

# Weekly Focus

## Mother of all weeks

### Market movers ahead

- Next week is swamped with key events to follow. On Monday, the outcome of the G7 meeting will be digested ahead of the highly expected meeting between US President Donald Trump and North Korean peer Kim-Jong Un in Singapore on Tuesday.
- From Wednesday to Friday, the focus turns to very important central bank meetings. On Wednesday, the FOMC will meet and we expect it to hike the policy rates again and take another step closer to a neutral rate. On Thursday, the ECB meets to decide whether it take another step in forward guidance. We think this would be premature and await an announcement only in July but we do expect hawkish bits for next week. Finally, on Friday, the Bank of Japan is due to meet, although we have no expectations for new policy signals.
- The US-China trade war will be on full display on Friday, when we expect the US President to decide whether he will impose a tax on Chinese exports worth USD50bn.
- In Scandinavia, Danish and Swedish inflation are set to be in focus on Monday.

### Global macro and market themes

- Global growth has slowed but is set to stay above the potential growth rate.
- Volatility has increased but fundamentals are still solid.
- We expect gradual monetary policy tightening amid muted inflation pressures.

### Focus

*The Big Picture – From boom to cruising speed, 7 June.*


*FX Strategy – EUR/USD lower for longer – but not forever, 8 June.*

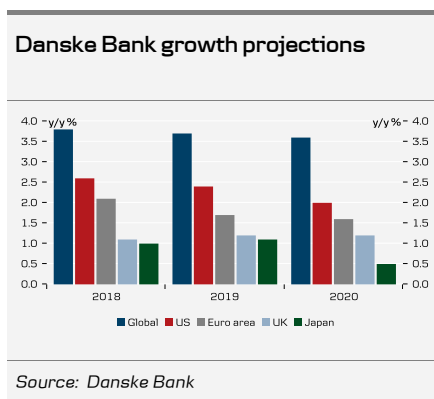
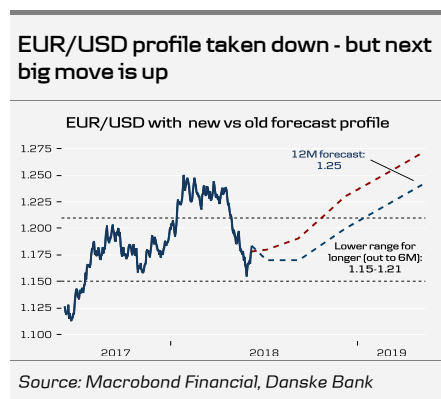
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Financial views			
Major indices			
	08-Jun	3M	12M
10yr EUR swap	1.00	1.05	1.55
EUR/USD	118	#NAME?	#NAME?
ICE Brent oil	77	72	72

Source: Danske Bank

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# Market movers

## Global

- In the **US**, we have a more interesting week ahead of us after a very quiet week. The most important event is the **FOMC meeting** with the rate announcement due on Wednesday at 20:00 CEST. We expect the Fed to hike the target range to 1.75-2.00% without making big changes to the updated 'dot plot'. We expect the Fed to update its language by stating that monetary policy 'remains *modestly* accommodative' with 'modestly' being a new word reflecting that the hiking cycle has come a long way and we are not far from the level of the longer-run dot. For our full preview, see *FOMC Preview - A step closer to neutral*, 8 June.

The summit between US President Trump and North Korea leader Kim Jung Un is taking place in Singapore on Tuesday (01:00 CEST).

The **US government is going to publish its list of Chinese goods hit by 25% tariffs** on Friday 15 June, which would come into force soon after. Risk is renewed escalation has gone up, see *US-China Trade Talks – Why things are getting tricky*, 4 June.

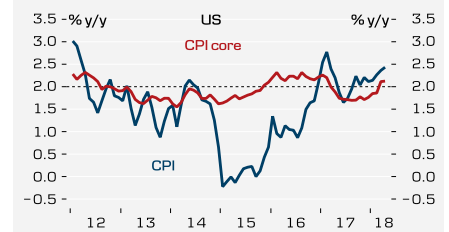
In terms of data releases, we get **CPI data** for May on Tuesday, which we expect to show that the core index continues to rise around 0.2% m/m (2.2 % y/y from 2.1%). Even if inflation surprises on the upside, remember the Fed has said it will tolerate inflation to move above 2%, as inflation has been too low for a long time. **Retail sales** in May is due out on Thursday.

- In the **euro area**, the key event next week is the **ECB meeting** on Thursday. The ECB had some good news last week from higher-than-expected inflation figures for May, with headline inflation reporting 1.9% y/y and core inflation at 1.1% y/y. However, the sharp increase in headline inflation was largely driven by energy prices, and the ECB needs more evidence of a sustained inflation pickup. Comments along the lines of chief economist Peter Praet suggesting a labour market tightness translating into wage growth will be monitored. That said, we do not expect any changes in policy or forward guidance at the June meeting, but some hawkish comments could be envisaged. Instead, we expect the forward guidance to change in July. The ECB will also publish new growth and inflation projections at the June meeting. We expect a lower growth forecast for 2018 given the disappointing activity data seen at the beginning of this year, especially the lower-than-expected GDP growth in Q1. We also expect an increase in inflation projections, especially for 2018. Furthermore, focus will also be on how President Draghi will address the recent weeks of political turmoil in Italy (see also *ECB Preview – End of QE approaching but no formal announcement just yet*, 8 June 2018).

On Friday, **wage growth** for Q1 is due. We have begun to see some evidence of a pickup in wages, especially negotiated wages in Germany. The Q1 figures are an important signal for the ECB to consider the outlook for underlying inflation pressure, and it will be interesting to see whether a further pickup in wages was evident in Q1.

