9 November 2018

Weekly Focus

One step closer to a Brexit deal?

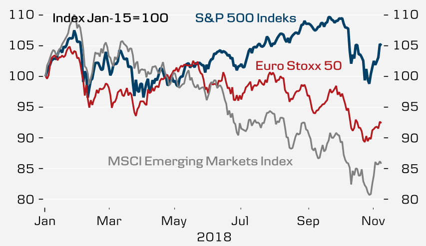
Market Movers ahead

- In the **US**, we believe it is likely core inflation stayed unchanged at 2.2% in October. We expect retail sales to continue painting a robust picture of US consumers.
- Growth data will be in focus in the **euro area**, where German ZEW and preliminary GDP for Q3 are due to be released.
- **Italy** will return to the limelight, as Tuesday is the deadline for it to send a revised budget to the EU Commission.
- Deal or no deal is still the question relating to **Brexit** negotiations. We believe we will have to wait for December for an agreement. Unemployment and wages will also draw attention in the UK.
- In **China**, we are due to get key figures on money and credit as well as industrial production, retail sales and investment. We expect growth to weaken before it gets better from Q2 019. Japan is scheduled to release Q3 GDP data.
- In **Scandinavia**, it is time for Norwegian GDP for Q3 and inflation in Sweden and Denmark.

Weekly wrap-up

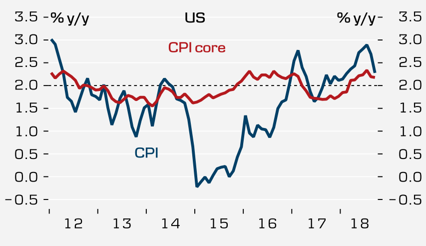
- The US midterm elections turned out as expected, with the Democrats winning the House while the Republicans strengthened their majority in the Senate. We expect this to have a limited effect on the economy and markets.
- New forecasts from the EU Commission revealed a downward revision to Italian growth and upward revision to the budget deficit, adding to the current EU-Italy standoff.
- Chinese exports were stronger than expected but it is likely this is due to front-loading of sales to the US ahead of a possible tariff increase on 1 January.
- Risk appetite recovered, sending both equities and bond yields higher.

Stock markets recovered this week



Source: Macrobond Financial

US inflation lower in recent months



Source: Macrobond Financial

Contents

Financial views

Major indices	09-Nov	3M	12M
10yr EUR swap	0.98	1.10	1.40
EUR/USD	113	115	125
ICE Brent oil	73	85	85

Source: Danske Bank

Follow us on *Twitter*

@Danske_Research

Editor

Chief Analyst
Allan von Mehren
+45 45 12 80 55
alvo@danskebank.dk

Market movers

Global

- In the **US**, we estimate CPI data for October, due for release on Wednesday, rose 0.2% in October (unchanged at 2.2% y/y).

  On Thursday, we are due to get retail sales control group data for October, which is a good indicator of private consumption. On Friday, manufacturing production data is scheduled for release. Optimism remains high, suggesting both retail sales control group and manufacturing production could rise further.

  We will also listen to the upcoming speeches from Fed members next week, especially Jerome Powell's speech at an event at the Dallas Fed on Thursday. However, we do not expect any news regarding rate hikes, as the Fed has been very clear on continuing the gradual rate increases without accelerating. Therefore, we still expect hikes in December, March and June, with the Fed funds rate reaching 3%, which is the Fed's estimate of the neutral rate. After this, we expect it to be more stop and go, depending on how the economy is doing.

- In the **euro area,** the revised HICP and core inflation figures for October are due out on Friday. The initial estimates were 2.1% y/y and 1.1% y/y for headline and core inflation, respectively, and we do not expect any revisions to these numbers but we will look out for the higher core inflation drivers. ZEW figures for November are due on Tuesday. Current conditions started the year at 95.2 and economic expectations started it at 20.4. In October, these had fallen to 70.1 and -24.7, respectively. In November, we expect some stabilisation of the economic expectations figure, driven not least by the latest signs that a ceasefire in the US-China trade war is becoming more likely.

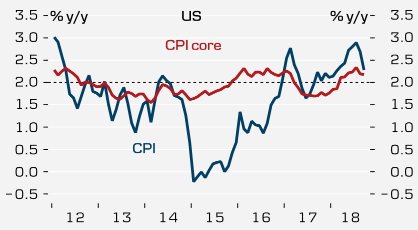
  In Germany, preliminary Q3 GDP figures are due on Tuesday. We expect GDP growth to come in at 0.3% q/q. However, we see a significant downside risk to this forecast in light of both falling PMI and Ifo figures and production bottlenecks in the German car sector, which is struggling to adjust to new emissions test procedures.

