Investment Research

FX Forecast Update
Fed blink puts USD on weakening path

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13 June 2019

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Forecast review part I

- **EUR/NOK**. The NOK has suffered from foreign selling amid the escalating trade war, lower oil prices and falling global inflation expectations. The decoupling from relative rates has been very pronounced over the past year. While factors such as a slowing China and the existence of more attractive commodity carry alternatives in CAD, AUD and NZD partly explain the NOK weakness, we still think the fundamental NOK backdrop is key to remember. Namely, as long as the global economy does not fall into a recession, global petroleum industries collapse or Norwegian competitiveness significantly erode, then the NOK will have to strengthen for Norges Bank to fulfil its inflation target (*FX Strategy – Why is the NOK so weak?*, 28 May). What is more, in our view, a sustained USD weakness trend would aid that move even if it is not a necessary condition for NOK strength. We leave unchanged our EUR/NOK forecast profile at 9.70 in 1M, 9.60 in 3M, 9.40 in 6M and 9.30 in 12M.

- **EUR/SEK.** As we expected, the SEK recovered from the mid-May high above 10.80 and EUR/SEK is now close to our 1M target at 10.70. The inflation outlook remains a challenge, which, in our view, will probably force the Riksbank to postpone planned rate hikes. As international central banks soften, the scope for the Riksbank to keep its relatively upbeat rhetoric is shrinking by the day. This said, we do not expect any major policy revisions in the July meeting. On balance, we keep our forecast profile intact at 10.70 (1M), 10.80 (3M), 10.90 (6M) and 11.00 (12M). A pronounced global risk-off environment has potential to send the SEK down the drain, but this effect is partially balanced by investors scaling back carry positions as SEK has clearly become a funding currency these days.

- **EUR/DKK.** In our view, weak equity markets, an unresolved trade war and a large discount in FX forwards are likely to keep EUR/DKK elevated over coming months, at 7.4670 in 1M and 7.4630 in 3M (revised up from 7.4590). On a 6-12M horizon, we expect the parties to strike a trade deal and the global macroeconomic backdrop to strengthen, which, in turn, we expect to send EUR/DKK back below the central rate – 7.4590 in 6M and 7.4550 in 12M.

- **EUR/USD.** In our view, the Fed has blinked and rate cuts are coming from July. At the same time, the ECB lacks answers on what to do about the risk of a de-anchoring of inflation expectations. The Fed-ECB monetary policy divergence should pave the way for a higher EUR/USD over the coming 6M. We forecast EUR/USD at 1.14 in 1M and 1.15 (revised up from 1.13) in 3M. We forecast EUR/USD at 1.17 (revised up from 1.15) in 6M and 1.17 (unchanged) in 12M. The Fed initiating an easing cycle would do most of the lifting in 1-3M, while a US-China trade deal should weaken the USD in 3-6M.

- **EUR/GBP.** We believe markets will downplay the risk of a no-deal Brexit as a driver for GBP in the month(s) ahead. Instead, we expect slightly weaker UK data, global sentiment and the ECB to drivers for taking EUR/GBP higher. In turn, we have revised our expectations for the GBP to a weaker path and forecast EUR/GBP at 0.90, trading in a range of 0.86 (if Brexit related news improve) to 0.91 (much weaker data and/or by pricing a higher probability of no-deal Brexit) in the coming months.

- **USD/JPY.** After moving lower in May and June, we forecast USD/JPY at 107 in 3M. The forecast reflects expectations that the muddy macro picture will continue, with downside risks still present. In our view, drivers set to take JPY back above 110 include (1) an inflation-driving Fed cut, (2) tariffs on Japan, (3) additional Bank of Japan (BoJ) easing (currently unlikely) and/or (4) improving global macro. Conversely, risks that could take JPY below 107 include a continued decline in commodity prices (particularly oil), further disappointing PMIs and a lack of more convincing momentum in Chinese stimulus policy. We revise our USD/JPY forecasts to 108.0 1M (previously 109.5), 107.0 3M (previously 108.0), 110.0 6M (previously 110.5) and 110.0 12M (previously 112.0). The revision of the 12M estimate reflects our view that US yields have likely shifted lower for longer which limits upside to USD/JPY even if market conditions move to be in favour of a weaker JPY.

- **EUR/CHF.** EUR/CHF has been under pressure lately from an ECB on the sidelines, a fragile eurozone, and Italy debt risks. While our medium-term bias remains for a higher pair on fundamentals, risks are, in our view, skewed towards more CHF strength near term, as monetary-policy constraints. There is a risk that the market could test the SNB and send EUR/CHF towards 1.10 again and fuel intervention. We lower our forecast profile slightly for EUR/CHF, estimating 1.12 in 1M, 1.12 (previously 1.13) in 3M, 1.13 (previously 1.15) in 6M and 1.15 (previously 1.17) in 12M.

- **USD/CAD.** Over the past month, broad-based USD weakness has countered the positive spot impact of lower oil prices. At the latest monetary policy meeting, the Bank of Canada kept rates unchanged while signalling that the central bank expects to stay on hold. Meanwhile, as the US is by far the most important trading partner for Canada, Fed rate cuts on balance increase the probability of the Bank of Canada (BoC) easing; markets price roughly one cut in 12M. For now, we stick to the call of unchanged rates over the next 12M, as the latest data releases out of Canada have kept up well while oil prices would benefit from a further weakening of the USD. We lower the front-end of our profile to 1.32 in 1M (from 1.33) but leave our 3M, 6M and 12M forecasts unchanged at 1.31, 1.28 and 1.26, respectively.

- **USD/CNY.** In general, uncertainty has risen significantly, as the outlook for a trade deal has become much more blurred. We see a bigger risk of the trade war dragging out longer than we expect than of a deal being reached earlier. Hence, the risk for USD/CNY is skewed on the upside. We expect downward pressure on the CNY and keep our USD/CNY 3M forecast at 7.10. As we expect a trade deal in H2, we look for the CNY to strengthen again and USD/CNY to fall back to 6.80 in 12M.

- **NZD/USD and AUD/USD.** Both countries have faced a significant slowdown over the past year but have seen a slight stabilisation in the data for the recent months. The bar for large downside in AUD and NZD is high as of the current pricing and US/China policy and trade talks are highly influential for the outlook. The key risk that could take both NZD and AUD lower versus USD is the extent to which CNY moves above 7.0. On a three-month horizon, we see the potential for appreciation as quite limited and we believe 0.71 is more likely to be a ceiling than a floor for AUD, with the corresponding figure for NZD 0.67. Longer term, we see quite limited scope for a strong growth uptick to move AUD and NZD to their previous highs of '16/'17. By extension, we expect volatility to remain low and see moves in the size of a few percent either lower or higher from current spot, depending on global macro. Our forecast for 6-12M is broadly unchanged but near-term downside risks have faded slightly with the Fed-pivot. We set AUD/USD at 0.695 in 1M (previously 0.68), 0.70 in 3M (previously 0.68), 0.705 in 6M and 0.71 in 12M. Correspondingly, we set NZD/USD at 0.66 in 1M and 3M (previously 0.63) and 0.67 (previously 0.65) in 6M and 12M.

- **USD/RUB.** The RUB continues to enjoy stability, as US Congress has not been active in pushing through anti-Russian sanctions. The currency stands out relative to other (Asian) commodity/emerging market sentiment-linked currencies as having been broadly stable over substantial market moves withholding large oil price fluctuations. We forecast 65.40 (1M), 67.00 (3M), 68.00 (6M) and 69.00 (12M), including an expectation that the currency could be hit by further sanctions.

- **EUR/PLN.** The renewed trade dispute between China and the US initially sent EUR/PLN higher but with possible rate cuts by the Fed and ECB, the pair has fallen back to below the range and our short-term forecast. Indeed, the pair has now reached our 6M bullish forecast. The newfound strength may be premature if there is a severe escalation in trade tensions between the US and China at the G20 meeting and the Fed does not deliver the rate cuts. As a result, we revise our forecasts for EUR/PLN to 4.28 (previously 4.32) in 1M, 4.25 (previously 4.28) in 3M, 4.23 (previously 4.25) in 6M and 4.23 (unchanged) in 12M.

