

Weekly Focus

Will Trump step up the trade war?

Market Movers ahead

- US President Trump to possibly announce US tariffs on an additional USD200bn of Chinese imports next week. Also CPI data will be released (Thu), where we expect 2.3%
- Emerging markets will continue to be in focus, in particular the Turkish central bank meeting where we expect a 300bp hike on the back of the weaker currency and looming inflation pressure.
- Euro area wage growth for Q2 (Fri) will give an indication of the strength of the underlying trend in inflation. Further, the ECB meeting on Thursday is not expected to carry new policy signals and mostly it's a meeting for the feinschmeckers.
- In the UK, the monthly GDP figure for July will give a first indication on how Q3 have fared. We expect a 0.1-0.2% growth (implying 0.3-0.4% q/q). Also, BoE meets on Thursday in a rather uneventful meeting with no updated projections and no press conference.

Global macro and market themes

- Trump is struggling with only two months before the midterm elections.
- European indicators are stabilising.

Focus

Reading the Markets Sweden - 6 September 2018

ECB Preview - For the feinschmeckers

FX Strategy - Monetary conditions have started to turn EUR positive

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Financial views

Major indices

	07-Sep	3M	12M
10yr EUR swap	0.89	0.90	1.25
EUR/USD	116	113	125
ICE Brent oil	77	72	74

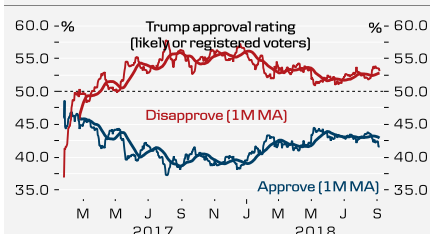
Source: Danske Bank

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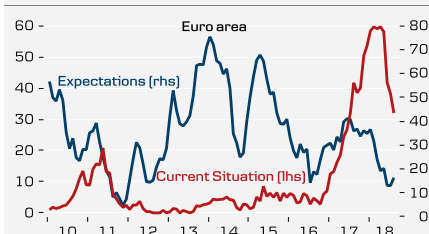
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Trump is still unpopular



Source: FiveThirtyEight, Macrobond Financial

Economic expectations rebounding



Source: ZEW, Macrobond Financial

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Market movers

Global

- In the **US**, Trump will possibly announce US tariffs on an additional \$200 billion of Chinese imports as the hearing ended this week. (First round of tariffs: hearing ended on 22 May, the tariffs were announced on 29 May and implemented on 15 July.)

On Thursday, CPI data for August are due for release which we expect to show that the core index continues to rise around 0.2% m/m (unchanged at 2.4 % y/y). Even if inflation surprises on the upside, Fed has said it will tolerate inflation moving above the 2% target as inflation has been too low for a long time.

Retail sales data for August are due out on Thursday. A high level of consumer confidence points to strong growth in private consumption, however, these numbers are usually quite volatile on a monthly basis.

- In the **euro area** we have an important week ahead of us. On Tuesday we get German ZEW Economic Sentiment for September. Our main focus will be on the economic expectations which saw a rebound in July and it will be interesting to see whether this trend has continued, especially in light of the decreasing risk of a US-EU trade war.

On Friday, the euro area wage growth of Q2 will be published. After seeing an upward moving trend in the previous two quarters which led to a 2% y/y increase in Q1, we expect Q2 wage growth to hit 2.2% y/y, mainly driven by negotiated wages, especially in

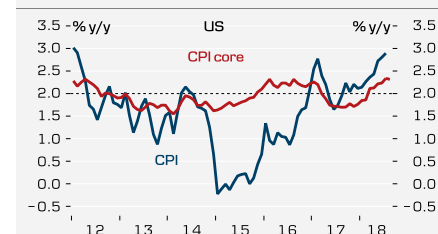
G Germany.

On Thursday, the ECB will meet and present new staff projections. We expect a marginal downward revision of the 2019 and 2020 projections, but no new policy signals as the central bank has been content with the current economic path and the market reaction to the recent increased forward guidance in June. See more in *ECB Preview – for the feinschmeckers*.

- In the **UK**, we have a busy week ahead of us. As per usual, look out for political news on Brexit. In terms of data releases, the key release is the monthly GDP indicator for July, which will give us more insight into how the economy started Q3. We think GDP is growing on average between 0.1%-0.2% (implying a quarterly GDP growth rate around 0.3-0.4%) with our point estimate being 0.1% m/m. That said, the series is quite volatile.

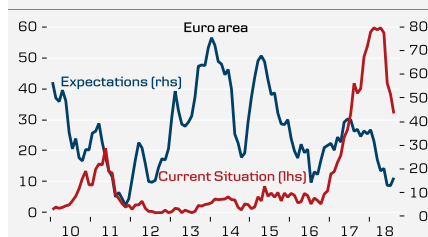
We also get the UK jobs report on Tuesday. We estimate the unemployment rate (3M average) was unchanged at 4.0%. Average weekly earnings excluding bonuses (3M average) surprised on the upside last time, so we think the monthly increase will decline but it should still be sufficient to lift the annual growth rate to 2.8% y/y from 2.7% y/y.

