12 October 2018

Weekly Focus

The return of volatility

Market movers ahead

- **Higher US yields and sharp stock market declines have been two major topics this week.** Volatility may persist in the short term as the earnings season continues next week but we still expect equities to move higher over 3-12M (see also page 5).
- **Brexit** negotiations enter a crucial week with the EU summit coming up. Both the EU27 and the UK seem optimistic.
- On Monday, the **Italian** government is due to submit its 2019 budget proposal to the EU. Eventually, we expect the Commission to voice a negative opinion and ask for a revision.
- We do not expect the **US** Treasury to declare China a currency manipulator when it publishes its FX report, due out next week.
- In **Sweden**, we expect Valueguard prices to show Stockholm flat prices fell by a minor 0.2% m/m. We still look for further price declines down the road, on the back of the pent-up supply of newly produced flats.

Global macro and market themes

- Equity self-off is temporary, equities are still set to move higher in 3-12M.
- China has eased monetary policy but does not want the CNY to depreciate too quickly.
- The IMF has cut its global GDP growth forecasts slightly.
- Brexit optimism has led to an appreciation of the GBP.

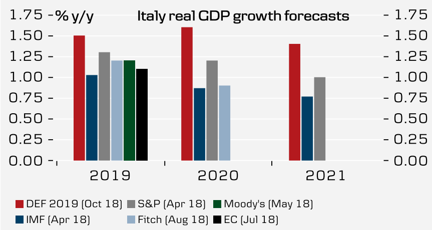
Focus

- *Flash Comment – Will the US label China a currency manipulator? Not likely*, 10 October.

Sharp market correction this week

Source: Bloomberg, Macrobond Financial

Optimistic assumptions underlying Italy's new fiscal strategy



Source: Fitch, Moody's, Standard & Poor's, EC, IMF, Macrobond Financial, Danske Bank

Contents

Financial views

Major indices	12-Oct	3M	12M
10yr EUR swap	1.06	0.95	1.25
EUR/USD	115	115	125
ICE Brent oil	81	72	74

Source: Danske Bank

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Editor

Senior Analyst
Mikael Olai Milhøj
+45 45 12 76 07
milh@danskebank.dk

Market movers

Global

- In the **US**, we have a quiet week in terms of data releases. We get retail sales for September on Monday, which is likely to show that private consumption remains the main growth driver in the US as consumer confidence, among others, continues to be strong.

  On Wednesday, the FOMC meeting minutes are released. In terms of rate hikes, we expect the Fed to be on autopilot. However, we will look for comments on how long the Fed is planning to continue to reduce balance sheets and what the future monetary policy framework is going to look like.

  In the coming week, the US Treasury report on FX manipulation is published, most likely on Monday. As we argue in *Flash Comment - Will the US label China a currency manipulator? Not likely*, 10 October 2018, we do not expect the report to designate China a currency manipulator as China only meets one of the three criteria.

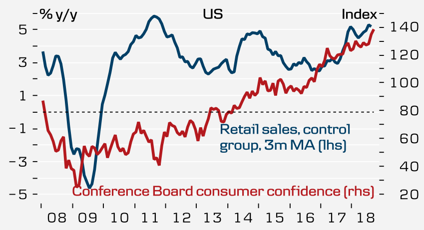
- The final **euro area** September HICP figures are released on Wednesday. We do not expect any revisions from the preliminary figures, which showed headline inflation at 2.10%, remaining above the ECB's target. But more importantly core inflation surprised on the downside at 0.94% and still does not show any convincing upward trend despite accelerating wage pressures. The final September HICP figures will give insight as to whether the stagnation in service price inflation is again due to one-off factors or more permanent headwinds.

  On Monday the Italian government will have to submit its 2019 budget proposal to the European Commission. In light of overly optimistic growth assumptions, significant fiscal weakening and many open questions on the financing side, our base case is now that the Commission will voice a negative opinion and ask for a revision of the Italian budget (see also *Italian Politics Monitor - The (budget) genie is out of the bottle*, 5 October 2018). In this case the Italian authorities will again have three weeks to comply with the request. Concerns regarding a budget clash with the EU and rating downgrades continue to weigh on Italian fixed income and equity markets and 'Italian noises' will remain a market theme in the coming weeks and months in our view.

