

# Weekly Focus

## A hike for Christmas

### Market movers ahead

- In the **US**, we expect the Federal Reserve to raise the target range by 25bp to 2.25-2.50%, but the focus will be on what policy path the Fed signals going forward.
- In **Sweden**, we see a 70% chance of the Riksbank hiking at the December policy meeting.
- In the **UK**, the focus remains on Brexit after a hectic week. We do not expect major changes to the policy signals from the Bank of England.
- In the **euro area**, final November HICP and German Ifo numbers are the key releases.
- The main focus in **China** will remain on the trade talks with the US.
- We expect the Bank of **Japan** to keep its ‘QQE with yields curve control’ policy unchanged, while November inflation figures will likely move south again.

### Weekly wrap-up


- Markets continue to be choppy as politics dominates the news flows.
- Another hectic week in Brexit land, where PM Theresa May successfully fended off a no-confidence vote.
- The Italian government proposed cutting its 2019 deficit to 2.04% (from 2.4%) in a concession to EU concerns, causing a rally in Italian government bonds.
- The ECB concludes its QE programme, but sounds a dovish tone on the near-term growth and inflation outlook.

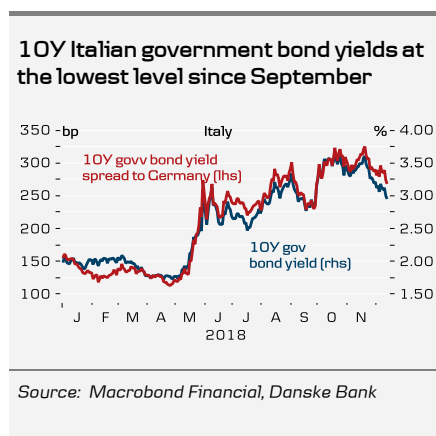
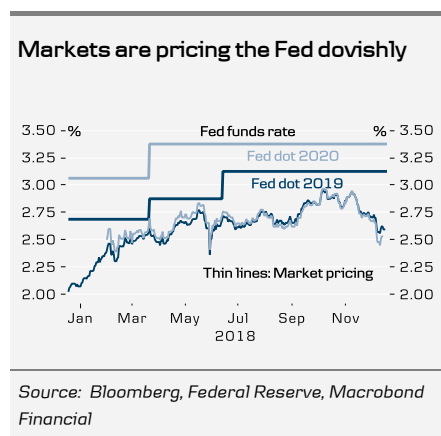
Contents	
Market movers.....	2
Weekly Wrap-Up .....	5
Scandi update .....	6
Latest research from Danske Bank .....	8
Macroeconomic forecast .....	9
Financial forecast .....	10
Calendar .....	11

Financial views			
Major indices			
	14-Dec	3M	12M
10yr EUR swap	0.87	1.10	1.40
EUR/USD	113	113	125
ICE Brent oil	61	87	80

Source: Danske Bank

Follow us on [Twitter](#)

 [@Danske\\_Research](#)



**Editor**

**Analyst**  
 Aïla Mihr  
 +45 45 12 85 35  
 amih@danskebank.com

# Market movers

## Global

- In the **US**, we expect the Federal Reserve will raise the target range by 25bp to 2.25-2.50% at its meeting next week (a technical detail is that we expect the interest rate on excess reserves will be raised by only 20bp in order to get the effective Fed Funds rate back in the middle of the target range). The big question is what the Fed will signal going forward, as many have interpreted recent Fed speeches by Powell and Clarida dovishly. While the Fed will probably highlight that risks to the rate outlook are becoming more two-sided, as we approach the range of the neutral rate (2.5-3.0%) estimates according to the individual FOMC members, do not be surprised if the Fed removes the sentence that it *'expects further gradual increases in the target range'*. With respect to the 'dots', we expect the Fed's base case will remain broadly unchanged by signalling they are still on their way to 3.00%, which is the rate that most FOMC members consider as the neutral rate, where monetary policy is neither expansionary nor contractionary. We could see the dots being revised lower in 2020 and 2021. That said, just one needs to lower a dot one notch from the median level to lower the overall median (although we get one more dot at this meeting, which makes things a bit more difficult).

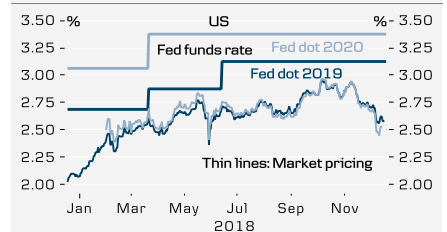
We may get a government shutdown after 21 December unless the Democrats and Republicans (and President Trump) reach an agreement on the budget.