CPI core inflation unchanged at 2.4% in August



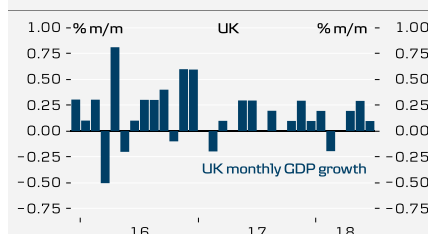
Source: BLS, Macrobond Financial

Economic expectations rebounding



Source: ZEW, Macrobond Financial

UK monthly GDP growth is volatile



Source: ONS, Macrobond Financial

The Bank of England meeting on Thursday is probably less interesting, as it is one of the interim meetings without updated projections and no press conference. After the August hike, we believe the BoE is on hold until next year. We do not think it is necessary for the Bank of England to send any new signals at the moment.

- In **China** next week, we will monitor the figures closely for signs of whether economic growth has slowed further. We will get key economic data, such as retail sales, industrial production and fixed assets investments. The declining economic growth this year was anticipated, but the trade war has most likely contributed to a greater decline than the Chinese government had expected, forcing it to ease both fiscal and monetary policy. Should Trump impose the tariffs during next week, we expect an immediate response from the Chinese government in line with previous announcements.
- In **Japan**, there are no major market movers next week to follow.

Scandi

- In **Denmark**, an exciting week is in store with plenty on the agenda. Inflation kicks off the week on Monday, and we expect a slight rise from 1.1% in July to 1.2% in August. Higher prices for charter flights were a major source of inflation in July, however we expect them to head down again in the coming months, but it is uncertain how quickly this will happen and how much of it we will see in the August data. Power prices have also pushed up recently and would seem to have continued to do so in August, and petrol prices have also risen. Monday also brings figures from Statistics Denmark for foreign trade, which has surprised to the downside thus far in 2018. Will exports pick up after a disappointing H1? Final employment figures for Q2 and the Nationalbank's latest economic forecast follow on Wednesday. Finally, Friday sees Finance Denmark's housing market statistics for Q2. We already know from Statistics Denmark how prices have moved nationwide, but it will be interesting to see what has been happening at a local level.
- In **Sweden**, we see about 0.1 percentage point higher inflation in August than the Riksbank's new forecasts, both in headline CPIF and core CPIF excl. Energy. The main drivers are seasonally higher price hikes on clothes which are balanced by sharply falling prices on international airline tickets and charter packages. To these, we have to add additional price increases on energy, both electricity and petrol. Looking at risks, there is great uncertainty about the impact of this summer's drought on food prices. Another, more important uncertainty relates to how much the weaker SEK may have raised prices on import goods. Looking forward, the Riksbank's new core CPIF forecast has come closer to our own, but from March 2019 the paths diverge again. Extending the most recent KIX outcome with the Riksbank's new forecast suggests a certain upside risk on imported inflation (30% of the CPIF basket) in the near term, which translates into a bigger downside risk in 2019.

There are other things to watch next week: 1) the outcome of the Swedish election is very uncertain, but only a surprise boost to the anti-immigration Sweden Democrats becoming the biggest party (which some polls actually suggest) might cause a market shake-up; 2) the ordinary Q2 GDP (the previous was an advance estimate used as input to the autumn budget bill) may affect markets if there are significant revisions.

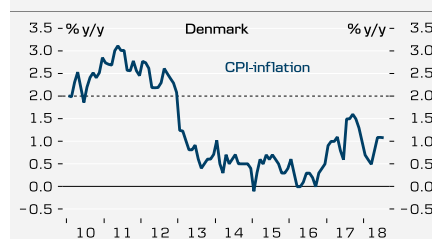
We wrote intensively on what we expect of the Swedish general election on Sunday in last week's *Weekly Focus* on page 8.

China is easing monetary policy again after a period with declining M2 growth rate



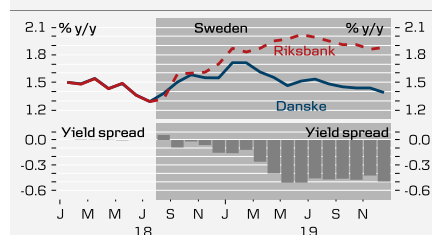
Source: PBoC, MacroBond Financial

Inflation



Source: Statistics Denmark

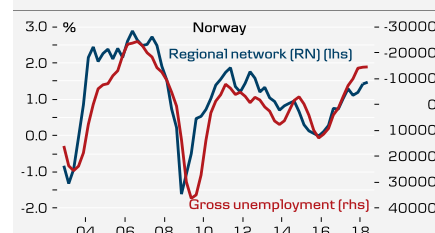
Higher core CPIF in near-term



- In **Norway**, Norges Bank's regional network survey on Tuesday is the final piece in the puzzle before the rate-setting meeting on 20 September. This is the bank's preferred gauge of economic activity, and firms' expectations for the next six months are particularly important for the bank's interest rate signals for the coming year. The aggregated output index has climbed steadily since bottoming out in 2015, hitting a level of 1.47 in May, which points to quarterly growth in mainland GDP of 0.73% over the next two quarters. Developments have been somewhat mixed since the previous survey in May. Manufacturing indicators were very strong over the summer, presumably driven by growing optimism in oil-related industries. Things also seem to have gone well in construction, and together this should also spell a busy time for business services. On the other hand, private consumption has probably been weak enough for retailers to be less optimistic than in May, and this may also have hit household services. All in all, we predict an output index of around 1.5, indicating quarterly growth of around 0.75% over the next two quarters. That would be marginally above Norges Bank's projections in June and, in isolation, could push the interest rate path up slightly in the next monetary policy report. As usual, we have cross-checked against developments in broader indicators such as unemployment and vacancies, and both suggest that growth has been slightly higher than indicated by the previous survey.

