

Theme Comment

- 750B EUR aid package from the EU and ECB over the w/e. Swap line reactivated with the Fed. ECB unlimited fixed-rate 3-month facility reactivated. ECB will buy corporate and sovereign debt in “dysfunctional” markets. Stocks in general and especially financial shares will surge today – European banks with PIIGS exposure in particular. PIIGS bond yields should finally go lower and spreads to Germany should narrow.
- French FinMin, Christine Lagarde: “The message has gotten through: The E-Z will defend its money”. In our view, this is condensed stupidity. One does not defend a currency by spending and printing loads of money – only by harsh reforms. The EUR will probably see a relief rally, only to continue edging lower.

Economic Data Releases

Country	Time (GMT)	Name	Saxo	Consensus	Prior
NO	08:00	CPI / CPI Underlying MoM (APR)		-0.2% % 0.2%	0.5% / 0.2%
EC	11:00	BOE Rates / Asset Purchase Target		0.50% / 200B	0.50% / 200B
CA	12:15	Housing Starts (APR)		205.0K	200.9K

FX	Daily stance	Comment
EURUSD	0/-	Risk temp top in place at 1.2967. Below 1.2867 suggest deeper move to 1.28 agn before upmove.
USDJPY	0	Look for consolidation 92.35 – 93.30 .
EURJPY	0/-	See immed. resistance at 120.0 risking move back to 119.0. Stop abv 120.30.
GBPUSD	0/-	May struggle abv 1.49. Below 1.4840 suggests we revisit 1.4775..
AUDUSD	0/-	Prefer to sell rallies to 0.9085 for re-test of 0.8935. Abv 0.9120 defers.
USDCAD	0/+	Buy dips to 1.0220 for a rebound back to 1.04. Stop below 1.0175.

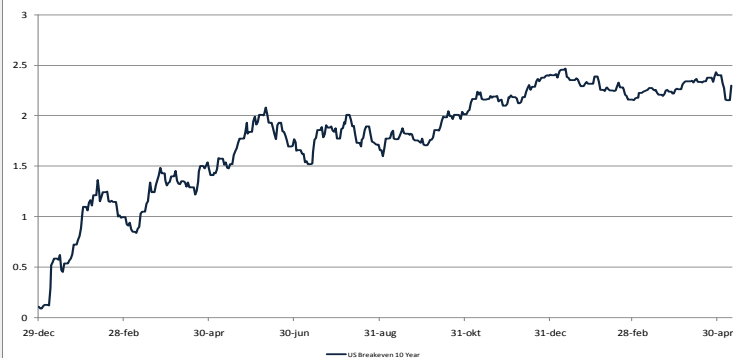
FX-Options	Comment
EURUSD	There were still lots of intraweek buyers of EUR puts on Friday but given today’s spot move in Asia to above 1.29 front end would tend to come off slightly.
USDJPY	Vols get given as risk appetite returns lifting Asian equities and as a result vols got given. The risk reversals have also eased considerably but this is very sensitive to spot.
AUDUSD	Spot recovered above 9000 and plenty of profit taking seen along the vol curve pushing the 1Y down almost 1 vol from Friday’s session to 15.55.

Equities	Daily stance	Comment
DAX	0/+	Buy at the break of 5893 targeting 5972. S/L below 5858.
FTSE	0/+	Buy at the break of 5189 targeting 5277. S/L below 5150.
S&P500	0/+	Buy at the break of 1137 targeting 1162. S/L below 1128.
NASDAQ100	0/+	
DJIA	0/+	

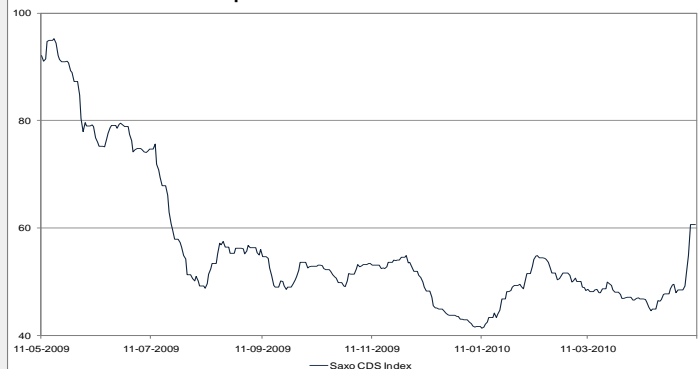
Commodities	Daily Stance	Comment
Gold	0/-	Sell on rallies towards 1202 and target 1190. Stop above 1206.
Silver	0/-	Sell on rallies towards 18.63 and target 18.40. Stop above 18.76.
Oil (CLM0)	0/+	Buy on dips towards 75.70 and target 78.00. Stop below 74.50.