- In the **euro area**, we have a light week ahead of us in terms of data releases. On Monday, we get the final euro area November HICP numbers, where we expect no revisions. The flash estimates showed headline inflation at 1.96% y/y - the first time since May that it fell below the ECB's target. More importantly however, core inflation disappointed and fell back to 1.0% y/y from 1.07%, driven by lower service price inflation. Seasonal effects from lower airfares as well as a fall in communication and housing service prices might have contributed to the lower core inflation, so the decline might not be of persistent nature.
- **German Ifo figures** are due on Tuesday. Since September, both business expectations and the current situation have dropped, but expectations are still above the July level. In the past months, we have seen some signs of stabilisation in the euro area soft indicators (except PMI's). However, the external environment still remains a challenge for German businesses and hence we see scope for another small decline in the December Ifo reading.
- In the **UK**, the focus remains on the Brexit after another hectic week this week. The main headache is that there is no majority for anything in the House of Commons and we probably need more big clashes before things can calm down. The UK House of Commons goes on Christmas holiday on Thursday and returns on 7 January.

We do not expect major changes to the policy signals from the Bank of England when they meet next week, as it is one of the interim meetings. While activity data have been to the weaker side lately, the BoE has already pencilled in lower growth, at 0.3%, in Q4 18. Wage growth has surprised to the upside and the unemployment rate to the weak side, netting each other out. There is no Inflation Report or press conference at this meeting. In terms of economic data releases, we get CPI inflation in November on Wednesday.

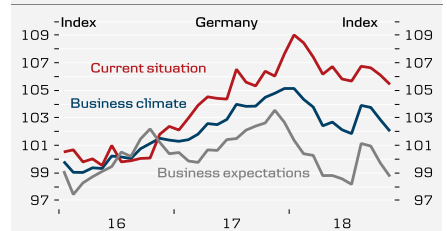
- The main focus in **China** will remain on the trade talks with the US, which seem to be progressing nicely. We see more signs that a trade deal is within reach within the next

### Markets are pricing the Fed dovishly



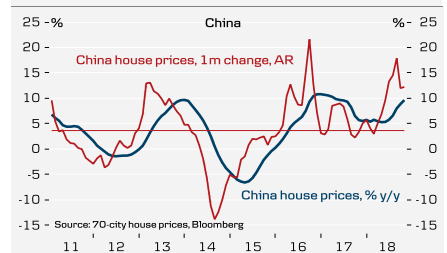
Source: Bloomberg, Federal Reserve, Macrobond Financial

### Will Ifo numbers continue the declining trend?



Source: Ifo, Macrobond Financial

### China: House price inflation has picked up again lately



Source: Macrobond Financial, NBS

3-6 months. On Saturday new home prices are expected to still show a solid pace of gains. House price inflation has picked up again recently to around 10% y/y on the back of monetary easing and low inventory levels.

- In **Japan**, the main event next week is the Bank of Japan's (BoJ) monetary policy meeting ending on Thursday. It is one of the small meetings with no forecast update. We expect the BoJ to keep its 'QQE with yield curve control' policy unchanged, and we expect them to move steadily forward with the current policy for the foreseeable future. With a consumption tax hike coming up in October 2019 and core inflation showing no signs of moving upwards, any tightening measures still seem far away.

On that note, on Friday we get the November inflation figures. With the recent decrease in oil prices, inflation is about to move south again. Good for consumers but a new headache for the BoJ – at least in the short term.

### Scandi

- In **Denmark** we enter a week packed with news. The week kicks off with new figures from Finance Denmark's housing market statistic for Q3. We already know how prices have developed at a national level from Statistics Denmark, but the housing market statistic allows us to dig a little deeper into the figures and see developments at a municipal level.

At the end of the week, we expect figures for wage earner employment, which has risen for 65 months in a row and beaten all records in 2018. We are also counting on employment rising in October, but it will be interesting to see if the recent, slightly slower pace of job growth continues.

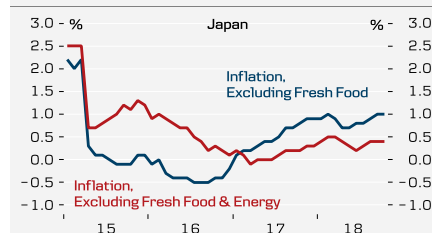
Friday should also bring fresh figures for consumer confidence, which has fallen steadily over the past five months. Declining from a very high level over the summer, it is now at its lowest level since December 2016 at 4.3 – though consumers are still positive. We expect consumer confidence to rise a little in December to 6.0.

