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- Asian stock markets trading friendly after supportive US-data and hopes for economic stimulus in China.
- EUR-USD remains above 1.27.

FX	Supports	Resistances	Comments
EUR-USD	1.2681 – 1.2667 – 1.2642	1.2814 – 1.2871 – 1.2905	Downside risks
EUR-JPY	101.39 – 100.77 – 100.21	104.44 – 106.56 – 108.00	Downside risks
EUR-GBP	0.7963 – 0.7810 – 0.7794	0.8095 – 0.8221 – 0.8277	Under pressure
EUR-CHF	1.2005 – 1.1995 – 1.1000	1.2021 – 1.2037 – 1.2015	SNB wants to defend the ceiling

There is no end to unfavourable news reports on the euro periphery. The Greek problems are no longer the dominant theme, but will probably remain a source of unease at least until the re-elections in June and the situation will be tense even after that. Negative news from Spain has also led to recent uncertainty. The Spanish budget deficit for 2011 was revised up again and there is a risk that the deficit target of 5.3% of GDP will be missed this year. In addition, there seems to be no political consensus in Europe about how to control the crisis. There are growing calls for eurobonds – France and Italy are in favour, while Germany is clearly against the idea. We do not expect market participants to be surprised by a compromise at the informal Eurogroup meeting on Wednesday.

Meanwhile, the data situation is relatively quiet as heavyweights such as the Ifo index, the Eurozone PMIs and US durable goods orders will not be published until Thursday. Attention will initially turn to the housing sector again today. Housing starts were robust last week. The indications for the home sales data are benign. A marked rise in pending home sales and higher sales in California point to growth. The market consensus forecast is +3.1%. The Richmond Fed index will provide further guidance for the national purchasing managers' index (ISM). Its New York and Philadelphia counterparts have shown very different trends. The former posted a strong recovery in May and the latter slumped into negative territory. It is hoped that today's result will provide greater clarity about the economic outlook. The EU Commission's consumer survey is the only event on the agenda in Europe. We do not see potential for an upside surprise given the persistent uncertainty surrounding the EMU debt crisis.

**EUR-USD:** The short-term technical situation has improved slightly due to the recent stabilisation trend. The RSI and Stochastic are heading north, for example; a temporary recovery at most is implied so far given the intact sell signals of the trend-following indicators (MACD and DMI). Conditions on a weekly basis also remain detrimental. We therefore still see scope for a test of the annual low at 1.2623. Supports on the way are at 1.2722, 1.2681, 1.2667 and 1.2642, the series of lows charted last week. Resistances are found at 1.2814, 1.2871 and around 1.2900. **Our favoured trading range: 1.2725 – 1.2850. ■**

	Current	Last
EUR-USD	1,2785	1,2817
EUR-JPY	101,48	101,65
USD-JPY	79,38	79,31
EUR-GBP	0,8085	0,8094
GBP-USD	1,5813	1,5836
EUR-CHF	1,2010	1,2013
		net chg
Dax	6331,04	59,82
Bund Future	143,47	-0,23
Gold	1589,13	0,08
Oil US LCF	92,64	1,24

Time	Country	Period	Indicator / event	Consensus	Prior	Impact
10:30	GB	Apr	Consumer prices	+0.6% m/m +3.1% y/y	+0.3% +3.5%	low
12:15	US		Fed speech: Lockhart			
16:00	EZ	May	Consumer confidence	-20.5	-19.8	low
16:00	US	May	Richmond Fed index	11.0	14.0	medium
16:00	US	Apr	Existing home sales	4.62m	4.48m	medium
18:00	EZ		ECB speech: Nowotny			