Also coming up are inflation numbers for August and we expect a slight jump in core inflation to 1.6%, due mainly to base effects. Although this is still somewhat below the 2% target, it means that inflation is trending slowly but surely upwards and, as long as the main inflation drivers (smaller output gap, lower unemployment, accelerating wage growth) remain positive, Norges Bank will continue to normalise monetary policy, starting with a rate increase in September.

Further oil-driven growth



Source: Macrobond, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week		Sat 08	CNY	Trade balance	USD bn	Aug		31.0	28.1
Mon	10-Sep	3:30	CNY	CPI	y/y	Aug		2.1%	2.1%
		10:30	EUR	Sentix Investor Confidence	Index	Sep		14.3	14.7
Tue	11-Sep	10:30	GBP	Monthly GDP estimate	m/m q/q	Jul	0.1% 0.5%	0.1% 0.5%	0.1 % 0.4 %
		10:30	GBP	Unemployment rate (3M)	%	Jul	4.0%	4.0%	4.0%
		10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Jul	2.8%	2.8%	2.7%
		11:00	DEM	ZEW expectations	Index	Sep		-13.0	-13.7
Wed	12-Sep	9:00	EUR	State of the Union Speech					
Thurs	13-Sep	13:00	TRY	Central Bank of Turkey rate decision	%		20.8%	20.8%	17.8%
		13:00	GBP	BoE Bank rate	%		0.75%	0.75%	0.75%
Fri	14-Sep	13:45	EUR	ECB announces deposit rate	%		-0.40%	-0.40%	-0.40%
		14:30	EUR	ECB's Draghi speaks at press conference					
		14:30	USD	CPI core	m/m y/y	Aug	0.2% 2.4%	0.3% 2.4%	0.2% 2.4%
		4:00	CNY	Industrial production	y/y	Aug		6.2%	6.0%
		4:00	CNY	Retail sales	y/y	Aug		8.8%	8.8%
		4:00	CNY	Fixed assets investments	y/y	Aug		5.7%	5.5%
		12:30	RUB	Central Bank of Russia rate decision	%		7.25%	7.25%	7.25%
		14:30	USD	Retail sales control group	m/m	Aug		0.5%	0.5%
Scandi movers									
During the week		Sun 09	SEK	Parliamentary election					
Mon	10-Sep	8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	Aug	-0.8% 1.6%	-0.7% 1.7%	0.6% 1.4%
		8:00	DKK	CPI	m/m y/y	Aug	-0.2% 1.2%	-0.2% 1.2%	0.8% 1.1%
Tue	11-Sep	9:30	SEK	Household consumption	m/m y/y	Jul			0.3% 4.3%
		10:00	NOK	Norges Bank Regional Network Report: Output next	Index	Aug			1.5
Wed	12-Sep	8:00	SEK	Prospera inflation expectations					
		10:30	DKK	Danish Central Bank publishes Outlook for the Danish economy					
Thurs	13-Sep								
Fri	14-Sep	9:30	SEK	Underlying inflation CPIF	m/m y/y	Aug	0.03% 2.4%	0.0% 2.3%	0.5% 2.2%

Source: Bloomberg, Danske Bank

Strategy

Trump is struggling with only two months to midterm

US midterm election is mostly a political event

Trump's first real political test is on Tuesday 6 November, when the midterm elections take place. **While media coverage is going to be intense, we think the election is mostly a political event not an economic event**, which we discussed in depth in *US Midterm Elections – Mostly a political event with limited implications for markets and the economy*, 4 September. **We believe the US expansion is set to continue in coming years**, as optimism remains high and fiscal policy remains expansionary.

The most likely outcome is that the Democrats win the House but the Republicans retain Senate control. This would make President Donald Trump a 'lame duck' in the sense that he cannot get through with his domestic agenda. Trump's focus would remain on foreign and trade policy. If the Democrats win the House, we believe they are likely to start an impeachment process against Trump. While this would create a lot of headlines and noise, we do not think Trump would be convicted, as this requires a super-majority in the Senate (impeachment is a political, not a legal, verdict).

