16 February 2018

Weekly Focus

The storm calmed down despite US inflation shock

Market movers ahead

- The main news out of the US will be the minutes from the January FOMC meeting; discussions on inflation and fiscal stimulus will be particularly interesting.
- In the euro area the focus turns to PMI and German ifo expectations – both for January. We believe the business surveys have peaked and will move slightly lower from here.
- Other global data to watch will be UK labour market report, Japanese PMI and Chinese house prices.
- In Scandi look out for Swedish inflation data and the oil investment survey and unemployment in Norway.

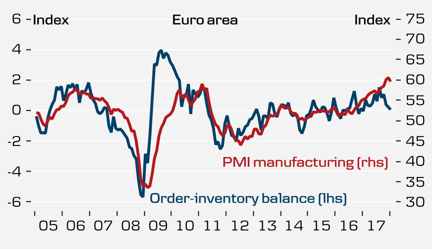
Global macro and market themes

- There was more fuel for the inflation scare from US core inflation…
- …but stock markets shrugged it off this time, suggesting the sell-off is over. We look for more upside in equities as fundamentals still look robust.
- We see tentative signs of a peak in the global business cycle, but growth is expected to remain solid.
- We expect the rise in bond yields to slow down, but see upside risk on a 12M horizon.

Focus

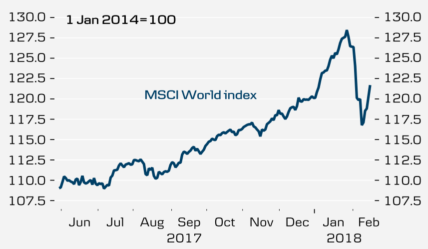
- *Yield Outlook – more upside for 5Y and 10Y yields*, 13 February 2018.

We look for a small decline in euro PMI



Source: Macrobond Financial

Stock markets recovering further from sharp sell-off



Source: Macrobond Financial

Contents

Financial views

Major indices	16-Feb	3M	12M
10yr EUR swap	1.17	1.30	1.65
EUR/USD	125	120	128
ICE Brent oil	65	62	64

Source: Danske Bank

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Market movers

Global

- In the **US**, the Markit PMI service and manufacturing indices for February are due for release on Wednesday. Manufacturing PMI was confirmed at 55.5 in January, up from 55.1 in December, signalling the strongest improvement in the manufacturing sector since March 2015. Empire and Philly regional PMIs suggest ISM manufacturing, so Markit PMI should move slightly higher in February but the big gap between nationwide indices still puzzles us. We estimate Markit PMI manufacturing rose further to 56.5. However, Service PMI decreased slightly in January but as business and consumer confidence is high, we expect the Service index to rise in February, up to 54.

  On Wednesday, the FOMC minutes from the January meeting are due to be released. The statement has not changed significantly but the minutes may give an overview of the different opinions within the Fed. In particular, we are interested whether the minutes indicate whether the tax reform will cause more rate hikes than the three hikes the Fed signalled in December. We still expect an increase in the interest rate at the next Fed meeting in March.

- In the **euro area,** February's PMI figures are due for release on Wednesday. Manufacturing PMI saw a large fall to 59.6 in January and the leading order-inventory indicator has been declining since October 2017, pointing towards lower manufacturing output in the near future, while the extremely high optimism for the manufacturing sector is likely to be exhausted and head to lower levels. We expect manufacturing PMI to be 59.3 in February and believe that service PMI is also set for a similar decline to 57.6.

  On Thursday, we get German ifo expectations, which we believe will show a further decline to 107.9, possibly influenced by some turbulent weeks in the stock markets.

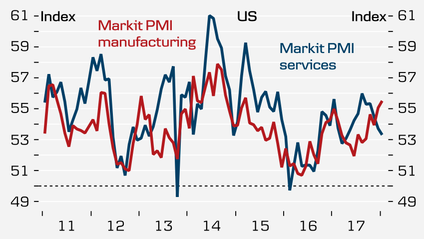
  The ECB minutes from the January meeting, when no changes were announced, will be released on Thursday. We will look for the attention the (in hindsight) small sell-off and exchange rate volatility had at the time of the meeting. Also, we will be looking for any indications of when it could revisit forward guidance.

  On Monday, the Eurogroup plans to discuss the applications for ECB Vice-President and recommend one candidate. The candidates are the long-time favourite Spain's current economy minister Luis de Guindos and Ireland's current central bank governor Phillip Lane.

