

Theme Comment

- Stocks tumbled last Friday due to poor U. of Michigan confidence and not least the SEC charge against Goldman Sachs. The charge is basically that the Paulson & Co. hedge fund was allowed to select a portfolio of CDOs that the fund wanted to short without the buyers being aware of Paulson's influence. And yesterday Prime Minister Brown was out saying that he wants a special investigation of Goldman Sachs.
- Clearly this will negative for risk sentiment in the short term, but for how long? If earnings continue to outperform and macro data also continues to show progress, we expect markets to return to old habits soon (i.e. go higher).

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
EC	09:00	Construction Output MoM (FEB)			-2.2%
CA	12:30	Int'l Securities Transactions (FEB)		9.00B	11.83B
US	14:00	Leading Indicators MoM (MAR)		1.0%	0.1%

FX	Daily stance	Comment
EURUSD	0/-	Still looks soft. See res at 1.3490 for a push through 1.3440 for 1.3380 target. Stop abv 1.3535 .
USDJPY	0/-	Break below 91.85 would suggest we revisit 91.35 200-day MA support.
EURJPY	0/-	Key lvl at 123.40. Break below targets 122.0 else we stick to 123.40-125.0 range.
GBPUSD	0/-	Seen capped near 1.53. Look to sell rallies, stop abv 1.5345 for target at 1.5220 then 1.5175.
AUDUSD	0/-	Sell any rally abv 0.92 for a deeper retracement down to 0.91. Stop abv 0.9255.
USDCAD	0/+	Prefer to buy dips to 1.0120 for a push through 1.0170 for 1.03 eventual target. Stop below 1.0075.

FX-Options	Comment
EURUSD	Vols higher and continue to be firmly bid through Asia this morning and likely to stay this way as long as spot moves along lower. Risk reversals are also firmly bid for EUR puts.
USDJPY	With the Golden week holidays up in the May, front end remains depressed despite the significant spot move but we are seeing 2-3m downside strikes being bought today.
AUDUSD	Vols opened higher in Asia with the risk reversals particularly bid as spot continues sliding below 9200. 1m is now 10.6 compared to 9.4 during the Asian session on Friday.

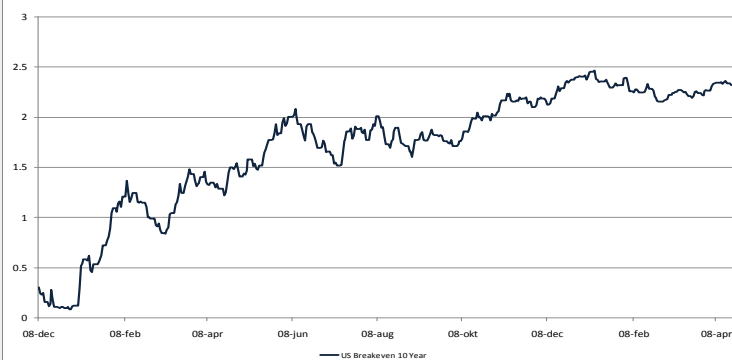
Equities	Daily stance	Comment
DAX	0/-	Sell at the break of 6168 targeting 6140. S/L above 6182.
FTSE	0/-	Sell at the break of 5734 targeting 5712. S/L above 5744.
S&P500	0/-	Sell at the break of 1185 targeting 1180. S/L above 1188.
NASDAQ100	0/-	
DJIA	0/-	

Commodities	Daily Stance	Comment
Gold	0/-	Sell at the break of 1132 targeting 1125. S/L above 1135.
Silver	0/-	Sell at the break of 17.61 targeting 17.50. S/L above 17.66.
Oil (CLK0)	0/-	Sell at the break of 81.65 targeting 80.96. S/L above 82.