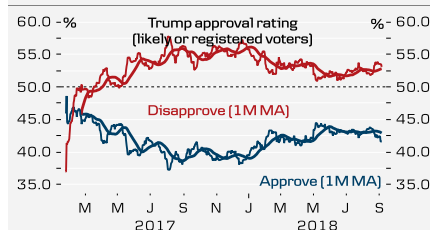
Even if the Democrats win control of both chambers, it would be difficult for them to roll back Trump's laws/policies, as Trump can veto any attempt to do that, which should limit the immediate impact on US Treasuries. **The higher government deficits ahead would increase US Treasury issuance and put upward pressure on long-end US yields.** The midterm elections are also unlikely to change the Fed's outlook despite Trump's criticism. **The flattening of the US yield curve remains the main focus.**

EUR/USD and real rates have moved apart under Trump. In a scenario where Trump ends up a 'lame duck' after the midterms, it could support the USD somewhat (and weigh on EUR/USD), as the 'Trump discount' may start to be priced out. **History suggests that the midterm elections are secondary for equities.** We are positive on equities, as returns are more dependent on macro than politics, although volatility may be higher.

Today's key points

- US midterm election is mostly a political event not an economic event.
- We expect the market implications to be limited, as Trumponomics is unlikely to be rolled back.
- In Europe, there are early signs that soft indicators are stabilising, meaning that growth will probably remain at current levels.
- We still do not expect the ECB to hike before December 2019, as inflation remains subdued.

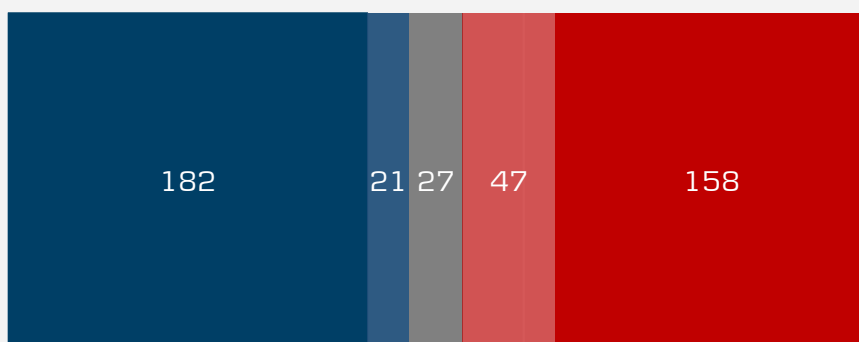
Trump is still unpopular among Americans



Source: FiveThirtyEight, Macrobond Financial

Democrats are likely to win House control (218 is required for majority)

■ Solid D ■ Likely/lean D ■ Toss-up ■ Likely/lean R ■ Solid R



Source: CNN

European indicators are stabilising

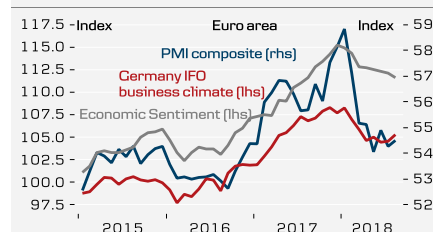
Growth in the euro area has slowed this year, from 0.7% per quarter on average in 2017 to 0.4% in both Q1 and Q2 18. Euro area soft indicators have fallen sharply this year but part of the story is that growth was never as strong as the indicators showed. **Now there are early signs that the soft indicators are stabilising, suggesting that growth will stay around the current level.** This is also visible in the euro area surprise index, which is back to neutral after its sharp fall earlier this year. **This is good news, as it suggests the European expansion is continuing, although at a slower pace than in 2017**, and we expect the unemployment rate to decline further. As the expansion is not as old as the US expansion, the expansion has further to go still.

Despite above-trend GDP growth, the European Central Bank is a long way from raising rates, as the inflation pressure remains subdued. We expect the first hike to come by the end of 2019 and next week's ECB meeting is likely to be undramatic. We still expect the ECB to end its bond-buying programme by the end of this year. For more, see *ECB Preview – For the feinschmecker*, 7 September.

Following marked growth divergence in favour of the US, we believe the relative cyclical picture is starting to shift with the improved economic data in the euro area. **Short term, we think the relative-rate support for USD and EUR political risks will dominate**, leaving EUR/USD in the sub-1.15 range but we see the cross staying above 1.10. At year-end, when the relative cyclical picture may shift in favour of the euro area and the euro capital outflows of recent years are fading when the first ECB hike draws closer, we think EUR/USD will move higher again. **We forecast EUR/USD in 1.18 in 6M and 1.25 in 12M.**

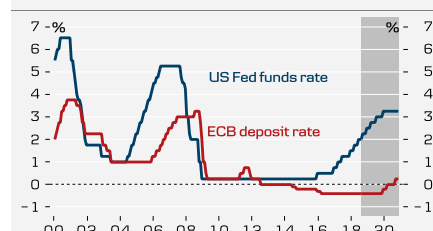
We still expect a steeper EUR yield curve on a 12-month horizon. The ECB still maintains a relatively tight grip on the short end of the curve. However, this is not the case for the 10Y segment of the curve, which we expect to be pushed higher by rising US yields, the end of ECB QE from the ECB and the pricing of rate hikes in 2019/20. For more see our *Yield Outlook*, 14 August.