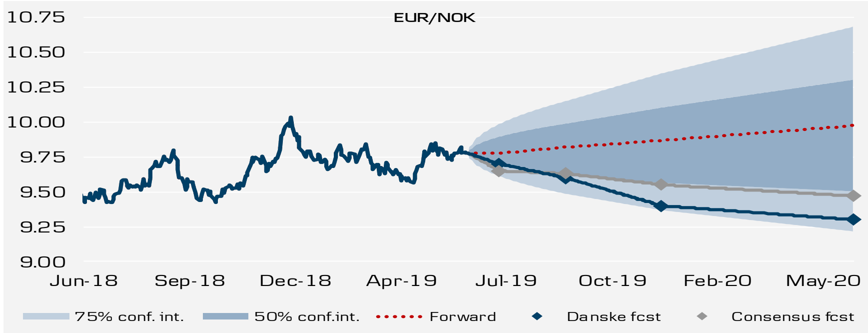
- **USD/TRY.** The TRY is stabilising on a global turn in monetary easing, while a lower oil price could wipe away the extra burden on Turkey's external position. However, domestic risk has not disappeared. Because of global monetary relief, we adjust our USD/TRY outlook, enhancing that the fragile domestic and geopolitical environment is still in place. Large FX debt redemptions by the Turkish private sector and expected rate cuts later in 2019 are set to weigh on the TRY in 2019 and 2020. Thus, we remain bearish on the TRY in the long term, expecting the USD/TRY to reach the following levels: 5.70 (previously 6.10) in 1M, 5.90 in 3M, 5.90 in 6M and 6.20 in 12M.

- **Oil.** We expect oil prices to recover over the rest of 2019. We forecast Brent will average USD75/bbl in Q3 and USD80/bbl in Q4. OPEC+ cuts and a modest recovery in global growth, along with a US-China trade deal, are the main factors that are set to underpin a higher oil price in H2.

EUR/NOK – Norges Bank set to hike rates in June

- **Growth.** Economic data releases over the past month have confirmed that the Norwegian mainland economy remains fairly insulated from weaker global growth impulses, which is due, in particular, to the substantial rise in oil investments. The important Regional Network Survey indicated growth in coming quarters of around 0.8% q/q, which is above trend potential and suggests that domestic wage pressures will continue to rise. This, in turn, has implications for inflation, as it means there now is less room for higher imported inflation – and hence a weaker NOK – if Norges Bank is to fulfil its 2% inflation target. As long as the growth outlook remains healthy, we believe this underpins the need for higher short-term rates.
- **Monetary policy.** At the interim May meeting, Norges Bank reiterated its message from the March Monetary Policy Report that the outlook suggests a gradual increase in the policy rate. Specifically, the board pointed to the coming June meeting as the most likely time for the next rate hike. We expect a hike in June and an additional hike in December. Markets currently price only slightly more than one hike for the full year.
- **Flows.** Foreign banks (proxy for speculative flows) have been net selling NOK over the past few weeks, amid resurfacing trade war concerns and global risk-off. Overall, we regard NOK positioning as neutral.
- **Valuation.** From a long-term perspective, the NOK seems fundamentally undervalued. Our PPP model has 8.85 as 'fair'. A model incorporating relative productivity also suggests NOK potential after the year-long period of internal devaluation and NOK weakness.
- **Risks.** The biggest risk factor to our NOK call has materialised with trade negotiations between the US and China virtually breaking down. While we eventually expect a deal, it is likely the timing of an agreement has been postponed, creating a murkier near-term outlook.

Forecasts: 9.70 (1M), 9.60 (3M), 9.40 (6M), 9.30 (12M)



EUR/NOK	1M	3M	6M	12M
Forecast (pct'ile)	9.70 (33%)	9.60 (23%)	9.40 (13%)	9.30 (15%)
Fwd. / Consensus	9.78 / 9.65	9.82 / 9.63	9.87 / 9.55	9.97 / 9.47
50% confidence int.	9.66 / 9.88	9.62 / 9.99	9.56 / 10.10	9.50 / 10.30
75% confidence int.	9.58 / 9.97	9.49 / 10.15	9.37 / 10.35	9.22 / 10.68

Source: Danske Bank

- **Conclusion.** The NOK has suffered from foreign selling amid the escalating trade war, lower oil prices and falling global inflation expectations. The decoupling from relative rates has been very pronounced over the past year. While factors such as a slowing China and the existence of more attractive commodity carry alternatives in CAD, AUD and NZD can partly explain NOK weakness, we still think the fundamental NOK backdrop is key to remember. Namely, as long as the global economy does not fall into a recession, global petroleum industries collapse or Norwegian competitiveness significantly erode, then the NOK would have to strengthen for Norges Bank to fulfil its inflation target (see *WFX Strategy – Why is the NOK so weak?*, 28 May). What is more, a sustained USD weakness trend would aid that move even if it is not a necessary condition for NOK strength, in our view. We leave unchanged our EUR/NOK forecast profile at 9.70 in 1M, 9.60 in 3M, 9.40 in 6M and 9.30 in 12M.

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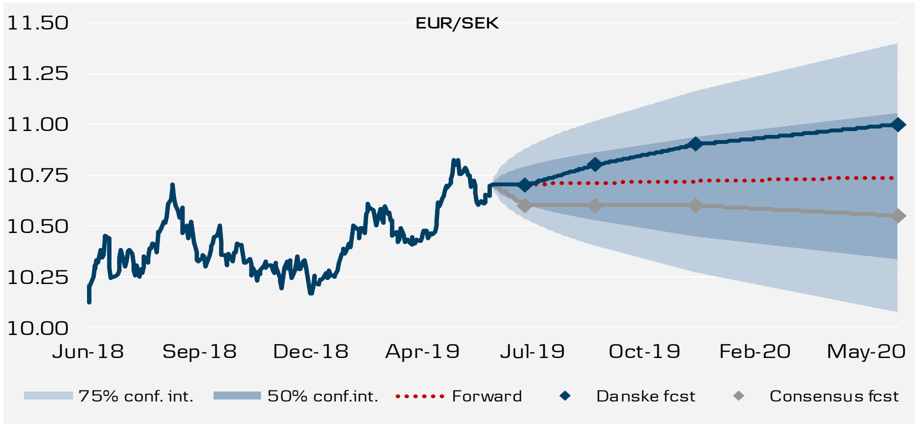
EUR/SEK – staycation

- **Growth.** Despite the latest two prints exceeding Consensus expectations, we still argue that Swedish growth has been weak. Stronger-than-expected net exports, which have counterbalanced the weak domestic demand, have bolstered the aforementioned prints. There is a clear risk that consumer spending and investments are set to remain weak throughout the year, so we maintain our call for sub-trend Swedish growth in 2019.
- **Monetary policy.** The inflation outlook remains a challenge, which we think will probably force the Riksbank to postpone planned rate hikes. Moreover, as international central banks soften, the scope for the Riksbank to keep its relatively upbeat rhetoric is shrinking daily. We do not expect any major policy revisions at the July meeting. If anything, there could be a dovish shift with regard to market communication. Seeing as the money market has already all but priced out rate hikes for the near future (only 7bp until September 2020), this might limit the downside in the SEK somewhat.
- **Flows.** The sizeable rate gap versus the US has held back commercial and investors' demand for the SEK and fuelled carry trades where SEK has been the funding currency. If the Fed enters an easing cycle, these flows may abate, which in turn could support the SEK. The seasonal pattern shows that the EUR/SEK has historically moved higher over the summer (partly Riksbank related).
- **Valuation.** Fundamental factors can to some extent explain the depreciation of the SEK in recent years (real), although we argue that ultra-easy monetary policy is the main culprit behind the weakening (see *FX Strategy – Hardships for the SEK*, 13 May)
- **Risks.** A pronounced global risk-off environment has the potential to send the SEK down the drain, although this is partially balanced by investors scaling back their carry positions. Significant Fed cuts, if they materialise, may send USD/SEK (and EUR/SEK) much lower than suggested by our forecasts.

