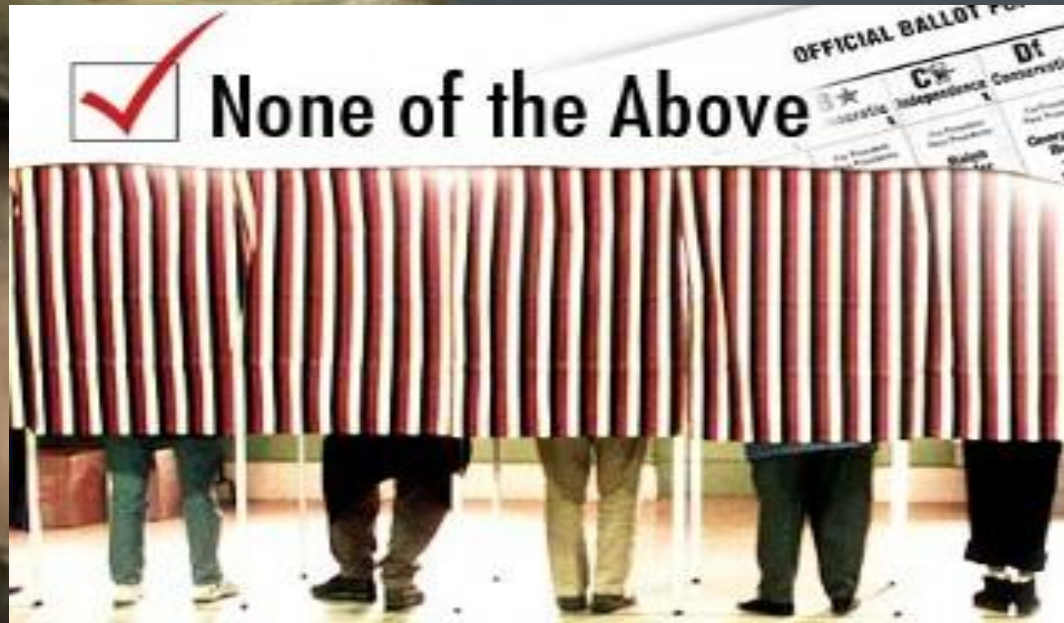
A photograph of three tightrope walkers performing on a blue sky background. They are wearing blue vests over white shirts and dark trousers. The central walker is in a higher position, while the two flanking walkers are lower. The text '2012 - Q2 OUTLOOK' and 'THE GREAT BALANCING ACT' is overlaid in white with a drop shadow.

2012 - Q2 OUTLOOK
THE GREAT BALANCING ACT

Q2 - The great balancing act

- **Risk:** Europe still presents largest downside to the economy
- **Macro:** US consumption still held back by deleveraging
- **Equities:** still historically cheap, but what is the catalyst?
- **FX:** As China slows, AUDUSD will have a rough time
- **Commodities:** oil markets face numerous obstacles

Europe, out of control



Europe, out of control

FINANCIAL TIMES

Monday, May 7, 2012

Withdrawing symptoms
Dilemma for drugmakers as patents run out. Page 19

Historic First Socialist in Elysée palace for 17 years
Backlash Sarkozy is latest victim of anti-austerity wave
Talks due Potential clash with Merkel over fiscal treaty

Hollande wins French presidency



France's Socialist Party has elected François Hollande as president, ending 17 years of Sarkozy's rule. The 59-year-old banker was elected in the second round of the runoff against the incumbent Sarkozy, who had led the right-wing UMP party to a narrow victory in the first round.



francois Hollande **fr**

Mainstream falters in Greece

As the Greek government's economic recovery plan is rejected by parliament, the political landscape is shifting. The main opposition party, the Panhellenic Socialist Movement (PASD), is seen as the most likely to lead a coalition government.

THE TIMES

Monday, May 7, 2012

One hand on the trophy
Sarkozy is one of the best of the best in the UK. Page 20

France turns left with revolt against austerity

You need Boris fixe Tories tell Cameron

New Euro crisis as French vote for return to ruinous spending

AU REVOIR, AUSTERITY!




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PM backs Mail's royal spring clean

The Prime Minister, David Cameron, has backed the Mail's campaign for a royal spring clean, calling for a new set of royal guidelines to be introduced.

Daily Mail

Monday, May 7, 2012

Royal book of the year - by acclaimed author Penny Junor

The day William finally confronted 'the Rottweiler'

New Euro crisis as French vote for return to ruinous spending

AU REVOIR, AUSTERITY!




