20 April 2018

Weekly Focus

Business cycle weaker as trade tensions continue

Market movers ahead

- We look for US Q1 GDP to be around 2.0% q/q annualised.
- Euro Flash PMI and German ifo business confidence for April will indicate whether the euro area cycle is weakening further. We expect another decline.
- The ECB meeting on Thursday should be relatively uneventful.
- Trade war tensions will continue to be in focus. We are still waiting for Donald Trump's announcement of details on another USD100bn worth of Chinese imports subject to tariffs.
- In the Scandi area, focus turns to the Riksbank meeting on Thursday and Norwegian unemployment.

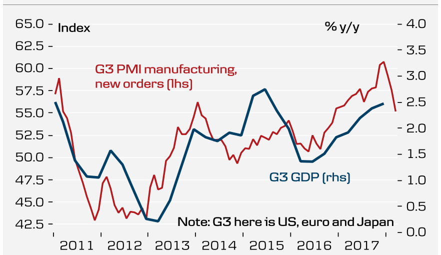
Global macro and market themes

- We look for the global business cycle to head lower.
- We have changed our ECB call and now look for the first hike in Q4 19 but believe it will be 20bp instead of 10bp.
- Risk sentiment up and yields higher on hawkish Fed and higher commodity prices.

Focus

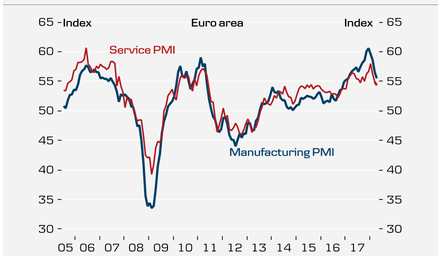
- *ECB Preview – Not on Draghi's watch*, 20 April – pushing our call for the first hike.
- *Research: Global business cycle moving lower*, 19 April – weaker growth ahead but no big downturn.

Global business cycle has peaked



Source: Markit, Macrobond Financial

Euro PMI set for another decline



Source: Markit, Macrobond Financial

Contents

Financial views

Major indices	20-Apr	3M	12M
10yr EUR swap	1.02	1.20	1.60
EUR/USD	123	123	128
ICE Brent oil	74	70	72

Source: Danske Bank

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Market movers

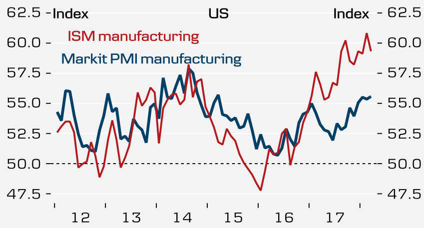
Global

- In the **US**, the preliminary Q1 GDP growth estimate is due for release on Friday. There are signs that economic activity slowed in the first quarter, with growth in consumer spending coming out weaker than first expected and the investment indicator not as strong as previously. AtlantaFed suggests GDP growth was 2.0% q/q AR while NYFed's GDP indicator says 2.8%. We believe the former is more likely than the latter. However, we remain optimistic about full-year GDP growth due to the tax package among others and hence we expect the Fed to continue its gradual hiking cycle.

  Markit PMIs are due for release on Monday. Empire regional PMIs fell in March which points to a slowdown in manufacturing sector. The gap between ISM and Markit PMI manufacturing remains a mystery although we consider ISM to have come in at a too high level. We believe both indices will fall over the coming months. Markit service PMI fell in February but we estimate it increased slightly in March from 54 up to 55.

  On Tuesday, capital goods orders figures for March are due to be released, which will give us an impression of whether investments will gain momentum after a few weak months. We still expect that investments will drive US growth to a greater degree this year compared to the past couple of years.

Puzzling with the large gap between US ISM and Markit PMI manufacturing



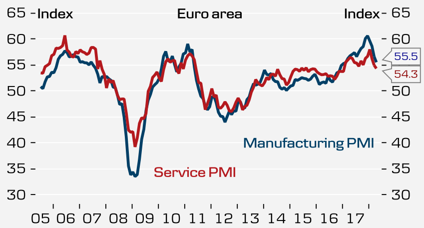
Source: ISM, IHS Markit and Macrobond Financial

- In the **euro area**, we are awaiting the PMI figures due for release on Monday. Manufacturing PMI has declined throughout Q1 18, from 60.6 in December 17 to 56.6 in March 18. We believe a further decline is pending for April. Several survey indicators have pointed to lower optimism, fear of a trade war and the euro appreciation last year is starting to show its impact on activity. We believe Manufacturing PMI will decline to 55.5 in April. Similarly, Service PMI has declined to 54.9 in March since peaking at 58.0 in January. We believe Service PMI is set for a further decline to 54.3 in April.