Early signs European soft indicators are stabilising



Source: IHS Markit, IFO, DG ECFIN, Macrobond Financial

First ECB hike still a long way off



Source: ECB, Federal Reserve, Danske Bank forecasts, Macrobond Financial

Financial views

Asset class	Main factors
Equities Positive on 3-12 month horizon.	Fundamentals still support equities on a 3-12M horizon. However, despite strong earnings, higher risk premium is expected in the short run, among other things due to trade tensions
Bond market German/Scandi yields – stable for now, higher in 12M EUR 2Y10Y steeper, USD 2Y10Y flatter US-euro spread – short-end to widen further Peripheral spreads – tightening (Italy special case)	Strong forward guidance from the ECB. Core inflation remains muted. Range trading for Bunds for the rest of 2018. Still higher in 2018. The ECB keeps a tight leash on the short end of the curve but 10Y higher as US has an impact. Mainly steeper in 2019. The spread in the short-end is set to widen further as the Fed continues to hike. ECB forward guidance, better fundamentals, an improved political picture (ex. Italy) and rating upgrades to lead to renewed tightening after recent widening. Italy remains a special case.
FX & commodities EUR/USD – lower for longer... but not forever EUR/GBP – gradually lower over the medium term USD/JPY – higher eventually EUR/SEK – volatile near term and sticky above 10 for long EUR/NOK – set to move lower but near-term headwinds Oil price – downside risk rest of year	In a range around 1.15 in 0-3M as USD carry and political risks weigh but supported longer term by valuation and ECB 'normalisation'. Brexit uncertainty dominates now but GBP should strengthen on 6-12M on Brexit clarification and Bank of England rate hikes. US yields decisive near term with political uncertainty as a significant downside risk. Longer term higher on Fed-Bank of Japan divergence. Volatile near term and SEK-negatives remain due to election uncertainty. Lower on 3M as Riksbank rate hike looms. Positive on NOK on valuation, relative growth, positioning, terms of trade, global outlook and Norges Bank initiating a hiking cycle. OPEC increasing output and escalation of trade war has increased near-term downside risks.

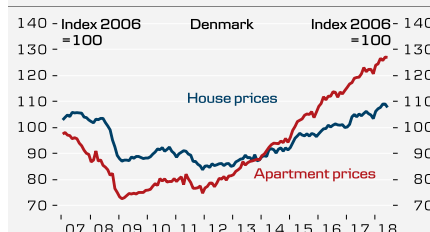
Source: Danske Bank

Scandi update

Denmark – Housing market pauses for breath

The week's housing market data revealed a decrease in house prices of 0.5% and an increase in apartment prices of 0.4%, adjusted for normal seasonal variations. It is not particularly surprising that house prices were slow given how strong they were in H1. Apartment prices have also been more subdued lately, with the new mortgage rules at the beginning of the year appearing to have taken the edge off demand, and the supply of apartments also increasing. However, continued low interest rates, rising employment, solid real wage growth and consumer optimism spell further positive developments in the housing market as a whole.

Housing prices pausing for breath



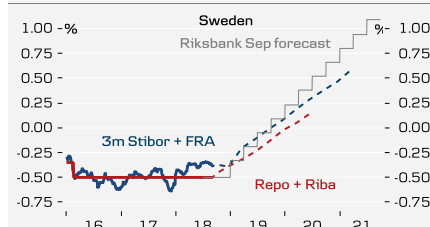
Source: Statistics Denmark

Sweden – Riksbank heading for a short go-stop hiking cycle

Riksbank's policy announcement was interesting: (1) it made it clear that Riksbank is thinking in terms of steps of 25bp and nothing more when it starts to normalise the repo rate, (2) as we suspected, it (once again) made a minor delay of the first hike to December or February (exact timing uncertain) and thereafter 50bp per year and (3) the reasons being (a) low modest underlying inflation, (b) still no clear signs of accelerating wage increases and (c) elevated global risks (trade war, emerging markets and probably Brexit). Growth is still playing a secondary role in policy making, with inflation the main focus - the press release pointed out that the board sees too low inflation as a bigger concern than too high inflation. Underlying inflation is a key input and this time around it explicitly highlighted that the median value of several underlying measures remains modest (at 1.5%).

Hence, it seems increasingly likely that Riksbank will start hiking rates soon. A disturbing feature of this is that it would happen just as core inflation and underlying wage forecasts have been lowered. As we have different opinions about where core inflation is heading in 2019, we suggest a 40/60 percent probability of no second hike/second hike by next summer. Thereafter, our inflation forecast does not justify a further hike in 2019. 0.6×25 (December) plus 0.4×25 (summer) = 25 bp. The market is pricing 28bp, which appears close enough to what we have in mind. To put it simply, Riksbank is probably in for a short-lived go-stop hiking cycle.