Also due on Friday are revised figures for the national accounts in Q3. There was a disproportionately large drop in investments and public consumption in Q3. So it will be interesting to see if there are any revisions here. Finally, we have retail sales figures, which again are due on Friday. We also expect the government to publish the Economic Survey December 2018 at the start of the week.

- **Sweden's Riksbank's December policy decision** is the main event of the week. The back drop is that both CPIF and CPIF excl. Energy turned out 0.3 percentage points below Riksbank's forecasts (outcome 2.1% y/y and 1.4% y/y respectively). Global uncertainties expressed by many board members in October have not really abated (Brexit, Italy, now France too, trade and equity market slump). Money market rates have come down not just in Sweden. In addition, Swedish Q3 GDP growth was much below the Riksbank's forecast (1.6% y/y vs 2.5% y/y)

At the same time we see a shift in the overall impression of the board in the sense that a repo rate of minus 50 basis points (combined with QE) is an emergency rate no longer required considering that inflation expectations are stable and close to 2%. Also, we find it hard to believe that the RB growth forecast will be revised to an extent that points to an economic slump in Sweden – they never do until it is a fact.

#### Inflation likely to decrease again



Source: Japanese Cabinet Office, Macrobond Financial

#### Employment growth a little more modest



Source: Statistics Denmark

#### Market pricing 'one and extremely slow'

RIKS Implied fr RIBAs	
09 jan	+16
20 feb	+4
08 may	+1
03 jul	+5
11 sep	+5
30 oct	+5
08 jan	+5
19 feb	+5
<b>Σ</b>	<b>+46</b>

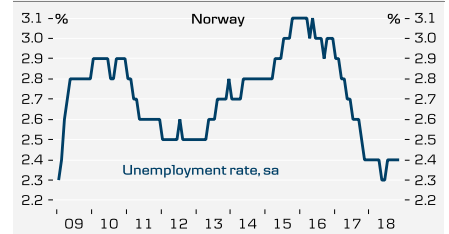
Source: Danske Bank

Of course one could say that the RB has the opportunity to wait until February. Well they always have the opportunity to wait but the question is how much wiser they will be then. And there is a ‘risk’ that inflation may be even lower at that point.

The market is currently pricing in a probability of 70% for a December hike. We think that’s fair. The July meeting is much more an open question. Right now we would say it is a 50/50 chance of a hike/no hike

- In **Norway**, there has been a lot of noise in NAV’s unemployment figures recently following a change in the method for collecting data. Although the published figures show unemployment levelling off, NAV itself says that it is most likely still in decline. Either way, this makes the data harder to interpret, resulting in slightly more uncertainty. We expect the seasonally-adjusted rate to be unchanged at 2.4% in December, but the risk is slightly to the upside given that the data were collected a week earlier than usual. Taking all labour indicators into consideration, we still believe that the labour market is tightening.

**Jobless data distorted by method change**



Source: Macrobond Financial, Danske Bank

**Market movers ahead**

Global movers			Event	Period	Danske	Consensus	Previous	
Mon	17-Dec	11:00	EUR HICP inflation	m/m y/y	Nov	2.0%	-0.2% 2.0%	0.2% 2.2%
		11:00	EUR HICP - core inflation, final	y/y	Nov	1.0%	1.0%	1.0%
Tue	18-Dec	10:00	DEM IFO - business climate	Index	Dec		101.8	102.0
		10:00	DEM IFO - current assessment	Index	Dec		105.2	105.4
		10:00	DEM IFO - expectations	Index	Dec		98.3	98.7
Wed	19-Dec	10:30	GBP CPI	m/m y/y	Nov		0.2% 2.3%	0.1% 2.4%
		10:30	GBP CPI core	y/y	Nov		1.8%	1.9%
		20:00	USD FOMC meeting	%		2.50%	2.50%	2.25%
Thurs	20-Dec	-	JPY BoJ policy rate	%		-0.10%	-0.10%	
		13:00	GBP BoE minutes					
		13:00	GBP BoE Bank rate			0.75%	0.75%	0.75%
Fri	21-Dec	0:30	JPY CPI - national	y/y	Nov		0.8%	1.4%
		0:30	JPY CPI - national ex. fresh food	y/y	Nov		1.0%	1.0%
Scandi movers								
Thurs	20-Dec	9:30	SEK Riksbank, rate decision	%		-0.25%	-0.375%	-0.50%
Fri	21-Dec	10:00	NOK Unemployment s.a.	%	Dec	2.4%		2.4%