France's Socialist Party has elected François Hollande as president, ending 17 years of Sarkozy's rule. The 59-year-old banker was elected in the second round of the runoff against the incumbent Sarkozy, who had led the right-wing UMP party to a narrow victory in the first round.

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Η ΚΑΘΗΜΕΡΙΝΗ

Monday, May 7, 2012

Σε αναζήτηση κυβέρνησης
Ιστορικά κατάρρευση των κομμάτων εξουσίας

Ορος από ΔΝΤ για τις σχέσεις με τους μόνιμους όμιλους



Εκδόσεις ΣΥΡΙΖΑ και εισόδος Καμμένου και Χρυσοχόου



Εκλογή Ούαντ και πρόκληση από το Βερολίνο

Ανταρσία της αγοράς ενόψει Ε.Ε. Ζωνών

ΕΣΟΔΩΝ ΤΕΛΙΚΩΝ ΕΠΙΧΕΙΡΗΣΕΩΝ

ΠΡΟΣΟΧΗ ΣΤΗΝ ΕΠΙΧΕΙΡΗΣΙΑΚΗ ΠΡΑΞΗ

The Economist

APRIL 28TH - MAY 4TH 2012

Murdoch grilled, Cameron tried
Bo Xilai and the Chongqing model
The Republicans' immigration problem
Shadows over Indian solar power
Asteroid mining

The rather dangerous Monsieur Hollande



The French election and Europe's revolt against austerity

Apr 28th - May 4th 2012

"Das war eine Anti-Merkel-Wahl"

Neue Zürcher Zeitung

NZZ - ZEITUNG FÜR DIE SCHWEIZ

Frankfurter Allgemeine

ZEITUNG FÜR DEUTSCHLAND

Hollande neuer Präsident Frankreichs

Klarer Sieg des Sozialisten über Amtsinhaber Sarkozy: „Ich will zuerst mit Deutschland sprechen“



Der 59-jährige Bankier François Hollande ist der Sieger der Wahl zum französischen Präsidenten. Er hat sich im zweiten Wahlgang gegen den Amtsinhaber Nicolas Sarkozy durchgesetzt. Hollande hat sich verpflichtet, sich zuerst mit Deutschland zu verständigen, bevor er seine Politik bekannt gibt.

Neue Zürcher Zeitung

NZZ - ZEITUNG FÜR DIE SCHWEIZ

François Hollande triumphiert über Sarkozy

François Hollande hat sich im zweiten Wahlgang gegen Nicolas Sarkozy durchgesetzt und ist der neue Präsident Frankreichs.




Ein klarer Sieg des Sozialisten über den Amtsinhaber Sarkozy. Hollande hat sich verpflichtet, sich zuerst mit Deutschland zu verständigen.

Libération

Le Monde

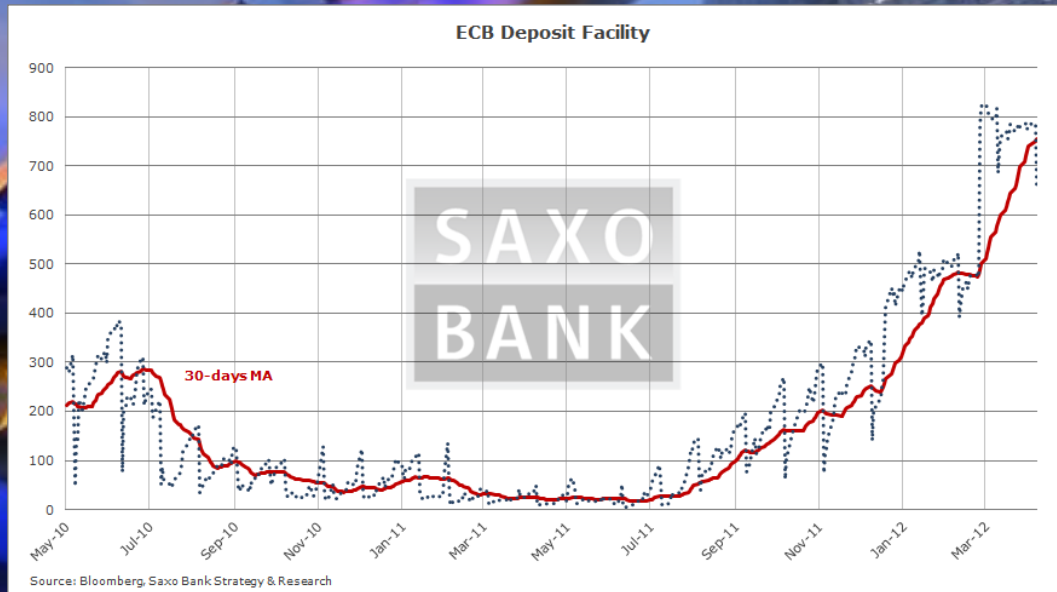
NORMAL!