  On Tuesday, the deadline expires for the Italian government to send a revised budget draft to Brussels (see *Italian Politics Monitor – The gloves are off*, 23 October). As market pressure has eased somewhat in recent weeks now ratings decisions are out of the way, our base case is that the government will not comply with the Commission's request. Hence, we believe a further standoff is in store, with the Commission likely to proceed by initiating an excessive deficit procedure against the country.

- In the **UK**, focus remains on Brexit. Will we get a deal in November or not? In our view, we think we will have to wait for December and it could even slip into early January. The main obstacle is the Irish border/backstop, as 90-95% of the withdrawal agreement has been agreed. See *Brexit Monitor – Final deal unlikely before December*, 18 October.

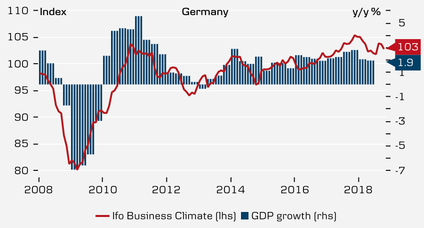
  There are many interesting data releases next week. The September jobs report is due out on Tuesday. We estimate the unemployment rate (3M average) was unchanged at 4.0% and weekly earnings excluding bonuses (3M average) were 3.1% higher than a year ago. On Wednesday, we are due to get CPI inflation but this will probably not change our view that the Bank of England is on hold until May.

CPI core inflation likely to be unchanged at 2.2% in October



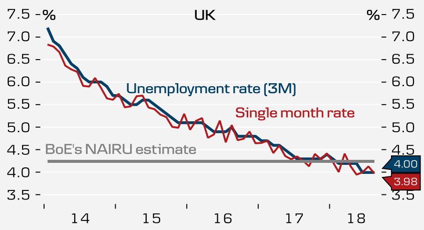
Source: BLS, Macrobond Financial

German Q3 GDP growth could surprise on the downside



Source: Macrobond Financial

Very low unemployment rate in the UK



Source: ONS, Bank of England, Macrobond Financial

- In **Japan**, we are due to get the first GDP figures for Q3 on Wednesday. Overall, Q3 was weak but, in our view, this is probably due to typhoons and an earthquake, which cut the power to three million homes and forced factories and airports to close. Exports, which have been the key growth driver over recent years, have decreased but we note that private demand is beginning to pick up. We estimate that economic activity slowed temporarily in Q3 with annualised quarter-on-quarter GDP growth of -0.3%, down from 3.0% in Q2.
- In **China**, it is time for money and credit data. Following a big decline over some time, there have been tentative signs of a turn in money growth. This is noteworthy as it is normally a quite good leading indicator with a lead of three to six months. This is likely to be due to the monetary easing through a lower reserve requirement ratio freeing up more liquidity. In contrast, credit growth has continued to be weak, leaving quite dismal signals for growth in the short term. We are also set to get data for industrial production, fixed asset investments and retail sales. These have all been soft lately and we expect them to stay this way in the short term due to the high uncertainty related to the trade war.

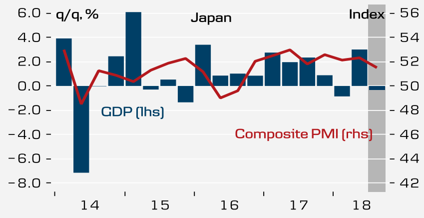
Scandi

- Looking ahead to next week in **Denmark**, we have two important data releases to consider. First up is October inflation, due on Wednesday. Inflation took a sharp dip in September but we expect a slight upturn in October to 0.7% y/y (0.2% m/m). Higher PSO tariffs in October 2017 will slip out of the data, which should pull inflation lower. However, we expect a slight increase across components, including food. Food is currently the joker in the pack, as prices have fallen over the past year despite the dry summer and rising prices in the rest of Europe.

  Wednesday also brings the first measure of economic growth in Q3, the so-called GDP indicator. We are looking for strong growth of 0.8%, mainly on the back of pronounced export growth in Q3. The overall picture is supported by solid increases in industrial production and VAT figures for Q3.
- **Sweden**'s October inflation is the first of two outcomes ahead of the Riksbank's December meeting. As far as we can judge, this should not be an obstacle for the Riksbank's intention to start hiking rates. October is a low-volatility month for inflation, normally with very small price changes. This time, we expect core inflation (CPIF excluding energy) to increase by 0.1% m/m/1.7% y/y as a result of small price increases within several components. However, we expect CPIF to remain unchanged over the month as energy prices have fallen and moderated the rise in the overall CPIF index. We expect CPIF to print 2.6% y/y. This means that there are no mentionable deviations from the Riksbank on either of these items (but we note that rounding up the CPIF forecast means our forecast is 2.6% y/y, one-tenth above the Riksbank's forecast, which is instead rounded down to 2.5% y/y).