Source: Bloomberg, Danske Bank

# Weekly Wrap-Up

## Politics dominate news flows as ECB stops QE

### Main macro themes

- Despite the US-China tensions over the arrest of Meng Wanzhou, Huawei CFO and daughter of its founder, **we got more positive signs in the US-China trade talks this week**. China may delay its “Made in China 2025” strategy by a decade and replace it with a programme that promises greater access for foreign companies. China also made its first major soybean purchase from US, delivering on the promise in the ceasefire agreement. Both sides seem very committed to reaching a trade deal this time, although the ceasefire deadline of 1 March could be extended into Q2 if needed.
- **Another hectic week in Brexit land**. Monday, European Court of Justice ruled the UK can unilaterally revoke the Article 50 notification and PM Theresa May postponed the vote on the Brexit deal in the House of Commons indefinitely, on Wednesday PM Theresa May survived a no confidence vote 200-117 among Conservative MPs (but had to promise she would not fight the general election in 2022) and on Thursday she got some assurances from the EU27 leaders in a one-page document (which, however, stated that they will not reopen the Withdrawal Agreement). As there is no majority for anything, it is still difficult to see where it all ends but we are probably heading for more big clashes before things can settle.
- **The Italian government proposed cutting its 2019 deficit to 2.04% (from 2.4%), in a concession to EU concerns**. Details on how the cut was achieved are yet scant and negotiations between Brussels and Rome continue in the background. We remain sceptic whether it will be enough for Italy to avoid an EDP in the New Year, but **markets took confidence from the news with Italian yields falling to the lowest levels since September**. See our latest *Italian Politics Monitor: The heat is on*, 5 December.
- This week, the ECB formally announced an end to the asset purchase programme by the end of the year. The decision was widely expected, but we find great interest in the fact that the ECB now ties the reinvestment period up to the first rate hike – and that the notion of the next step is a hike from the ECB, which would be a hawkish signal. See more in *ECB review*, 13 December 2018.

### Financial market developments

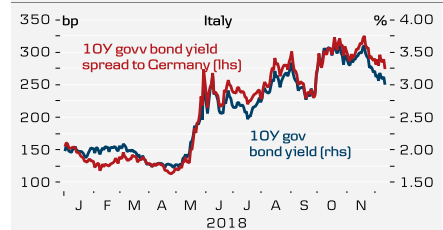
- **Markets continue to be a choppy**. S&P500 has moved slightly up but remains around 10% lower than the peak in September. Oil has moved slightly higher to above 61 dollars per barrel. EUR/USD continues to trade in around 1.13-1.14. US 10yr Treasury yield is trading at 2.90%.
- EUR/GBP dipped below 0.90 after Theresa May won the no confidence vote but nothing has really changed in terms of the parliamentary arithmetic and uncertainty remains elevated. As such, all options still are on the table, including a 2<sup>nd</sup> referendum, and the risk of a no confidence in the House of Commons remains intact. Hence, **we expect EUR/GBP to remain volatile and range bound in the coming weeks**.

### Financial views

Major indices			
	14-Dec	3M	12M
10yr EUR swap	0.87	1.10	1.40
10yr US swap	2.92	3.35	3.55
ECB key rate	-0.40	-0.40	-0.20
Fed funds rate	2.25	2.50	3.00
EUR/SEK	1030	1010	1000
EUR/NOK	974	940	910
EUR/USD	113	113	125
ICE Brent oil	61	87	80