- In the **UK**, focus remains on Brexit, as we are approaching the important EU summit on 22-23 March. Prime Minister Theresa May is due to deliver a speech on Brexit in Munich tomorrow (mostly about the security aspects) and we expect other ministers to follow up with speeches next week (after Boris Johnson kicked off with his speech on Wednesday). For now, the most important thing is that the UK and EU agree on transition, which we think should be relatively easy despite the tensions in the media.

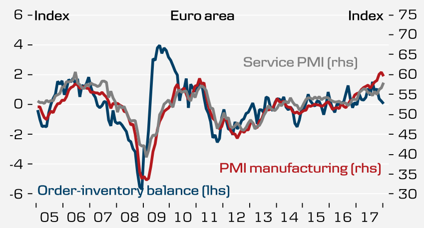
  With respect to data releases, the labour market report for December on Wednesday is the most important, not least because markets are trying to assess whether the Bank of England will hike as early as May (as we now expect – see *Bank of England Review – Launching a hiking cycle*, 8 February). We estimate the unemployment rate (3M average) was unchanged at 4.3% (which it has been since July). We estimate annual growth in average weekly earnings excluding bonuses (3M average) was unchanged at 2.4% y/y. We should also get more details about what drove economic growth in Q4 with the second release of GDP growth, which is due out on Thursday.

Markit PMI services has fallen while the manufacturing index has risen



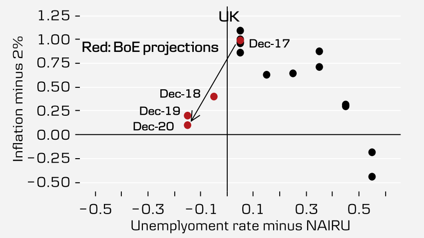
Source: IHS Markit, Macrobond Financial

PMIs expected to decline



Source: Markit PMI, Danske Bank, Macrobond Financial

Bank of England concerned about low unemployment and high inflation



Source: ONS, Bank of England, Macrobond Financial

- In **Japan**, we get January exports on Monday and February Manufacturing PMIs on Wednesday. Foreign demand is currently the key growth driver in Japan as exporters enjoy the tailwind from the strong global economic upturn. The manufacturing sector has been a key contributor here. On Friday, we are scheduled to get January inflation figures. Inflation has been ticking upwards over the past year but it has been driven primarily by energy prices. The underlying price pressure in Japan remains very low. Recently, according to IHS Markit data, prices charged by both the service and the manufacturing sector have risen. It will be interesting to see whether these figures will also induce higher consumer prices.

- We expect the main focus in **China** next week to be house prices for January. After rising sharply in 2016, house price inflation moderated in 2017, to around 5% y/y. We expect this level of house price increases to continue in 2018. While home sales have slowed down, there are some signs that the financial tightening has started to ease a bit. In addition, there is a shortage of homes in the big cities, driving continued support for house prices.

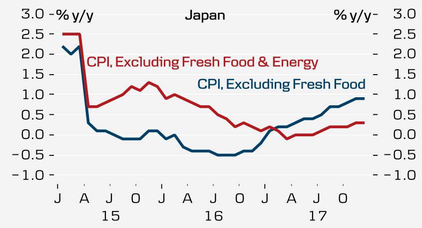
Scandi

- In **Denmark**, Tuesday brings consumer confidence data for February. The indicator bounced back in January after having trending down since summer 2017, when it hit a two-year high. We expect consumers to be more optimistic in February and so expect a further increase to 8.5. Employment data for December is due to be released on Thursday. The number of people in work increased in November and we expect this to continue in December. January retail sales round off the week on Friday.

- In **Sweden**, January inflation is driven by sales in several price categories such as clothing, furniture and electronics but also strong gains in energy due to a combo of commodity price gains and tax/grid fee increases. Although both Norway and Denmark surprised on the downside, we find it hard to identify a strong case for similar effects on Sweden. Our January forecasts for CPIF and CPIF excluding energy are spot on the Riksbank's. Further down the road, between February and June, we expect the base effects of last year's soaring hotel prices, bank charges, elderly care costs and the new charter package methodology to kick in. Moreover, there will be base effects from lower tax hikes than in 2017. In the background, we believe wage pressure in retail trade and private services will continue to keep domestic inflation supressed. Weak global consumer goods inflation, together with a stable to stronger Swedish krona, is set to keep downward pressure on imported inflation.