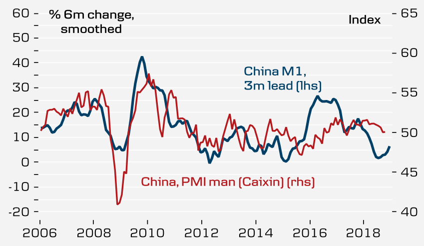
  Simultaneously, we expect the October seasonally adjusted unemployment rate to print 6.6%. Such an outcome should confirm the upward trend seen in the unemployment rate since the beginning of the year. This largely coincides with a slowdown in employment growth and an increase in the labour force as job seekers in the non-labour force of the working population try to get a job. As yet, it is hard to see whether this is a result of a general business cycle slowdown or a deterioration in matching job seekers to job vacancies.

Temporary factors affect Q3



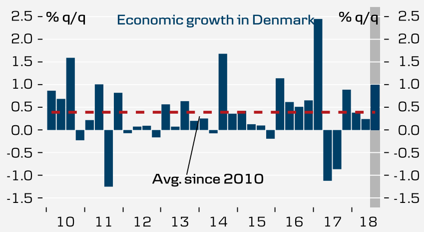
Note: Annualised changes in GDP
Source: Japanese Cabinet Office, IHS Markit, Danske Bank, Macrobond Financial

China: tentative signs of bottom in M1 growth



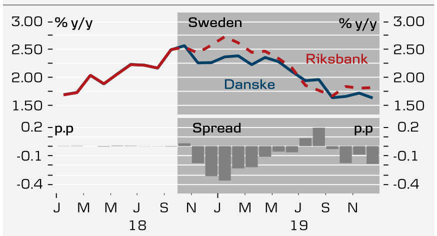
Source: Macrobond Financial, People's Bank of China

We expect to see strong growth in Q3



Source: Statistics Denmark

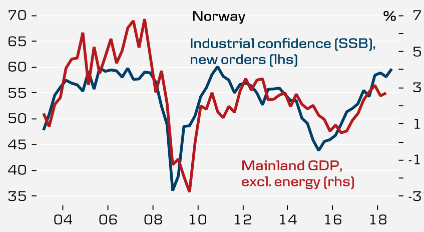
October CPIF should print spot on Riksbank's forecast



Source: Markit, Swedbank

- In **Norway**, we will probably see the figures show slightly slower GDP growth in Q3, after an unusually dry summer led to low output in both the power sector and agriculture. On top of this, consumption of goods (including electricity) was weaker than normal. Therefore, we estimate GDP growth of 0.3-0.4% q/q, well below the 0.7% we originally forecast and the 0.7% that Norges Bank projected in the September monetary policy report. However, this is, in part, probably a result of temporary factors, rather than a reflection of a wider slowdown in the economy. At first glance, the fall in private consumption is more worrying but we put this down to reduced purchasing power on the back of high power prices in the summer. This is supported by retail sales in current prices continuing to grow at almost 3% y/y despite volume growth slowing to 1%. Nevertheless, it is possible that the market's expectation of two rate hikes a year ahead will take a bit of a knock from the apparent decline in growth. However, we stress that no leading indicators are showing signs of a slowdown. Gross unemployment also fell in the quarter, despite changes to NAV's reporting procedures, and this suggests that growth is above trend.

Leading indicators on the up



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week		Sat 10	CNY	Money supply M2	y/y	Oct		*8.4%*	8.3%
Tue	13-Nov	10:30	GBP	Unemployment rate (3M)	%	Sep		*4.0%*	4.0%
		10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Sep		*3.1%*	3.1%
		11:00	DEM	ZEW expectations	Index	Nov		*-25.0*	-24.7
Wed	14-Nov	0:50	JPY	GDP, preliminary	q/q|ann.	3rd quarter		*-0.3%|-0.9%*	0.7%|3.0%
		3:00	CNY	Industrial production	y/y	Oct		*5.8%*	5.8%
		3:00	CNY	Retail sales	y/y	Oct		*9.2%*	9.2%
		3:00	CNY	Fixed assets investments	y/y	Oct		*5.5%*	5.4%
		8:00	DEM	GDP, preliminary	q/q|y/y	3rd quarter		*-0.1%|1.3%*	0.5%|2.0%
		10:30	GBP	CPI core	y/y	Oct		*2.0%*	1.9%
		14:30	USD	CPI core	m/m|y/y	Oct	0.2%|2.2%	*0.2%|2.2%*	0.1%|2.2%
Thurs	15-Nov	0:05	USD	Fed's Powell (voter, neutral) speaks					
		14:30	USD	Retail sales control group	m/m	Oct			0.5%
Fri	16-Nov	15:15	USD	Industrial production	m/m	Oct		*0.2%*	0.3%
Scandi movers									
During the week									
Tue	13-Nov	8:00	NOK	GDP (mainland)	q/q	3rd quarter	0.3%		0.5%
Wed	14-Nov	8:00	DKK	GDP indicator	q/q	3rd quarter	1.0%		0.3%
		9:30	SEK	CPIF excl. Energy	m/m|y/y	Oct	0.1%|1.7%		0.5%|1.6%
Thurs	15-Nov	9:30	SEK	Unemployment (n.s.a.|s.a.)	%	Oct	6.1%		6.0%|6.5%