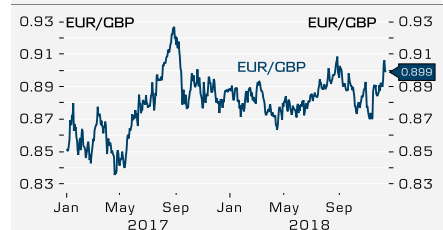
Source: Danske Bank

### 10yr Italian government bond yields below 3% - lowest level since September



Source: Macrobond Financial, Danske Bank

### EUR/GBP remains range bound in 0.87-0.91 near-term



Source: Bloomberg, Macrobond Financial

# Scandi update

## Denmark – exports in end-of-year spurt

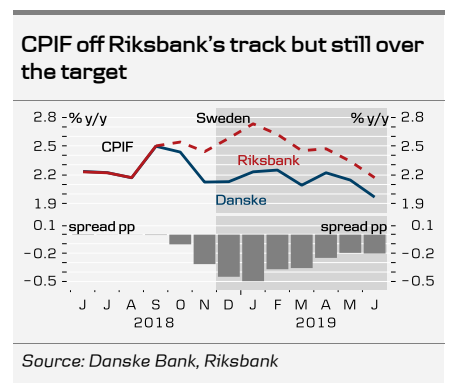
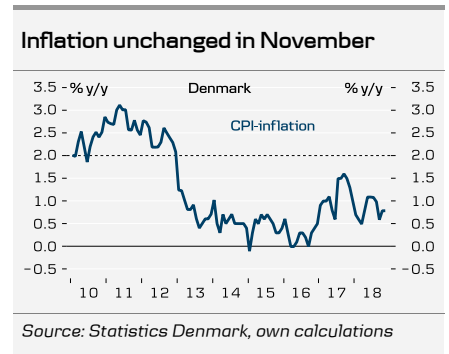
Goods exports rose 2.8% in October, according to new figures from Statistics Denmark. That is a decent increase, and also comes after three months of decline. Exports appear to be picking up in H2 after a somewhat slow start to the year, and have regained something of their past form. We also expect exports to be a growth driver for the rest of 2018 and in 2019 – despite the global economy shifting down a gear, there is still potential here.

The past week also saw new data on inflation, which was unchanged in November at 0.8%. Inflation was pulled higher by price increases on books, plane tickets and alcohol, while falling oil prices pushed down the price of fuel. Food prices, which have been the joker in the pack this year, are 1.1% down compared to a year ago. The unusually hot and dry summer left its mark on the agricultural sector, where production suffered, though this has not fed through to higher food prices.

## Sweden – Riksbank to hike despite sub-forecast inflation

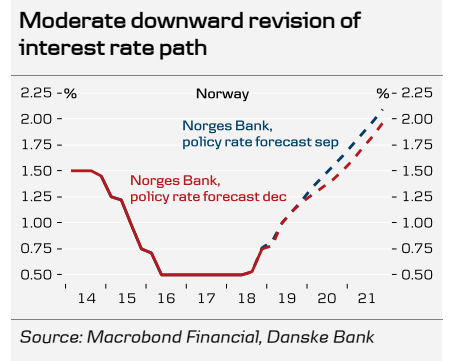
Swedish November inflation, both target CPIF (at 2.1% y/y) and core CPIF excluding Energy (at 1.4% y/y), turned out 0.3pp below the Riksbank's respective forecasts. These deviations together with Q3 growth also being significantly below its forecast (1.6% y/y vs 2.5% y/y) could be arguments for the Riksbank not to raise the repo rate in December. However, we believe the Riksbank will argue that CPIF is still above 2% and inflation expectations are close to the target on all horizons. Importantly, we get the impression that the whole Board, not only the hawks, have shifted stance in favour of raising the repo rate. The Riksbank may of course decide to delay the rate hike to February, but that is also a gamble as inflation may turn out even lower than now. The market is currently pricing about a 70% probability of a December hike. This fact may also be supportive. Looking further forward, however, the hike we have pencilled in for July appears more questionable, with a probability like tossing a coin.

The Moderates (conservative)/KD (Christian Democrats) budget proposal with support from the anti-immigration Sweden Democrats, won support in the Swedish Riksdag in a backlash against the interim Red/Green government's budget. The M/KD budget is more expansionary than the Red/Green's as it includes reforms of about SEK17bn (tax cuts to a large extent), but still sees a financial and structural savings surplus of 0.9% and 0.5% of GDP respectively. It should be noted it proposes to abolish the flight tax (10% introduced last year) and the 'over indexation' of the fuel tax (currently CPI + 2%). These are likely to reduce inflation by 0.1-0.2pp in 2019.



## Norway – Norges Bank steers a steady course

As expected, Norges Bank left interest rates alone at its meeting during the week but continued to signal that its policy rate will go up at its March meeting and then once more later in 2019, most likely in September. The central bank's interest rate expectations beyond that are now slightly more moderate than in the September monetary policy report, but the bank is still projecting just over five rate increases by the end of 2021, taking the policy rate to around 2%. There were no major surprises in the bank's analysis, where it was mainly global uncertainty and the resultant weaker outlook for interest rates among Norway's trading partners that pulled its interest rate projections down. Otherwise, the bank paints a picture of a Norwegian economy that ties in well with our own expectations, with growth remaining above trend for the next couple of years and causing capacity utilisation to rise, unemployment to fall further, and wage and price inflation to accelerate. Since we are slightly less concerned about the global outlook, we reckon this means that Norges Bank will raise its policy rate twice a year in 2019-21, with the risk here actually being slightly to the upside.