Forecasts: 10.70 (1M), 10.80 (3M), 10.90 (6M), 11.00 (12M)



EUR/SEK	1M	3M	6M	12M
Forecast (pct'ile)	10.70 (51%)	10.80 (67%)	10.90 (71%)	11.00 (71%)
Fwd. / Consensus	10.71 / 10.60	10.71 / 10.60	10.72 / 10.60	10.74 / 10.55
50% confidence int.	10.60 / 10.80	10.53 / 10.86	10.45 / 10.94	10.33 / 11.06
75% confidence int.	10.52 / 10.89	10.40 / 11.02	10.27 / 11.16	10.08 / 11.40

Source: Danske Bank

- **Conclusion.** As we expected, the SEK recovered from the mid-May high above 10.80 and EUR/SEK is now close to our 1M target at 10.70. The inflation outlook remains a challenge, which we believe will probably force the Riksbank to postpone its planned rate hikes. As international central banks soften, the scope for the Riksbank to keep its relatively upbeat rhetoric is shrinking by the day. That said, we do not expect any major policy revisions at the July meeting. On balance, we keep our forecast profile intact at 10.70 (1M), 10.80 (3M), 10.90 (6M) and 11.00 (12M). A pronounced global risk-off environment has the potential to send the SEK down the drain, although partially balanced by investors scaling back carry positions. Significant Fed cuts, if they materialise, may send USD/SEK (and EUR/SEK) much lower than suggested by our forecasts.

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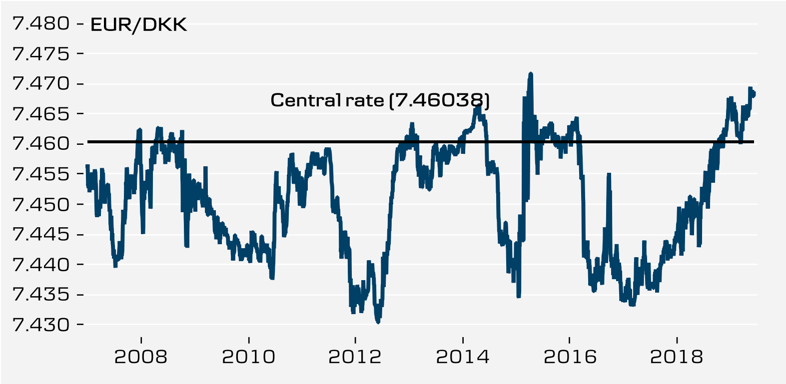
EUR/DKK – Danmarks Nationalbank looks through weak DKK

- **FX.** EUR/DKK reached a new 2019 high in May, rising above the level Danmarks Nationalbank (DN) intervened at in FX markets in January. This time around though DN opted to see through the DKK weakness and stay on the sidelines. Near term, EUR/DKK is likely to remain supported by trade war woes, weak equity markets and a large discount in FX forwards. We forecast EUR/DKK at 7.4670 in 1M, 7.4630 in 3M, 7.4590 in 6M and 7.4550 in 12M.
- **Rates and forwards.** We expect DN to keep the rate of interest on certificates of deposit unchanged at minus 0.65% in 12M. A very high net position has pushed down short-term DK swap rates and EUR/DKK FX forwards. This situation is likely to prevail into H2. In our view, if the ECB makes a rate cut in the coming months (not our base case), DN would not necessarily follow due to the weak DKK and already low level of the key policy rate.
- **Flows.** The Danish current account surplus remains large but has moderated somewhat from the elevated level in previous years. It still creates fundamental support for the DKK. In our opinion, a high savings rate and low investment activity will maintain this situation in coming years. Denmark has significant exposure to the US, as it earns around one-third of its surplus in the US.
- **Liquidity.** For the rest of Q2, we expect the net position to be in the area of DKK200-250bn on most days. In H2, we expect it to rise to the DKK220-270bn range on most days. However, in August, we could see it touch the DKK280-290bn level on some days aided by the effect of further government purchases of mortgage bonds, along with the usual seasonal effects in government payments.

Forecasts: 7.4670 (1M), 7.4630 (3M), 7.4590 (6M), 7.4550 (12M)



Source: Danske Bank

- **Conclusion.** Weak equity markets, an unresolved trade war and a large discount in FX forwards are likely to keep EUR/DKK elevated over coming months – at 7.4670 in 1M and 7.4630 in 3M (revised up from 7.4590). On a 6-12M horizon, we expect parties to strike a trade deal and the global macroeconomic backdrop to strengthen, which, in turn, we expect to send EUR/DKK back below the central rate – 7.4590 in 6M and 7.4550 in 12M.

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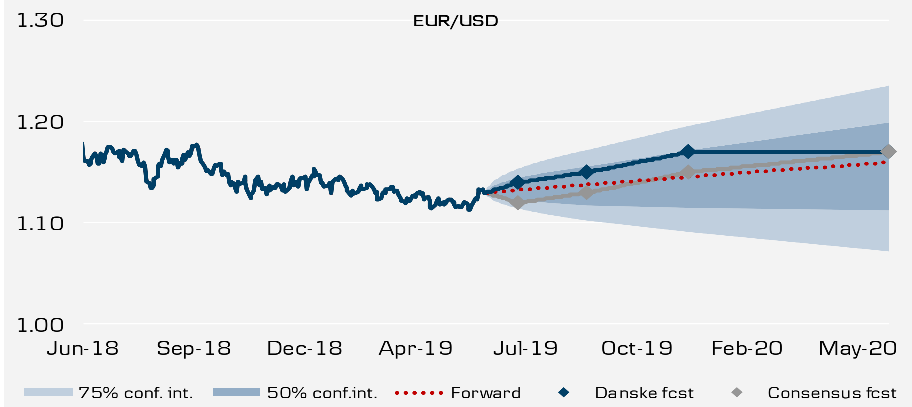
EUR/USD – Fed has blinked

- **Growth.** The US has suffered less than other regions from the decline in global economic growth that gained traction towards the end of last year. However, recently US data has surprised on the downside. We see the US economy turning ahead of the Eurozone as the latter needs to wait for China to stabilise first, while the Fed looks to us to be willing to use its policy space to keep the record-long expansion going. A trade deal and a 'decent Brexit' would eventually be positive for the Eurozone and could pave the way for positive surprises later in the year, as a lot of negativity is priced in on the euro political side.
- **Monetary policy.** Over the past six months, the Fed has made two swift dovish policy shifts, while the ECB has only begun discussing how to respond to a potential further deterioration in euro area economic activity and the inflation outlook. We now look for the Fed to initiate an easing cycle at its July meeting, while we look for the ECB to stay on hold, paving the way for Fed-ECB policy divergence.
- **Flows.** External balances as measured by relative current account balances hint at EUR/USD upside medium term but history suggests a deficit such as the US one can be sustained for prolonged periods, notably for a world reserve currency such as the dollar. The large Eurozone capital outflows, which ECB policy has arguably spurred, have faded but with an end to negative rates deferred, a reversal is not on the cards near term.
- **Valuation.** The USD remains generally overvalued on most measures and our MEVA and PPP estimates for EUR/USD are in the 1.20s, suggesting the direction of gravity should still be higher medium term.
- **Risks.** ECB easing in the form of rate cuts or QE and/or further deterioration of the trade war are important downside risks to our forecasts.

Forecasts: 1.14 (1M), 1.15 (3M), 1.17 (6M), 1.17 (12M)



EUR/USD	1M	3M	6M	12M
Forecast (pct'ile)	1.14 (69%)	1.15 (68%)	1.17 (73%)	1.17 (58%)
Fwd. / Consensus	1.13 / 1.12	1.14 / 1.13	1.15 / 1.15	1.16 / 1.17
50% confidence int.	1.12 / 1.14	1.12 / 1.16	1.11 / 1.17	1.11 / 1.20
75% confidence int.	1.11 / 1.15	1.10 / 1.17	1.09 / 1.20	1.07 / 1.24

Source: Danske Bank

Conclusion. In our view, the Fed has blinked and rate cuts are coming from July. At the same time, the ECB lacks answers to what to do about the risk of a de-anchoring of inflation expectations. The Fed-ECB monetary policy divergence should pave the way for a higher EUR/USD over the coming 6M. We forecast EUR/USD at 1.14 in 1M and 1.15 (revised up from 1.13) in 3M. We forecast EUR/USD at 1.17 in 6M (revised up from 1.15) and 1.17 in 12M (unchanged). The Fed initiating an easing cycle would do most of the lifting in 1-3M, while a US-China trade deal should weaken the USD in 3-6M.