- In the **UK**, it is a crucial week for the Brexit negotiations. The October EU summit starts on Thursday but the EU leaders are having a working dinner on Brexit the day before (Wednesday). According to media stories this week, an agreement may be reached as soon as Monday, which PM Theresa May is then expected to present at the Cabinet meeting on Tuesday. As expected, it seems that May's room to manoeuvre is bigger now the Conservative Party Conference is over. While there are not enough hard Brexiteers within the Conservative Party to out bust Theresa May, they are enough to vote her deal down in parliament unless she gets support from Labour MPs. And The Times reported this week that as many as 30 Labour MPs may do exactly that because they fear a 'no deal' Brexit. This should be sufficient for PM Theresa May to get a deal through Parliament. Our base case remains a 'decent Brexit', which is soft in the sense that there will be an orderly withdrawal from the EU but hard in the sense that the UK leaves the single market.

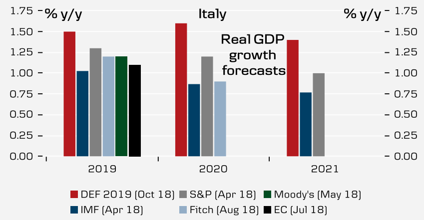
  In terms of data releases, we get CPI inflation on Wednesday.

We expect retail sales numbers to remain strong



Source: Conference Board, Macrobond Financial

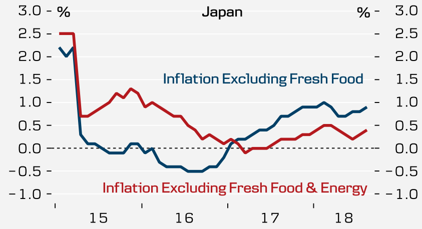
There are optimistic assumptions underlying Italy's new fiscal strategy



Source: Fitch, Moody's, S&P, EC, IMF, Macrobond Financial, Danske Bank

- In **Japan**, the most important key figures out during the week are exports on Thursday and inflation on Friday, both September figures. Exports have been the key driver of the Japanese recovery thus far, but we have seen momentum fade in recent quarters as the manufacturing sector has lost steam. High summer bonuses gave a brief smell of inflation, but cash earnings have decreased again since then and annual growth in real cash earnings was actually negative in August due to rising energy prices. It does not appear that inflation is about to take off any time soon.
- In **China** we get Q3 GDP data, which we expect to decline to 6.6% y/y in line with consensus. Chinese growth is slowing as exports have taken a hit from the trade war and slower global growth. However, housing and infrastructure investment is set to underpin growth and we continue to look for a soft landing in China despite the trade war. CPI inflation is set to rise slightly to 2.5% y/y in September from 2.3% y/y in August as higher tariffs feed through to prices. However, it is still safely below the 3% target. We expect PPI inflation to ease a bit further from the current level of 4.1% y/y. Overall inflation pressure in China is quite subdued. Industrial production is expected to show moderate growth unchanged at around 6% y/y.

No sign inflation is about to take off



Source: Japanese Cabinet Office, Macrobond Financial

Chinese GDP set to decline further in Q3 - but still at a decent level

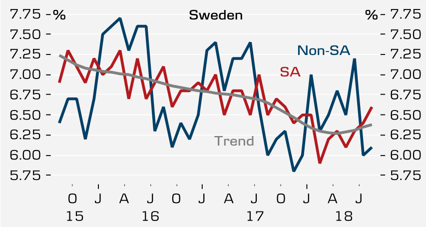
Source: Macrobond Financial

Scandi

- **Denmark** will be rather devoid of economic news next week. Danish schools have their autumn holidays and school children will be taking a well-earned break, as will Denmark's Market Movers.
- The **Swedish** agenda is also quite limited. Valueguard announces property prices for September. We have already released our Boprisindicator for Stockholm flats prices which suggests a minor -0.2% m/m decline. That said, looking down the road we see prices declining further on the back of a pent-up supply of newly produced flats over the next couple of quarters.