Market pricing vs Riksbank new forecast

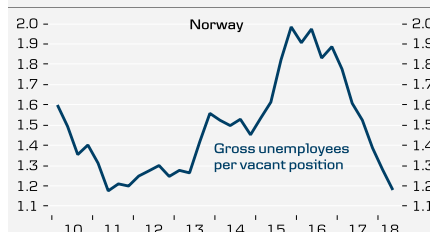


Source: Riksbank, Macrobond Financial

Norway – Tighter labour market

Unemployment has been falling steadily since late 2016 – a result, of course, of stronger economic growth fuelling job creation. The past couple of months have seen signs of unemployment falling less quickly than in H1, which has sparked doubts about the strength of the upswing. On the other hand, the labour supply has grown, which normally indicates that the labour market is continuing to improve. Figures from Statistics Norway during the week also showed that job vacancies increased by 3,200 in Q2 to a total of 68,700. If we compare this with the number of jobless (including those on job creation schemes), we get a ratio of 1.18 unemployed per vacancy. This is the lowest UV ratio since Q2 11 and clearly indicates that the labour market is continuing to tighten and that we are approaching levels not seen since the previous upswing began in 2011.

Low UV ratio



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

7/9 ECB Preview - For the feinschmeckers

Next week's meeting is one for the geeks and may contain few changes on the details and technical adjustments.

4/9 Flash Comment Denmark - Weaker DKK in August but no FX intervention

The Danish FX reserve was unchanged in August at DKK468bn, as Danmarks Nationalbank did not need to intervene in FX markets.

3/9 US Midterm Elections: Mostly a political event with limited implications for markets and the economy

We believe the US midterm election, which takes place on Tuesday 6 November, is mostly a political event, not an economic event.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2017	2.3	1.6	0.6	4.5	4.4	4.3	1.1	1.7	4.2	1.0	36.4	7.8
	2018	1.8	2.3	1.1	5.0	0.5	3.6	0.9	1.9	4.0	-0.2	35.1	6.5
	2019	1.8	2.4	0.5	1.5	2.7	2.4	1.5	2.3	3.8	-0.2	34.4	7.2
Sweden	2017	2.5	2.2	0.4	5.9	3.6	4.8	1.8	2.5	6.7	1.2	41.0	4.2
	2018	2.0	2.0	0.6	3.0	3.8	4.2	1.7	2.6	7.1	1.0	37.0	2.8
	2019	1.9	1.8	0.8	0.4	4.7	3.8	1.4	2.7	7.6	0.8	35.0	3.2
Norway	2017	1.8	2.3	2.0	3.5	0.8	2.2	1.8	2.3	2.7	-	-	-
	2018	2.5	2.3	1.9	2.0	2.0	2.5	2.4	3.0	2.4	-	-	-
	2019	2.3	2.5	1.9	3.5	2.4	2.3	1.6	3.5	2.2	-	-	-

Macro forecast, Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2017	2.5	1.7	1.2	2.9	5.5	4.2	1.5	1.6	9.1	-0.9	86.7	3.5
	2018	2.0	1.6	1.2	2.6	3.3	2.9	1.7	2.1	8.4	-0.7	86.0	3.4
	2019	1.7	1.9	2.1	1.8	3.1	3.8	1.5	2.3	8.0	-0.6	85.5	3.4
Germany	2017	2.5	2.0	1.6	3.6	5.3	5.3	1.7	2.6	3.8	1.3	64.1	7.9
	2018	2.0	1.4	0.9	4.0	3.3	3.2	1.7	3.0	3.4	1.2	60.2	7.9
	2019	1.9	2.3	2.2	3.2	3.7	5.3	1.6	3.2	3.3	1.0	56.3	7.6
Finland	2017	2.7	1.7	1.6	5.8	7.5	3.7	0.7	0.2	8.6	-0.6	61.3	0.7
	2018	2.7	2.1	0.9	4.0	4.2	4.2	1.0	2.0	8.0	-0.3	59.1	0.5
	2019	2.0	1.6	0.5	3.5	4.5	4.0	1.4	2.3	7.7	-0.1	57.6	0.7

Macro forecast, Global

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2017	2.2	2.5	-0.1	4.8	3.0	4.6	2.1	2.5	4.4	-3.5	105.0	-2.5
	2018	2.7	2.5	1.3	5.5	5.1	4.0	2.5	2.6	3.9	-4.0	106.0	-3.0
	2019	2.5	2.4	1.2	4.1	3.4	2.9	2.0	2.8	3.6	-4.6	107.0	-3.4
China	2017	6.9	-	-	-	-	-	2.0	9.0	4.1	-3.7	47.6	1.4
	2018	6.6	-	-	-	-	-	2.3	8.7	4.3	-3.4	50.8	1.1
	2019	6.4	-	-	-	-	-	2.3	8.5	4.3	-3.4	53.9	1.2
UK	2017	1.7	1.9	-0.1	3.4	5.4	3.2	2.7	2.2	4.4	-1.8	87.5	-4.1
	2018	1.1	1.1	1.1	2.9	1.3	1.2	2.5	2.5	4.2	-1.8	85.4	-4.4
	2019	1.2	1.2	0.4	1.3	2.6	2.0	1.5	2.9	4.1	-1.7	85.3	-4.0