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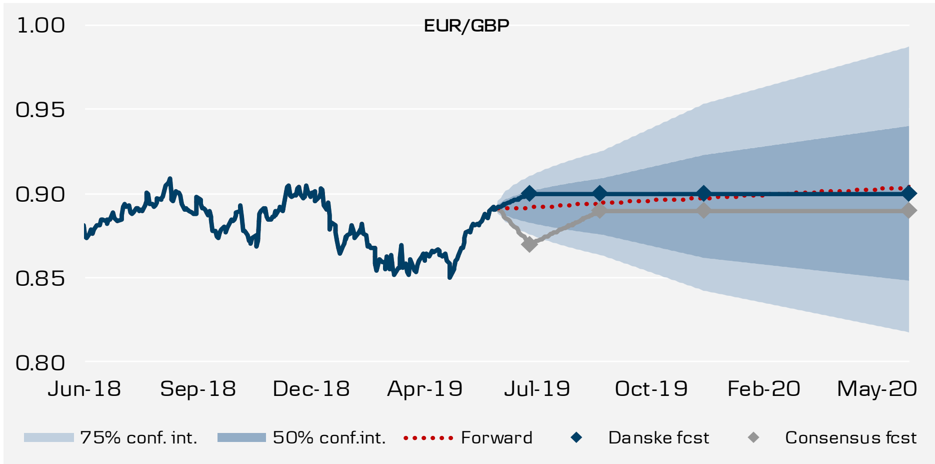
EUR/GBP – non-Brexit factors set to weigh on sterling

- **Recent history.** EUR/GBP has weakened substantially since the breakdown of cross-party talks led UK Prime Minister Theresa May to step down and the risk of a no-deal Brexit increased. We expect non-Brexit drivers to weaken the GBP further over the summer. In particular, we see weakening macro data as a new key driver.
- **Politics less important.** For a while, the focus in discussions on the GBP has been on the perceived probability of a no-deal Brexit. We argue this should be augmented by (1) global sentiment on credit risk, (2) the consequences of a prolonged Brexit process on consumer spending and corporate investment, not least a normalisation of strong Q1 data, and (3) the effects of ECB policy on the broad EUR. In our view, factors 1-3 are likely to take EUR/GBP higher in coming months.
- **Growth.** The extension of Brexit prolongs the period of uncertainty, which we expect to continue to be a drag on the economy. Q1 data was quite strong but we are now seeing both GDP and PMIs coming down and the negative surprise potential has risen. We expect this to be a factor in lifting EUR/GBP towards 0.9.
- **Monetary policy.** The Bank of England does not seem in a hurry to raise rates in the current environment, with UK leading indicators suggesting a small slowdown, inflation and wages under control, weakness in Europe and prolonged Brexit uncertainty. The probability of a cut is also very low, in our view.
- **Flows.** Foreign investors' appetite for UK assets may rebound when we get some Brexit clarification but that is unlikely to be a near-term story.
- **Valuation.** The GBP remains fundamentally undervalued. Our G10 MEVA model puts EUR/GBP at 0.78 (our Brexit-corrected MEVA estimate for the cross is around 0.83), while our PPP estimate is 0.76.
- **Risks.** There is a large Brexit premium (about 5%), which, if unwound, would strengthen GBP substantially.

Forecasts: 0.90 (1M), 0.90 (3M), 0.90 (6M), 0.90 (12M)



EUR/GBP	1M	3M	6M	12M
Forecast (pct'ile)	0.90 (76%)	0.90 (62%)	0.90 (58%)	0.90 (55%)
Fwd. / Consensus	0.89 / 0.87	0.89 / 0.89	0.90 / 0.89	0.90 / 0.89
50% confidence int.	0.88 / 0.90	0.88 / 0.91	0.86 / 0.92	0.85 / 0.94
75% confidence int.	0.88 / 0.91	0.86 / 0.93	0.84 / 0.95	0.82 / 0.99

Source: Danske Bank

Conclusion. We think markets will downplay the risk of a no-deal Brexit as a driver for the GBP in the period ahead. Instead, slightly weaker UK data, global sentiment and the ECB are new headwinds for EUR/GBP. A large repricing is probably unlikely, as relative fundamentals are still good, even if they become slightly less so. In turn, we revise our expectations for the GBP to a weaker path and forecast EUR/GBP at 0.90, trading in a range of 0.86-0.91.

Thus, we lift our EUR/GBP forecast to 0.90 (previously 0.86) and expect a higher trading range of 0.86 (in case of renewed optimism on Brexit) to 0.91 (further weakening of data and worsening of sentiment on Brexit).

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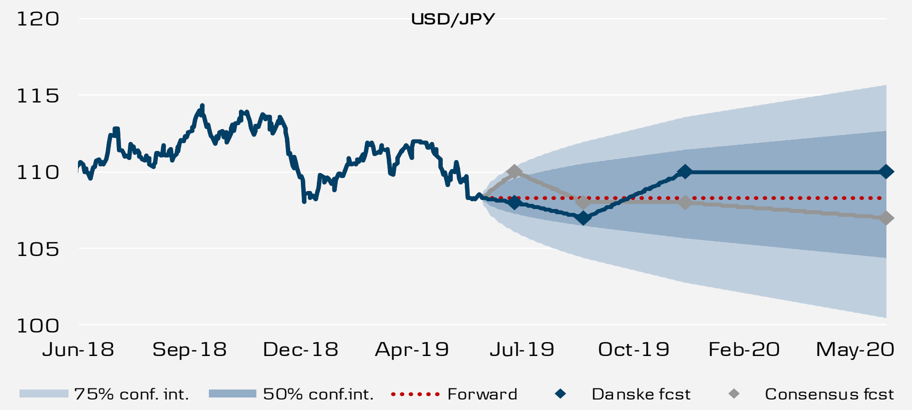
USD/JPY – still some downside before we see potential for reversal

- **Recent history.** USD/JPY has shifted around on the back of major but quarterly trends in global sentiment. The Q4 18 risk-off took the cross from 113 to 108. Risk-on over Q1 took it back to 112 and the most recent sell-off has moved it back to nearly 108. In line with our expectation, we are now at 108 and we still see a muddy macro picture, which is set to limit the upside in USD/JPY.
- **Sentiment is the key driver.** We expect global sentiment to remain the key driver in the cross as risk-off, commodity sell-off and falling US rates run together and amplify each other to take USD/JPY lower. If central banks manage to stabilise sentiment and oil prices, we would be likely to see the JPY move towards 110 in coming months. Should we see a worsening of risk sentiment, USD/JPY could move towards 106-108.
- **Inflation and monetary policy.** The BoJ continues to emphasise its willingness to keep monetary policy accommodative and we expect no changes before the end of 2020 at the earliest. US interest rates have shifted lower to around 2%. This limits the upside potential for USD/JPY in a risk-on scenario.
- **Terms of trade.** Commodity prices have come down, giving rise to a positive terms of trade shock and supporting JPY strength. The muddy macro picture suggests a balanced risk outlook on oil, in particular.
- **Flows.** Japan continues to be a significant capital exporter via its large current account surplus of above 3% of GDP, suggesting the currency relative to fundamentals is somewhat weak.
- **Valuation.** PPP is around 80, while our MEVA model suggests 104 is 'fundamentally' justified.
- **Positioning.** Investors are positioned in the cross for stronger macro indicators. The USD/JPY has to some extent traded like the FX equivalent to being long inflation expectations, credit and semiconductors.

Forecasts: 108 (1M), 107 (3M), 110 (6M), 110 (12M)



USD/JPY	1M	3M	6M	12M
Forecast (pct'ile)	108.00 (37%)	107.00 (29%)	110.00 (62%)	110.00 (58%)
Fwd. / Consensus	108.31 / 110.00	108.29 / 108.00	108.29 / 108.00	108.27 / 107.00
50% confidence int.	107.23 / 109.68	106.46 / 110.57	105.65 / 111.46	104.37 / 112.69
75% confidence int.	106.02 / 110.47	104.36 / 111.97	102.76 / 113.59	100.45 / 115.68

Source: Danske Bank

- **Upside risks.** Drivers set to take JPY back above 110 include an inflation-driving Fed cut, tariffs on Japan, additional BoJ easing (currently unlikely) and/or improving global macro.
- **Downside risks.** Conversely, risks to take JPY below 107 include declining commodity prices (particularly oil prices, global PMIs dipping further and a lack of more convincing momentum in Chinese macro).
- **Conclusion.** After adjusting lower in May and June as expected, we forecast USD/JPY at 107 in 3M. The forecast reflects expectations that we will stay in a muddy macro picture with downside risks still being material. A reconciliation of the US-China trade talks and/or more a substantial pivot from Fed is the key risk for USD/JPY upside.