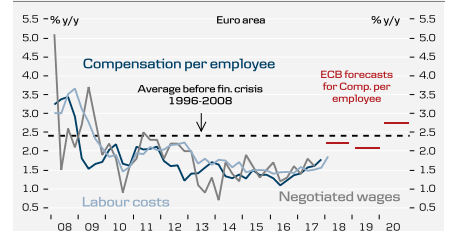
- In the **UK** next week, focus will be on **Brexit**, as the important EU summit on 28-29 June is fast approaching although the government has decided to postpone its White Paper on what the future relationship on trade/customs should look like until after the summit. UK politicians and not least the cabinet are still very divided on how to proceed, which makes negotiations with the EU very difficult. The House of Commons is due to vote on the House of Lords' amendments to the EU withdrawal bill on Tuesday.

### CPI core inflation is set to rise to 2.2% in May



Source: BLS, Macrobond Financial

### Euro area wage growth slowly picking-up



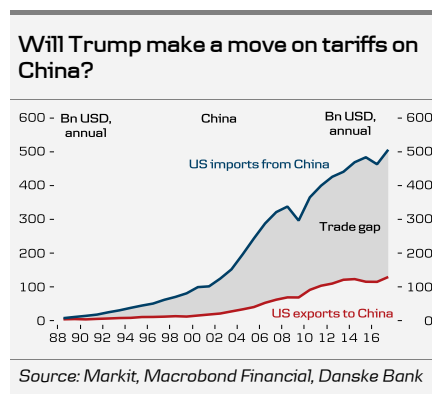
Source: ECB, Bloomberg, Danske Bank

We also have some important data releases. On Tuesday, the jobs report for April is due to be released. Average weekly earnings excluding bonuses have risen at quite a stable rate of 0.2% m/m this year and we estimate this continued in April. This would leave the annual growth rate unchanged at 2.9% y/y. The unemployment rate (3M average) was likely to be unchanged at 4.2%. On Wednesday, the CPI print for May is due out and we estimate CPI core was unchanged at 2.1% y/y, but see a risk that it may have climbed to 2.2% as the negative impact of the Easter timing drops out. We expect core inflation to fall gradually, as the impact of the weaker GBP is fading. Given the weak growth in Q1, the NIESR GDP estimate for May due out on Monday could be interesting to watch.

- The key thing to watch for **China** over the coming week will be whether the US administration carries out the pledged tariffs on Chinese products worth USD50bn within the tech area. On 29 May, Trump said the list would be announced on Friday 15 June and that it would take effect shortly after. China has responded that if the US moves on with the tariffs, that the offer from the trade negotiations to buy US goods worth USD70bn would be off the table. This could re-ignite the trade tensions, see *US-China trade talks: Why things are getting tricky*, 4 June 2018.

Over the weekend, Chinese inflation data is due to be released. Inflation is quite subdued and we expect it to stay that way. CPI inflation was 2.1% in April – well below the 3% target. PPI inflation is set to move slightly higher in the coming months from the current level of around 2%, as the rise in oil prices will push it higher. However, the effect is likely to be temporary. In the coming week, money supply and credit data will also be released, but the exact day is not known.

- In **Japan**, it looks set to be a rather uneventful meeting at the Bank of Japan (BoJ) next week: both the policy balance rate and the 10Y yield target are set to be left unchanged, at -0.10% and 0.00%, respectively, and there is no new outlook report due. Indeed, the BoJ’s Masazumi Wakatabe this week stressed that it is too early to discuss an exit, as the inflation target ‘remains distant’. In April, new members joined the board and we expect the focus in June to remain on dissenters to decisions as a guide to how far/close the BoJ is to following, for example, the ECB on ‘normalisation’ steps.



## Scandi

- In **Denmark**, the week's most important figure is due on Monday. Statistics Denmark is due to release May's consumer price index at 08:00 CEST. Inflation rose m/m in April after having fallen for several months. Inflation in May will have been pulled lower by a tax cut on electricity used for heating purposes, while rising petrol and diesel prices will have pulled in the opposite direction. Given these opposing forces, we expect inflation in May to come in at 0% m/m and 0.9% y/y. New current account and export figures for April are also due.
- The centre stage next week is **Swedish inflation** for May. In short, we estimate higher food, recreation and hotel/restaurant prices to have been the prime drivers. Yet another drop in electricity prices will not fully offset soaring petrol prices; hence, energy is probably quite close to neutral. The main uncertainty lies with food prices, which we assume have been affected by the previous rise in EURSEK (as some big food chains started to talk about the need for price increases). If the forecast is correct, it means CPIF and CPIF excl. Energy will both overshoot Riksbank's forecast (the first by 0.2 and the latter by 0.04). This would bolster the Riksbank's current plans for a rate hike in Q4 this year. Remember, we assign about a 20% probability to this scenario.

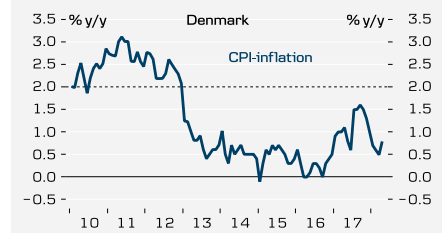
Next week, there is also the 'big' quarterly Prospera inflation expectations survey, which includes not only money market players but also purchase managers and social partners.

Finally, Maklarstatistik and Valueguard will provide May flats and house prices. Our Boprisindikator tracking Stockholm municipal flats prices suggests a small increase, +0.5 % m/m. Down the road, we expect prices to drop again as prices on new flats are under increasing pressure as sales have dropped some 60% y/y in Q1.