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

Financial forecast

Bond and money markets

		Key int. rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	07-Sep	2.00	2.32	2.83	2.94	116.4	-	640.8
	+3m	2.25	2.72	3.10	3.05	113.0	-	659.5
	+6m	2.50	2.94	3.20	3.20	118.0	-	631.6
	+12m	3.00	3.24	3.30	3.30	125.0	-	595.8
EUR	07-Sep	0.00	-0.32	-0.15	0.89	-	116.4	745.7
	+3m	0.00	-0.33	-0.15	0.90	-	113.0	745.3
	+6m	0.00	-0.33	0.00	1.05	-	118.0	745.5
	+12m	0.00	-0.33	0.15	1.25	-	125.0	745.5
JPY	07-Sep	-0.10	-0.04	0.05	0.32	128.7	110.6	5.79
	+3m	-0.10	-	-	-	126.6	112.0	5.89
	+6m	-0.10	-	-	-	134.5	114.0	5.54
	+12m	-0.10	-	-	-	142.5	114.0	5.23
GBP	07-Sep	0.75	0.80	1.08	1.52	89.9	129.4	829.2
	+3m	0.75	0.82	1.25	1.60	89.0	127.0	837.4
	+6m	0.75	0.84	1.35	1.75	84.0	140.5	887.2
	+12m	1.00	1.07	1.50	1.95	83.0	150.6	897.3
CHF	07-Sep	-0.75	-0.73	-0.53	0.41	112.3	96.5	664.0
	+3m	-0.75	-	-	-	113.0	100.0	659.5
	+6m	-0.75	-	-	-	116.0	98.3	642.5
	+12m	-0.75	-	-	-	120.0	96.0	620.6
DKK	07-Sep	0.05	-0.30	-0.03	1.02	745.7	640.8	-
	+3m	0.05	-0.30	-0.05	1.05	745.3	659.5	-
	+6m	0.05	-0.30	0.10	1.20	745.3	631.6	-
	+12m	0.05	-0.30	0.25	1.40	744.8	595.8	-
SEK	07-Sep	-0.50	-0.39	-0.08	1.16	1059.5	910.5	70.4
	+3m	-0.50	-0.50	-0.05	1.05	1020.0	902.7	73.1
	+6m	-0.25	-0.15	0.00	1.25	1020.0	864.4	73.1
	+12m	-0.25	-0.15	0.25	1.30	1030.0	824.0	72.4
NOK	07-Sep	0.50	1.05	1.47	2.17	979.2	841.5	76.1
	+3m	0.75	1.15	1.55	2.40	920.0	814.2	81.0
	+6m	0.75	1.30	1.85	2.55	920.0	779.7	81.0
	+12m	1.00	1.40	2.00	2.65	910.0	728.0	81.8

Commodities

		2018				2019				Average	
	07-Sep	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
NYMEX WTI	68	63	68	68	68	69	69	70	70	67	70
ICE Brent	77	67	75	72	72	72	72	74	74	72	73

Source: Danske Bank

Calendar

During the week				Period	Danske Bank	Consensus	Previous
Sat 08	CNY	Trade balance	USD bn	Aug		31.0	28.1
Sun 09	SEK	Parliamentary election					
Mon 10	CNY	Money supply M2	y/y	Aug		8.6%	8.5%
Monday, September 10, 2018				Period	Danske Bank	Consensus	Previous
-	CNY	Money supply M2	y/y	Aug		8.6%	8.5%
1:50	JPY	GDP deflator, final	y/y	2nd quarter		0.1%	0.1%
1:50	JPY	GDP, final	q/q ann.	2nd quarter		0.7% 2.6%	0.5% 1.9%
3:30	CNY	PPI	y/y	Aug		4.0%	4.6%
3:30	CNY	CPI	y/y	Aug		2.1%	2.1%
8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	Aug	-0.8% 1.6%	-0.7% 1.7%	0.6% 1.4%
8:00	DKK	Trade balance ex ships	DKK bn	Jul			7.4
8:00	DKK	Exports	m/m	Jul			
8:00	NOK	CPI	m/m y/y	Aug		-0.4% 3.2%	0.7% 3.0%
8:00	NOK	PPI	m/m y/y	Aug			1.1% 22.6%
8:00	DKK	Current account (nsa sa)	DKK bn	Jul			... 11.3
8:00	DKK	CPI	m/m y/y	Aug	-0.2% 1.2%	-0.2% 1.2%	0.8% 1.1%
9:30	SEK	Household consumption	m/m y/y	Jul			0.3% 4.3%
10:30	EUR	Sentix Investor Confidence	Index	Sep		14.3	14.7
10:30	GBP	Construction output	m/m y/y	Jul		-0.5% 2.6%	1.4% 2.2%
10:30	GBP	Monthly GDP estimate	m/m q/q	Jul	0.1% 0.5%	0.1% 0.5%	0.1% 0.4%
10:30	GBP	Industrial production	m/m y/y	Jul		0.2% 1.1%	0.4% 1.5%
10:30	GBP	Index of services	m/m 3m/3m	Jul		0.2% 0.5%	0% 0.5%
10:30	GBP	Manufacturing production	m/m y/y	Jul		0.2% 1.5%	0.4% 1.5%
10:30	GBP	Trade balance	GBP mio.	Jul		-2100	-1861
21:00	USD	Consumer credit	USD bn	Jul	14.1	14.0	10.2
Tuesday, September 11, 2018				Period	Danske Bank	Consensus	Previous
10:00	NOK	Norges Bank Regional Network Report: Output next 6M	Index	Aug			1.5
10:30	GBP	Unemployment rate (3M)	%	Jul	4.0%	4.0%	4.0%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Jul	2.8%	2.8%	2.7%
11:00	DEM	ZEW current situation	Index	Sep		72.0	72.6
11:00	DEM	ZEW expectations	Index	Sep		-13.0	-13.7
12:00	USD	NFIB small business optimism	Index	Aug		108.2	107.9
Wednesday, September 12, 2018				Period	Danske Bank	Consensus	Previous
8:00	SEK	Prospera inflation expectations					
9:00	ESP	HICP, final	m/m y/y	Aug		0.1% 2.2%	0.1% 2.2%
9:00	EUR	State of the Union Speech					
10:30	DKK	Danish Central Bank publishes Outlook for the Danish economy					
11:00	EUR	Industrial production	m/m y/y	Jul		-0.4% 1.3%	-0.7% 2.5%
11:00	EUR	Employment	q/q y/y	2nd quarter			0.4% 1.4%
14:30	USD	PPI	m/m y/y	Aug		0.2% 3.2%	0.0% 3.3%
14:30	USD	PPI core	m/m y/y	Aug		0.2% 2.7%	0.1% 2.7%
15:30	USD	Fed's Bullard (non-voter, dovish) speaks					
16:30	USD	DOE U.S. crude oil inventories	K				