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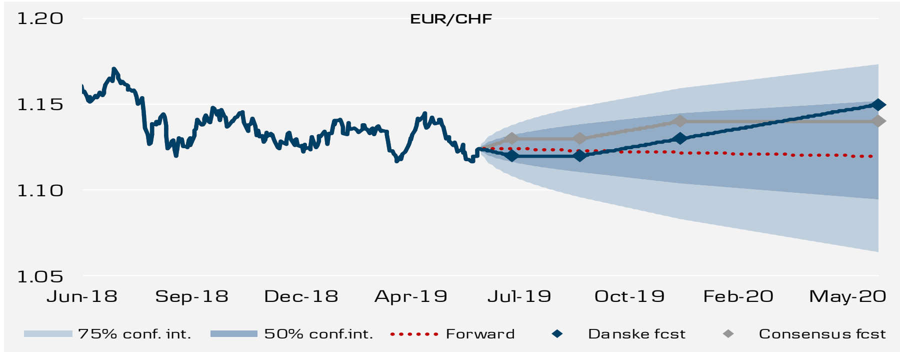
EUR/CHF – SNB kept in gridlock by ECB, leaving CHF bid

- **Growth.** Data out of Switzerland has improved slightly lately, with Q1 GDP figures stronger than expected at 0.6% q/q. That said, leading indicators continue to decline: PMI manufacturing has dropped sharply and remains somewhat below the 50 level and downward pressure on the KOF indicator remains in place. That said, unemployment is still low at 2.4% (seasonally adjusted) and inflation continues to hover just above 0.5%, with little pipeline inflationary pressure in sight. Eurozone and/or global weakness, including the trade war, remains the key risk.
- **Monetary policy.** Albeit stating its easing bias, the ECB disappointed markets in June by merely committing to an 'on hold' position amid reasonably favourable TLTRO (liquidity) terms. Thus, in our view, the ECB is unlikely to make a significant shift in policy any time soon and this is likely to continue putting strain on the SNB: the latter remains in a wait-and-hope position as a higher EUR/CHF is in essence the only way to take Swiss inflation towards target. At its June meeting the SNB introduced a new policy target rate set at -0.75%, i.e. at the midpoint of the previous 3M Libor target range. But the monetary-policy stance was effectively left unchanged with language regarding CHF strength and willingness to intervene left practically unchanged, i.e. the franc is still seen as 'highly valued' and the SNB states its right to intervene to curb CHF strength. We think the SNB will keep rates and its dovish stance little changed on a 12M horizon. Swiss rates are currently priced largely on par with the ECB which means around a 10bp cut, which we do not see happening on either side.
- **Flows.** Speculative positioning remains stretched CHF shorts.
- **Valuation.** Our longer-term valuation models suggest the cross should move higher over the medium to long term with fundamental estimates in the mid-1.20s.
- **Risks.** While CHF at times showed good resilience to rising Italian debt concerns in 2018, renewed focus/worries over Italian fiscal sustainability amid weak growth prospects could fuel CHF strengthening.

Forecasts: 1.12 (1M), 1.12 (3M), 1.13 (6M), 1.15 (12M)



EUR/CHF	1M	3M	6M	12M
Forecast (pct'ile)	1.12 (32%)	1.12 (39%)	1.13 (55%)	1.15 (73%)
Fwd. / Consensus	1.12 / 1.13	1.12 / 1.13	1.12 / 1.14	1.12 / 1.14
50% confidence int.	1.12 / 1.13	1.11 / 1.14	1.10 / 1.14	1.09 / 1.15
75% confidence int.	1.11 / 1.14	1.10 / 1.15	1.08 / 1.16	1.06 / 1.17

Source: Danske Bank

- **Conclusion.** EUR/CHF has been under pressure lately from an ECB on the sidelines, a fragile eurozone and Italy debt risks. While our medium-term bias remains for a higher pair on fundamentals, risks are skewed towards more CHF strength near term, as monetary-policy constraints bite. ECB 'normalisation' has been called off and – with this – the only hope the SNB had of bringing inflation back to 2%. In our view, latent Italian debt risks are here to stay. We are now much less optimistic about the H2 global growth outlook and a sustained break higher in the cross would require ECB support, which is unlikely near term. With constrained central banks, CHF appreciation pressure could be the order of the day, notably versus the USD as the Fed starts to cut, but also versus the EUR, as the ECB arguably has more downside room on rates, if need be. Thus, there is a risk that the market could test the SNB and send EUR/CHF towards 1.10 again and fuel intervention. We lower our forecast profile for EUR/CHF, to 1.12 in 1M, 1.12 (was 1.13) in 3M, 1.13 (was 1.15) in 6M and 1.15 (was 1.17) in 12M.

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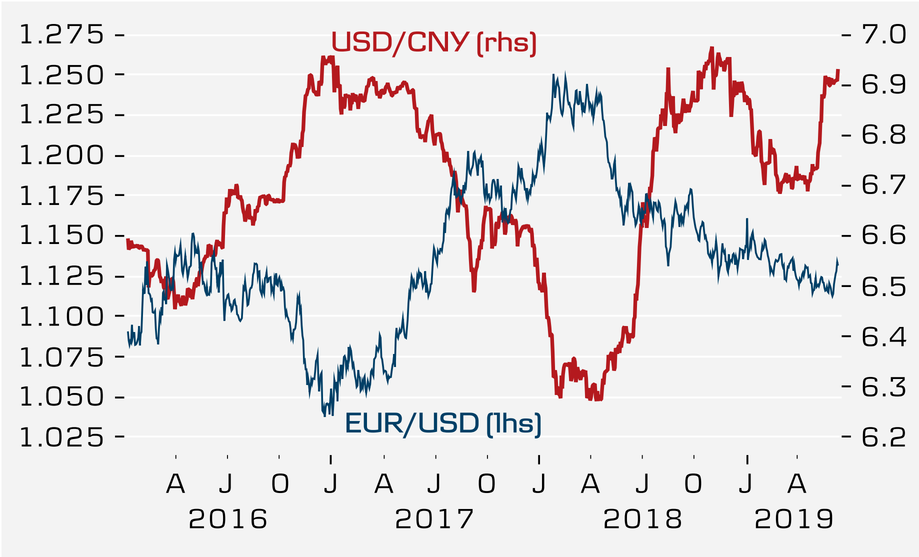
Danske Bank

USD/CNY – more CNY weakness until trade deal is done

- **Growth.** Following an improvement in economic data in Q1, the data for April and May were weak. With renewed uncertainty about the trade war with the US, we expect PMIs to fall back further in coming months. We do not see a trade deal coming until H2. Higher uncertainty and an increase in tariffs is set to postpone the Chinese recovery and we look for more stimulus ahead, both fiscal and monetary. We do not expect a hard landing, though, as the construction sector, public investments and new stimulus should keep a floor under economic activity.
- **Monetary policy.** China has eased monetary policy since April 2018 by cutting the Reserve Requirement Ratio (RRR) and measures to improve credit availability to the private sector. We look for a further cut in the RRR soon due to the trade war flaring up again.
- **FX policy**. The CNY continues to be a managed peg against a basket of currencies. The People's Bank of China (PBoC) is allowing the market to play a bigger role but also intervenes if it is deemed necessary to dampen too rapid movements that can cause instability. We do not believe the PBoC is using the CNY as an instrument in the trade war but rather that the CNY has weakened due to a changed perception in the market of future monetary policy. The Governor of the PBoC Yi Gang has signalled that 7.00 is not a red line for USD/CNY to open the door further for a move higher in the cross.
- **Flows.** FX reserves have been stable for some time but there is increased anecdotal evidence that China has tightened capital controls for outflows. Portfolio inflows benefit this year due to an increase in the weight of Chinese equities in the MSCI Emerging Markets index and the inclusion of Chinese bonds in the Bloomberg Barclays index from 1 April.
- **Valuation.** The CNY is close to long-term fair valuation.