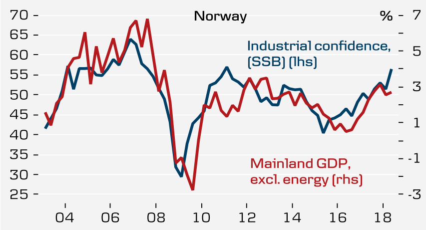
  The September unemployment rate is set to continue to rise. We see a slight increase in both the non-seasonally adjusted and the seasonally adjusted numbers to 6.7% and 6.3% respectively. Note that the unemployment rate appears to have bottomed out late last year and has been on a slowly rising trend since Q1.
- In **Norway**, the week's most important release is undoubtedly the Q3 business tendency survey. The cornerstone of our view of the Norwegian economy over the next 3-4 years is an expectation of an oil-driven upswing. With oil prices looking set to be in the USD70-85 range over the next few years, the low cost levels in the Norwegian sector are making a larger proportion of the oil companies' investment portfolio profitable, and making it more tempting to explore for new fields. As yet, we have not seen any real signs of this upswing in hard data, but it is showing up in the oil investment survey and various panel surveys. It will therefore be particularly interesting to see how manufacturing orders fare in Statistics Norway's business tendency survey. The aggregated output index in Norges Bank's regional network survey has been rising steadily and is at a high level. On the other hand, we noted a slight trend shift in the monthly PMI figures over the summer, and we can see this also showing up in the overall confidence indicator now. We therefore expect it to fall to 8.

Has the labour market turned?



Source: Statistics Sweden

Rapid growth in orders



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	15-Oct	-	USD	US Treasury publishes semi-annual currency manipulation report					
		-	EUR	Italy presents 2019 budget proposal to European Commission					
		14:30	USD	Retail sales control group	m/m	Sep		0.4%	0.1%
Tue	16-Oct	-	GBP	UK Cabinet meeting on possible withdrawal agreement with the EU					
		3:30	CNY	CPI	y/y	Sep		2.5%	2.3%
		10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Aug	2.9%	2.9%	2.9%
Wed	17-Oct	-	EUR	EU27 working dinner on Brexit					
		10:30	GBP	CPI core	y/y	Sep		2.0%	2.1%
		11:00	EUR	HICP - core inflation, final	y/y	Sep		0.9%	0.9%
Thurs	18-Oct	-	EUR	EU summit					
		1:50	JPY	Exports	y/y (%)	Sep		0.0	0.1
Fri	19-Oct	1:30	JPY	CPI - national ex. fresh food	y/y	Sep		1.0%	0.9%
		4:00	CNY	Real GDP	q/q|y/y	3rd quarter	...|6.6%	1.6%|6.6%	1.8%|6.7%
		4:00	CNY	Industrial production	y/y	Sep		6.0%	6.1%
Fri	19-Oct								
Scandi movers									
Thurs	18-Oct	9:00	SEK	House prices (Valueguard HOX)	m/m	Oct			

Source: Bloomberg, Danske Bank

Global macro and market themes

Equity sell-off is temporary despite slower growth

Equity sell-off is temporary, equities are still set to move higher in 3-12M. This week has been hard for the equity markets and on Wednesday the US S&P500 experienced the biggest daily drop since the correction in late January/early February. We see two main reasons for the US-driven global sell-off. First, investors have become more realistic about the monetary policy outlook due to strong macro indicators. US yields have moved higher driven by higher real rates. As long as higher yields are growth-driven (opposed to inflation-driven), the equity markets should be able to absorb higher bond yields. Secondly, there are now signs that US stocks are catching up with the trade war, as some companies have begun to complain about rising materials costs hitting profit margins. We stick to our view that on a 3-12M horizon, equities will outperform bonds, as the expansion is set to continue. The coming weeks will be driven primarily by earnings reports, where companies are likely to comment on margin pressure from both the tight labour market and the trade war. If we are right, then volatility could continue.