  On Tuesday, the German Ifo expectations are due for release. Similar to the PMIs, the Ifo expectations have been declining in recent months, reflecting the lower optimism on the future. The latest print showed 100.1 in March, compared to its peak at 103.9 in November 2017. In April, we expect Ifo expectations to decline further. Note though that *index changes* will take effect in April.

  The main event next week is the ECB meeting on Thursday. We do not expect any announcements with regards to policy changes from the governing council at this meeting. However, as presented earlier today in our *ECB preview*, we have changed our call on the ECB's hiking path. We expect ECB to come with its first rate hike in December 2019, but with a 20bp size on the deposit rate hike instead of a 10bp hike in Q2 19. Recent data on inflation has disappointed compared to ECB projections, and the declining activity indicators should further lead the ECB to revise its GDP forecast downwards at the June meeting. Taken together, we believe the ECB is likely to postpone the first hike, as its current projections seem overly optimistic given recent developments.

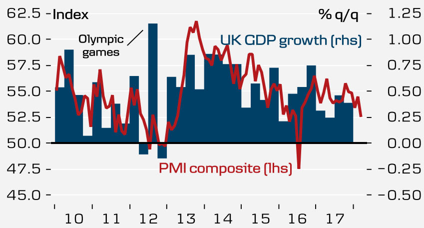
PMIs set for another decline



Source: Eurostat, Macrobond, Danske Bank

- The most important release in the **UK** next week is the first estimate of GDP growth in Q1 due out on Friday. According to indicators, GDP growth slowed in Q1 compared to Q4 17, the question is more by how much. While the PMIs suggest GDP growth is likely to have slowed to 0.3%, the NIESR GDP estimate is as low as 0.2%. We estimate GDP growth was 0.25%, implying an annual growth rate of 1.4% y/y (don't be surprised if it is only 1.3%), which is among the lowest in the advanced economies. Looking at real wage growth and business investments' intention, it is difficult to see a scenario with much higher GDP growth in the UK this year despite the political agreement on transition.

UK PMIs fell in Q1 suggesting GDP growth was weak



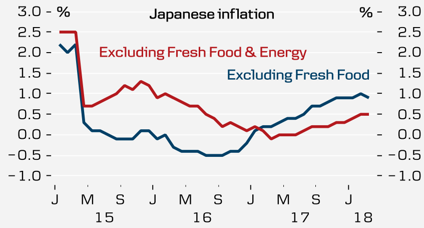
Source: IHS Markit, ONS, Macrobond Financial

- There are no big market movers in **China** next week but focus will remain on the trade spat with the US. We are still waiting for details on Trump's extra USD100bn of Chinese imports subject to tariff, which he has instructed his US Trade Representative Robert Lighthizer to look into on 5 April 2018. If he moves on with this it would be likely to trigger an immediate response by China, which could escalate the trade conflict again, see *Flash Comment: Is Trump preparing for a round of trade escalation – again?*, 13 April 2018.

- In Japan, the main event next week is the Bank of Japan's (BoJ) monetary policy meeting. We expect the BoJ to keep its 'QQE with yield curve control' policy unchanged at the 26-27 April meeting, which is the first under the new leadership. With the arrival of two new deputy governors, we expect the board to hvae turned slightly more dovish. Considering how the economy has lost some momentum recently and inflation has still not really picked up, currently we see the probability of further easing as at least as likely as any tightening measures. Look out for our BoJ preview next week.

  We also have a series of key figures out during the week. Among the most important ones are manufacturing PMI on Monday and retail sales on Friday. The manufacturing sector has shown some weakness recently as a stronger yen is weighing on exporters.

Underlying price pressure still very low



Source: Japanese Cabinet Office, Macrobond Financial

Scandi

- In **Denmark**, the week kicks off with employment numbers for February. The number of people in work increased by 7,200 in January to break the record set before the financial crisis. The labour market is tightening, but the labour force has also grown markedly in recent years, so it will be interesting to see whether we got a new record in February. Retail sales for March follow on Tuesday and business confidence on Thursday.