Source: Bloomberg, Danske Bank

Weekly Wrap-Up

Divided congress after US-midterm elections

Main macro themes

- The *US midterm elections* are now over and the result was more or less as expected, with a divided Congress. The Democrats control the House of Representatives and the Republicans retain control of the Senate. This makes President Donald Trump a 'lame duck' in the sense that he cannot get his domestic agenda through Congress. In addition, the two parties are not very good at making politics together. **We maintain our view that the midterm elections should have only limited implications for the economy and markets, as there will be no changes to economic policy in either direction over the coming two years** and, while volatility has risen, this is what matters for markets. We believe the US expansion is set to continue in coming years.
- The European Commission published its new economic forecasts and while this does not usually draw market attention, the recent stand-off with Italy drew significant attention. The Italian growth forecast is 1.2% (versus 1.5% from government), leading to an even higher deficit, estimated at 2.9% (versus 2.4% from IT government); for 2020 the Commission sees the deficit breaching 3%. This negative assessment brings Italy one step closer to the excessive deficit procedure, ahead of the *budget revision deadline next Tuesday*.
- *Foreign sales in China rose 15.6% y/y in October*, pointing to still robust sales. However, it is likely this was due to front-loading of US imports from China ahead of the possible rise in tariffs from 10% currently to 25% from 1 January 2019. That said, Trump has signalled that he may be ready for a trade war ceasefire at the Xi Jinping-Trump meeting on 1 December. This is positive for markets and the global economy, as it reduces the probability of a very negative scenario of a prolonged and worsening trade war. We now see a *60% probability of a ceasefire* but any real deal will take time to reach and is not likely until some point in 2019.

Financial market developments

- Global markets have decided that a divided Washington would actually be good for risky assets. Tax cuts cannot be rolled back and new fiscal expansion is less likely, keeping longer dated yields under control. As a result, equities have been somewhat positive over the past week. European government bonds have traded mainly sideways, ahead of next Tuesday's important Italian deadline.
- EUR/USD continued its range trading over the past week and is currently at the lower end of the range after the FOMC meeting on Thursday night indicated the next policy hike in December. We expect *USD strength to remain until year-end*.
- EUR/GBP fell continually this week to 0.87 on positive Brexit news. UK Prime Minister Theresa May has a tailwind and reports suggest she may have the Brexit text ready as soon as Monday next week. We still see EUR/SEK as largely a 10.20-10.40 range-play ahead of year-end. In our view, the recent fall in EUR/SEK towards 10.30 poses an opportunity to play some (limited) upside via options as a new election looms, Riksbank pricing is vulnerable to global risk sell-offs and seasonality factors could weigh on SEK.

Financial views

Major indices

	09-Nov	3M	12M
10yr EUR swap	0.98	1.10	1.40
10yr US swap	3.26	3.35	3.55
ECB key rate	-0.40	-0.40	-0.40
Fed funds rate	2.25	2.50	3.00
EUR/SEK	1028	1020	1010
EUR/NOK	956	940	910
EUR/USD	113	115	125
ICE Brent oil	73	85	85

Source: Danske Bank

Divided US congress

Senate	
Democrats	46
Republicans	51
Not called yet	3
(51 needed for control)	

House of Representatives	
Democrats	225
Republicans	200
Not called yet	10
(218 needed for control)	

Source: Danske Bank

Forecast for Italy

% of GDP		2018	2019	2020	2021
Real GDP growth	Gvt	1.2	1.5	1.6	1.4
	EU	1.1	1.2	1.3	
Budget balance	Gvt	-1.8	-2.4	-2.1	-1.8
	EU	-1.9	-2.9	-3.1	
Structual balance	Gvt	-0.9	-1.7	-1.7	-1.7
	EU	-1.8	-3	-3.5	
General government debt	Gvt	130.9	130	128.1	126.7
	EU	131.1	131	131.1	

Source: Italian government (Gvt), European Commission (EU)