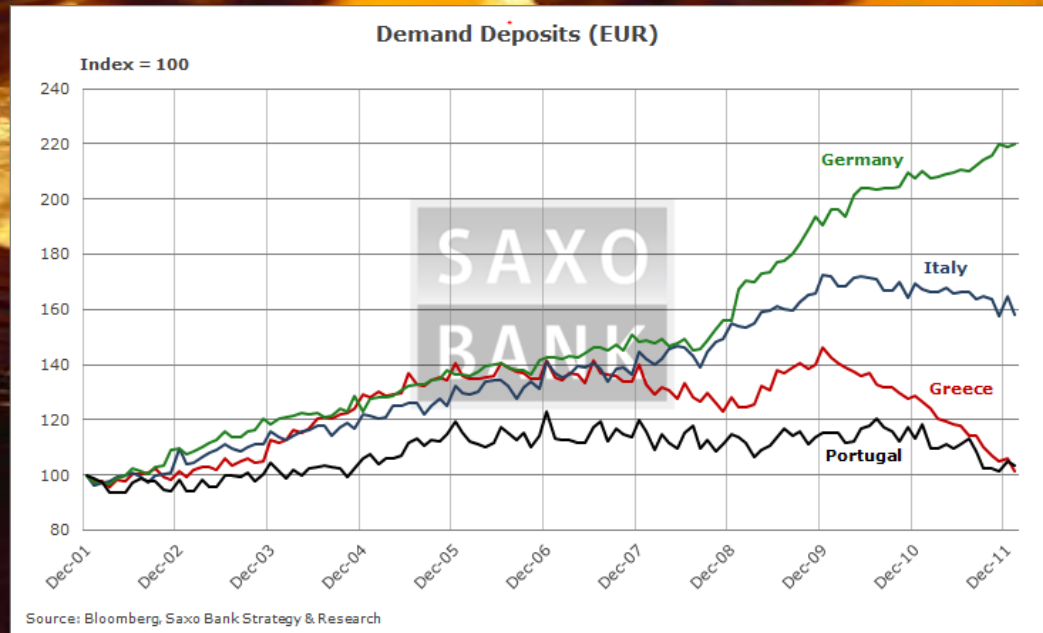
Après 17 ans de Sarkozy, la France revient à la normale. Hollande est élu président de la République.