- The coming week brings the final two key figures that will determine just how aggressive **Norges Bank** (NB) sounds on rates at its monetary policy meeting on 21 June. The most important information will be the regional network report from Norges ank. After a period of rather mixed figures, the GDP numbers brought some relief by showing growth of 0.6% q/q in Q1, exactly in line with NB's projections in its March monetary policy report. That being said, the details underpinning the GDP figures revealed some weakness, as net imports and inventory investments were the main growth drivers. Developments in the regional network have historically proven to be more stable than actual GDP numbers, so NB is likely to focus a little more on the regional network numbers. We are looking for the aggregate production index to come in at around 1.40, which would indicate quarterly growth of roughly 0.7% for the next two quarters. Such a printout would be neutral for NB, confirming that growth remains buoyant and definitely opening the door for a rate hike over the summer. Market watchers should also keep an eye on how capacity utilisation develops. Just how high trend growth is currently is subject to considerable uncertainty; therefore, any signs of capacity constraints will keep Norges Bank on its toes.

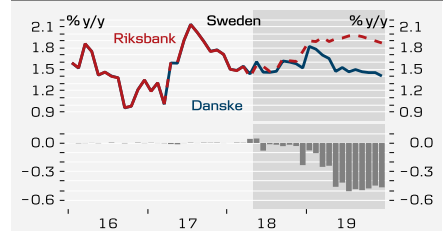
Core inflation has also been lower than expected so far this year. However, as we have repeatedly noted, underlying inflation, as measured by our core-core index, is clearly rising. We also believe that much of the disappointment so far this year is due to the increase in the sugar tax not yet fully feeding through to prices. When Statistics Norway calculates core inflation, it assumes the full impact of a change happens immediately. The sugar tax effect should have pulled inflation 0.3 percentage points higher from January, which is exactly the deviation from expectations for the first four months of the year. We still expect a small rebound in flight ticket prices in May, pushing core inflation modestly higher to 1.4% y/y.

### Inflation has been low in the early part of the year



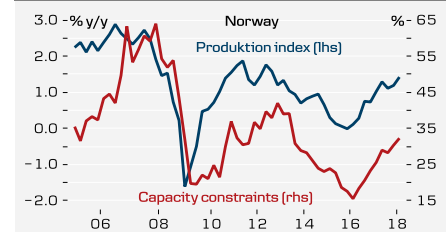
Source: Statistics Denmark

### We see core inflation just above Riksbank



Source: Danske Bank, Riksbank

### Growth remains buoyant – capacity utilisation increasing



Source: Norges Bank, Macrobond Financial, Danske Bank

Market movers ahead

Global movers			Event		Period	Danske	Consensus	Previous	
During the week			Sat 09	CNY	CPI	y/y	May	1.8%	1.8%
			Sat 09	CNY	PPI	y/y	May	3.9%	3.4%
			Sun 10	CNY	Total social finance credit	CNY bn	May	1300	1560.5
			Sun 10	CNY	Money supply M2	y/y	May	8.5%	8.3%
Mon	11-Jun	13:00	GBP	NIESR GDP estimate	q/q	May		0.3%	0.1%
Tue	12-Jun	-	GBP	House of Commons to vote on 15 Lords amendments to EU withdrawal bill					
		1:00	USD	Donald Trump & Kim Jung-Un meeting in Singapore					
		10:30	GBP	Unemployment rate (3M)	%	Apr	4.2%	4.2%	4.2%
		10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Apr	0.2% 2.9%	2.9%	2.9%
		14:30	USD	CPI core	m/m y/y	May	0.2% 2.2%	0.2% 2.2%	0.1% 2.1%
Wed	13-Jun	10:30	GBP	CPI core	y/y	May	2.1%	2.1%	2.1%
		20:00	USD	FOMC meeting	%		2.00%	2.00%	1.75%
		20:30	USD	FOMC press conference					
Thurs	14-Jun	13:45	EUR	ECB announces deposit rate	%				-0.40%
		14:30	EUR	ECB's Draghi speaks at press conference					
Fri	15-Jun	-	USD	Full list of products hit by US 25% tariff on Chinese goods is set to be announced.					
		-	JPY	BoJ policy rate	%		-0.1%		-0.1%
		11:00	EUR	Labour costs	y/y	1st quarter			1.5%
Scandi movers									
Mon	11-Jun	8:00	NOK	CPI	m/m y/y	May		0.3% 2.5%	0.4% 2.4%
		8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	May	... 1.4%	0.3% 1.4%	0.5% 1.3%
		8:00	DKK	CPI	m/m y/y	May	0.0% 0.9%	0.2% 1.1%	0.5% 0.8%
Tue	12-Jun	10:00	NOK	Norges Bank Regional Network Report: Output next					
Thurs	14-Jun	9:30	SEK	Underlying inflation CPIF	m/m y/y	May	0.3% 2.1%	0.2% 2.1%	0.4% 1.9%

Source: Bloomberg, Danske Bank

# Global macro and market themes

## Global growth still supports equities

### From boom to cruising speed

Yesterday, we published our biannual *The Big Picture*, containing our updated macro forecasts for the global economy (see *The Big Picture – From boom to cruising speed*, 7 June). Following a strong end to 2017, we see clear signs that the business cycle is losing momentum. **While global growth might be decelerating, we do not expect it to turn into a marked downturn over the next few years – rather, we believe growth in the world economy should go from boom to cruising speed in line with its potential.** We expect global growth to come in at 3.8% this year, declining to 3.7% in 2019 and 3.6% in 2020.