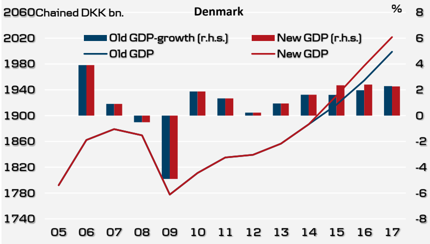
Scandi update

Denmark – stronger growth indicates greater growth potential

Denmark's economy is on a stronger footing than estimated previously, according to Statistics Denmark's revised national accounts figures for 2015-17, which were released this past week. GDP was 1.3% (DKK28bn) higher in 2017 than assumed previously. Danish growth rates now look significantly more robust from an international perspective, and while they have not disappeared, productivity challenges have become less pressing. GDP growth in real terms was 2.3% in 2015 and 2.4% in 2016, not 1.6% and 2.0%, respectively, as previous figures have shown. This also shortens the gap between what the rosier labour market is telling us and what growth rates have shown thus far. Employment is record high and unemployment at a near 10-year low, and now the growth figures have caught up. The higher figures also increase expectations for underlying economic growth, with the increase in service sector productivity in particular indicating further potential going forward.

Statistics Denmark also released house price data for August. Both house and apartment prices rose by 0.7%. Therefore, house prices continued to appreciate, while apartment prices recovered from their fall in July. Taking a longer perspective, the housing market has clearly shown signs of losing steam, but the figures confirm the bottom has definitely not fallen out of the apartment market.

Strong growth in Denmark



Source: Statistics Denmark and own calculations

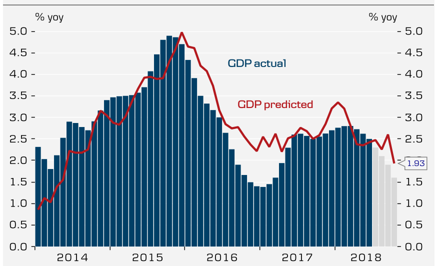
Sweden – Q3 slowdown appears to be on track

September data on manufacturing new orders, industrial and services production was slightly on the soft side relative to market expectations. These are important inputs for our GDP indicator and data so far suggests that growth remained slightly above 2% y/y in Q3. We still lack data on September consumption, which will be available later this week. Note that an outcome in this vicinity would be in line with the Riksbank's new (downwardly revised) Q3 GDP forecast at 2.3% y/y. Hence, this is nothing that would keep it from hiking the repo rate in December.

Prospera's November money market CPI inflation expectations remained in the 2.0-2.1% range on one-, two- and five-year horizons, partially lifted by rate expectations as it seems. CPIF expectations, on the other hand, which are not coloured by rate expectations, have moved slightly lower over the past three months for the one- and two-year horizons.

The October budget surplus turned out lower than the Debt Office's forecast (SEK3.1bn versus SEK10.3bn expected). Most of the deviation was due to withdrawals from the tax account, according to the DO. Looking at data up to September from ESV (the Budget management Authority), however, shows that the upward trend in tax revenue growth seen since the turn of the year remains intact. It also shows that even though the tax account has improved by c.SEK20bn y/y, the bulk of the overall improvement comes from core taxes (income, social and goods) – up roughly SEK60bn y/y.

Growth slowing further in Q3

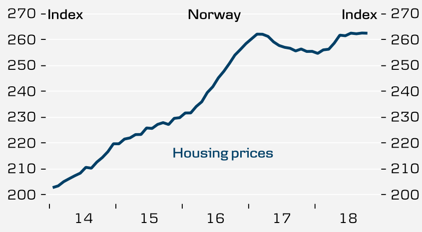


Source: Statistics Sweden, Danske Bank

Norway – housing market finally finds its equilibrium

Housing prices were unchanged m/m in October and climbed 2.4% y/y. They have thus levelled off over the past five months after a strong rebound in H1. It is mainly an increase in the number of properties on the market that is putting a damper on prices. While interest rate expectations could also be playing a role, the very high level of turnover does not support this. The stock-to-sales ratio is thus increasing from the supply side. Given the strong homebuilding activity of the past couple of years, there will be a significant supply side well into next year. With a gradual rise in interest rates, there is therefore no reason to expect any notable real increase in housing prices. On the other hand, we anticipate solid wage growth and low unemployment, so prices are unlikely to collapse either. In the September monetary policy report, Norges Bank assumes that housing prices climb 2.98% y/y in Q4, so these latest figures are marginally weaker than the central bank anticipated, but far from enough for it to stop signalling a rate hike in March.