# Latest research from Danske Bank

## *13/12 Flash ECB Review: Hopeful - not confident*

Today, the ECB formally announced an end to the asset purchase programme by the end of the year.

## *13/12 Norges Bank Review: On hold, strong tightening bias*

As widely expected, Norges Bank (NB) this morning kept policy rates unchanged at 0.75%.

## *13/12 China outlook - Short term pain, long term gain*

We expect growth to slow further in the short term but look for a gradual recovery during 2019 on the back of more stimulus and a trade deal.

## *12/12 Sweden - Follow-up on CPI data*

Is the December Riksbank rate hike 'in danger' after the November inflation report?

## *11/12 Germany - Not out of steam, but past the peak*

German growth has peaked amid rising external headwinds, but we still expect continued growth above potential at 1.7% in 2019 and 1.6% in 2020.

## *11/12 Euro area - Darker clouds on the horizon*

Recession discussions are premature and we expect the expansion to continue over the next two years, but at a slower pace in light of the maturing state of the business cycle and fading global trade growth.

## *10/12 Brexit Monitor: Brexit clash postponed to January, at the earliest*

*Update on the Brexit negotiations.*

## *10/12 Macro Strategy Views Podcast: The world in 2019 - slower growth, higher inflation*

We focus on our outlook for 2019 for US, Europe and Scandinavia.

## *10/12 US - Economy set to remain strong in 2019*

GDP growth is set to remain above potential in 2019, as fiscal policy continues to be expansionary and optimism is high. The risk of a recession is higher in 2020, but predicting the timing is difficult.

## *10/12 Monthly Executive Briefing - Global economy is losing momentum but no recession yet*

While the global economy is slowing, it will not enter a recession yet.



## 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>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2017	2.3	2.1	0.7	4.6	3.6	3.6	1.1	1.7	4.2	1.1	36.1	8.0
	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	1.2	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 <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
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	4.0
	2018	1.9	1.3	1.0	3.0	2.7	2.6	1.8	2.3	8.2	-0.6	86.9	3.8
	2019	1.6	1.7	2.0	2.4	2.5	3.6	1.8	2.2	7.8	-0.8	84.9	3.6
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	1.6	1.1	0.9	3.3	2.2	3.6	1.9	3.0	3.4	1.6	60.1	7.8
	2019	1.7	1.8	2.2	3.7	2.6	5.1	1.9	3.2	3.1	1.2	56.7	7.3
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 <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
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	3.0	2.7	1.7	5.2	4.3	4.7	2.4	2.8	3.9	-4.0	106.0	-3.2
	2019	2.7	2.7	1.8	3.6	2.9	3.7	1.8	3.2	3.6	-4.6	107.0	-3.6
China	2017	6.8	8.5	-	5.2	-	-	1.6	9.0	-	-3.9	47.0	1.5
	2018	6.6	8.2	-	5.0	-	-	2.2	8.5	-	-4.1	50.1	0.7
	2019	6.2	8.0	-	4.6	-	-	2.0	8.3	-	-4.5	53.9	0.7
UK	2017	1.7	1.9	-0.1	3.3	5.7	3.2	2.7	2.2	4.4	-1.8	87.4	-3.8
	2018	1.3	1.7	0.5	0.2	1.5	0.4	2.5	3.0	4.1	-1.3	85.0	-3.3
	2019	1.6	1.7	0.6	1.3	2.8	1.6	1.6	3.7	3.9	-1.5	84.1	-3.2
Japan	2017	1.0	-0.1	1.3	1.1	1.7	-1.6	-0.3	-	3.1	-	-	-
	2018	1.7	0.9	0.4	2.5	6.8	3.5	0.5	-	2.8	-	-	-
	2019	0.9	0.3	0.5	1.8	3.1	2.7	0.9	-	2.8	-	-	-