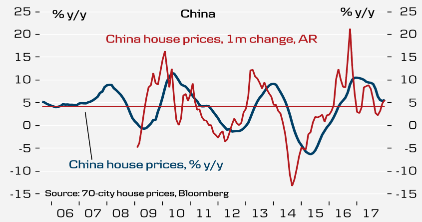
  The Debt Office is set to release its new borrowing forecast. The backdrop is that the budget balance was more than SEK30bn stronger than expected over the October to January period when it made its latest forecast. The implication is that it is likely to have to raise the current SEK47bn surplus forecast considerably, by say SEK20-25bn. More importantly, this implies that it needs to reduce funding in T-bills, nominal bonds or linkers, perhaps a little in all. In our view, it is likely the bulk will have to be in nominals.

Underlying price pressure still very low



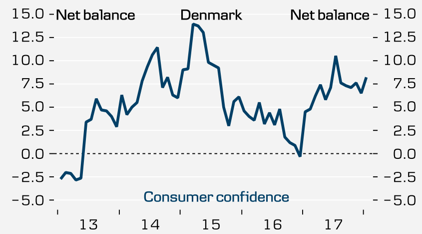
Source: Japanese Cabinet Office, Macrobond Financial

China: house price inflation stabilising around 5% y/y



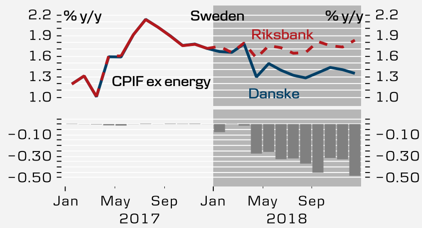
Source: Macrobond Financial, Danske Bank

Danish consumer confidence headed up again in January



Source: Statistics Denmark

Danske inflation forecast vs Riksbank

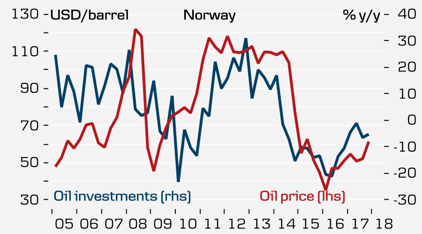


Source: Riksbank, Danske Bank

- In **Norway**, the oil investment survey has attracted strong interest in the markets ever since the May 2014 edition heralded a sharp fall in oil investment the following year. As oil prices have risen and production costs in the Norwegian sector have fallen, uncertainty about oil investment and its impact on the Norwegian economy has greatly receded. Even far lower oil prices would not make much difference to investment levels over the next couple of years and there is not much upside risk either, given the small number of major projects with breakeven prices around today's oil price. Because the survey is measured in nominal terms, cost cutting makes it harder to assess the effect on investment volumes. Therefore, without writing the survey off completely, we believe its informational value has decreased substantially and that slightly less importance should be attached to it than before. This said, we know that a large number of field development plans have been submitted since the previous survey, so we expect a solid upward revision of the estimate for 2018. However, this would still be in line with our relatively optimistic forecast for investment activity in the Norwegian sector.

  Elsewhere, the week brings LFS jobless data for December (November to January). Registered unemployment as published by the Labour and Welfare Administration (NAV) continued to fall in the period, so we would expect a marginal decrease in the LFS jobless rate to 4.0% in December. The LFS data are often associated with a degree of monthly volatility and, as usual, we stress that we set most store on the NAV's numbers. Finally, Norges Bank is due to publish the results of its expectations survey for Q1. This contains a wealth of interesting information and we are particularly keen to see how both economists and social partners view wage growth in 2018. We have often seen their expectations colouring Norges Bank's own wage projections in the next monetary policy report. In the previous edition, Norges Bank assumed wage growth of 2.9% this year. We expect wage data from Statistics Norway the week after however and it is also worth keeping an eye out for the preliminary report from the Norwegian Technical Calculation Committee for Wage Settlements (TBU), which is due by the end of February.