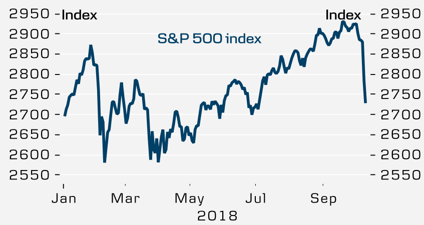
China eased monetary policy over the weekend. Last weekend, China eased monetary policy by reducing the Reserve Requirement Ratio by one percentage point for a range of banks. We still believe the trend of higher USD/CNY is set to continue, as China keeps easing monetary policy, whereas the Fed continues on a tightening path (our Fed call is four hikes from now until year-end 2019, see *FOMC review: Gradual Fed hikes are set to continue*, 26 September). That said, it seems that China has taken steps to halt the CNY depreciation, as CNH money market rates have moved sharply higher, which is a sign that Chinese authorities are tightening liquidity making it more expensive to fund short selling of the currency. We look for USD/CNY to hit 7.20 in 12M.

The IMF cut its global GDP growth forecasts slightly for both this year and next year. The IMF now sees global growth at 3.7% in both years, down from 3.9% previously, which, however, is still above potential. The main reasons for the downward revision are the US-China trade war and slower growth in key emerging markets such as Latin America (Argentina, Brazil and Mexico), emerging Europe (Turkey), South Asia (India), east Asia (Indonesia and Malaysia), the Middle East (Iran) and Africa (South Africa). In last week's Strategy piece, we discussed the fact that growth is slowing while headline inflation is moving higher due to higher energy prices, see *Strategy: Stagflation? Growth slows, while inflation pushes higher*, 5 October. Our base case remains that global growth will stabilise soon and continue at cruising speed. The euro area is set to bottom out, and despite the US-China trade war, we believe both monetary and fiscal easing in China will serve as a cushion to growth. We expect US growth rates to slow down from the 4+% in Q2 but to remain above trend over the next year, also supported by very expansionary fiscal policy.

Today's key points

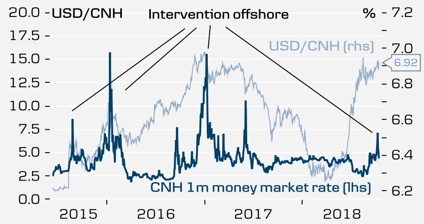
- Equity self-off is temporary; equities are still set to move higher in 3-12M.
- China has eased monetary policy but does not want CNY to depreciate too quickly.
- IMF has cut its global GDP growth forecasts slightly.
- Brexit-optimism has led to an appreciation of GBP.

US-driven global equity sell-off



Source: Bloomberg, Macrobond Financial

CNH money market rates moving higher

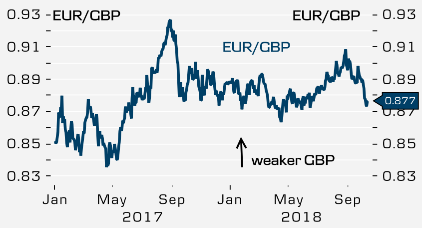


Source: Bloomberg, Macrobond Financial

Brexit-optimism has led to an appreciation of GBP. With the Conservative Party Conference over, there are media reports that constructive negotiations are taking place between the UK government and the EU and that a deal is moving closer. Some reports suggest that a deal may be as imminent as Monday (the Irish border remains the biggest obstacle). However, it is important to stress that this is only about the withdrawal agreement under Article 50 and not about the framework of the future relationship – we still do not know what that looks like. This is what the two sides are set to negotiate in the coming month, ahead of the likely extraordinary EU summit in mid-November. The problem for the UK government is that it must not be too vague, otherwise it is a difficult 'sell' in the UK. Other positive news for PM Theresa May is that around 30 Labour MPs are considering voting in favour of her Brexit-deal, whenever it is put to the House of Commons, as they fear a 'no deal scenario'. If so, PM Theresa May does not need to rely on the votes of hard Brexiteers, who have repeatedly said they would vote down any Brexit-deal keeping the UK too close to the EU.

