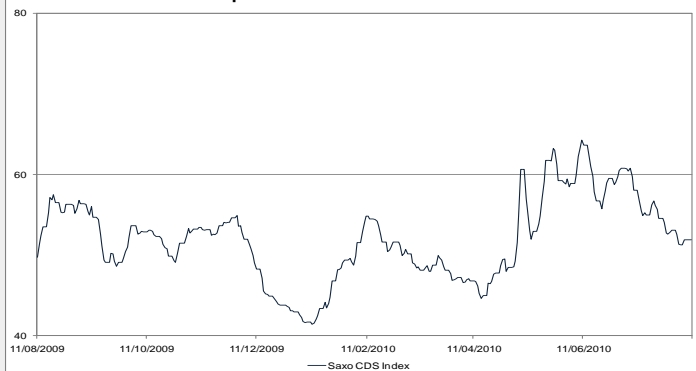
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year



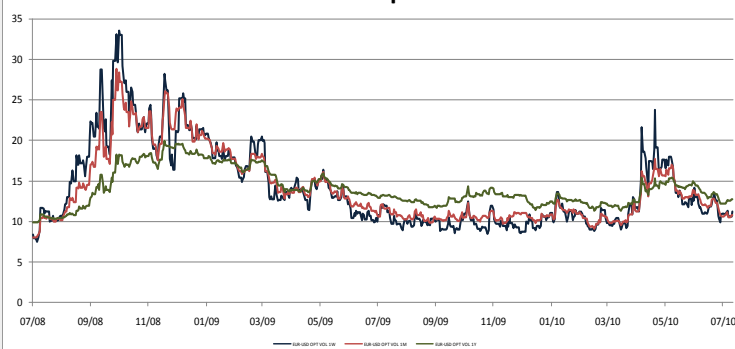
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



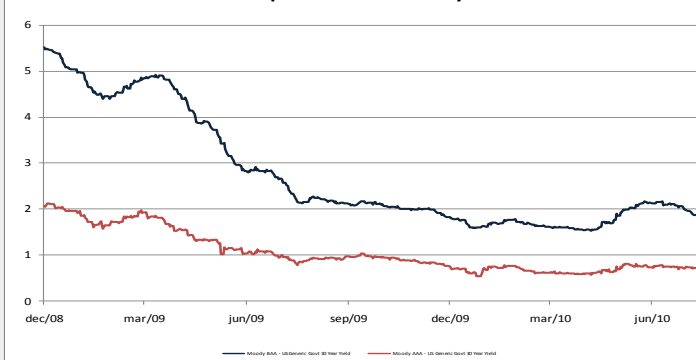
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 52.**

EURUSD Opt. Vol.



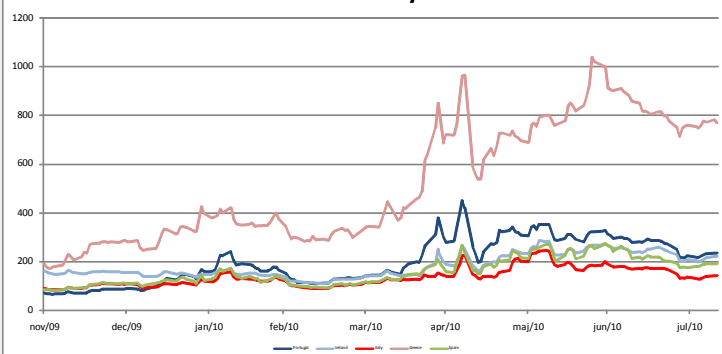
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

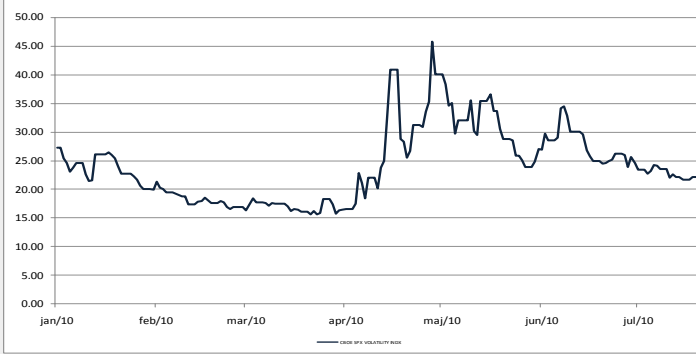


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 22.14** (prev. close at 21.74).

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