Higher oil prices mean increased investment



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week		Sat-17	GBP	PM Theresa May Speech on Brexit					
			CNY	Property Prices		Jan			
Mon	19-Feb	0:50	JPY	Exports	y/y (%)	Jan		*0.1*	0.1
		15:00	EUR	Eurogroup discussion: ECB vice-president candida					
Wed	21-Feb	1:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Feb			54.8
		10:00	EUR	PMI manufacturing, preliminary	Index	Feb	**59.3**	*59.2*	59.6
		10:00	EUR	PMI services, preliminary	Index	Feb	**57.6**	*57.6*	58.0
		10:30	GBP	Unemployment rate (3M)	%	Dec	**4.3%**	*4.3%*	4.3%
		10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Dec	**2.4%**	*2.4%*	2.4%
		15:45	USD	Markit PMI manufacturing, preliminary	Index	Feb	**56.5**	*55.5*	55.5
		15:45	USD	Markit PMI service, preliminary	Index	Feb	**54.0**		53.3
		20:00	USD	FOMC minutes					
Thurs	22-Feb	10:00	DEM	IFO - expectations	Index	Feb	**107.9**	*107.9*	108.4
		10:30	GBP	GDP, second release	q/q|y/y	4th quarter		*0.5%|1.5%*	0.5%|1.5%
		13:30	EUR	ECB accounts from January					
Fri	23-Feb	0:30	JPY	CPI - national	y/y	Jan		*1.3%*	1.0%
		0:30	JPY	CPI - national ex. fresh food	y/y	Jan		*0.8%*	0.9%
Scandi movers									
Tue	20-Feb	9:30	SEK	Underlying inflation CPIF	m/m|y/y	Jan	**-0.7%|1.8%**	*-0.7%|1.9%*	0.4%|1.9%
Wed	21-Feb	8:00	NOK	Unemployment (LFS)	%	Dec	**4.0%**	*4.0%*	4.1%
Thurs	22-Feb	10:00	NOK	Expectation Survey					
Fri	23-Feb	8:00	NOK	Oil Investment Survey					

Source: Bloomberg, Danske Bank

Global Macro and Market Themes

Stock markets shrugged off the US inflation shock

There was more fuel for the global inflation scare this week with a big upside surprise in US core inflation for January. CPI ex food and energy increased 0.348% m/m, the highest monthly increase since 2005. The six month annualised increase is now the highest in ten years. However, the increase was partly due to a big increase in apparel prices, which may swing back next month. And it is not unusual for core inflation to fluctuate from time to time. The big decline in core inflation during spring last year proved temporary and the same may be true of the current upturn. We will know more about this over the coming months. Higher inflation is not by itself enough for the Fed to turn more hawkish, as it is already expecting this in the economic projections. This should just make the Fed more confident in its current outlook. The bigger question is whether the Fed wants to offset some of the expansionary fiscal policy, not least now that US Congress has lifted the fiscal spending caps. We continue to look for three rate hikes (in line with current market pricing) with the risk skewed a bit to the upside.

Although higher bond yields and inflation fears were a trigger for the equity sell-off, **the stock market quickly brushed off the high US inflation print and rallied into the end of the week**. It underlines that the sell-off was partly a technical sell-off triggered by profit taking, stop losses and short-volatility funds unwinding positions. The market reaction to the inflation number suggests that the 'clean-out' in positioning is over for now and we look for more upside. The market, however, will probably trade with higher volatility after the warning shot from the sell-off. But we believe strong earnings growth over the next year will outweigh the headwind from higher yields and monetary tightening.

The global business cycle at a peak – but growth to stay robust

The macro data over the past weeks underpin our expectation that the global business cycle is close to a peak and will see a slight deceleration during 2018. US retail sales and industrial production disappointed and business surveys from Empire and Philly Fed also point to moderate declines. The euro area PMI and the German ifo also show signs of a peak – and we look for this to be confirmed in the coming week's data for January.

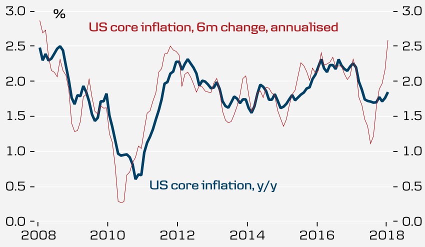
However, we do not expect global growth to falter or that we are heading for recession anytime soon. We believe simply that we are moving down a notch after starting 2018 at a high speed. The US fiscal stimulus will underpin US consumer and investment growth further, but in China we expect to see a moderate slowdown from the sharp credit tightening that has been taking place over the past year. Overall, we expect corporate earnings to continue to grow robustly and monetary policy normalisation to continue to be a theme.

Rise in bond yields to slow down, EUR/USD higher

As we approach 3.0% in US 10-year yields, we believe the sell-off in the bond market will slow down soon. US data is starting to surprise to the downside and there are some signs the cycle will slow a bit. The pricing of more US fiscal stimulus is starting to appear in market prices and we do not expect the high inflation print in January to be repeated**. However, we still see upside risks in yields on a 12M horizon** as the end of ECB purchases and tighter labour markets keep monetary policy normalisation as a theme.

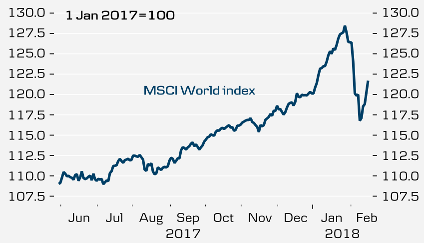
EUR/USD recovered this week as the risk-off sentiment faded – despite a further rise in relative rates in US versus euro. However, relative rates are not the driver at the moment but rather flows and the fact that the outlook for a ballooning US fiscal deficit is negative for the USD. **We continue to look for more upside in EUR/USD over the next year**.