Forecast: 6.95 (1M), 7.10 (3M), 6.90 (6M), 6.80 (12M)



Source: Danske Bank

- **Conclusion.** We expect downward pressure on the CNY and keep our USD/CNY 3M forecast at 7.10. As we expect a trade deal in H2, we look for the CNY to strengthen again and USD/CNY to fall back to 6.80 in 12M.
- **Risks:** In general, uncertainty has risen significantly, as the outlook for a trade deal has become much more blurred. We see a bigger risk of the trade war dragging out further than we expect than of a deal being reached earlier. Hence, the risk for USD/CNY is skewed on the upside.

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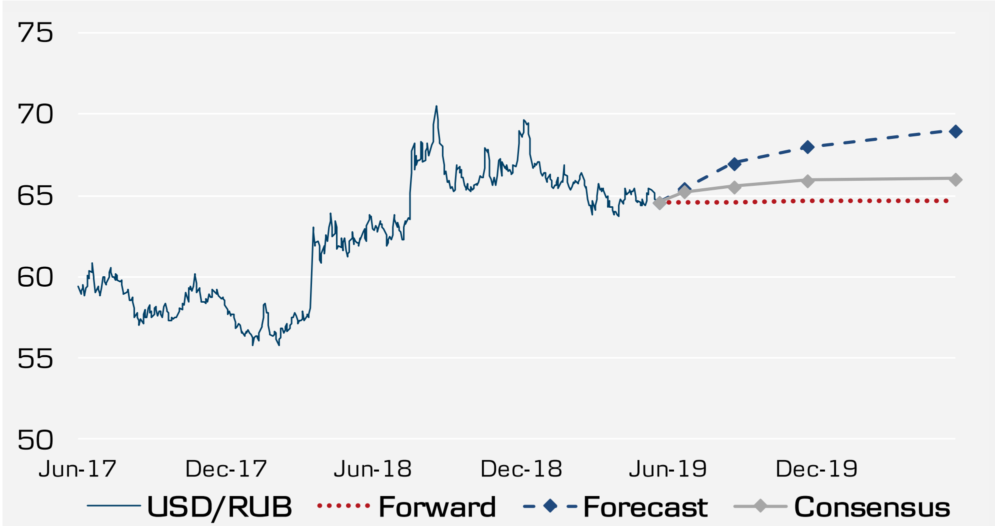
USD/RUB – global monetary easing, lack of new sanctions cheer the RUB

- **Growth.** Q1 19 GDP preliminary growth data surprised on the downside, reaching just 0.5% y/y versus the 1.2% expected by Bloomberg consensus and slowing down from the brisk Q4 19 growth of 2.7%. Private consumers did poorly due to a VAT increase and continuing tight monetary policy. We still expect 2019 GDP to expand moderately by 1.3% y/y, while we see some acceleration to 1.8% in 2019 due to notable monetary easing and initiation of several investment projects by the state.
- **Monetary policy.** Russia's central bank (CBR) has kept the key rate unchanged at 7.75% so far in 2019. The central bank is highly inflation adverse around its target of 4%. Currently, inflation is tracking slightly above the target but we expect the central bank to cut the key rate by 25bp on 14 June, and deliver two more 25bp cuts in September and December 2019.
- **Flows.** On the lack of progress on anti-Russia legislation by the US, Russian government debt and the currency have been rallying since late 2018, as the geopolitical risk has not materialised, yet. The RUB remains a major carry currency and new sanctions (not global macro) seem to be the key risk for this possibly to change.
- **Valuation.** In the hunt-for-yield environment and with resilient macro fundamentals, we believe the RUB is likely to remain attractive for investors until external conditions via US politics change. Global easing is set to create additional support.

Forecasts: 65.40 (1M), 67.00 (3M), 68.00 (6M), 69.00 (12M)



USD/RUB	1M	3M	6M	12M
Forecast	65.40	67.00	68.00	69.00

Source: Danske Bank

- **Risks.** If US congress enacts further sanctions, we expect a premium of high single-digit percentage depreciation. Hence, cuts and/or sanctions skew the FX risks towards weakening a bit, as reflected in our forecasts, which we adjust on global monetary easing winds.
- **Conclusion.** The RUB continues to enjoy stability, as US Congress has not been active in pushing through anti-Russia sanctions. The currency stands out relative to other (Asian) commodity/emerging market sentiment-linked currencies as having been broadly stable over substantial market moves withholding large oil price fluctuations. We see USD/RUB at 65.40 (unchanged), 67.00 (previously 68.00), 68.00 (69.00) and 69.00 (70.00) in 1M, 3M, 6M and 12M, respectively.

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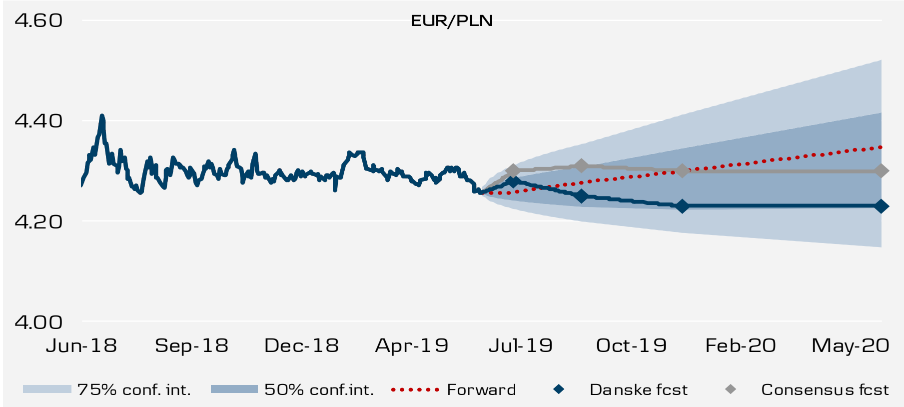
EUR/PLN – defying negative global developments

- **Economic developments.** Momentum in the Polish economy is showing positive signs. PMI manufacturing has stabilised around 49.0. Furthermore, growth in industrial production picked up to 9% in May, while construction spending grew 17.5% y/y. On the consumption side, retail sales are strong, expanding 11% in May (5% in April), supported by low unemployment and rapid wage growth. The relatively good performance of the Polish economy supports our Q2 real GDP growth forecast of 0.8% q/q. For 2019 as a whole, we have raised our real GDP growth rate forecast to 4.2% (from 3.6%). This growth rate is still above the potential growth rate of the Polish economy, meaning the labour market could tighten further.
- **Monetary policy.** Headline inflation climbed further in May to 2.3%, from 2.2% in April. The rise in the headline number is driven by a combination of higher energy prices and higher core inflation, which edged up to 1.7% in April (having increased from just 0.6% at the beginning of the year). The low interest rates appear to be accommodative, as broad money supply expanded more than 10% in April. Furthermore, in light of the prospective fiscal expansion, several National Bank of Poland board members have flagged the risk of higher interest rates to curtail a possible rise in inflation. However, the governor continues to play down the need for tighter monetary policy. We think that core inflation will increase further to 2.0% towards the end of the year. However, given the dovish signals from global central banks, the market is pricing in a small chance of 10bp rate cut in 2020, which seems dovish to us.
- **Risks.** Risks are skewed on the downside for EUR/PLN in the near term due to a potentially positive outcome from trade talks between the US and China at the G20 meeting and continued strong economic releases in Poland, leading to more hawkish repricing by the central bank.

Forecast: 4.28 (1M), 4.25 (3M), 4.23 (6M), 4.23 (12M)



EUR/PLN	1M	3M	6M	12M
Forecast (pct'ile)	4.28 (78%)	4.25 (38%)	4.23 (27%)	4.23 (26%)
Fwd. / Consensus	4.26 / 4.30	4.28 / 4.31	4.30 / 4.30	4.35 / 4.30
50% confidence int.	4.23 / 4.28	4.23 / 4.31	4.22 / 4.35	4.23 / 4.42
75% confidence int.	4.22 / 4.30	4.20 / 4.35	4.18 / 4.41	4.15 / 4.52

Source: Danske Bank

- **Conclusion.** The renewed trade dispute between China and the US initially sent EUR/PLN higher but with the possible rate cuts by the Fed and ECB, the pair has fallen back to below the range and our short-term forecast. Indeed, the pair has now reached our 6M bullish forecast. The newfound strength may be premature if there is a severe escalation in trade tensions at the G20 meeting and the Fed does not deliver the rate cuts. We see a 50% chance of further deterioration in US-China trade relations, which would send the pair slightly higher (the PLN has been relatively immune to risk-off periods lately). As a result, we see a slight case for EUR/PLN to edge higher on a short-term basis to 4.28 (previously 4.32) in 1M but then as the Fed delivers on the cutting side, we see the pair going down to 4.25 (previously 4.28) in 3M, 4.23 (previously 4.25) in 6M and 4.23 (previously 4.23) in 12M.