EUR/GBP was trading as high as nearly 0.91 by the end of August but is currently trading at 0.877 on higher Brexit-optimism. Our base case remains a 'decent Brexit', in which the UK exits in an orderly manner but does leave the single market, see *Brexit Monitor: Get ready for the end-game*, 27 September. We expect EUR/GBP to break lower once a no deal scenario can be ruled out and forecast a move down to 0.83 in 12M.

EUR/GBP has moved down on higher Brexit-optimism



Source: Bloomberg, Macrobond Financial

Financial views

Asset class	Main factors
Equities	
Positive on 3-12 month horizon.	Fundamentals still supports equities on a 3-12M horizon. In the short run trade tension and the situation in Italy could lead to continued high volatility, but an expected strong earnings season should stabilise market
Bond market	
German/Scandi yields – stable for now, higher in 12M	Strong forward guidance from the ECB. Core inflation remains muted. Range trading for Bunds for the rest of 2018. Still higher in 2018.
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. EUR 2Y10Y mainly steeper in 2019.
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 (Italy special case)	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	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'.
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 with political uncertainty as a significant downside risk. Longer term higher on Fed-Bank of Japan divergence.
EUR/SEK – downside in warm-up to first hike	Lower as first hike from Riksbank looms by year end - but it could be one-and-done which should limit SEK strength thereafter.
EUR/NOK – set to move lower still	Positive on NOK on valuation, relative growth, positioning, terms of trade, global outlook and Norges Bank initiating a hiking cycle.
Oil price – range trading rest of year	On the rise as supply tightens and trade concerns ease

Source: Danske Bank

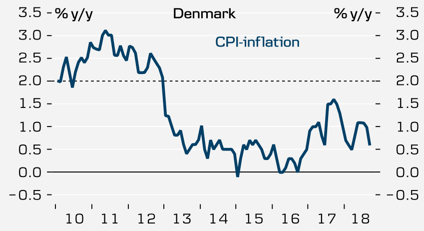
Scandi update

Denmark – inflation dipped in September

Last week saw the release of the September figures for Danish inflation, which came in at 0.6%, down significantly on the previous month's inflation rate of 1.0% but just slightly below our forecast of 0.7%. The easing of the summer spike in charter holiday and accommodation prices was a central reason for the decline. In addition, the rise in fuel prices seen in September 2017 has now slipped out of the inflation statistics, which automatically pulls the figure lower. Food prices, in contrast, increased in the wake of the very hot, dry summer, which has been tough on farmers.

New figures also arrived for goods exports in August, which were down 1.9%. While this was the second consecutive month of falling exports, it follows impressive growth in June, so exports actually rose 4.1% over the past three months. Hence, hopes of a pickup in exports finally gaining traction are still alive – despite more subdued activity data across many of Denmark's key export markets and lacklustre growth in Danish manufacturing output.

Inflation fell in September



Source: Danmarks Statistik

Sweden – September inflation surprised on the upside

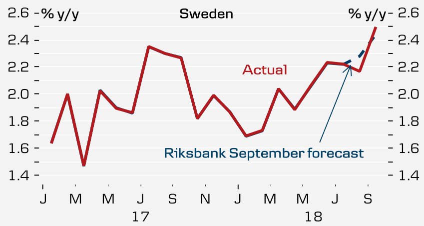
Our call for a low September print was a really bad call. We were significantly off the mark on food and recreation and to some extent on clothing.

Food was hit sharply by rising prices for vegetables but this probably does not explain it all. The SEK may have pushed food prices higher in general.

Instead of showing the normal pattern of a further seasonal decline in September, recreation prices rose. These are normally driven by the decline in charter packages. However, this month we saw significant increases in the goods component of computer games (+28% m/m) and tickets for sporting events (+9% m/m). In our view, these are spurious increases and we plan to scrutinise whether the effect prevails or reverts in the coming month. Here too, the SEK may be at play.