EU banks are hoarding liquidity



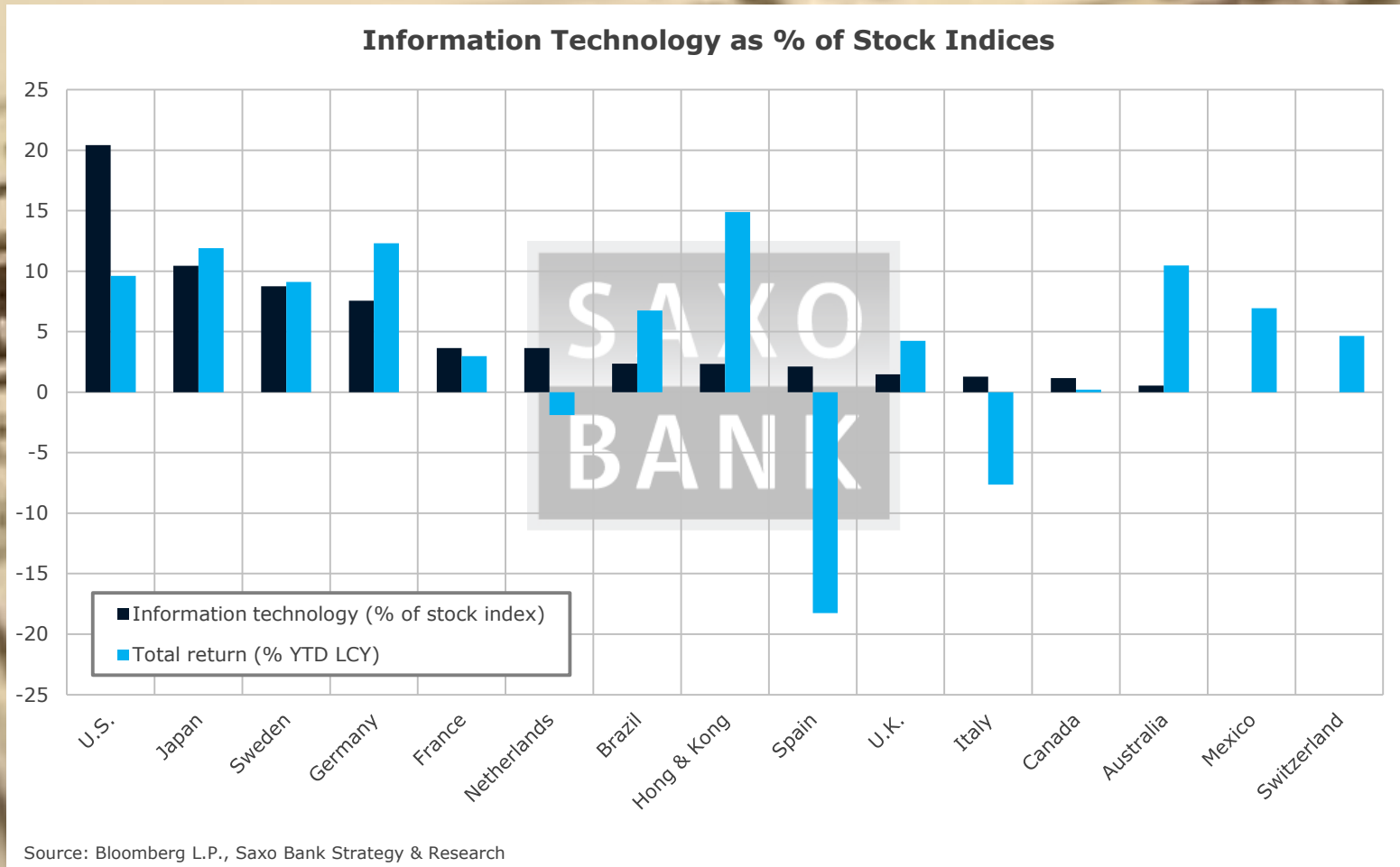
Deposits are fleeing from peripheral Europe



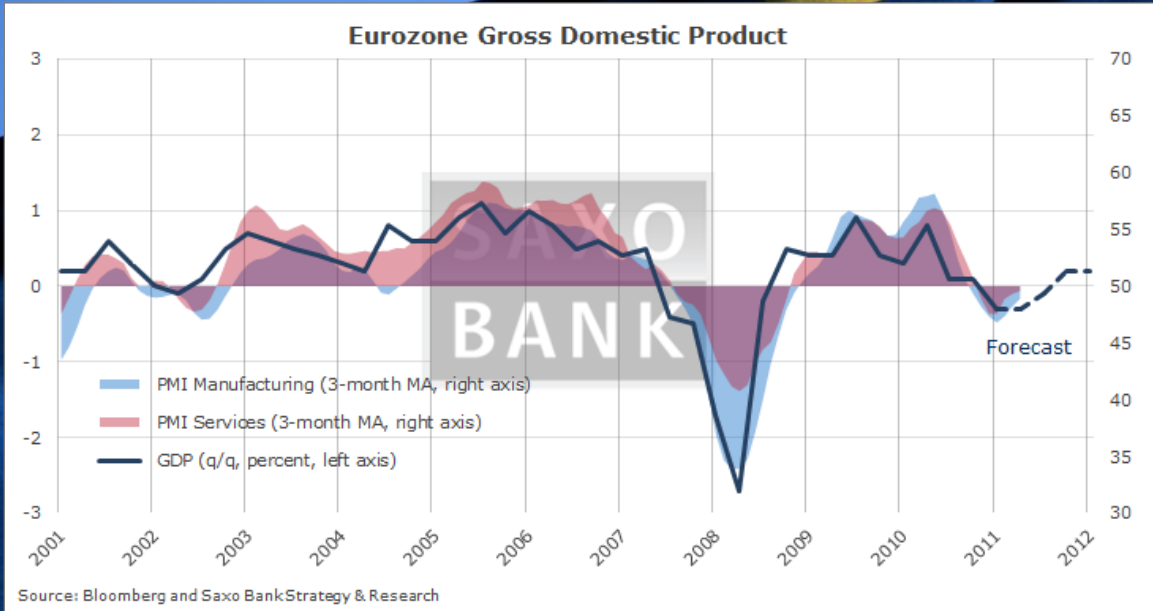
How much more can society take?