**The risks to our forecasts are skewed on the downside, from an escalation of trade tension into a full-blown trade war and a renewed Italian debt crisis.** Unfortunately, the positive developments in the US-China trade conflict did not last long and the risk of renewed escalation over coming weeks has increased, as US President Trump has announced he will impose tariffs on USD50bn imports from China despite China having agreed to buy more US goods to bring down the trade balance (see *US-China Trade Talks – Why things are getting tricky*, 4 June). In Italy, markets are still waiting for indications of whether or not the new Five Star-League government will back down on some of its promises.

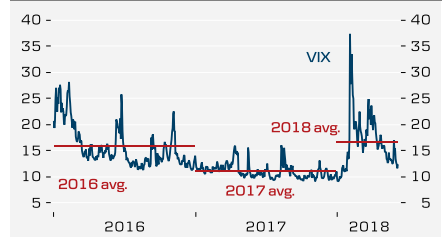
### Higher volatility but fundamentals support equities

Last year was quite extraordinary, as growth rose across regions and risks diminished. Increasing economic growth, very high optimism among businesses and consumers and record-low volatility (as measured by the VIX index) were a good cocktail for equities, which rose steadily over the year. This year, with slower economic growth and more risks stemming from the political situation in Italy and the US-China trade conflict, it is not a big surprise that volatility has increased. However, **as economic growth remains above potential and earnings growth is solid, we still expect equities to move higher but the ride is going to be bumpier than in 2017.** Then again, it was 2017 that was extraordinary and we have just returned to a more ‘normal’ situation.

### Key points

- Global growth has slowed but is set to stay above the potential growth rate.
- Volatility has increased but fundamentals support equities in 3-12M.
- Gradual monetary policy tightening amid muted inflation pressures.
- EUR/USD lower for longer but not forever.

### Volatility is higher but remember it was 2017 that was extraordinary



Source: Bloomberg, Macrobond Financial

### Our updated global macro forecasts

% y/y	Actual	Danske Bank		Consen sus		Danske Bank		Consen sus	
		Bank	sus	Bank	sus	Bank	sus	Bank	sus
<b>Global</b>	3.7	3.8	3.8	3.7	3.7	3.6	3.3		
USA	2.3	2.6	2.8	2.4	2.4	2.0	1.9		
Euro area	2.4	2.1	2.3	1.7	1.9	1.6	1.7		
UK	1.8	1.1	1.4	1.2	1.5	1.2	1.8		
Japan	1.7	1.0	1.2	1.1	1.0	0.5	0.4		
China	6.9	6.6	6.5	6.4	6.3	6.2	6.2		

Source: Bloomberg, Danske Bank

## Gradual monetary policy tightening amid muted inflation pressure

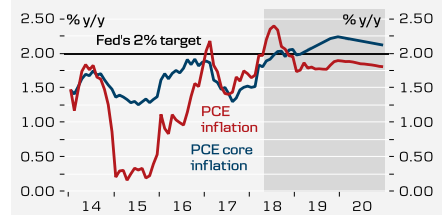
Despite the expansion, especially in the US, having lasted for some time and the labour markets having tightened substantially, **inflation and wage growth pressures remain modest**. We believe some of the explanation is in the relatively muted inflation expectations and globalisation pressures. We believe the biggest upside risk to inflation is in the US, given its sizeable fiscal expansion and limited slack in the economy, and we think US PCE core inflation is set to move slightly above 2%, although it is likely to be a gradual process given that inflation is quite persistent in nature. **The Federal Reserve is unlikely to panic by hiking aggressively on the back of this, as it has said it can accept core inflation moving slightly above 2% temporarily, as core inflation has run under the 2% target for a long time.** While we think the Fed will raise the target range by 25bp to 1.75-2.00% next week, we do not think it will make big changes to its current policy strategy and still believe it is on track to deliver a total of three to four hikes this year. For more, see *FOMC Preview – A step closer to neutral*, 8 June.

The expansion is a bit younger in Europe and the ECB is still fighting a tough battle against too low inflation relative to its 2% target. The ECB is still on track to end its QE programme this year but we think it is too early for Mario Draghi and the ECB to change their forward guidance at next week's meeting, although the probability has increased since Chief Economist Peter Praet's hawkish comments a couple of days ago. We expect the ECB to wait until July. In any case, **the first ECB rate hike is still unlikely before the end of 2019, so in Europe we still expect to have a negative key policy rate over the next few years.** For more, see *ECB Preview – End of QE approaching but no formal announcement just yet*, 8 June.

## EUR/USD lower for longer but not forever

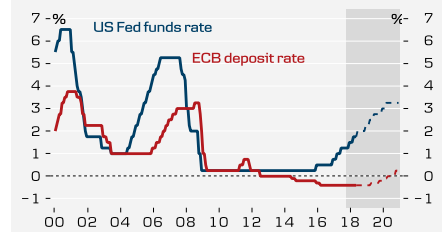
EUR/USD has been on a rollercoaster ride this year. It went above 1.25 in early February and reached its low at the end of May, slightly above 1.15. It has rebounded slightly since then and is currently trading a bit above 1.18. **We have revised our EUR/USD forecast profile, as a hesitant ECB and USD carry is set to keep the cross lower for longer and EUR/USD does not seem to be heading back to the mid-.20s near term. We now see the cross at 1.17 in 1M, 1.17 in 3M (previously 1.19) and 1.20 (1.23) in 6M. We still believe the next big move remains higher though and think it will move to 1.25 in 12M (1.28).** On a 6-12M horizon, we expect the ECB to end QE and believe forward guidance on rates will take centre stage. Although the first hike is distant, this should allow EUR/USD gravity to kick in, as the eurozone capital tide turns. For more, see *FX Strategy – EUR/USD lower for longer – but not forever*, 8 June.