Housing prices have levelled off



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

9/11 ECB Research: TLTRO3: Italy to be main beneficiary

Targeted longer term refinancing operations (TLTRO) - the silent measure that supports loan growth - have returned to the market's attention recently on speculation about the potential for another round/extension of TLTRO and we concur.

8/11 FOMC Review: No change to the Fed's hiking plans

As expected, the Fed stayed on hold today and made no major change to the policy signals in the statement.

8/11 China: Strong exports due to front loading ahead of potential tariff increase on 1 January

Foreign sales in China rose 15.6% y/y in October (estimate 11.7% y/y), pointing to still robust sales. However, it is likely this was due to front-loading of US imports from China ahead of the possible rise in tariffs from 10% currently to 25% from 1 January 2019

7/11 Denmark: Stronger productivity figures indicate rosier growth potential

New figures reveal Danish GDP was 1.3% (DKK28bn) higher in 2017 than previously estimated. Danish growth rates no longer look low in an international context.

7/11 US mid-term elections - Divided Congress means no changes to economic policy

With a divided Congress, we should not expect changes to economic policy and hence we maintain our view that the implications for the economy and markets should be limited. US expansion is set to continue.

5/11 German Politics Monitor: After the 'era Merkel' – what's next for Germany and Europe?

All three candidates to succeed Merkel are more conservative. There is a risk Merkel will step down as Chancellor prematurely.

4/11 Harr's View: The poor returns of 2018 and why this may change

Today, I discuss late cycle trends and performance across asset classes.

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	1.1	36.1	8.1
	2018	1.6	2.5	0.6	7.7	2.2	4.4	0.8	1.9	4.0	0.4	34.7	5.4
	2019	2.0	2.3	0.5	2.6	3.7	3.0	1.4	2.3	3.7	-0.1	33.9	6.1
Sweden	2017	2.5	2.2	0.0	6.1	3.2	4.8	1.8	2.5	6.7	1.2	41.0	4.2
	2018	2.0	2.2	0.8	3.1	2.7	3.7	1.9	2.6	7.1	1.0	37.0	2.8
	2019	1.6	1.9	0.4	1.3	2.3	2.2	1.6	2.7	7.6	0.8	35.0	2.8
Norway	2017	1.8	2.3	2.0	3.5	0.8	2.2	1.8	2.3	2.7	-	-	-
	2018	2.4	2.3	1.9	-0.4	0.8	3.3	2.8	3.0	2.4	-	-	-
	2019	2.5	2.5	1.8	4.4	2.4	3.0	1.6	3.5	2.1	-	-	-

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**	5.4	4.0	1.5	1.6	9.1	-1.0	86.8	3.5
	2018	1.9	1.4	**1.1**	**3.1**	3.2	3.0	1.8	2.2	8.2	-0.7	86.0	3.4
	2019	1.6	1.7	**2.1**	**2.0**	3.1	3.9	1.8	2.3	7.9	-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	1.0	63.9	7.9
	2018	1.8	1.4	1.1	3.4	3.0	3.9	1.9	3.0	3.4	1.2	60.2	7.9
	2019	1.8	2.1	2.3	3.1	3.6	5.4	2.0	3.2	3.3	1.1	56.3	7.6
Finland	2017	2.8	1.3	-0.5	4.0	7.5	3.5	0.8	0.2	8.6	-0.7	61.3	-0.7
	2018	2.7	2.1	2.0	4.0	3.2	3.0	1.2	2.0	7.6	-0.3	59.3	-0.6
	2019	2.0	1.6	0.5	3.5	4.0	3.5	1.5	2.3	7.3	0.1	57.7	-0.2