Earnings Releases

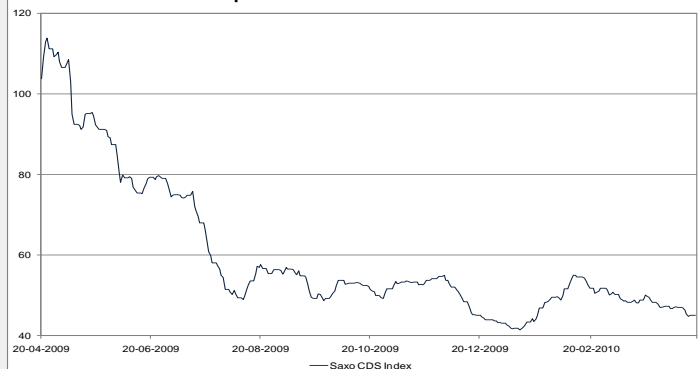
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
US	10:00	Halliburton	0.253	0.280	
US	10:30	Eli Lilly	1.108	0.910	
US	20:03	IBM	1.933	3.590	

US Breakeven 10 Year



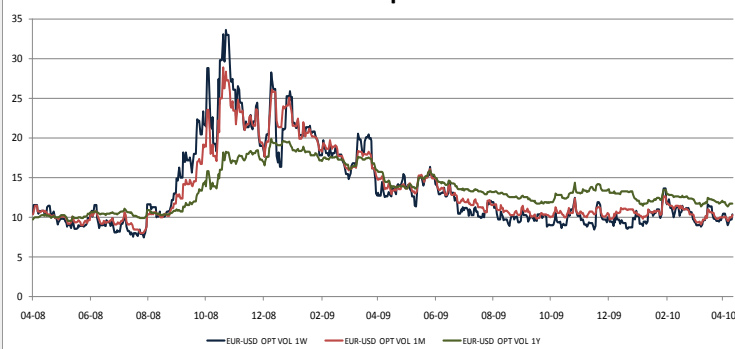
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index



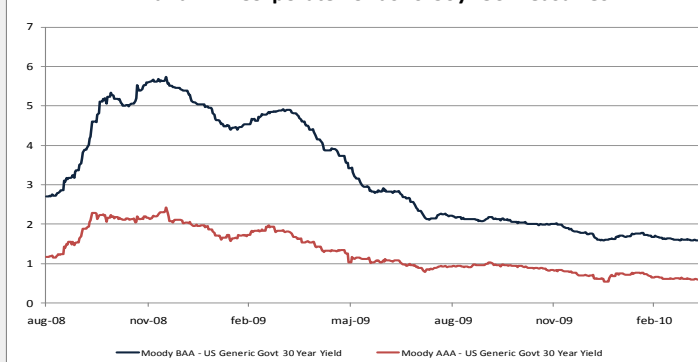
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 45.**

EURUSD Opt. Vol.



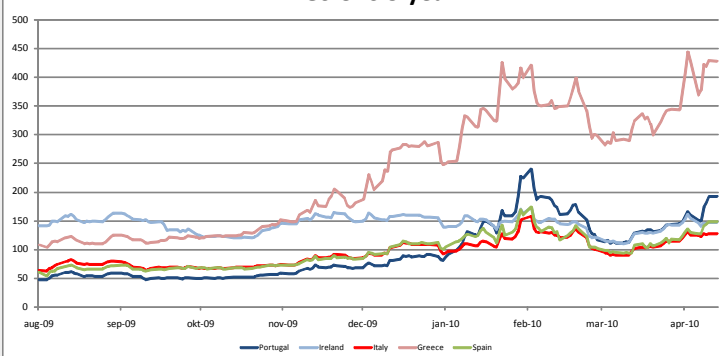
Volatility at different time horizons. Too low, now?

AAA and BAA Corporate Bonds vs. 30yr US Treasuries

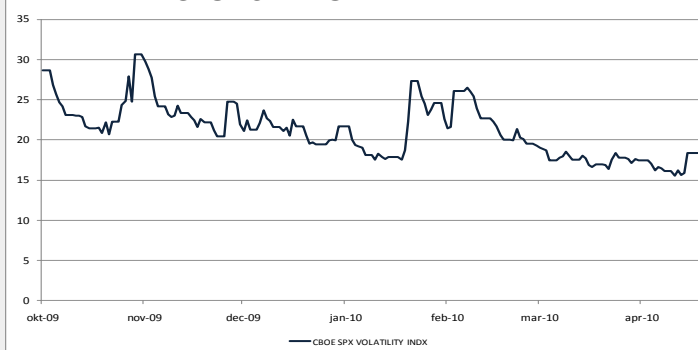


Spreads are easing, but still **showing tight corporate debt markets.**

PIIGS CDS 5 year



CBOE SPX VOLATILITY INDEX



The VIX Index is **now at 18.36** (prev. close at 15.59).

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