

Theme Comment

- A fairly light calendar today will keep the markets focused on tomorrow's heavy calendar, which includes EC GDP, US CPI, and US Retail Sales. Australian employment data produced a surprise as the unemployment rate rose to 5.3% from 5.1%, but it was primarily due to a higher participation rate (65.5% from 65.3%) – though full time employment did drop (-4.2K) for the first time in twelve months.
- US Trade Balance yesterday was horrible at -\$49.9bn for June vs. -\$42bn in May. US 2Q GDP takes another hit and it is now very likely that the first revision in two week's time will see 2Q GDP revised far below 2% QoQ (SAAR).
- Cisco reported strong earnings yesterday, but presented a lower sales forecast for the rest of 2010 than expected. Intel has lately been downgraded on the back of expected weaker PC-sales which points towards weaker earnings in the tech-sector. Prices should correct down.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
SW	07:30	CPI MoM (JUL)		-0.2%	0.0%
EC	09:00	Industrial Production MoM (JUN)	0.5%	0.6%	1.0%
US	12:30	Import Price Index MoM (JUL)		0.3%	-1.3%

FX	Daily stance	Comment
EURUSD	0/-	Look to sell rallies. Immed res 1.2910 and 1.2950, stop abv 1.30 with target 1.2750.
USDJPY	0/-	Still prefer to sell rallies to 85.55-60 for a move back to 84.70. Stop abv 85.95.
EURJPY	0/-	Sell into rebound to 110.20 for a test of 108.0, stop abv 110.60.
GBPUSD	0/-	Sell rallies to 1.5730 for another dip to 1.56. Stop abv 1.5785.
AUDUSD	0/-	Still play from short side. Res lvs 0.90 and 0.9050. Target 0.8875, stop abv 0.9105.
USDCAD	0/+	Buy dips to 1.0380 for re-test of 1.0480, stop below 1.0330.

FX-Options	Comment
EURUSD	Spot continues to trade under 1.29 and front end stays well bid. Market is dominated by some large vol buying and downside strikes in particular .
USDJPY	Vols seeing good demand in the middle to back end of the curve. Spot still unable to break beyond 8550 and at the same time cross yen vols (EURJPY, AUDJPY) went bid.
AUDUSD	Employment numbers were soft, and spot hits 8920 lows causing front end to get paid again. 1m was 13.8% in NY, got paid to 14.4% and didn't come off after the numbers.

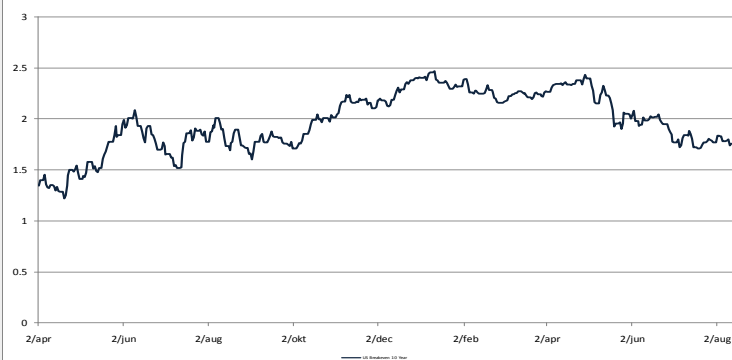
Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 6173 targeting 6075. S/L above 6202.
FTSE	0/-	Sell on rallies towards 5279 targeting 5203. S/L above 5306.
S&P500	0/-	Sell on rallies towards 1095 targeting 1084. S/L above 1100.
NASDAQ100	0/-	Sell on rallies towards 1850 targeting 1826. S/L above 1860.
DJIA	0/-	Sell on rallies towards 10430 targeting 10320. S/L above 10472.

Commodities	Daily Stance	Comment
Gold	0/+	Buy around 1197.50 targeting 1203. S/L below 1195.50.
Silver	0/+	Buy at the break of 17.96 targeting 18.11. S/L below 17.91
Oil (CLU0)	0/-	Sell on rallies towards 77.80 targeting 76.83. S/L above 78.02

Earnings Releases

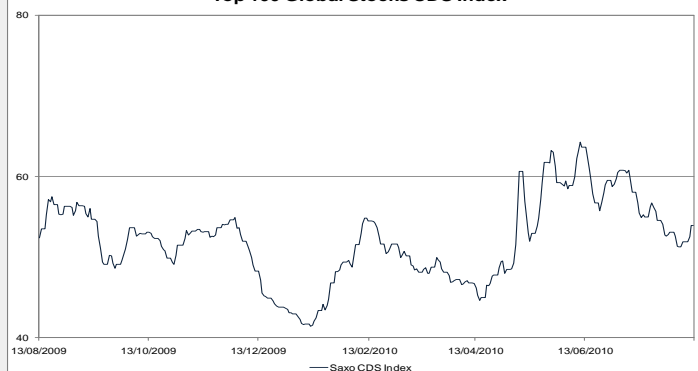
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year



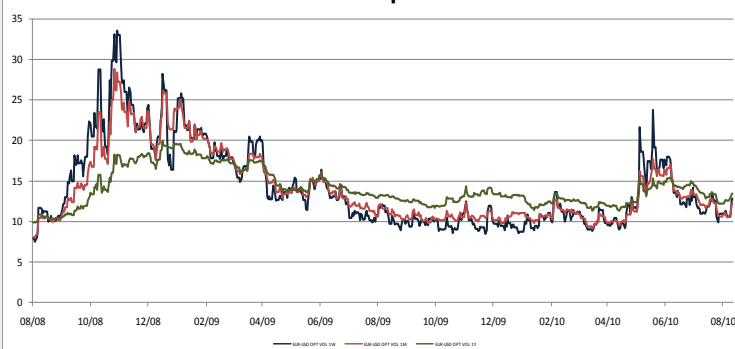
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



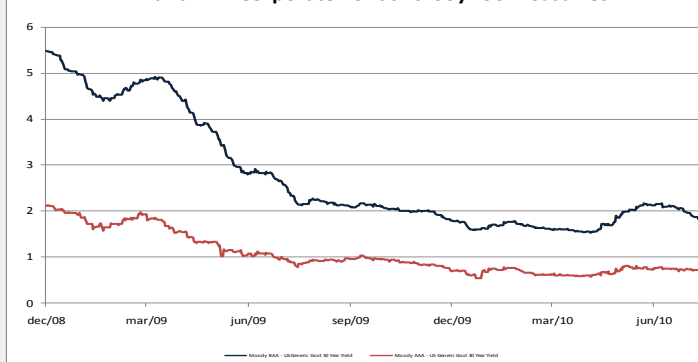
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 54.**

EURUSD Opt. Vol.



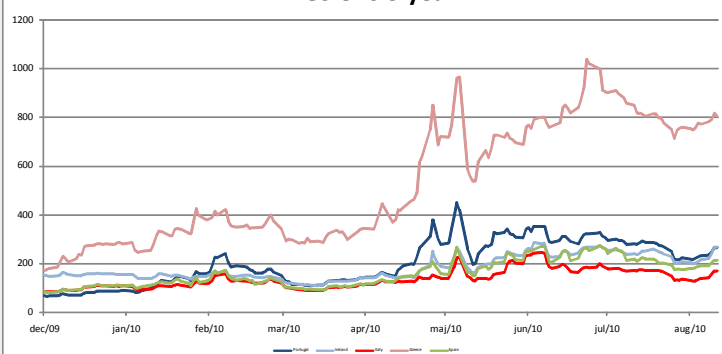
Volatility at different time horizons. Too low, now?

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 25.39** (prev. close at 22.37).

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