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	14-Dec	2.25	2.78	2.88	2.92	113.5	-	658.0
	+3m	2.50	2.99	3.30	3.35	113.0	-	659.5
	+6m	2.75	3.15	3.40	3.55	118.0	-	631.8
	+12m	3.25	3.46	3.60	3.55	125.0	-	596.4
EUR	14-Dec	-0.40	-0.31	-0.14	0.87	-	113.5	746.5
	+3m	-0.40	-0.33	-0.05	1.00	-	113.0	745.3
	+6m	-0.40	-0.33	0.05	1.20	-	118.0	745.5
	+12m	-0.20	-0.12	0.15	1.40	-	125.0	745.5
JPY	14-Dec	-0.10	-0.12	0.01	0.20	128.9	113.6	5.79
	+3m	-0.10	-	-	-	127.7	113.0	5.84
	+6m	-0.10	-	-	-	134.5	114.0	5.54
	+12m	-0.10	-	-	-	143.8	115.0	5.19
GBP	14-Dec	0.75	0.90	1.17	1.51	89.9	126.2	830.0
	+3m	0.75	0.82	1.30	1.70	83.0	136.1	897.9
	+6m	1.00	1.07	1.40	2.00	83.0	142.2	898.2
	+12m	1.00	1.08	1.60	2.20	83.0	150.6	898.2
CHF	14-Dec	-0.75	-0.74	-0.55	0.38	112.8	99.4	661.6
	+3m	-0.75	-	-	-	113.0	100.0	659.5
	+6m	-0.75	-	-	-	116.0	98.3	642.7
	+12m	-0.75	-	-	-	120.0	96.0	621.3
DKK	14-Dec	-0.65	-0.30	-0.01	1.01	746.5	658.0	-
	+3m	-0.65	-0.30	0.05	1.15	745.3	659.5	-
	+6m	-0.65	-0.30	0.15	1.35	745.5	631.8	-
	+12m	-0.65	-0.17	0.25	1.55	745.5	596.4	-
SEK	14-Dec	-0.50	-0.22	0.01	1.12	1030.3	908.1	72.5
	+3m	-0.25	-0.25	0.25	1.35	1010.0	893.8	73.8
	+6m	-0.25	-0.15	0.35	1.30	1000.0	847.5	74.6
	+12m	0.00	0.00	0.55	1.45	1000.0	800.0	74.6
NOK	14-Dec	0.75	1.29	1.58	2.19	974.4	858.9	76.6
	+3m	0.75	1.35	1.65	2.45	940.0	831.9	79.3
	+6m	1.00	1.41	1.95	2.70	920.0	779.7	81.0
	+12m	1.25	1.66	2.20	2.85	910.0	728.0	81.9

Commodities											
		2018				2019				Average	
	14-Dec	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
ICE Brent	61	67	75	76	69	87	87	85	80	76	85

Source: Danske Bank

# Calendar

## Key Data and Events in Week 51

### During the week

			Period	Danske Bank	Consensus	Previous
Sat 15	EUR	ECB's Draghi speaks in Italy				
	DKK	Government may publish Economic Survey				

### Monday, December 17, 2018

				Period	Danske Bank	Consensus	Previous
7:00	DKK	House prices (Finance Denmark)	q/q y/y	3rd quarter			
8:00	NOK	Trade balance	NOK bn	Nov			34.9
11:00	EUR	HICP inflation	m/m y/y	Nov	.. 2.0%	-0.2% 2.0%	0.2% 2.2%
11:00	EUR	HICP - core inflation, final	y/y	Nov	1.0%	1.0%	1.0%
11:00	EUR	Trade balance	EUR bn	Oct			13.4
14:30	USD	Empire Manufacturing PMI	Index	Dec		20.2	23.3
16:00	USD	NAHB Housing Market Index	Index	Dec		61.0	60.0
22:00	USD	TICS international capital flow, Net inflow	USD bn	Oct			-29.1

### Tuesday, December 18, 2018

				Period	Danske Bank	Consensus	Previous
-	GBP	GfK consumer confidence	Index	Dec	-13.0	-14.0	-13.0
1:30	AUD	RBA December Meeting Minutes					
10:00	DEM	IFO - business climate	Index	Dec		101.8	102.0
10:00	DEM	IFO - current assessment	Index	Dec		105.2	105.4
10:00	DEM	IFO - expectations	Index	Dec		98.3	98.7
14:00	HUF	Central Bank of Hungary rate decision	%		0.90%	0.90%	0.90%
14:30	USD	Building permits	1000 (m/m)	Nov		1270	1265.0 (-0.4%)
14:30	USD	Housing starts	1000 (m/m)	Nov		1233	1228.0 (1.5%)