US core inflation pushing higher



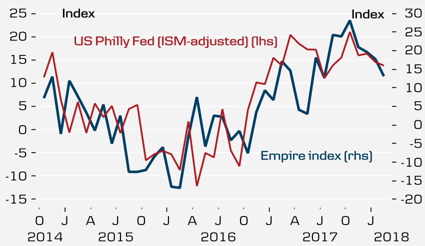
Source: BLS, Macrobond Financial, Danske Bank

Stock market to rise further after sharp correction



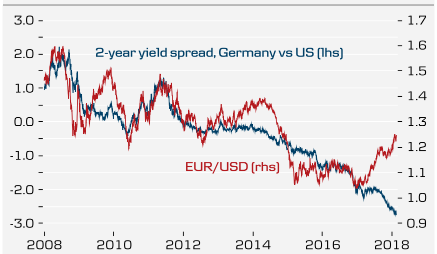
Source: Bloomberg, Danske Bank

US Empire and Philly Fed points to deceleration of US manufacturing



Source: Bloomberg, Danske Bank

EUR/USD decoupled from relative rates – other factors drive USD now



Source: Bloomberg, Danske Bank

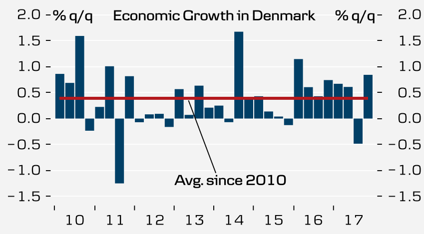
Scandi Update

Denmark – economy ends 2017 on a high

Output climbed 0.9% in Q4 according to Statistics Denmark's GDP indicator, which is in line with our forecast of 1%. The increase follows a surprise dip in output in Q3, when Denmark was the only country in Europe to report negative growth. As the GDP indicator is only a first estimate calculated from the production side, we do not know yet which components of demand pulled growth up. Based on recent data, however, it seems that the Danish economy is still getting a big helping hand from the upswing in the global economy. After falling in Q3, partly as a result of political wrangling over vehicle registration duty, private consumption was probably a significant growth driver in Q4.

CPI inflation slowed from 1.0% in December to 0.7% in January. We had expected an unchanged level, but January often springs a surprise. Inflation was pulled down particularly by lower wastewater charges and a drop in parking fees and road tolls, while food prices pulled in the other direction. The January figures suggest that 2018 will be another year of low inflation, prompting us to revise down our forecast to 0.9% this year and 1.4% next year.

GDP indicator shows return to growth in Q4



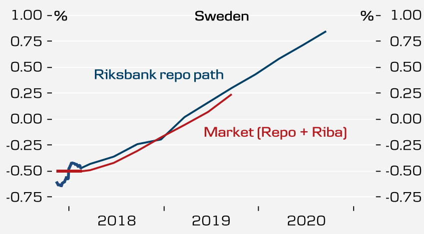
Source: Statistics Denmark

Sweden – Riksbank launches repo path 'soft guidance'

The fact that the Riksbank chose to reduce inflation (in particular CPIF ex Energy due to lower-than-expected wage increases) and GDP forecasts (now recognising that housing construction activity will decrease more than expected previously) while keeping the repo rate unchanged puzzled us initially, as it suggested a slightly more hawkish stance. However, the Riksbank argues that "one may wish to pay particular attention to certain risks, the consequences of which may have a severe impact on economic development. But, on other occasions, *one may need to await more information before monetary policy can be adjusted*. Moreover, "uncertainty factors could also be seen as arguments for postponing rate rises slightly". This of course is a way of postponing the repo rate path without actually changing it. Or what we would call a kind of verbal "soft guidance" of the repo rate path, delaying rate increases slightly. This suggests that it was close to delaying the first hike.

The market is now pricing the repo rate trajectory close to the Riksbank's own projection. Hence, the burden of proof relating to the outlook for higher wage growth, which is expected to result in higher domestic inflation (primarily service inflation), sets the stake for both the Riksbank's and market pricing relatively high. This is clearly highlighted by the Riksbank's concerns about the link between growth and wages/inflation. Most forecasters see a lower CPIF ex energy than the Riksbank; still market pricing is close to the Riksbank's path.