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	2.8	2.5	1.4	5.7	5.1	3.8	2.5	2.8	3.9	-4.0	106.0	-3.0
	2019	2.5	2.4	1.2	4.1	3.4	2.8	2.0	3.1	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	3.3	5.7	3.2	2.7	2.2	4.4	-1.8	87.5	-4.1
	2018	1.2	1.6	0.3	-0.1	0.5	0.6	2.5	2.5	4.1	-1.8	85.4	-4.4
	2019	1.5	1.6	0.4	1.1	1.8	1.8	1.5	2.9	3.9	-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 interest rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	09-Nov	2.25	2.60	3.14	3.26	113.4	-	657.9
	+3m	2.50	2.86	3.20	3.35	115.0	-	648.0
	+6m	2.75	3.07	3.40	3.55	118.0	-	631.8
	+12m	3.00	3.37	3.50	3.55	125.0	-	596.4
EUR	09-Nov	-0.40	-0.32	-0.12	0.98	-	113.4	745.9
	+3m	-0.40	-0.33	-0.05	1.10	-	115.0	745.3
	+6m	-0.40	-0.33	0.05	1.30	-	118.0	745.5
	+12m	-0.40	-0.26	0.15	1.40	-	125.0	745.5
JPY	09-Nov	-0.10	-0.10	0.04	0.31	129.0	113.8	5.78
	+3m	-0.10	-	-	-	130.0	113.0	5.73
	+6m	-0.10	-	-	-	134.5	114.0	5.54
	+12m	-0.10	-	-	-	143.8	115.0	5.19
GBP	09-Nov	0.75	0.85	1.23	1.69	87.1	130.1	856.2
	+3m	0.75	0.82	1.30	1.85	84.0	136.9	887.2
	+6m	0.75	1.02	1.40	2.00	83.0	142.2	898.2
	+12m	1.00	1.07	1.60	2.20	83.0	150.6	898.2
CHF	09-Nov	-0.75	-0.75	-0.50	0.52	114.3	100.8	652.7
	+3m	-0.75	-	-	-	113.0	98.3	659.5
	+6m	-0.75	-	-	-	116.0	98.3	642.7
	+12m	-0.75	-	-	-	120.0	96.0	621.3
DKK	09-Nov	-0.65	-0.30	0.01	1.12	745.9	657.9	-
	+3m	-0.65	-0.30	0.05	1.25	745.3	648.0	-
	+6m	-0.65	-0.30	0.15	1.45	745.5	631.8	-
	+12m	-0.65	-0.23	0.25	1.55	745.5	596.4	-
SEK	09-Nov	-0.50	-0.47	0.05	1.29	1027.9	906.6	72.6
	+3m	-0.25	-0.25	0.25	1.40	1020.0	887.0	73.1
	+6m	-0.25	-0.15	0.40	1.40	1010.0	855.9	73.8
	+12m	0.00	0.00	0.65	1.50	1010.0	808.0	73.8
NOK	09-Nov	0.75	1.17	1.60	2.34	955.7	842.9	78.1
	+3m	0.75	1.30	1.65	2.55	940.0	817.4	79.3
	+6m	1.00	1.40	1.95	2.70	920.0	779.7	81.0
	+12m	1.25	1.65	2.20	2.80	910.0	728.0	81.9

Commodities

		2018				2019				Average	
	09-Nov	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
ICE Brent	71	67	75	76	85	87	87	85	80	76	85

Source: Danske Bank

Calendar

Key Data and Events in Week 46

During the week				Period	Danske Bank	Consensus	Previous
Sat 10	CNY	Money supply M2	y/y	Oct		*8.4%*	8.3%
Monday, November 12, 2018				Period	Danske Bank	Consensus	Previous
-	USD	Veterans' Day (Exchange open)					
8:00	DKK	CPI	m/m|y/y	Oct	**...|0.7%**	*0.1%|0.7%*	-0.3%|0.6%
Tuesday, November 13, 2018				Period	Danske Bank	Consensus	Previous
8:00	DEM	HICP, final	m/m|y/y	Oct		*0.1%|2.4%*	0.1%|2.4%
8:00	NOK	GDP (total)	q/q	3rd quarter		*0.6%*	0.4%
8:00	NOK	GDP (mainland)	q/q	3rd quarter	**0.3%**		0.5%
10:30	GBP	Unemployment rate (3M)	%	Sep		*4.0%*	4.0%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Sep		*3.1%*	3.1%
11:00	DEM	ZEW current situation	Index	Nov		*65.0*	70.1
11:00	DEM	ZEW expectations	Index	Nov		*-25.0*	-24.7
12:00	USD	NFIB small business optimism	Index	Oct		*108.0*	107.9
16:00	USD	Fed's Kashkari (non-voter, dovish) speaks					
20:00	USD	Budget statement	USD bn	Oct		*-116.5*	119.1
Wednesday, November 14, 2018				Period	Danske Bank	Consensus	Previous
0:50	JPY	GDP deflator, preliminary	y/y	3rd quarter		*-0.1%*	0.1%
0:50	JPY	GDP, preliminary	q/q|ann.	3rd quarter		*-0.3%|-0.9%*	0.7%|3.0%
3:00	CNY	Industrial production	y/y	Oct		*5.8%*	5.8%
3:00	CNY	Retail sales	y/y	Oct		*9.2%*	9.2%
3:00	CNY	Fixed assets investments	y/y	Oct		*5.5%*	5.4%
5:30	JPY	Industrial production, final	m/m|y/y	Sep			-1.1%|-2.9%
8:00	DEM	GDP, preliminary	q/q|y/y	3rd quarter		*-0.1%|1.3%*	0.5%|2.0%
8:00	DKK	GDP indicator	q/q	3rd quarter	**1.0%**		0.3%
8:45	FRF	HICP, final	m/m|y/y	Oct		*0.1%|2.5%*	0.1%|2.5%
9:00	ESP	HICP, final	m/m|y/y	Oct		*0.7%|2.3%*	0.7%|2.3%
9:30	SEK	Underlying inflation CPIF	m/m|y/y	Oct	**0.0%|2.6%**	*0.0%|2.6%*	0.5%|2.5%
9:30	SEK	Capacity utilization, industry	%	3rd quarter			90.9%
9:30	SEK	CPIF excl. Energy	m/m|y/y	Oct	**0.1%|1.7%**		0.5%|1.6%
9:30	SEK	CPI	m/m|y/y	Oct	**0.0%|2.4%**	*0.0%|2.4%*	0.5%|2.3%
10:30	GBP	PPI - input	m/m|y/y	Oct		*0.7%|9.8%*	1.3%|10.3%
10:30	GBP	CPI	m/m|y/y	Oct	**0.0%||2.3%**	*0.2%|2.5%*	0.1%|2.4%
10:30	GBP	CPI core	y/y	Oct		*2.0%*	1.9%
11:00	EUR	Industrial production	m/m|y/y	Sep		*-0.2%|0.5%*	1.0%|0.9%
11:00	EUR	GDP, preliminary	q/q|y/y	3rd quarter	**0.3%|..**	*0.2%|1.7%*	0.2%|1.7%
11:00	EUR	Employment, preliminary	q/q|y/y	3rd quarter			0.4%|1.5%
14:30	USD	CPI headline	m/m|y/y	Oct		*0.3%|2.5%*	0.1%|2.3%
14:30	USD	CPI core	m/m|y/y	Oct	**0.2%|2.2%**	*0.2%|2.2%*	0.1%|2.2%

