

Theme Comment

- The risk and worries of a European sovereign debt crisis are spreading after Greek 2-year yields closed in 15.35% yesterday (CDS in 824 bps.). For Portugal the numbers are 4.92% and 383 bps. Make no mistake, if this is allowed to continue, Greece will go bankrupt in a matter of weeks or months, not years. Debt restructuring should be around the corner. European financials taking the biggest hit and we advice (again) to get out of financials altogether.
- The EUR is dropping like a stone and we maintain 1.25 as our eoy target.
- The nightmare scenario (beginning distrust in sovereign debt => distrust in government backed financial liabilities) is the next logical step and we advice to keep a close look at the TED spread to stay informed (it's up 7 bps. in the past couple of weeks).

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
GE		CPI MoM (APR)		0.2%	0.5%
CA	13:00	House Price Index YoY (FEB)			7.5%
US	18:15	FOMC Rate Decision	0.25%	0.25%	0.25%

FX	Daily stance	Comment
EURUSD	-	Believe we've seen temp top at 1.3217. Sell, add on break below 1.3150, for 1.3090. Stop abv 1.3255.
USDJPY	0	Likely consolidating 93.00-93.50. Risk of breakdown to target 92.30-40.
EURJPY	0/-	Look to sell rallies to 125.30 for a 122.20 target. Stop abv 123.85.
GBPUSD	0/-	See top in place at 1.5290. N/term look for slide back to 1.52, stop abv 1.5355.
AUDUSD	0/-	0.9250 looks strong res. Sell rallies for 0.9130, stop abv 0.9260.
USDCAD	0/+	Prefer to buy dips to 1.0120 fir push back to 1.0220. Stop below 1.0060.

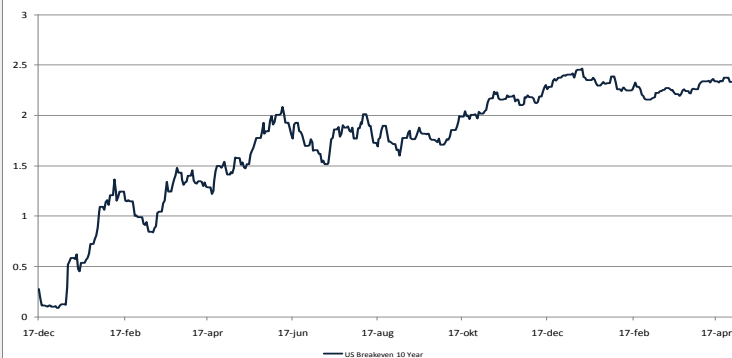
FX-Options	Comment
EURUSD	Market bids aggressively for EUR puts. The curve is higher even as spot attempts a rally in Asia back to 1.32. Vols will continue higher if we dip back under 1.32.
USDJPY	Frenzy of activity with plenty of two way action. Vols still ended up little higher from the previous NY session. Risk reversals and short dated downside still call for lower spot.
AUDUSD	Vols opened to a euphoric high after the move in NY session but sellers soon took the vol spike lower. Thursday and Friday 9150-9200 strikes aggressively bid.

Equities	Daily stance	Comment
DAX	0/-	Sell on rallies towards 6160 and target 6115. Stop above 6178.
FTSE	0/-	Sell on rallies towards 5600 and target 5566. Stop above 5617.
S&P500	0/-	Sell on rallies towards 1188 and target 1181. Stop above 1191.
NASDAQ100	0/-	
DJIA	0/-	

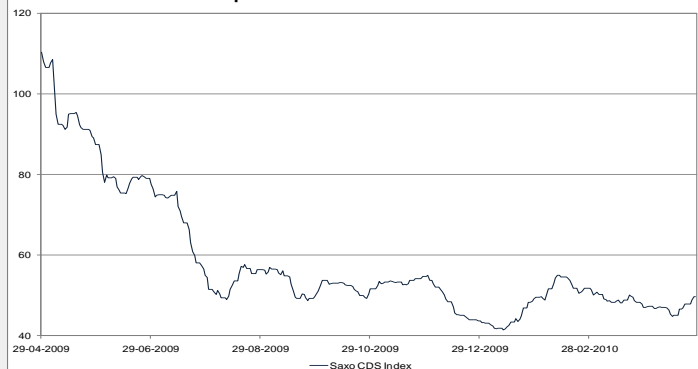
Commodities	Daily Stance	Comment
Gold	0/+	Buy on dips towards 1160 and target 1170. Stop below 1154.
Silver	0	Neutral.
Oil (CLM0)	0/-	Sell on rallies towards 83 and target 81.30. Stop above 83.80.

Earnings Releases

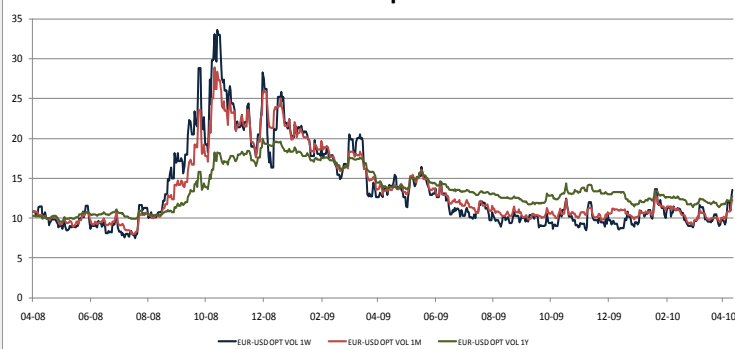
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment
SW	07:30	Scania	1.213	1.028	
UK	11:00	GlaxoSmithKline	0.302	0.321	

US Breakeven 10 Year


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

Top 100 Global Stocks CDS Index


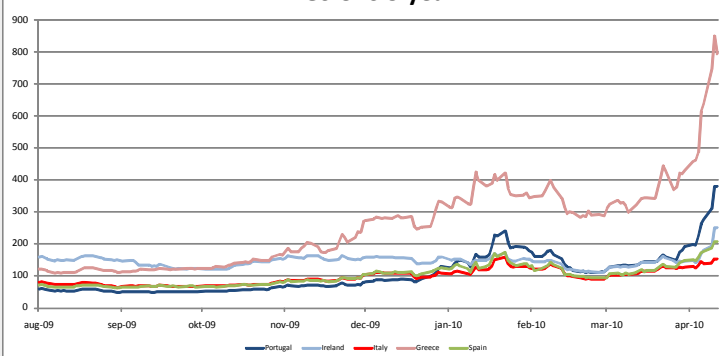
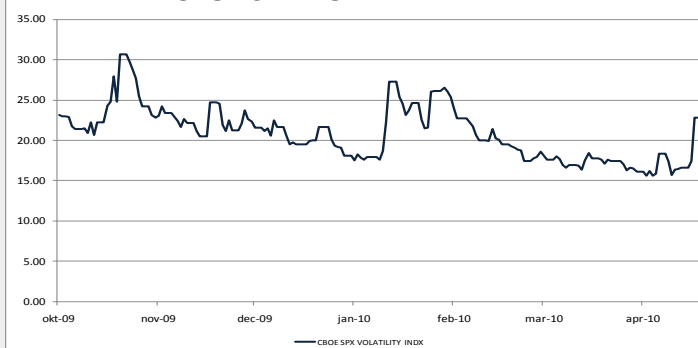
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 50.**

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 22.81** (prev. close at 17.47).

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