### Wednesday, December 19, 2018

				Period	Danske Bank	Consensus	Previous
0:50	JPY	Exports	y/y (%)	Nov		0.0	0.1
0:50	JPY	Import	y/y (%)	Nov		0.1	0.2
0:50	JPY	Trade balance, s.a.	JPY bn	Nov		-307.6	-302.7
9:00	SEK	Consumer confidence	Index	Dec			97.5
9:00	SEK	Economic Tendency Survey	Index	Dec			106.7
9:00	SEK	Manufacturing confidence	Index	Dec			116.2
9:15	SEK	NIER economic forecasts					
10:30	GBP	PPI - input	m/m y/y	Nov		1.6% 6.2%	0.8% 10.0%
10:30	GBP	CPI	m/m y/y	Nov		0.2% 2.3%	0.1% 2.4%
10:30	GBP	CPI core	y/y	Nov		1.8%	1.9%
14:30	USD	Current account	USD bn	3rd quarter			-101.5
14:30	CAD	CPI	m/m y/y	Nov			.. 2.4%
16:00	USD	Existing home sales	m (m/m)	Nov		5.2	5.2 0.014
16:30	USD	DOE U.S. crude oil inventories	K				-1208
20:00	USD	FOMC meeting	%		2.50%	2.50%	2.25%
20:30	USD	FOMC press conference					
22:45	NZD	GDP	q/q y/y	3rd quarter		0.6% 2.8%	1.0% 2.8%

Source: Danske Bank

## Calendar (continued)

Thursday, December 20, 2018				Period	Danske Bank	Consensus	Previous
-	JPY	BoJ policy rate	%		<b>-0.10%</b>	-0.10%	-0.10%
1:30	AUD	Employment change	1000	Nov		20	32.8
9:30	SEK	Riksbank, rate decision	%		<b>-0.25%</b>	-0.375%	-0.50%
10:00	EUR	Current account	EUR bn	Oct			16.9
10:30	GBP	Retail sales ex fuels	m/m y/y	Nov		0.2% 2.4%	-0.4% 2.7%
13:00	GBP	BoE minutes					
13:00	GBP	BoE government bond purchases (APF)	GBP bn	Dec	<b>435</b>	435	435
13:00	GBP	BoE corporate bond purchases (CBPP)	GBP bn	Dec	<b>10</b>	10	10
13:00	GBP	BoE Bank rate	%		<b>0.75%</b>	0.75%	0.75%
14:30	USD	Initial jobless claims	1000				
14:30	USD	Philly Fed index	Index	Dec		15.0	12.9
Friday, December 21, 2018				Period	Danske Bank	Consensus	Previous
0:30	JPY	CPI - national	y/y	Nov		0.8%	1.4%
0:30	JPY	CPI - national ex. fresh food	y/y	Nov		1.0%	1.0%
8:00	DKK	Retail sales	m/m y/y	Nov			-0.7% 2.5%
8:00	DKK	Employment, s.a.	M	Oct			
8:00	DEM	GfK consumer confidence	Net. Bal.	Jan		10.3	10.4
8:00	DKK	Consumer confidence	Net. bal.	Dec	<b>6.0</b>		4.3
8:00	DKK	GDP, final	q/q y/y	3rd quarter			0.7% ...
8:45	FRF	Business confidence	Index	Dec		102.0	104.0
8:45	FRF	Household consumption	m/m y/y	Nov			0.8% 0.9%
8:45	FRF	GDP, final	q/q y/y	3rd quarter		0.4% 1.4%	0.4% 1.4%
9:30	SEK	Retail sales s.a.	m/m y/y	Nov	<b>0.3% -0.3%</b>		-1.1% -0.1%
9:30	SEK	PPI	m/m y/y	Nov			-0.3% 9.5%
9:30	SEK	Wages (blue collars/white collars)	y/y	Oct			2.6%
10:00	NOK	Unemployment s.a.	%	Dec	<b>2.4%</b>		2.4%
10:30	GBP	GDP, final	q/q y/y	3rd quarter		0.6% 1.5%	0.6% 1.5%
14:30	USD	GDP, third release	q/q AR	3rd quarter		0.035	0.035
14:30	CAD	Retail sales	m/m	Oct			0.2%
14:30	CAD	GDP	m/m y/y	Oct			-0.1% 2.1%
14:30	USD	Core capital goods orders, preliminary	%	Nov		0.1%	0.0%
14:30	USD	PCE core	q/q AR	3rd quarter			0.015
16:00	USD	PCE headline	m/m y/y	Nov		0.0% ...	0.2% 2.0%
16:00	EUR	Consumer confidence, preliminary	Net bal.	Dec		-4.2	-3.9
16:00	USD	University of Michigan Confidence, final	Index	Dec		97.5	97.5
16:00	USD	PCE core	m/m y/y	Nov	<b>0.2% 1.8%</b>	0.2% 1.8%	0.1% 1.8%
16:00	USD	Personal spending	m/m	Nov		0.3%	0.6%

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

For further 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 Aila Mihr, 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.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank's prior written consent.

## 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:** 14 December 2018, 13:46 CEST

**Report first disseminated:** 14 December 2018, 14:00 CEST