Market pricing close to Riksbank repo path

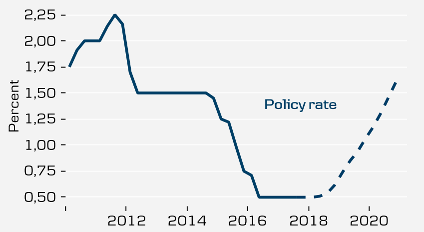


Source: Riksbank, Danske Bank calculations

Norway – Norges Bank steering a steady course

We had wondered whether Norges Bank Governor Øystein Olsen might signal a clear change in gear in the bank's rate setting in his annual address during the week. He did not, but it is hard to get away from the fact that Norges Bank is continuing to step up the rhetoric and prepare us for a first rate hike for more than seven years by Christmas. Otherwise, we noted that Olsen spent quite a lot of time explaining that while Norges Bank has an inflation target, flexible inflation targeting means that inflation can be allowed to stay well below target for quite a long period if economic growth is sound, unemployment is falling and there are risk factors in terms of financial stability. Which is the situation right now. Our expectation of a rate increase in December is based on the krone strengthening a fair bit during the course of the year. If, on the other hand, the krone holds at its current levels, the hike will come earlier.

Rate hike before the year is out



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

15/2 Flash Comment - After Zuma's resignation, start of new era for South Africa

Last night, Jacob Zuma resigned as President of South Africa . His decision comes after the ANC leadership group called for his resignation on Monday.

13/2 Yield Outlook - More upside for 5Y and 10Y yields

Monthly yield outlook

12/2 Flash Comment Denmark: January surprise paves way for another year of muted inflation - we revise down our forecast

Low January print will drag inflation lower this year and have repercussions for 2019.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Denmark	2017	2.0	1.7	0.8	1.9	-0.2	3.6	2.8	1.1	4.3	0.0	36.0	8.0
	2018	2.0	2.0	0.7	5.5	-0.2	2.7	3.4	0.9	4.1	-0.3	35.1	7.7
	2019	1.9	2.5	0.5	4.3	0.0	2.6	3.6	1.5	4.0	-0.1	33.9	7.3
Sweden	2017	2.7	2.4	0.4	7.5	-0.1	3.4	5.1	1.8	6.7	0.9	39.0	4.8
	2018	1.7	1.6	1.3	1.1	0.0	5.1	5.0	1.6	7.1	0.6	36.0	4.8
	2019	2.0	1.9	0.8	0.4	0.2	4.7	3.8	1.4	7.6	0.4	34.0	5.4
Norway	2017	1.8	2.3	2.0	3.5	-0.2	0.8	2.2	1.8	2.7	-	-	-
	2018	2.3	2.6	1.7	2.7	-0.1	2.7	1.4	2.0	2.4	-	-	-
	2019	2.2	2.3	1.9	2.5	0.0	2.2	3.0	2.0	2.3	-	-	-

Macro forecast, Euroland

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Euro area	2017	2.5	1.8	**1.1**	**3.2**	-	5.0	4.2	1.5	9.1	-1.1	89.3	3.0
	2018	2.0	1.9	**1.3**	**4.1**	-	3.9	4.5	1.4	8.4	-0.9	87.2	3.0
	2019	1.8	1.9	**1.3**	**4.2**	-	3.4	4.4	1.3	8.0	-0.8	85.2	2.9
Germany	2017	2.5	2.4	1.2	4.4	-	4.8	5.2	1.7	3.8	0.9	64.8	7.8
	2018	2.4	2.4	2.0	4.2	-	3.6	5.2	1.5	3.5	1.0	61.2	7.5
	2019	2.1	2.3	2.2	4.5	-	3.1	4.8	1.6	3.3	1.0	57.9	7.2
Finland	2017	3.1	1.8	0.3	8.9	-	8.1	3.5	0.8	8.6	-1.6	62.0	0.0
	2018	2.3	2.0	0.4	4.5	-	4.0	4.5	1.2	8.0	-1.0	61.0	-0.2
	2019	1.9	1.5	0.2	3.5	-	4.0	3.5	1.4	7.7	-0.8	60.0	0.2