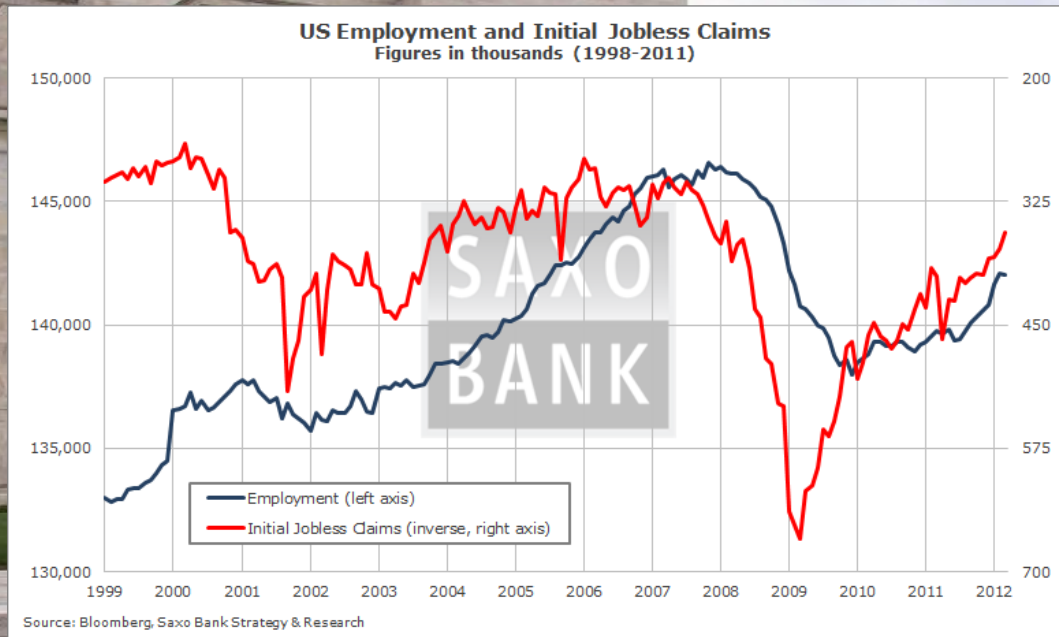
Why unit cost does not matter - soon!



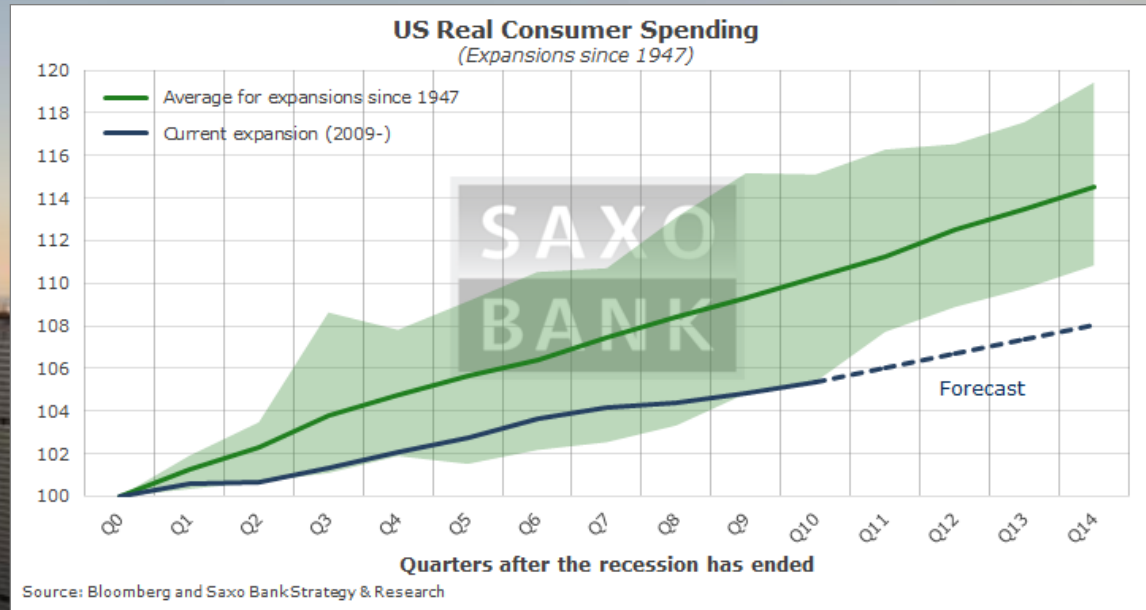
Is the Eurozone past the lowest point?