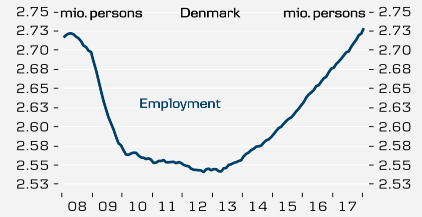
- Next week's main even in **Sweden** is the Riksbank's policy announcement on Thursday. In our minds, now is the time for the Riksbank to make another shift to the rate path by pushing hikes further out in the future, presumably to the first quarter of 2019.

  We see no particular reason why the Riksbank would paint a less optimistic picture for growth than in February. Possible disruptions related to trade conflicts will probably be mentioned as a downside risk but not more than that. Also, the RB will probably not sound more concerned about the housing market than before. So, growth close to 3% and around 2.0% in 2019-20 in line with the February projection seems like a fair guess.

  Actual policy decisions and forward guidance are, however, much more reliant on actual inflation behaviour. One reason is of course that wages so far have failed to live up to expectations and as late as in February the RB lowered its estimates. Wage data (Mediation Office) show that wages increases are pretty much moving sideways. With the exception of one member (Ohlsson) who voted for a hike, the rest of the board discussed whether to postpone rate hikes already then or to wait for more information. It was also mentioned that lower services price inflation was a particular concern.

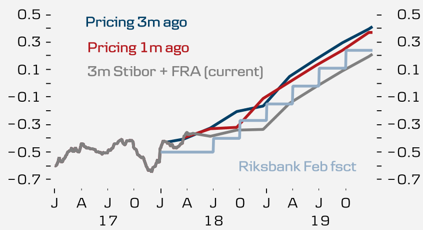
  All central banks look through various volatile price components though and that is why the RB looks at CPIF excluding energy. The message as far as the latter is concerned is that despite the fact that the RB lowered the projection in February, these revisions have so far proven to be too small. CPIF ex energy has consistently come in lower.

Employment record-high



Source: Statistics Denmark

Market sees Riksbank delaying hikes

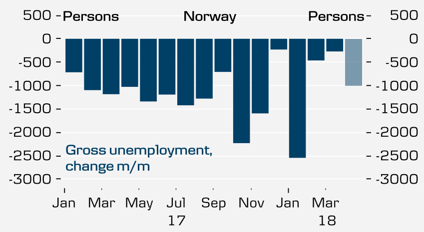


Sources: Riksbank, Macrobond Financial, Danske Bank

One thing though could contradict our view on the SEK exchange rate. Of course, EUR/SEK stands out by rising more than 60 öre (6%) since the February meeting. Also the KIX index is way above (around 6.5%) the latest forecast. Admittedly, this could be a reason for the RB to hesitate giving yet another dovish signal. Still, we are not convinced that the recent SEK depreciation is a strong enough argument. In interest rate space (Riba) the market still prices in 15bp rate hikes this year while the krona has weakened a lot. So, just by the sight of it one could get the impression that 'bets' on a dovish Riksbank have been taken in SEK rather than in rates. At the same time, inflation remains below target and lower than expected. So, where are the dangers going forward: sending a dovish signal that perhaps could weaken the krona further and maybe even at some point make inflation overshoot the target for a while, or saying something that would be taken as hawkish with the potential of EUR/SEK (and other SEK crosses) turning down sharply? Our guess is the risk of higher inflation would be less of a problem to handle than the risk of inflation again getting stuck too low.

- In **Norway**, gross unemployment fell much more slowly in February and March after decreasing by a good 1,000 people a month for most of the previous 12 months. This could indicate that the economy is beginning to lose momentum and that the labour market is no longer tightening at the same rate. But it could also be down to issues with the collection of data in March due to the timing of Easter. With unemployment falling continuously, the recorded monthly decrease will naturally be smaller if the data is collected earlier than normal, as was the case in March. We therefore expect gross unemployment to go back to falling by 1,000 people m/m in April, taking the registered unemployment rate down to 2.3%. This would be in line with Norges Bank's projections in the March monetary policy report and, in isolation, lends support to expectations of a rate hike over the summer. The week also brings LFS unemployment for February (January-March), which we estimate will show a moderate decrease to 3.9%.

