

Theme Comment

- Our Corporate CDS price index remained steady at 49 this morning while the VIX is just below 18.
- The NFIB Small Business Optimism Index fell back to its December level of 88.0 (from 89.3) revealed yesterday's report, showing that the important small business sector is still not in recovery mode. Meanwhile, the Manpower survey showed that more employers plan on increasing staff levels (16%) rather than reduce them further (8%). On the consumer side of things, the ABC consumer confidence remained at -49 vs. -48 expected.
- Chinese exports (FEB) showed a 45.7% YoY increase this morning while imports grew 44.7% with the trade balance at \$7.61B vs. \$7.15B expected, adding fuel to the global recovery story. Note, though, that exports plunged in February 2009 and thus flatter the YoY number.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
NO	09:00	CPI MoM (FEB)		0.9%	0.2%
UK	09:30	Industrial Production MoM (JAN)		0.3%	0.5%
US	15:00	Wholesale Inventories MoM (JAN)		0.2%	-0.8%

FX	Daily stance	Comment
EURUSD	0/-	Sell rallies to 1.3620 for a test of 1.3550, poss 1.3475. Stop abv 1.3655.
USDJPY	0/-	Sell any rebound to 90.25 for a test of 89.65. Stop abv 90.60.
EURJPY	0/-	Look to sell rallies to 122.80 for a reversal back to 121.80. Stop abv 123.15.
GBPUSD	0/-	Sell rallies to 1.5000-10 area for a test of 1.4945, poss 1.4850. Stop abv 1.5047.
AUDUSD	0/-	Sell rallies to 0.9165-75 region for a test of 0.9075, stop abv 0.9205.

FX-Options	Comment
EURUSD	Mostly sellers in the interbank market bringing the front end lower. Spot settled into a narrow range around 1.36 in NY and follows into Asia so gamma remains muted.
USDJPY	9000 level continues to be a magnet for spot. 1w is up from yesterday due to the date roll over the US rate decision but the rest of the curve remains unchanged.
AUDUSD	Vols were mostly sidelined today. Given that spot has mostly sat in a range, front end has not sold off with the 1w over the FOMC date finding some support.

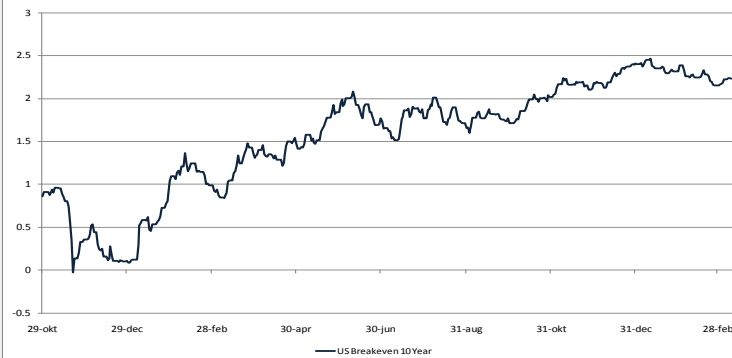
Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 5916 and target 5874. Stop above 5935.
FTSE	0/-	Sell on rallies towards 5630 and target 5607. Stop above 5641.
S&P500	0/-	Sell on rallies towards 1146 and target 1040. Stop above 1149.
NASDAQ100	0/-	
DJIA	0/-	

Commodities	Daily Stance	Comment
Gold	0	Likely capped at 1,130 area. Seen trading a 1,120 – 1,130 range.
Silver	0	Rally may run out of steam neat 17.52. Look for a 17.25-17.50 range.
Oil (CLJ0)	0/-	Prefer to sell rallies to 81.90-92 for a retracement back to 81.20. Stop abv 82.40.