Finally, clothing prices rebounded a bit more than we had expected. As September is the month when the new autumn collection is presented, there may have been an extra need to raise prices after several weak months. Again, we cannot rule out that the SEK weakness has added to the increase. The outcomes for headline CPIF and core CPIF excluding energy were 2.5% y/y and 1.6% y/y, respectively, 0.1 percentage points above and spot on the Riksbank's forecasts, respectively. This means that our call for a Riksbank December hike has become more likely and the market is currently pricing in 21bp. We have so far argued that this will be the only hike this year, setting the probability of a hike in July 2019 at 40%. We intend to reconsider whether or not this probability has risen in the coming week.

CPIF above forecast supports Riksbank December hike

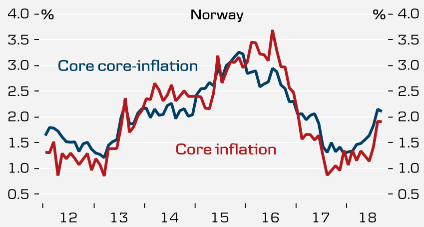


Source: Macrobond Financial

Norway – inflation surprises on the upside

Core inflation came out at 1.9% in September, somewhat higher than our forecast of 1.7%. The reason for this was that Norwegian food prices climbed further than we anticipated, even though we had expected them to be high due to the drought. This means that most of the gap to Norges Bank's projection of 1.6% is probably only temporary and we expect these prices to normalise towards the end of the year. Therefore, we do not see these numbers as a sign that core inflation is significantly higher than expected. This said, developments over the summer confirmed our expectation that core inflation would move up over the rest of the year, driven by a combination of higher import prices and moderate rises in prices for domestic goods and services. Prices for services other than rent climbed 2.9% y/y in September, the biggest increase since April 2017.

Inflation on the way up



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

11/10 China Market Monitor - Stocks take a big hit but not alone this time

After some stabilisation, Chinese stocks took a big hit overnight, falling 5% to the lowest level in more than two years.

10/10 Flash Comment - Will the US label China a currency manipulator? Not likely

This has become one of the key questions lately as the US Treasury Secretary is set to release the semi-annual report on the FX policies of trade partners next week.

8/10 Flash Comment - Brazil: election outcome sets benign path for the BRL

Brazil's general election was held on 7 October, when Brazilians voted for the new President, the Senate and the Chamber of Deputies.

8/10 Macro Strategy Views Podcast: The shocks and the Nordics

Today, we focus on US interest rates, Italy and oil prices. We discuss how these shocks influence our views on the Nordics. Thomas Harr Global Head of FI&C Research chairs today's podcast and our Head of FX Research Christin Kyrme Tuxen joins him.