### US PCE core inflation set to move slightly above 2% over the forecast horizon



Source: BEA, Macrobond Financial, Danske Bank forecasts

### Fed and ECB set to raise rates only gradually



Source: Macrobond Financial, Danske Bank forecasts

### Next big move in EUR/USD is still up



Source: Bloomberg, Macrobond Financial

**Financial views**

Asset class	Main factors
<b>Equities</b>	
Positive on 3-12 month horizon.	Short-term volatility, but fundamentals still supports equities on a 3-12 month horizon
<b>Bond market</b>	
German/Scandi yields - lower for now, higher in 12M	ECB set to normalise only gradually due to a lack of wage pressure and a stronger euro. ECB on hold for a long time.
EUR 2Y10Y steeper, USD 2Y10Y flatter	The ECB keeps a tight leash on the short end of the curve but 10Y higher as US has an impact.
US-euro spread - short-end to widen further	The spread in the short-end is set to widen further as the Fed continues to hike.
Peripheral spreads - tightening	Economic recovery, ECB stimuli, better fundamentals, an improved political picture and rating upgrades to lead to further tightening despite the recent strong moves. Italian politics remains a clear risk factor.
<b>FX &amp; commodities</b>	
EUR/USD - lower for longer... but not forever	Rangebound (1.15-1.21) on a 0-6M horizon but supported longer term by valuation and capital-flow reversal due to ECB 'normalisation'.
EUR/GBP - gradually lower over the medium term	Brexit uncertainty dominates now but GBP should strengthen on 6-12M on Brexit clarification and Bank of England rate hikes.
USD/JPY - higher eventually	US yields decisive near term; downside risks reduced on positioning correct. Longer term higher on Fed-Bank of Japan divergence.
EUR/SEK - downside now, but sticky above 10	Downside risks near term but SEK-negatives remain lower growth, subdued inflation and too aggressive Riksbank pricing.
EUR/NOK - to move lower but near-term topside risk	Positive on NOK on valuation, relative growth, positioning, terms of trade, the global outlook and Norges Bank initiating a hiking cycle.
Oil price - wide outcome space	Tug of war between geopolitical risks and OPEC+ getting ready to normalise output.

Source: Danske Bank



# Scandi update

## Denmark – slight slowdown in apartment market in March

We received housing market figures for March in the past week. Prices for single-family homes rose 0.5% m/m, seasonally adjusted. In contrast, apartment prices fell 0.4% over the same period, marking the first decline in apartment prices this year. Sales activity also appears to have slowed in the first few months of the year, with almost 9% fewer apartments sold in Q1 18 than in Q1 17. The slowdown should probably be seen against the tightening of lending practices that was implemented on 1 January this year.

Danmarks Nationalbank has released currency reserve figures for May. The announcement shows Danmarks Nationalbank once again did not intervene in the FX market, making May the fourteenth consecutive month without any significant pressure on the Danish krone (DKK). Potential changes in Danish interest rates therefore appear to be some way off, namely when the European Central Bank begins to hike, which we do not expect will happen until December 2019.

Finally, industrial production in April rose 1.2%, according to the latest figures. While the figures fluctuate somewhat from month to month, a picture seems to be emerging of an industrial sector that has got off to a good start in 2018 after a rather lacklustre 2017.

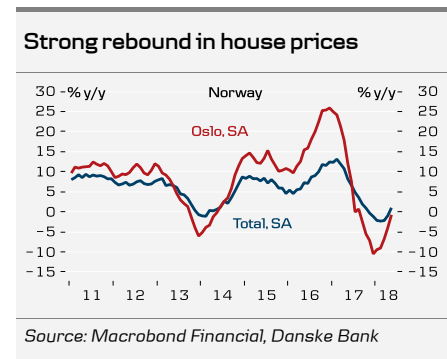
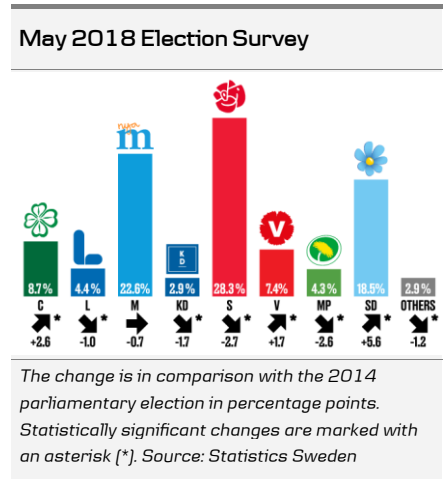
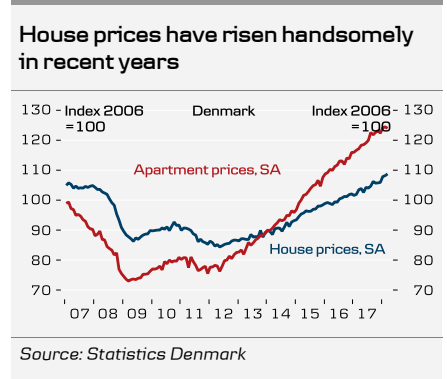
## Sweden – shifting political landscape

April industrial orders and production data as well as services production provided input to our GDP indicator, which now suggests Q2 growth at 2.3% y/y calendar adjusted, down from 3.3% in Q1. This is still a very preliminary indication based mainly on April data. March data was generally revised down on all these accounts. It remains to be seen what these and other data mean for Q1 GDP revisions but past years' growth has generally been slower than initially estimated.