Macro forecast, Global

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
USA	2017	2.3	2.7	0.1	4.0	-0.1	3.4	3.9	2.1	4.4	-3.6	106.0	-2.4
	2018	2.4	2.2	0.0	5.1	0.0	3.6	2.6	2.5	4.0	-3.5	107.0	-3.0
	2019	2.1	1.9	0.4	4.9	0.0	3.1	3.0	2.1	3.8	-4.0	109.0	-3.1
China	2017	6.8	-	-	-	-	-	-	2.0	4.1	-3.7	47.6	1.4
	2018	6.3	-	-	-	-	-	-	2.3	4.3	-3.4	50.8	1.1
	2019	6.0	-	-	-	-	-	-	2.3	4.3	-3.4	53.9	1.2
UK	2017	1.8	1.8	0.6	2.4	-0.4	4.5	3.0	2.7	4.4	-2.4	87.0	-4.6
	2018	1.3	1.3	0.5	1.9	0.1	2.4	2.2	2.2	4.1	-2.0	87.3	-4.7
	2019	1.2	1.0	0.4	2.0	0.0	2.6	1.8	1.8	4.1	-1.8	87.4	-4.6

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	16-Feb	1.50	1.85	2.48	2.91	125.3	-	594.2
	+3m	1.75	2.10	2.50	3.00	120.0	-	620.4
	+6m	2.00	2.17	2.65	3.10	123.0	-	605.3
	+12m	2.25	2.42	2.90	3.30	128.0	-	581.8
EUR	16-Feb	0.00	-0.33	-0.12	1.17	-	125.3	744.8
	+3m	0.00	-0.33	-0.05	1.30	-	120.0	744.5
	+6m	0.00	-0.33	0.00	1.45	-	123.0	744.5
	+12m	0.00	-0.33	0.20	1.65	-	128.0	744.8
JPY	16-Feb	-0.10	-0.06	0.05	0.29	132.7	105.9	5.61
	+3m	-0.10	-	-	-	135.6	113.0	5.49
	+6m	-0.10	-	-	-	140.2	114.0	5.31
	+12m	-0.10	-	-	-	145.9	114.0	5.10
GBP	16-Feb	0.50	0.54	1.02	1.71	88.7	141.3	839.3
	+3m	0.75	0.78	1.20	1.80	87.0	137.9	855.7
	+6m	0.75	0.79	1.30	1.90	86.0	143.0	865.7
	+12m	1.00	1.04	1.60	2.15	84.0	152.4	886.6
CHF	16-Feb	-0.75	-0.75	-0.45	0.59	115.3	92.0	645.9
	+3m	-0.75	-	-	-	117.0	97.5	636.3
	+6m	-0.75	-	-	-	120.0	97.6	620.4
	+12m	-0.75	-	-	-	123.0	96.1	605.5
DKK	16-Feb	0.05	-0.30	0.02	1.36	744.8	594.2	-
	+3m	0.05	-0.30	0.10	1.45	744.5	620.4	-
	+6m	0.05	-0.30	0.15	1.60	744.5	605.3	-
	+12m	0.05	-0.30	0.35	1.80	744.8	581.8	-
SEK	16-Feb	-0.50	-0.47	-0.09	1.49	991.9	791.3	75.1
	+3m	-0.50	-0.45	0.00	1.60	1000.0	833.3	74.5
	+6m	-0.50	-0.40	0.00	1.70	990.0	804.9	75.2
	+12m	-0.50	-0.40	0.05	1.70	980.0	765.6	76.0
NOK	16-Feb	0.50	0.94	1.30	2.30	970.2	774.1	76.8
	+3m	0.50	0.80	1.30	2.45	940.0	783.3	79.2
	+6m	0.50	0.80	1.45	2.60	920.0	748.0	80.9
	+12m	0.75	1.10	1.75	2.85	910.0	710.9	81.8

Commodities

		2018				2019				Average	
	16-Feb	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
NYMEX WTI	58	58	58	60	60	60	60	61	61	58	61
ICE Brent	65	62	62	64	64	64	64	65	65	63	65