US job data have surprised, will it continue?



US consumer spending expands least since 1947




Trend in long-term US yields continues



Is China heading for a hard or soft landing?



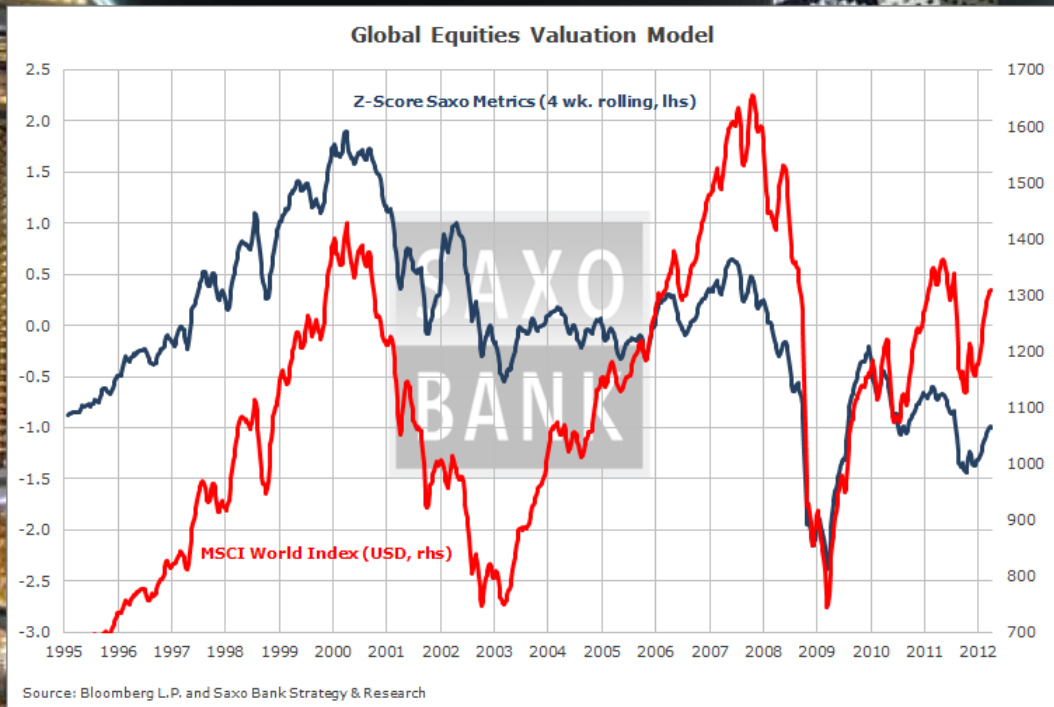
Saxo Bank global macro forecasts



Forecasts (2012)	World	US	Eurozone	UK	Japan	China
Gross Domestic Product (YoY, pct.)	3.0	2.0	0.0	1.0 <i>d</i>	1.5	7.5
Consumer Price Index (YoY, pct.)		2.3	2.0 <i>u</i>	3.0	0.5	4.0
Unemployment Rate (pct.)		8.3 <i>d</i>	10.3	8.5	4.0	4.1 <i>d</i>

Source: Saxo Bank Strategy & Research; *u* = upward revision; *d* = downward revision