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	2.3	4.0	0.4	34.7	5.4
	2019	2.0	2.3	0.5	2.6	3.7	3.0	1.4	2.6	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**	**2.8**	5.5	4.1	1.5	1.6	9.1	-0.9	86.7	3.5
	2018	2.0	1.5	**1.1**	**3.0**	2.9	2.8	1.8	2.2	8.2	-0.7	86.0	3.4
	2019	1.7	1.9	**2.1**	**1.9**	3.1	3.8	1.5	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	1.3	64.1	7.9
	2018	1.9	1.5	1.1	3.4	3.0	3.9	1.7	3.0	3.4	1.2	60.2	7.9
	2019	1.8	2.2	2.3	3.1	3.6	5.4	1.6	3.2	3.3	1.1	56.3	7.6
Finland	2017	2.7	1.7	1.6	5.8	7.5	3.7	0.7	0.2	8.6	-0.7	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	1.3	1.2	1.2	0.7	-0.9	-0.2	2.5	2.5	4.1	-1.8	85.4	-4.4
	2019	1.5	1.6	0.6	1.4	1.5	1.7	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 int. rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	12-Oct	2.25	2.41	3.06	3.25	115.1	-	648.2
	+3m	2.50	2.80	3.10	3.10	115.0	-	648.0
	+6m	2.75	3.00	3.30	3.25	118.0	-	631.8
	+12m	3.00	3.30	3.35	3.30	125.0	-	596.4
EUR	12-Oct	0.00	-0.32	-0.09	1.06	-	115.1	745.8
	+3m	0.00	-0.33	-0.10	0.95	-	115.0	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	12-Oct	-0.10	-0.07	0.06	0.36	131.0	113.9	5.69
	+3m	-0.10	-	-	-	128.8	112.0	5.79
	+6m	-0.10	-	-	-	134.5	114.0	5.54
	+12m	-0.10	-	-	-	142.5	114.0	5.23
GBP	12-Oct	0.75	0.80	1.20	1.75	88.2	130.5	845.5
	+3m	0.75	0.82	1.30	1.70	89.0	129.2	837.4
	+6m	0.75	0.93	1.40	1.80	84.0	140.5	887.5
	+12m	1.00	1.07	1.60	1.95	83.0	150.6	898.2
CHF	12-Oct	-0.75	-0.74	-0.49	0.59	114.3	99.4	652.3
	+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	12-Oct	0.05	-0.30	0.04	1.19	745.8	648.2	-
	+3m	0.05	-0.30	0.00	1.10	745.3	648.0	-
	+6m	0.05	-0.30	0.10	1.20	745.5	631.8	-
	+12m	0.05	-0.29	0.25	1.40	745.5	596.4	-
SEK	12-Oct	-0.50	-0.46	0.01	1.33	1043.9	907.3	71.4
	+3m	-0.25	-0.25	0.20	1.20	1020.0	887.0	73.1
	+6m	-0.25	-0.20	0.10	1.15	1020.0	864.4	73.1
	+12m	-0.25	-0.20	0.15	1.10	1030.0	824.0	72.4
NOK	12-Oct	0.75	1.06	1.58	2.40	950.8	826.4	78.4
	+3m	0.75	1.24	1.65	2.40	920.0	800.0	81.0
	+6m	1.00	1.39	1.95	2.50	920.0	779.7	81.0
	+12m	1.25	1.64	2.20	2.65	910.0	728.0	81.9

Commodities

		2018				2019				Average	
	12-Oct	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
NYMEX WTI	72	63	68	68	68	69	69	70	70	67	70
ICE Brent	81	67	75	72	72	72	72	74	74	72	73

Source: Danske Bank

Calendar

Key Data and Events in Week 42

Monday, October 15, 2018				Period	Danske Bank	Consensus	Previous
-	USD	US Treasury publishes semi-annual currency manipulation report					
-	EUR	Italy presents 2019 budget proposal to European Commission					
6:30	JPY	Industrial production, final	m/m|y/y	Aug			0.7%|0.6%
8:00	NOK	Trade balance	NOK bn	Sep			31.8
14:30	USD	Empire Manufacturing PMI	Index	Oct		*20.5*	19.0
14:30	USD	Retail sales control group	m/m	Sep		*0.4%*	0.1%
23:45	NZD	CPI	q/q|y/y	3rd quarter		*0.7%|1.7%*	0.4%|1.5%
Tuesday, October 16, 2018				**Period**	**Danske Bank**	***Consensus***	**Previous**
-	GBP	UK Cabinet meeting on possible withdrawal agreement with the EU					
2:30	AUD	RBA October Meeting Minutes					
3:30	CNY	PPI	y/y	Sep		*3.6%*	4.1%
3:30	CNY	CPI	y/y	Sep		*2.5%*	2.3%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Aug	**2.9%**	*2.9%*	2.9%
10:30	GBP	Unemployment rate (3M)	%	Aug	**4.0%**	*4.0%*	4.0%
11:00	DEM	ZEW current situation	Index	Oct		*74.2*	76.0
11:00	DEM	ZEW expectations	Index	Oct		*-12.0*	-10.6
11:00	ITL	HICP, final	m/m|y/y	Sep		*...|1.6%*	...|1.6%
11:00	EUR	Trade balance	EUR bn	Aug		*14.4*	12.8
14:00	HUF	Central Bank of Hungary rate decision	%		**0.90%**	*0.90%*	0.90%
15:15	USD	Capacity utilization	%	Sep		*78.2%*	78.1%
15:15	USD	Industrial production	m/m	Sep		*0.3%*	0.4%
15:15	USD	Manufacturing production	m/m	Sep		*0.3%*	0.2%
16:00	USD	NAHB Housing Market Index	Index	Oct		*67.0*	67.0
22:00	USD	TICS international capital flow, Net inflow	USD bn	Aug			52.2
Wednesday, October 17, 2018				**Period**	**Danske Bank**	***Consensus***	**Previous**
-	EUR	EU27 working dinner on Brexit					
9:30	EUR	ECB's Praet speaks in Madrid					
10:30	GBP	PPI - input	m/m|y/y	Sep		*1.0%|9.3%*	0.5%|8.7%
10:30	GBP	CPI	m/m|y/y	Sep		*0.3%|2.5%*	0.7%|2.7%
10:30	GBP	CPI core	y/y	Sep		*2.0%*	2.1%
11:00	EUR	HICP inflation, final	m/m|y/y	Sep		*0.5%|2.1%*	0.2%|2.0%
11:00	EUR	HICP - core inflation, final	y/y	Sep		*0.9%*	0.9%
14:30	USD	Building permits	1000 (m/m)	Sep		*1280*	1249.0 (-4.1%)
14:30	USD	Housing starts	1000 (m/m)	Sep		*1218*	1282.0 (9.2%)
16:30	USD	DOE U.S. crude oil inventories	K				5987
20:00	USD	FOMC minutes					