Statistics Sweden's semi-annual (big) voter survey, the last before the general elections, had a few interesting aspects: (1) SDP got 28.3%, much below the previous election result, but history suggests that this survey overestimates the result by some 4 percentage points, (2) three parties (Greens, Liberals and Christian Democrats) hover around the 4% threshold, dimming the outlook for both left-wing and right-wing coalitions and (3) anti-immigration Sweden Democrats increased 5.6 percentage points to 18.5% compared to the previous election. In essence, there are now three big parties: SDP, Conservatives and SD with close to 20% or slightly above. The right-wing Alliance appears to have the upper hand, but two of the parties do not want to rely on SD support. Hence, the political outlook is both complicated and uncertain.

## Norway – housing market becoming an upside risk

House prices rose 1.1% in May after increasing 0.9% in April. That means house prices are up 2.6% so far this year, while last year's price fall has been almost completely recouped. Price growth has been particularly strong in Oslo, where prices are now close to 7% up on December levels. However, while the bulk of the price growth in the first three months of the year was driven by the Oslo market, house prices in the rest of the country have also been on an upward trajectory over the past two months. The most important reason for the rebound in prices appears to be a significant shift in the balance of the housing market, as the large supply surplus we saw throughout last year has been almost absorbed by demand. That being said, we saw signs of an increase in supply towards the end of May, which in our view will help fine-tune market forces and slow price growth over the summer. We are also of course still expecting Norges Bank to raise interest rates in September, which will likely dampen demand. Nevertheless, house price growth is currently so strong that the chance of a rate hike as early as August has increased.



## Latest research from Danske Bank

### *8/6 FOMC preview: A step closer to neutral*

We expect the Fed to hike the target range by 25bp to 1.75%-2.00% next week without making big changes to the dot plot.

### *8/6 World Cup 2018 Special: Forecasting the Russian economy and 2018 World Cup*

As the World Cup is about to kick off in Russia, the Russian economy continues to expand moderately in the environment of the 'new normal', where western sanctions are guiding the behaviour of many economic agents, fiscal prudence prevails, cautious monetary easing continues amid post-Soviet low inflation and the RUB has decoupled entirely from oil price fluctuations.

### *8/6 ECB Preview - End of QE approaching but no formal announcement just yet*

Overall/forward guidance. At the governing council (GC) meeting next week, we do not expect explicit new forward guidance, but may see some hawkish bits, in particular in wage growth discussions along the lines of ECB's chief economist Peter Praet's comments on Wednesday, which were surprisingly hawkish.

### *7/6 The Big Picture - From boom to cruising speed*

After a strong end to 2017, we see clear signs that the global business cycle is losing momentum in early 2018.

### *Flash Comment - Turkey's central bank rate decision preview: time to restore credibility*

We expect Turkey's central bank the TCMB to shift up its overnight rate corridor: a 50bp hike in its borrowing rate and a 75bp increase in its lending rate in order to normalise the monetary policy framework following the emergency hike in May 2018.

### *4/6 Flash Comment Denmark: No FX intervention amid Italian political concerns*

The Danish FX reserve was DKK468bn in May - DKK1bn higher than in April. Danmarks Nationalbank (DN) did not make FX interventions in May.

### *4/6 US-China Trade Talks: Why things are getting tricky*

Unfortunately, the positive developments in the US-China trade conflict did not last long. The risk of going into renewed escalation over the coming weeks is going up.

## Macroeconomic forecast

### Macro forecast, Scandinavia

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-pleym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2017	2.2	1.5	1.2	3.7	0.1	4.4	4.1	1.1	4.2	1.0	36.4	7.7
	2018	1.8	1.9	1.0	5.8	0.3	1.2	4.2	0.6	4.0	-0.2	35.7	7.5
	2019	1.9	2.6	0.5	4.2	-0.2	2.9	3.6	1.3	3.8	-0.1	34.5	7.5
Sweden	2017	2.7	2.2	0.4	5.9	0.1	3.6	4.8	1.8	6.7	1.2	41.0	4.1
	2018	1.7	1.6	1.3	-1.1	0.2	5.6	4.8	1.6	7.1	1.0	37.0	3.5
	2019	2.0	1.8	0.8	0.4	0.2	4.7	3.8	1.3	7.6	0.8	35.0	3.9
Norway	2017	1.9	2.5	2.2	4.9	-1.6	1.1	2.8	1.8	2.7	-	-	-
	2018	2.5	2.5	1.8	3.0	-0.2	2.0	2.0	2.0	2.3	-	-	-
	2019	2.3	2.3	1.8	2.0	0.0	2.0	2.0	1.9	2.2	-	-	-

### Macro forecast, Euroland

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-pleym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Euro area	2017	2.6	1.7	1.2	3.5	-	5.5	4.5	1.5	9.1	-0.9	86.7	3.5
	2018	2.0	1.5	1.8	3.6	-	4.1	3.2	1.6	8.4	-0.7	86.0	3.4
	2019	1.7	1.8	2.0	3.7	-	3.6	3.8	1.4	8.0	-0.6	85.5	3.4
Germany	2017	2.5	2.0	1.5	4.0	-	5.3	5.6	1.7	3.7	1.3	64.1	8.0
	2018	2.1	1.5	0.8	4.3	-	3.6	3.4	1.9	3.4	1.2	60.2	7.9
	2019	1.9	2.3	2.1	3.3	-	3.8	5.3	1.8	3.3	1.0	56.3	7.6
Finland	2017	2.6	1.6	1.3	6.3	-	7.8	3.5	0.7	8.6	-0.6	61.4	0.7
	2018	2.4	2.1	0.5	3.5	-	4.5	4.5	1.0	8.0	-0.2	59.6	0.6
	2019	2.0	1.6	0.5	3.5	-	4.5	4.0	1.4	7.7	-0.2	58.0	0.8