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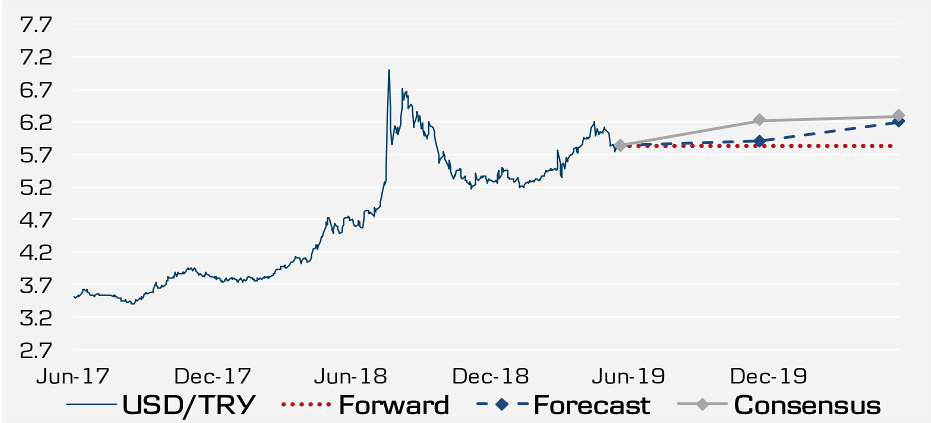
USD/TRY – global monetary easing stops TRY's free fall

- **Growth.** Although the Turkish economy entered a recession in Q4 18, the economy started to show signs of a tepid recovery in Q1 19. However, the recovery in consumer confidence stopped in May 2019. Industrial production rebounded in March, which bodes well for Q1 real GDP growth. The PMI indicator took a hit, declining further into contractionary territory at 45.3 in May. We expect 2019 GDP to contract 2.0% y/y (previously we expected 1.1% y/y growth) and 2020 GDP to expand 1.7% y/y, versus our previous expectation of 2.1%.
- **Monetary policy.** Turkey's central bank (TCMB) kept the one-week repo rate at 24.00% in May 2019. After falling fairly strongly, CPI inflation has stabilised slightly under 20%, due partly to the pick-up in energy prices. Combined with the weakening TRY and uncertain environment, it is probably premature for the TCMB to cut rates in June, although global monetary easing has opened the door for a cut in the next few months.
- **Valuation.** Net flows into Turkish assets remain negative despite improved global emerging market sentiment. The increased fragility of domestic factors is weighing on economic performance expectations. According to technical analysis (Relative Strength Index), USD/TRY is becoming overbought, which means the TRY has more space to stabilise in the near term.
- **Risks.** Major downside risks to our TRY forecasts include more aggressive monetary easing than markets are pricing, further escalation of the trade war and geopolitical confrontation with the US on Russia's air defence system.

Forecasts: 5.70 (1M), 5.90 (3M), 5.90 (6M) and 6.20 (12M)



USD/TRY	1M	3M	6M	12M
Forecast	5.70	5.9	5.90	6.2
Fwd./Consesus	5.84 / 6.10	5.84 / 6.20	5.84 / 6.22	5.84 / 6.29

Source: Danske Bank

- **Conclusion.** The TRY is stabilising on a global turn in monetary easing, while the lower oil price could wipe away the extra burden on Turkey's external position. However, domestic risk has not disappeared. Because of global monetary relief, we adjust our USD/TRY outlook, enhancing that the fragile domestic and geopolitical environment is still in place. Large FX debt redemptions by the Turkish private sector and expected rate cuts later in 2019 are set to weigh on the TRY in 2019 and 2020. Thus, we remain bearish on the TRY in the long term, expecting the USD/TRY to reach the following levels: 5.70 (previously 6.10) in 1M, 5.90 in 3M, 5.90 in 6M and 6.20 in 12M.

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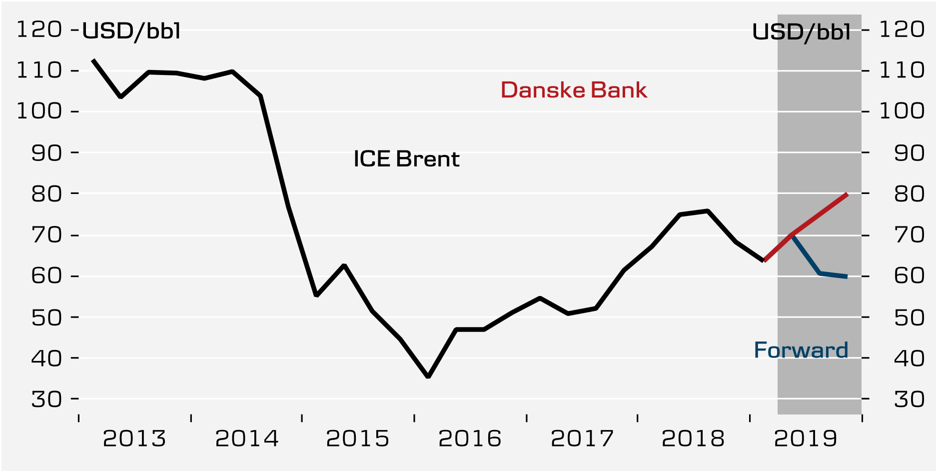
Oil – ‘risk off’ spills over to the oil market

- **Macro.** Supply risks are still present in the oil market. OPEC+ is mulling an extension of the output cuts, agreed in December 2018, at the upcoming 25-26 June meeting. The output in Iran, Venezuela and Libya remains at risk. Recently, weak demand has started to grab the headlines though. The global macro backdrop remains relatively fragile, highlighted by weak macroeconomic data and sluggish global trade growth. To make matters worse, a trade deal looks to us unlikely before H2. In the US, petroleum stocks have started to rise further, pointing to frail oil demand.
- **Forward curve.** Backwardation in the Brent crude oil market forward curve has narrowed following the decline in the spot price back close to USD60/bbl, while the price for longer dated contracts has started to trend lower. In our view, backwardation should widen as spot prices recover in H2 in accordance with our forecasts.
- **Positioning.** Speculative investors are stretched long positioned in WTI and we have seen only a small effect on positioning following the recent sell off in the oil market.
- **Risks.** In the short term, the main risks to our oil price forecasts are a further increase in the tension between the US and Iran on the upside and further escalation in the trade war on the downside. Finally, OPEC is set to meet again on 25 June to discuss the extension of the current output cuts. We expect OPEC+ to extend its output cuts and adjust its output cut target, if needed, to mitigate supply disruptions, e.g. from Iran, Libya or Venezuela.

Forecast: USD75/bbl (Q3), USD80/bbl (Q4), USD80/bbl (2020)



Source: Danske Bank

- **Conclusion.** We expect oil prices to recover over the rest of 2019. We forecast Brent will average USD75/bbl in Q3 and USD80/bbl in Q4. OPEC+ cuts and a modest recovery in global growth along with a US-China trade deal would be the main factors underpinning a higher oil price in H2.