Source: Danske Bank

Calendar (continued)

Thursday, October 18, 2018				Period	Danske Bank	Consensus	Previous
-	EUR	EU summit					
1:50	JPY	Exports	y/y (%)	Sep		*0.0*	0.1
1:50	JPY	Import	y/y (%)	Sep		*0.1*	0.2
1:50	JPY	Trade balance, s.a.	JPY bn	Sep		*-339-4*	-190.4
2:30	AUD	Employment change	1000	Sep		*15*	44
9:00	SEK	House prices (Valueguard HOX)	m/m	Oct			
9:30	SEK	Unemployment (n.s.a.|s.a.)	%	Sep	**6.3%|6.7%**		6.1%|6.6%
10:30	GBP	Retail sales ex fuels	m/m|y/y	Sep		*-0.4%|3.8%*	0.3%|3.5%
14:30	USD	Philly Fed index	Index	Oct		*21.0*	22.9
14:30	USD	Initial jobless claims	1000				214
15:05	USD	Fed's Bullard (non-voter, dovish) speaks					
Friday, October 19, 2018				**Period**	**Danske Bank**	***Consensus***	**Previous**
-	EUR	Moody's may publish Belgium's debt rating					
-	EUR	Moody's may publish Finland's debt rating					
-	EUR	Fitch may publish Cyprus's debt rating					
1:30	JPY	CPI - national	y/y	Sep		*1.3%*	1.3%
1:30	JPY	CPI - national ex. fresh food	y/y	Sep		*1.0%*	0.9%
4:00	CNY	Fixed assets investments	y/y	Sep		*5.3%*	5.3%
4:00	CNY	Real GDP	q/q|y/y	3rd quarter	**...|6.6%**	*1.6%|6.6%*	1.8%|6.7%
4:00	CNY	Industrial production	y/y	Sep		*6.0%*	6.1%
4:00	CNY	Retail sales	y/y	Sep		*9.0%*	9.0%
8:00	NOK	Industrial confidence (SSB)	Net. bal.	3rd quarter	**8.08.0**		9.2
10:00	EUR	Current account	EUR bn	Aug			21.3
14:30	CAD	CPI	m/m|y/y	Sep			...|2.8%
14:30	CAD	Retail sales	m/m	Aug			0.3%
15:00	USD	Fed's Kaplan (non-voter, neutral) speaks					
16:00	USD	Existing home sales	m (m/m)	Sep		*5.32|0*	5.34|0

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Source: Danske Bank

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