Labour market continues to tighten



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	23-Apr	2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Apr			53.1
		10:00	EUR	PMI manufacturing, preliminary	Index	Apr	55.5	*56.0*	56.6
		10:00	EUR	PMI composite, preliminary	Index	Apr			55.2
		10:00	EUR	PMI services, preliminary	Index	Apr	54.3	*54.8*	54.9
		15:45	USD	Markit PMI manufacturing, preliminary	Index	Apr		*55.0*	55.6
		15:45	USD	Markit PMI service, preliminary	Index	Apr	55.0	*54.0*	54.0
Tue	24-Apr	10:00	DEM	IFO - business climate	Index	Apr		*104.7*	103.2
		10:00	DEM	IFO - current assessment	Index	Apr		*117.0*	106.5
		10:00	DEM	IFO - expectations	Index	Apr		*100.7*	100.1
Thurs	26-Apr	13:45	EUR	ECB announces deposit rate	%		-0.40%	*-0.40%*	-0.40%
		14:30	USD	Core capital goods orders, preliminary	%	Mar			1.4%
Fri	27-Apr	-	JPY	BoJ policy rate	%		-0.1%		-0.1%
		10:30	GBP	GDP, preliminary	q/q|y/y	1st quarter	0.25%|1.4%	*0.3%|1.5%*	0.4%|1.4%
		14:30	USD	GDP, 1st release, preliminary	q/q AR	1st quarter		*0.021*	0.029
Scandi movers									
Mon	23-Apr								
Tue	24-Apr	9:30	SEK	Unemployment (n.s.a.|s.a.)	%	Mar	6.7%|6.3%		6.3%|5.9%
Thurs	26-Apr	9:30	SEK	Riksbank, rate decision	%		-0.5%	*-0.5%*	-0.5%
Fri	27-Apr	9:30	SEK	Retail sales s.a.	m/m|y/y	Mar	0.5%|1.8%	*0.5%|2.0%*	-0.1%|0.8%
		9:30	SEK	Wages (blue collars/white collars)	y/y	Feb			2.5%
		10:00	NOK	Unemployment	%	Apr	2.3%	*2.4%*	2.5%

Source: Bloomberg, Danske Bank

Global Macro and Market Themes

Business cycle weaker as trade tensions continue

Global business cycle weakening

We see clear signs that the global business cycle has peaked in early 2018 in line with our expectations outlined in *Five Macro Themes for 2018*, 3 January 2018. Our MacroScope models point to a further deceleration over the coming quarters. The recent uncertainty over a potential trade war is likely to reinforce this picture. Monetary tightening, higher yields, lower real wage growth, more uncertainty – and in the case of the euro area a stronger currency – are all factors pushing production growth a notch lower for the rest of 2018, in our view, see *Research: Global business cycle moving lower*, 19 April 2018.

While the cycle is softening, we still expect growth levels to stay above potential growth in 2018 and 2019. US fiscal easing will temper any deceleration in 2019. Nevertheless, declining PMI levels across regions tends to cause some anxiety about the strength of the recovery, giving less support to risk assets and putting a cap on bond yields.

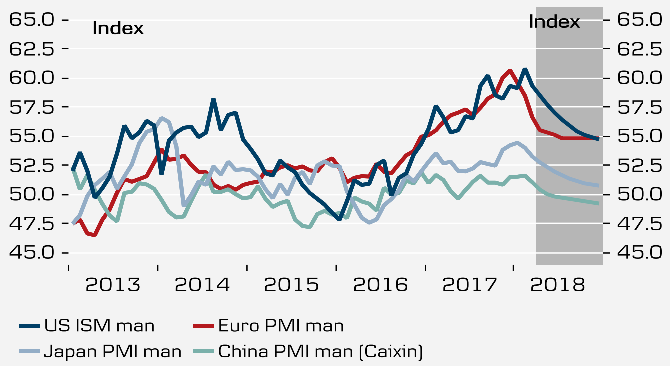
Trade tensions continue

The trade spat between the US and China has changed arena the past week as another battle is being fought in the tech area. On Monday, the US banned US sales to the Chinese telecommunications equipment maker ZTE for seven years, saying it had broken a settlement agreement. ZTE is one of the leading tech companies in China within telecoms equipment and gets 15% of its supplies from US companies. The move from the US could quickly backfire though. China has not yet approved a takeover deal by the big US tech company Qualcomm of Dutch semiconductor company NXP. China is going through an antitrust review and said this week it had found issues hard to resolve regarding the deal. An equally big problem for US tech companies could be that Chinese consumers are now posting patriotic statements on social media in China and continued obstacles for Chinese companies in the US would risk triggering a form of consumer boycott in China, see *Reuters*.