Earnings Releases

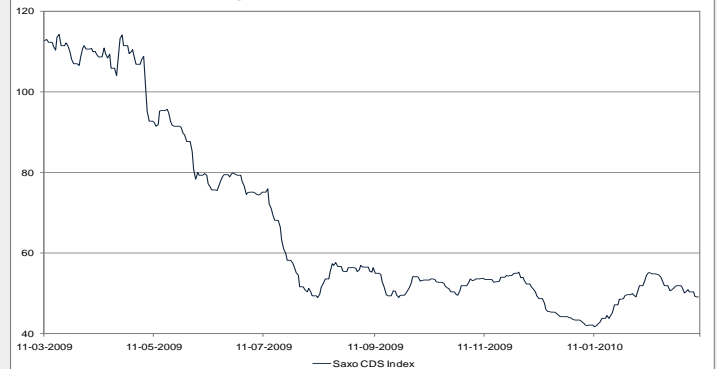
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year



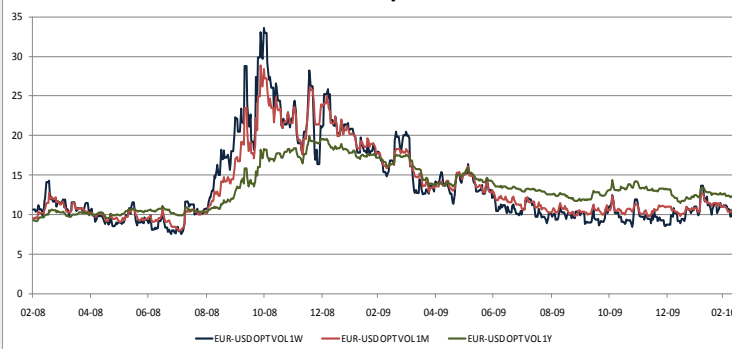
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



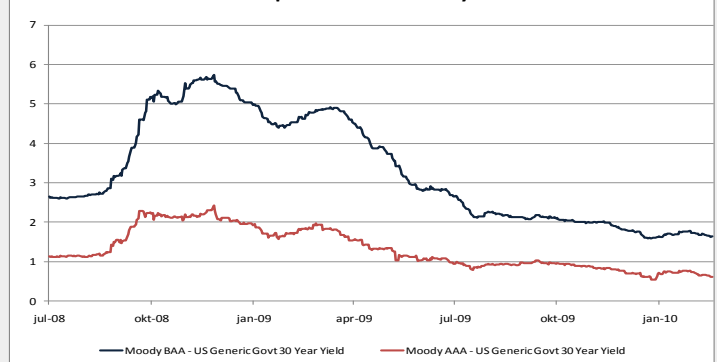
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 49.**

EURUSD Opt. Vol.



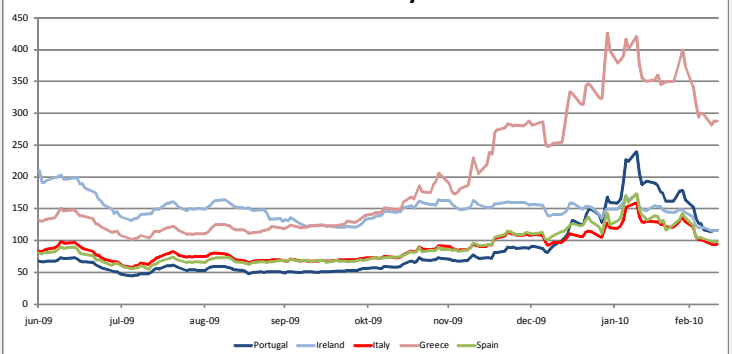
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

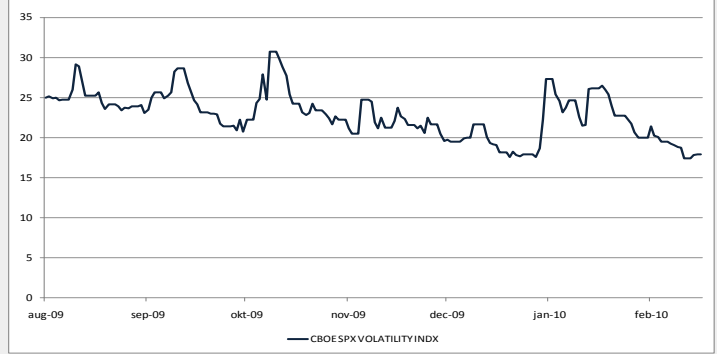


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 18.**

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