Source: Danske Bank

Calendar (continued)

Thursday, September 13, 2018					Period	Danske Bank	Consensus	Previous
1:01	GBP	RICS house price balance	Index	Aug				0.0
3:30	AUD	Employment change	1000	Aug			18	-3.9
8:00	DEM	HICP, final	m/m/y/y	Aug			0.0% 1.9%	0.0% 1.9%
8:45	FRF	HICP, final	m/m/y/y	Aug			0.6% 2.6%	0.6% 2.6%
9:30	SEK	GDP, final	q/q/y/y	2nd quarter			0.9% 3.3%	1.0% 3.3%
12:00	EUR	Ireland, GDP	q/q/y/y	2nd quarter				-0.6% 9.1%
13:00	TRY	Central Bank of Turkey rate decision	%			20.8%	20.8%	17.8%
13:00	GBP	BoE minutes						
13:00	GBP	BoE government bond purchases (APF)	GBP bn	Sep		435	435	435
13:00	GBP	BoE corporate bond purchases (CBPP)	GBP bn	Sep		10	10	10
13:00	GBP	BoE Bank rate	%			0.75%	0.75%	0.75%
13:45	EUR	ECB announces refi rate	%			0.00%	0.00%	0.00%
13:45	EUR	ECB announces deposit rate	%			-0.40%	-0.40%	-0.40%
14:30	EUR	ECB's Draghi speaks in Frankfurt						
14:30	EUR	ECB's Draghi speaks at press conference						
14:30	USD	Initial jobless claims	1000					
14:30	USD	CPI headline	m/m/y/y	Aug			0.3% 2.8%	0.2% 2.9%
14:30	USD	CPI core	m/m/y/y	Aug		0.2% 2.4%	0.3% 2.4%	0.2% 2.4%
20:00	USD	Budget statement	USD bn	Aug				-76.9
Friday, September 14, 2018					Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Portugal's debt rating						
-	EUR	S&P may publish Finland's debt rating						
-	EUR	S&P may publish Austria's debt rating						
-	EUR	S&P may publish Cyprus's debt rating						
4:00	CNY	Industrial production	y/y	Aug			6.2%	6.0%
4:00	CNY	Retail sales	y/y	Aug			8.8%	8.8%
4:00	CNY	Fixed assets investments	y/y	Aug			5.7%	5.5%
6:30	JPY	Industrial production, final	m/m/y/y	Jul				-0.1% 2.3%
9:30	SEK	CPI	m/m/y/y	Aug		0.01% 2.2%	0.0% 2.2%	0.5% 2.1%
9:30	SEK	Underlying inflation CPIF	m/m/y/y	Aug		0.03% 2.4%	0.0% 2.3%	0.5% 2.2%
10:00	ITL	HICP, final	m/m/y/y	Aug			... 1.7%	... 1.7%
11:00	EUR	Trade balance	EUR bn	Jul			16.5	16.7
11:00	EUR	Labour costs	y/y	2nd quarter		2.2%		2.0%
12:30	RUB	Central Bank of Russia rate decision	%			7.25%	7.25%	7.25%
14:30	USD	Retail sales control group	m/m	Aug			0.5%	0.5%
14:30	USD	Import prices	m/m/y/y	Aug			0.0% 4.8%	0.0% 4.8%
15:15	USD	Capacity utilization	%	Aug			78.3%	78.1%
15:15	USD	Industrial production	m/m	Aug			0.3%	0.1%
15:15	USD	Manufacturing production	m/m	Aug			0.4%	0.3%
16:00	USD	Fed's Rosengren (non-voter, hawk) speaks						
16:00	USD	University of Michigan Confidence, preliminary	Index	Sep			96.2	96.2

Source: Danske Bank

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