### Macro forecast, Global

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-pleym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
USA	2017	2.3	2.8	0.1	4.0	-0.1	3.4	4.0	2.1	4.4	-3.5	105.0	-2.5
	2018	2.6	2.4	1.3	5.2	0.0	4.2	4.4	2.5	3.9	-4.0	106.0	-3.0
	2019	2.4	2.3	1.1	4.0	0.0	3.1	3.0	2.0	3.6	-4.6	107.0	-3.4
China	2017	6.9	-	-	-	-	-	-	2.0	4.1	-3.7	47.6	1.4
	2018	6.5	-	-	-	-	-	-	2.3	4.3	-3.4	50.8	1.1
	2019	6.3	-	-	-	-	-	-	2.3	4.3	-3.4	53.9	1.2
UK	2017	1.8	1.7	0.1	4.0	-0.6	5.7	3.2	2.7	4.4	-1.9	87.7	-4.1
	2018	1.1	1.1	1.1	2.9	-0.2	1.3	1.2	2.5	4.2	-1.8	85.4	-4.4
	2019	1.2	1.2	0.4	1.3	0.0	2.6	2.0	1.5	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	08-Jun	1.75	2.32	2.76	2.98	117.7	-	632.9
	+3m	2.00	2.42	2.80	3.05	119.0	-	625.6
	+6m	2.00	2.62	3.00	3.15	123.0	-	605.3
	+12m	2.50	2.95	3.30	3.35	128.0	-	581.4
EUR	08-Jun	0.00	-0.32	-0.12	1.00	-	117.7	744.8
	+3m	0.00	-0.33	-0.15	1.05	-	119.0	744.5
	+6m	0.00	-0.33	-0.10	1.25	-	123.0	744.5
	+12m	0.00	-0.33	0.10	1.55	-	128.0	744.3
JPY	08-Jun	-0.10	-0.03	0.05	0.27	128.8	109.4	5.78
	+3m	-0.10	-	-	-	130.9	110.0	5.69
	+6m	-0.10	-	-	-	137.8	112.0	5.40
	+12m	-0.10	-	-	-	143.4	112.0	5.19
GBP	08-Jun	0.50	0.63	1.02	1.58	87.7	134.1	848.8
	+3m	0.75	0.82	1.15	1.70	86.5	137.6	860.7
	+6m	0.75	0.82	1.45	1.90	84.0	146.4	886.3
	+12m	1.00	1.07	1.70	2.15	83.0	154.2	896.7
CHF	08-Jun	-0.75	-0.73	-0.50	0.50	115.4	98.1	645.1
	+3m	-0.75	-	-	-	119.0	100.0	625.6
	+6m	-0.75	-	-	-	121.0	98.4	615.3
	+12m	-0.75	-	-	-	123.0	96.1	605.1
DKK	08-Jun	0.05	-0.30	0.00	1.15	744.8	632.9	-
	+3m	0.05	-0.30	0.00	1.20	744.5	625.6	-
	+6m	0.05	-0.30	0.05	1.40	744.5	605.3	-
	+12m	0.05	-0.30	0.25	1.70	744.3	581.4	-
SEK	08-Jun	-0.50	-0.40	-0.12	1.24	1028.5	873.9	72.4
	+3m	-0.50	-0.45	-0.15	0.95	1030.0	865.5	72.3
	+6m	-0.50	-0.40	-0.15	1.15	1050.0	853.7	70.9
	+12m	-0.50	-0.40	-0.05	1.40	1020.0	796.9	73.0
NOK	08-Jun	0.50	1.03	1.43	2.24	951.5	808.5	78.3
	+3m	0.50	1.15	1.55	2.40	940.0	789.9	79.2
	+6m	0.75	1.30	1.65	2.55	930.0	756.1	80.1
	+12m	1.00	1.50	2.00	2.75	920.0	718.8	80.9

Commodities												
		2018				2019				Average		
	08-Jun	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019	
NYMEX WTI	66	63	66	68	68	69	69	70	70	66	70	
ICE Brent	77	67	70	72	72	72	72	74	74	70	73	