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Danske Bank

Danske Bank FX forecasts vs EUR

Last Update: 13/06/2019

G10	Spot	+1m	+3m	+6m	+12m
Exchange rates vs EUR					
EUR/USD	1.130	1.14	1.15	1.17	1.17
EUR/JPY	122.4	123	123	129	129
EUR/GBP	0.891	0.90	0.90	0.90	0.90
EUR/CHF	1.123	1.120	1.120	1.130	1.150
EUR/SEK	10.706	10.70	10.80	10.90	11.00
EUR/NOK	9.776	9.70	9.60	9.40	9.30
EUR/DKK	7.468	7.4670	7.4630	7.4590	7.4550
EUR/AUD	1.635	1.640	1.643	1.660	1.648
EUR/NZD	1.720	1.727	1.742	1.746	1.746
EUR/CAD	1.505	1.505	1.507	1.498	1.474
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
EUR/PLN	4.258	4.28	4.25	4.23	4.23
EUR/HUF	322	320	313	310	305
EUR/CZK	25.584	25.70	25.60	25.20	25.00
EUR/RUB	73.003	74.56	77.05	79.56	80.73
EUR/TRY	6.599	6.50	6.79	6.90	7.25
EUR/ZAR	16.789	16.25	16.68	16.97	16.67
EUR/BRL	4.367	4.49	4.20	4.15	3.86
EUR/CNY	7.815	7.92	8.17	8.07	7.96
EUR/INR	78.439	83.22	79.35	79.56	78.39

Source: Bloomberg, Danske Bank

Danske Bank

Danske Bank FX forecasts vs DKK

Last Update: 13/06/2019

G10	Spot	+1m	+3m	+6m	+12m
Exchange rates vs DKK					
USD/DKK	6.61	6.55	6.49	6.38	6.37
JPY/DKK	6.10	6.06	6.07	5.80	5.79
GBP/DKK	8.379	8.30	8.29	8.29	8.28
CHF/DKK	6.648	6.67	6.66	6.60	6.48
SEK/DKK	0.698	0.70	0.69	0.68	0.68
NOK/DKK	0.764	0.77	0.78	0.79	0.80
EUR/DKK	7.4678	7.4670	7.4630	7.4590	7.4550
AUD/DKK	4.568	4.55	4.54	4.49	4.52
NZD/DKK	4.343	4.32	4.28	4.27	4.27
CAD/DKK	4.962	4.96	4.95	4.98	5.06
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
PLN/DKK	1.753	1.745	1.756	1.763	1.762
HUF/DKK	2.32	2.33	2.38	2.41	2.44
CZK/DKK	0.292	0.291	0.292	0.296	0.298
RUB/DKK	0.102	0.100	0.097	0.094	0.092
TRY/DKK	1.134	1.149	1.100	1.081	1.028
ZAR/DKK	0.445	0.460	0.448	0.440	0.447
BRL/DKK	1.710	1.662	1.778	1.796	1.931
CNY/DKK	0.956	0.942	0.914	0.924	0.937
INR/DKK	0.095	0.090	0.094	0.094	0.095

Source: Bloomberg, Danske Bank

Danske Bank FX forecasts vs SEK

G10	Spot	+1m	+3m	+6m	+12m
				Last Update:	13/06/2019
Exchange rates vs SEK					
USD/SEK	9.47	9.39	9.39	9.32	9.40
JPY/SEK	8.74	8.69	8.78	8.47	8.55
GBP/SEK	12.01	11.89	12.00	12.11	12.22
CHF/SEK	9.53	9.55	9.64	9.65	9.57
EUR/SEK	10.71	10.70	10.80	10.90	11.00
NOK/SEK	1.10	1.10	1.13	1.16	1.18
DKK/SEK	1.43	1.43	1.45	1.46	1.48
AUD/SEK	6.55	6.52	6.57	6.57	6.68
NZD/SEK	6.23	6.19	6.20	6.24	6.30
CAD/SEK	7.11	7.11	7.17	7.28	7.46
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
PLN/SEK	2.51	2.50	2.54	2.58	2.60
HUF/SEK	3.32	3.34	3.45	3.52	3.61
CZK/SEK	0.42	0.42	0.42	0.43	0.44
RUB/SEK	0.15	0.14	0.14	0.14	0.14
TRY/SEK	1.62	1.65	1.59	1.58	1.52
ZAR/SEK	0.64	0.66	0.65	0.64	0.66
BRL/SEK	2.45	2.38	2.57	2.62	2.85
CNY/SEK	1.370	1.350	1.323	1.350	1.383
INR/SEK	0.136	0.129	0.136	0.137	0.140

Source: Bloomberg, Danske Bank

Danske Bank FX forecasts vs NOK

G10	Spot	+1m	+3m	+6m	+12m
Valutakurser mot NOK					
USD/NOK	8.65	8.51	8.35	8.03	7.95
JPY/NOK	7.99	7.88	7.80	7.30	7.23
GBP/NOK	10.97	10.78	10.67	10.44	10.33
CHF/NOK	8.70	8.66	8.57	8.32	8.09
SEK/NOK	0.91	0.91	0.89	0.86	0.85
EUR/NOK	9.78	9.70	9.60	9.40	9.30
DKK/NOK	1.31	1.30	1.29	1.26	1.25
AUD/NOK	5.98	5.91	5.84	5.66	5.64
NZD/NOK	5.69	5.62	5.51	5.38	5.33
CAD/NOK	6.50	6.45	6.37	6.28	6.31
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
PLN/NOK	2.30	2.27	2.26	2.22	2.20
HUF/NOK	3.03	3.03	3.07	3.03	3.05
CZK/NOK	0.38	0.38	0.38	0.37	0.37
RUB/NOK	0.13	0.13	0.12	0.12	0.12
TRY/NOK	1.48	1.49	1.41	1.36	1.28
ZAR/NOK	0.58	0.60	0.58	0.55	0.56
BRL/NOK	2.24	2.16	2.29	2.26	2.41
CNY/NOK	1.251	1.224	1.176	1.164	1.169
INR/NOK	0.125	0.117	0.121	0.118	0.119

Source: Bloomberg, Danske Bank

Danske Bank FX forecasts vs USD

G10	Spot	+1m	+3m	+6m	+12m
			Last Update:	13/06/2019	
Exchange rates vs USD					
EUR/USD	1.130	1.14	1.15	1.17	1.17
USD/JPY	108.3	108	107	110	110
GBP/USD	1.268	1.27	1.28	1.30	1.30
USD/CHF	0.994	0.98	0.97	0.97	0.98
USD/SEK	9.474	9.39	9.39	9.32	9.40
USD/NOK	8.651	8.51	8.35	8.03	7.95
USD/DKK	6.609	6.55	6.49	6.38	6.37
AUD/USD	0.691	0.70	0.70	0.71	0.71
NZD/USD	0.657	0.66	0.66	0.67	0.67
USD/CAD	1.332	1.32	1.31	1.28	1.26
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
USD/PLN	3.769	3.75	3.70	3.62	3.62
USD/HUF	285	279	272	265	261
USD/CZK	22.640	22.54	22.26	21.54	21.37
USD/RUB	64.620	65.40	67.00	68.00	69.00
USD/TRY	5.830	5.70	5.90	5.90	6.20
USD/ZAR	14.856	14.25	14.50	14.50	14.25
USD/BRL	3.868	3.94	3.65	3.55	3.30
USD/CNY	6.92	6.95	7.10	6.90	6.80
USD/INR	69.43	73.00	69.00	68.00	67.00

Source: Bloomberg, Danske Bank

Danske Bank FX forecasts vs GBP

G10	Spot	+1m	+3m	+6m	+12m
				Siste opdatering:	13/06/2019
Exchange rates vs GBP					
GBP/USD	1.27	1.27	1.28	1.30	1.30
GBP/JPY	137.35	137	137	143	143
EUR/GBP	0.89	0.90	0.90	0.90	0.90
GBP/CHF	1.26	1.24	1.24	1.26	1.28
GBP/SEK	12.01	11.89	12.00	12.11	12.22
GBP/NOK	10.97	10.78	10.67	10.44	10.33
GBP/DKK	8.38	8.30	8.29	8.29	8.28
GBP/AUD	1.83	1.82	1.83	1.84	1.83
GBP/NZD	1.93	1.92	1.94	1.94	1.94
GBP/CAD	1.69	1.67	1.67	1.66	1.64
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
GBP/PLN	4.78	4.76	4.72	4.70	4.70
GBP/HUF	361.63	356	348	344	339
GBP/CZK	28.70	28.56	28.44	28.00	27.78
GBP/RUB	81.91	82.84	85.61	88.40	89.70
GBP/TRY	7.40	7.22	7.54	7.67	8.06
GBP/ZAR	18.84	18.05	18.53	18.85	18.53
GBP/BRL	4.90	4.99	4.66	4.62	4.29
GBP/CNY	8.77	8.80	9.07	8.97	8.84
GBP/INR	88.01	92.47	88.17	88.40	87.10

Source: Bloomberg, Danske Bank

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Expected updates

Monthly.

Date of first publication

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Report completed: 13 June 2019, 11:48 CEST

Report first disseminated: 13 June 2019, 12:20 CEST