Earnings Releases

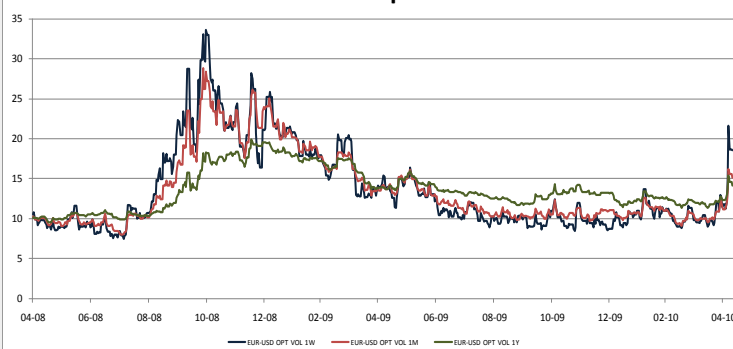
Country	Time (GMT)	Name	EPS exp.	EPS prior	Comment

US Breakeven 10 Year


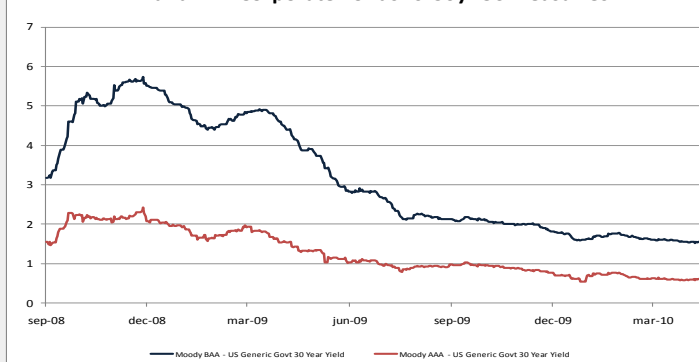
USD breakeven 10 Year – an expression for measuring inflation expectations.

Top 100 Global Stocks CDS Index


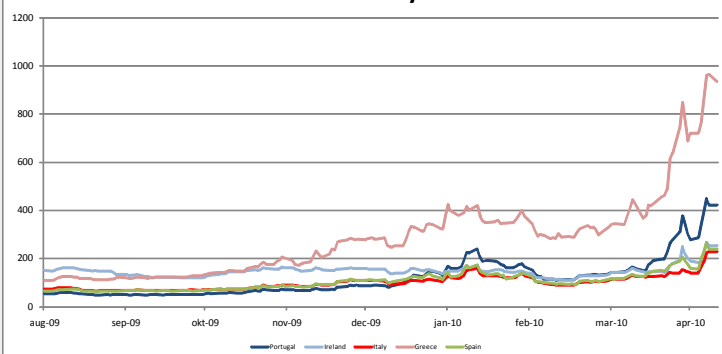
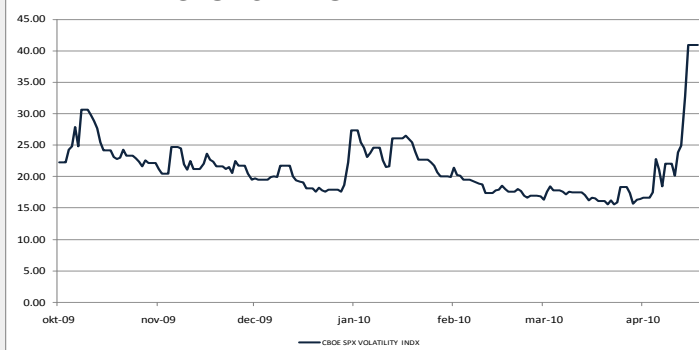
Credit Default Swaps are expressions for the perceived default risk in a company. **Now at 61.**

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 40.95** (prev. close at 32.80).

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