Source: Danske Bank

# Calendar

## Key Data and Events in Week 24

During the week				Period	Danske Bank	Consensus	Previous
Sat 09	CNY	CPI	y/y	May		1.8%	1.8%
Sat 09	CNY	PPI	y/y	May		3.9%	3.4%
Sun 10	CNY	Total social finance credit	CNY bn	May		1300	1560.5
Sun 10	CNY	Money supply M2	y/y	May		8.5%	8.3%
Monday, June 11, 2018				Period	Danske Bank	Consensus	Previous
8:00	NOK	CPI	m/m y/y	May		0.3% 2.5%	0.4% 2.4%
8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	May	.. 1.4%	0.3% 1.4%	0.5% 1.3%
8:00	NOK	PPI	m/m y/y	May			3.3% 12.2%
8:00	DKK	Current account (nsa sa)	DKK bn	Apr			.. 13.9
8:00	DKK	CPI	m/m y/y	May	0.0% 0.9%	0.2% 1.1%	0.5% 0.8%
8:00	DKK	Trade balance ex ships	DKK bn	Apr			5.1
8:00	DKK	Exports	m/m	Apr			
10:30	GBP	Construction output	m/m y/y	Apr		2.4% -1.2%	-2.3% -4.9%
10:30	GBP	Industrial production	m/m y/y	Apr		0.1% 2.7%	0.1% 2.9%
10:30	GBP	Manufacturing production	m/m y/y	Apr		0.3% 3.1%	-0.1% 2.9%
10:30	GBP	Trade balance	GBP mio.	Apr		-2600	-3091
13:00	GBP	NIESR GDP estimate	q/q	May		0.3%	0.1%
Tuesday, June 12, 2018				Period	Danske Bank	Consensus	Previous
-	GBP	House of Commons to vote on 15 Lords amendments to EU withdrawal bill					
1:00	USD	Donald Trump & Kim Jung-Un meeting in Singapore					
10:00	NOK	Norges Bank Regional Network Report: Output next 6M	Index	May	1.4		1.4
10:30	GBP	Unemployment rate (3M)	%	Apr	4.2%	4.2%	4.2%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Apr	0.2% 2.9%	2.9%	2.9%
11:00	DEM	ZEW current situation	Index	Jun		85.0	87.4
11:00	DEM	ZEW expectations	Index	Jun		-14.0	-8.2
12:00	USD	NFIB small business optimism	Index	May		104.8	104.8
14:30	USD	CPI headline	m/m y/y	May		0.2% 2.7%	0.2% 2.5%
14:30	USD	CPI core	m/m y/y	May	0.2% 2.2%	0.2% 2.2%	0.1% 2.1%
20:00	USD	Budget statement	USD bn	May			214.3
Wednesday, June 13, 2018				Period	Danske Bank	Consensus	Previous
8:00	SEK	Prospera inflation expectations					
9:00	ESP	HICP, final	m/m y/y	May		0.9% 2.1%	0.9% 2.1%
10:30	GBP	PPI - input	m/m y/y	May		2.0% 7.6%	0.4% 5.3%
10:30	GBP	CPI	m/m y/y	May	0.4% 2.4%	0.4% 2.5%	0.4% 2.4%
10:30	GBP	CPI core	y/y	May	2.1%	2.1%	2.1%
11:00	EUR	Industrial production	m/m y/y	Apr		-0.5% 3.0%	0.5% 3.0%
11:00	EUR	Employment	q/q y/y	1st quarter			0.3% 1.6%
14:30	USD	PPI	m/m y/y	May		0.3% ...	0.1% 2.6%
14:30	USD	PPI core	m/m y/y	May		0.2% ...	0.2% 2.3%
16:30	USD	DOE U.S. crude oil inventories	K				2072
20:00	USD	FOMC meeting	%		2.00%	2.00%	1.75%
20:30	USD	FOMC press conference					

Source: Danske Bank

## Calendar (continued)

Thursday, June 14, 2018				Period	Danske Bank	Consensus	Previous
1:01	GBP	RICS house price balance	Index	May			-0.1
3:30	AUD	Employment change	1000	May		19.0	22.6
4:00	CNY	Fixed assets investments	y/y	May		7.0%	7.0%
4:00	CNY	Industrial production	y/y	May		7.0%	7.0%
4:00	CNY	Retail sales	y/y	May		9.6%	9.4%
6:30	JPY	Industrial production, final	m/m y/y	Apr			0.3% 2.5%
8:00	SEK	Service production	y/y	May			3.6%
8:00	DEM	HICP, final	m/m y/y	May		0.6% 2.2%	0.6% 2.2%
8:45	FRF	HICP, final	m/m y/y	May		0.4% 2.3%	0.4% 2.3%
9:30	SEK	CPI	m/m y/y	May	0.3% 2.0%	0.2% 1.9%	0.4% 1.7%
9:30	SEK	Underlying inflation CPIX	m/m y/y	May	0.3% 2.1%	0.2% 2.1%	0.4% 1.9%
10:30	GBP	Retail sales ex fuels	m/m y/y	May		0.3% 2.6%	1.3% 1.5%
13:45	EUR	ECB announces refi rate	%				0.00%
13:45	EUR	ECB announces deposit rate	%				-0.40%
14:30	EUR	ECB's Draghi speaks at press conference					
14:30	USD	Retail sales control group	m/m	May		0.3%	0.5%
14:30	USD	Initial jobless claims	1000				
14:30	USD	Import prices	m/m y/y	May		0.5% ...	0.3% 3.3%
Friday, June 15, 2018				Period	Danske Bank	Consensus	Previous
-	USD	Full list of products hit by US 25% tariff on Chinese goods is set to be announced.					
-	EUR	Fitch may publish Ireland's debt rating					
-	GBP	Moody's may publish UK's debt rating					
-	JPY	BoJ policy rate	%		-0.1%		-0.1%
6:00	SEK	Maklarstatistik Swedish housing price data					
8:00	NOK	Trade balance	NOK bn	May			19.4
11:00	ITL	HICP, final	m/m y/y	May		... 1.1%	... 1.1%
11:00	EUR	HICP inflation, final	m/m y/y	May		0.5% 1.9%	0.3% 1.2%
11:00	EUR	HICP - core inflation, final	y/y	May		1.1%	1.1%
11:00	EUR	Trade balance	EUR bn	Apr		20.0	21.2
11:00	EUR	Labour costs	y/y	1st quarter			1.5%
12:30	RUB	Central Bank of Russia rate decision	%		7.00%	7.25%	7.25%
14:30	USD	Empire Manufacturing PMI	Index	Jun		18.0%	20.1%
15:15	USD	Capacity utilization	%	May		78.2%	78.0%
15:15	USD	Industrial production	m/m	May		0.3%	0.7%
15:15	USD	Manufacturing production	m/m	May		0.3%	0.5%
16:00	USD	University of Michigan Confidence, preliminary	Index	Jun		98.4	98.0
22:00	USD	TICS international capital flow, Net inflow	USD bn	Apr			-38.5

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Source: Danske Bank

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