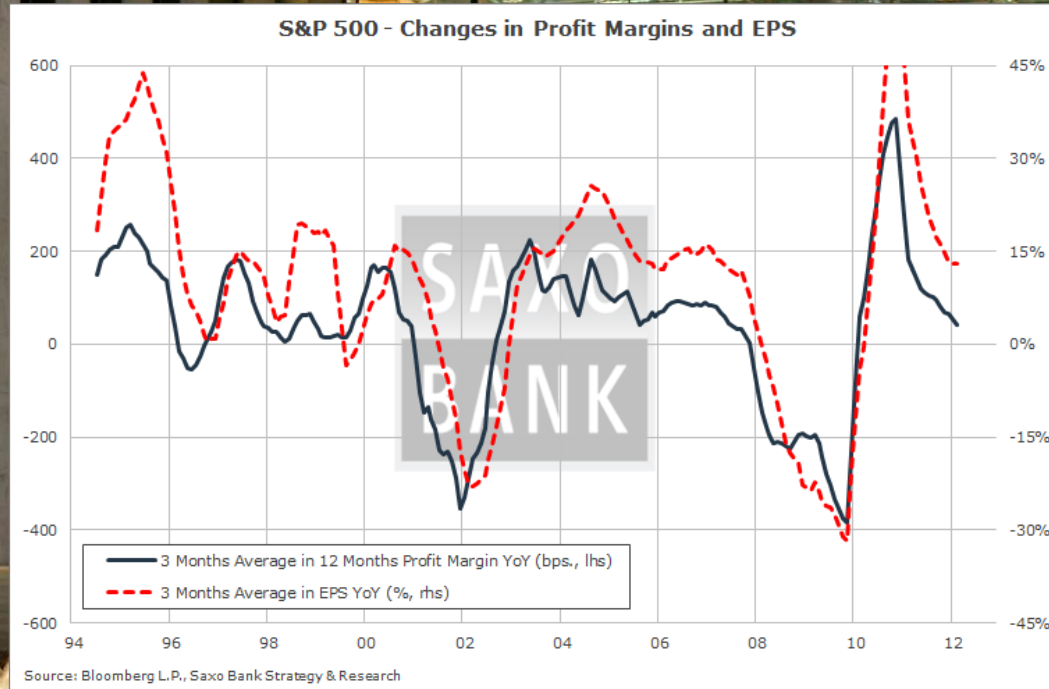
Global equities are historically cheap



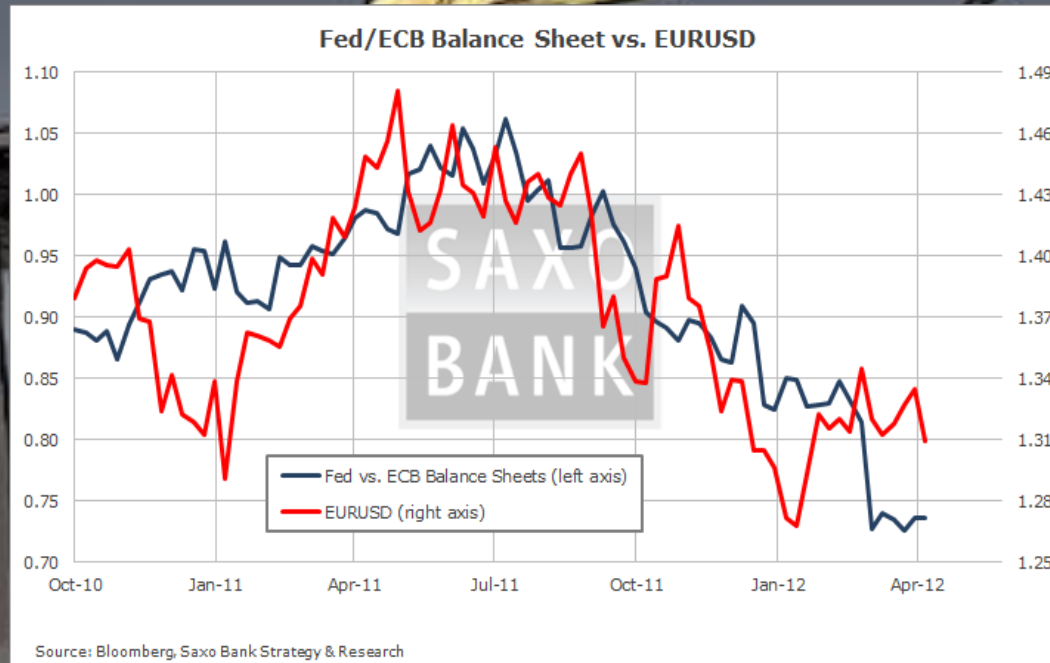
Earnings estimates are flat - what is the next catalyst?