Source: Danske Bank

Calendar (continued)

Thursday, November 15, 2018				Period	Danske Bank	*Consensus*	Previous
0:05	USD	Fed's Powell (voter, neutral) speaks					
1:30	AUD	Employment change	1000	Oct		*20*	5.6
8:00	NOK	Trade balance	NOK bn	Oct			21.1
9:30	SEK	Unemployment (n.s.a.|s.a.)	%	Oct	**6.1%**		6.0%|6.5%
10:30	GBP	Retail sales ex fuels	m/m|y/y	Oct		*0.2%|3.3%*	-0.8%|3.2%
11:00	EUR	Trade balance	EUR bn	Sep			16.6
14:30	USD	Initial jobless claims	1000				
14:30	USD	Import prices	m/m|y/y	Oct		*0.0%|...*	0.5%|3.5%
14:30	USD	Empire Manufacturing PMI	Index	Nov		*19.5*	21.1
14:30	USD	Philly Fed index	Index	Nov		*20.0*	22.2
14:30	USD	Retail sales control group	m/m	Oct			0.5%
17:00	USD	DOE U.S. crude oil inventories	K				5783
21:00	USD	Fed's Kashkari (non-voter, dovish) speaks					
Friday, November 16, 2018				**Period**	**Danske Bank**	***Consensus***	**Previous**
-	EUR	S&P may publish Netherlands's debt rating					
-	EUR	Moody's may publish Austria's debt rating					
11:00	EUR	HICP inflation	m/m|y/y	Oct		*0.2%|2.2%*	0.5%|2.1%
11:00	EUR	HICP - core inflation, final	y/y	Oct	**1.1%**	*1.1%*	1.1%
11:00	ITL	HICP, final	m/m|y/y	Oct		*...|1.7%*	...|1.7%
15:15	USD	Capacity utilization	%	Oct		*78.2%*	78.1%
15:15	USD	Industrial production	m/m	Oct		*0.2%*	0.3%
15:15	USD	Manufacturing production	m/m	Oct		*0.3%*	0.2%
17:30	USD	Fed's Evans (non-voter, dovish) speaks					
22:00	USD	TICS international capital flow, Net inflow	USD bn	Sep			108.2

The editors do not guarantee the accurateness of figures, hours or dates stated above

For furher information, call (+45) 45 12 85 22.

Source: Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is, Allan von Mehren, Chief Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank on request.

Danske Bank's research reports are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from, and do not report to, other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Risk warning

Major risks connected with recommendations or opinions in this research report, including as sensitivity analysis of relevant assumptions, are stated throughout the text.

Date of first publication

See the front page of this research report for the date of first publication.

General disclaimer

This research report has been prepared by Danske Bank (a division of Danske Bank A/S). It is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that Danske Bank considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and Danske Bank, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgement as of the date hereof. These opinions are subject to change and Danske Bank does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided herein.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom or the United States.

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/A, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Report completed: 9 November 2018, 13:35 CEST

Report first disseminated: 9 November 2018, 13:45 CEST