Source: Danske Bank

Calendar

Key Data and Events in Week 8

During the week				Period	Danske Bank	Consensus	Previous
Sat-17	GBP	PM Theresa May Speech on Brexit					
Sun 18	CNY	Lunar New Year					
	CNY	Property Prices		Jan			
Monday, February 19, 2018				Period	Danske Bank	Consensus	Previous
-	USD	Presidents' Day					
0:50	JPY	Exports	y/y (%)	Jan		*0.1*	0.1
0:50	JPY	Import	y/y (%)	Jan		*0.1*	0.1
0:50	JPY	Trade balance, s.a.	JPY bn	Jan		*143.9*	86.8
10:00	EUR	Current account	EUR bn	Dec			32.5
15:00	EUR	Eurogroup discussion: ECB vice-president candidates					
Tuesday, February 20, 2018				Period	Danske Bank	Consensus	Previous
1:30	AUD	RBA February Meeting Minutes					
8:00	DKK	Consumer confidence	Net. bal.	Feb	**8.5**	*8.2*	8.2
9:30	SEK	Underlying inflation CPIF	m/m|y/y	Jan	**-0.7%|1.8%**	*-0.7%|1.9%*	0.4%|1.9%
9:30	SEK	CPI	m/m|y/y	Jan	**-0.7%|1.7%**	*-0.7%|1.8%*	0.4%|1.7%
11:00	DEM	ZEW current situation	Index	Feb		*93.9*	95.2
11:00	DEM	ZEW expectations	Index	Feb		*16.2*	20.4
16:00	EUR	Consumer confidence, preliminary	Net bal.	Feb		*1.1*	1.3
Wednesday, February 21, 2018				Period	Danske Bank	Consensus	Previous
1:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Feb			54.8
8:00	NOK	Unemployment (LFS)	%	Dec	**4.0%**	*4.0%*	4.1%
9:00	FRF	PMI manufacturing, preliminary	Index	Feb		*58.1*	58.4
9:00	FRF	PMI services, preliminary	Index	Feb		*59.0*	59.2
9:30	SEK	Swedish Debt Office Borrowing Forecasts					
9:30	DEM	PMI manufacturing, preliminary	Index	Feb		*60.5*	61.1
9:30	DEM	PMI services, preliminary	Index	Feb		*57.0*	57.3
10:00	EUR	PMI manufacturing, preliminary	Index	Feb	**59.3**	*59.2*	59.6
10:00	EUR	PMI services, preliminary	Index	Feb	**57.6**	*57.6*	58.0
10:00	EUR	PMI composite, preliminary	Index	Feb		*58.4*	58.8
10:30	GBP	Unemployment rate (3M)	%	Dec	**4.3%**	*4.3%*	4.3%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Dec	**2.4%**	*2.4%*	2.4%
15:00	USD	Fed's Harker (non-voter, hawkish) speaks					
15:45	USD	Markit PMI manufacturing, preliminary	Index	Feb	**56.5**	*55.5*	55.5
15:45	USD	Markit PMI service, preliminary	Index	Feb	**54.0**		53.3
16:00	USD	Existing home sales	m (m/m)	Jan		*5.62*	5.57|-3.6%
20:00	USD	FOMC minutes					

Source: Danske Bank

Calendar — continued

Thursday, February 22, 2018				Period	Danske Bank	*Consensus*	Previous
8:00	DKK	Employment, s.a.		Jan			
8:45	FRF	Business confidence	Index	Feb			110.0
8:45	FRF	HICP, final	m/m|y/y	Jan			-0.1%|1.5%
10:00	NOK	Expectation Survey					
10:00	DEM	IFO - business climate	Index	Feb		*117.0*	117.6
10:00	DEM	IFO - current assessment	Index	Feb		*127.1*	127.7
10:00	DEM	IFO - expectations	Index	Feb	**107.9**	*107.9*	108.4
10:30	GBP	GDP, second release	q/q|y/y	4th quarter		*0.5%|1.5%*	0.5%|1.5%
10:30	GBP	Index of services	m/m|3m/3m	Dec		*0.0%|0.6%*	0.4%|0.4%
11:00	ITL	HICP, final	m/m|y/y	Jan			...|1.1%
13:30	EUR	ECB accounts from January					
14:30	USD	Initial jobless claims	1000				
14:30	CAD	Retail sales	m/m	Dec			0.2%
16:00	USD	Fed's Dudley (voter, neutral) speaks					
17:00	USD	DOE U.S. crude oil inventories	K				1841
Friday, February 23, 2018				**Period**	**Danske Bank**	***Consensus***	**Previous**
0:30	JPY	CPI - national	y/y	Jan		*1.3%*	1.0%
0:30	JPY	CPI - national ex. fresh food	y/y	Jan		*0.8%*	0.9%
8:00	NOK	Oil Investment Survey					
8:00	DEM	GDP, final	q/q|y/y	4th quarter		*0.6%|2.9%*	0.6%|2.9%
8:00	DEM	Private consumption	q/q	4th quarter		*0.1%*	-0.1%
8:00	DEM	Government consumption	q/q	4th quarter		*0.4%*	0.0%
8:00	DEM	Gross fixed investments	q/q	4th quarter		*0.3%*	0.4%
8:00	DKK	Retail sales	m/m|y/y	Jan			-0.3%|1.1%
11:00	EUR	HICP inflation, final	m/m|y/y	Jan			0.4%|1.4%
11:00	EUR	HICP - core inflation, final	y/y	Jan		*1.0%*	1.0%
14:30	CAD	CPI	m/m|y/y	Jan			...|1.9%
21:40	USD	Fed's Williams (voter, neutral) speaks					

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Source: Danske Bank

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