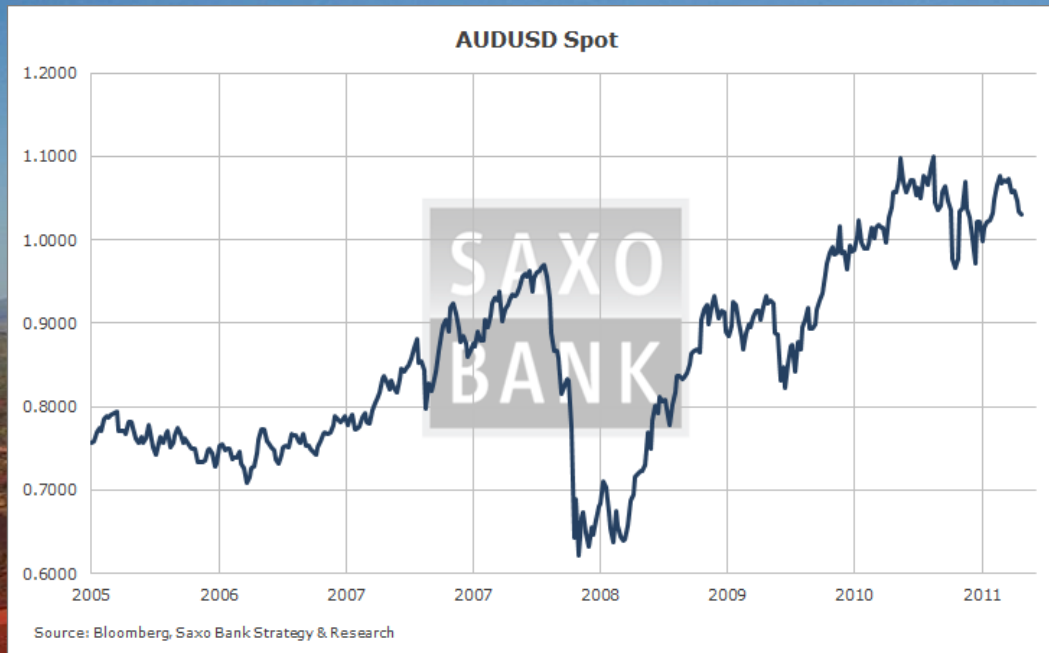
No more tail wind from profit margin expansion




More downside for EURUSD on ECB money printing?



Can AUDUSD stay high as China slows?

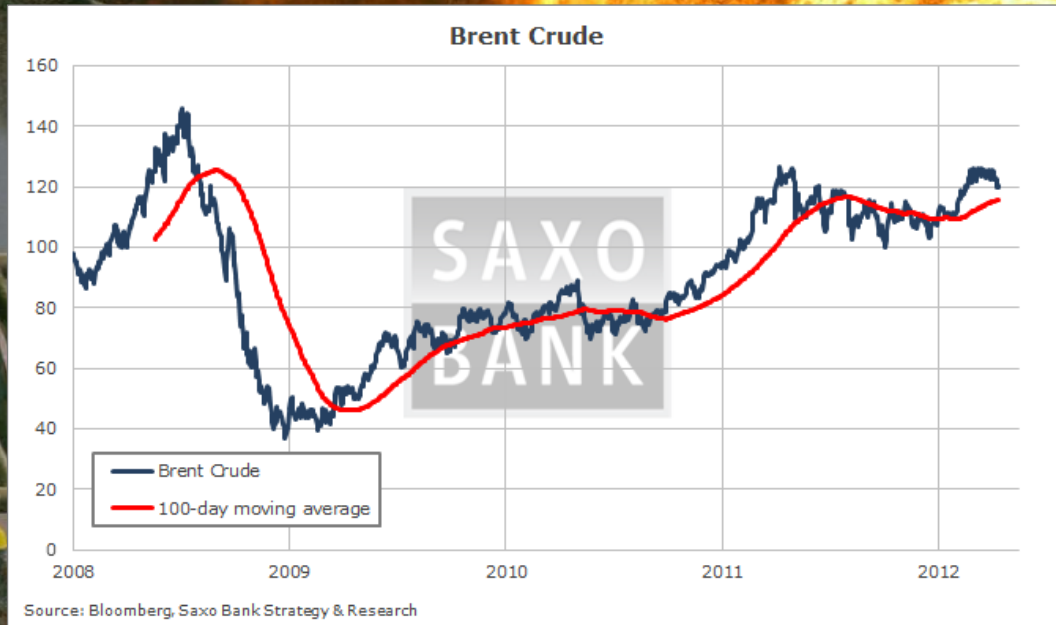


Saxo Bank global FX forecast



Pair	3 months	6 months	12 months
EURUSD	1.2500	1.2200	1.1800
USDJPY	84.00	86.00	88.00
GBPUSD	1.5200	1.5000	1.5000
USDCHF	0.9600	1.0100	1.0800
USDCAD	1.0500	1.0800	1.1200
AUDUSD	0.9500	0.9000	0.8500
NZDUSD	0.7500	0.7000	0.6800
USDZAR	8.0000	8.2500	8.5000

Oil markets face a bumpy road



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Europe, out of control

My take on the French and Greek elections

By Steen Jakobsen, Saxo Bank Chief Economist

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2

EURUSD back near 1.30 line in the sand on EU nerves

The French and Greek elections have the market on edge, with EURUSD fluctuating around the key 1.300 support level. But the cat was out of the bag for risk currencies already on Friday's swoon in risk appetite. [Read the post](#)

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