Key points

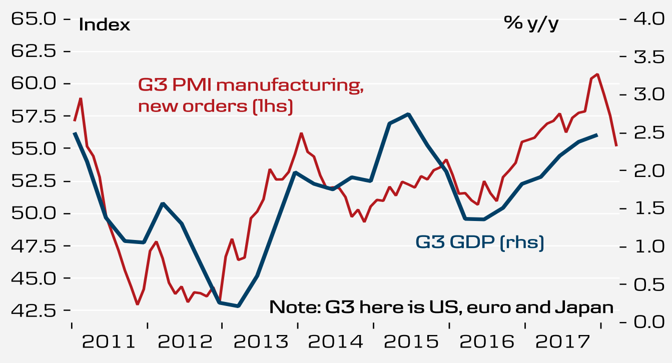
- We look for the global business cycle to head lower.
- Trade tensions continue between the US and China – we still await Trump's decision on the extra USD100bn of Chinese imports subject to tariffs.
- We have changed our ECB call and now look for the first hike in Q4 19 - but for 20bp instead of 10bp.
- Risk sentiment improving, yields higher on hawkish Fed and rise in commodity prices.

Global manufacturing: from acceleration to deceleration



Source: ISM, IHS Markit, Federal Reserve, Macrobond Financial

US financial conditions impulse has tightened due to higher bond yields, easing tailwind from USD and weaker equities



Source: Bloomberg, OECD (CLI is composite leading indicator), Danske Bank

We are still awaiting whether Trump will go on and put tariffs on another USD100bn worth of Chinese imports. On 5 April, he instructed his Trade Representative Robert Lighthizer to look into this. If indeed Trump takes this step, China would likely retaliate immediately, leading to another escalation, see *Flash Comment: Is Trump preparing for a round of trade escalation - again?*, 13 April. We do not know exactly when Trump will reveal this but reports last week said it could come this week, see *WSJ* (paywall).

On a more positive note, China is not only using the 'stick' to fight back but also a 'carrot' by speeding up the opening up of the economy. Among measures announced are lower tariffs on cars and other products and removing the ownership cap within the car industry already this year for companies like Tesla, making Electric Vehicle cars, and a general removal for all passenger cars by 2022.

Our baseline scenario is still that we avoid a full-blown trade war, although we see a risk that it could get worse before it gets better if Trump goes through with announcing tariffs on another round of Chinese imports worth USD100bn.

We change our ECB call – rate hike postponed

Today, we changed our ECB forecast and now expect a first hike of 20bp in December 2019 after Mario Draghi's reign is over. We previously looked for a 10bp hike in June 2019, see *ECB Preview: Not on Draghi's watch*, 20 April 2018. The reason we have pushed out the first hike is increased downside risks to growth and inflation and we believe the ECB will revise down its growth forecast in its next staff projection in June.

Risk sentiment rebound – commodity prices higher

Over the past week, we have seen a rebound in equity markets and bond yields as fears over a trade war have receded and the earnings season has put focus back on robust profit growth in the corporate sector. We continue to look for equities to outperform bonds over the next year, as earnings growth is expected to stay solid despite some softening in the global business cycle.

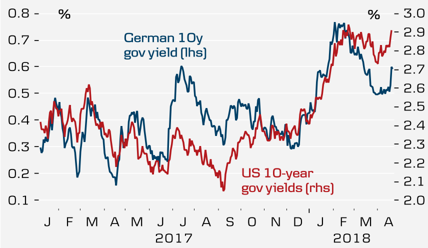
US bond yields saw some upward pressure from quite hawkish Fed comments, with several members suggesting that rates could move above the long-term neutral rate in the current hiking cycle. It pushed the two-year yield to the highest level in 10 years above 2.4%. Higher oil prices and a turn in risk appetite added to the increase in yields. In China, the People's Bank of China made a small easing by cutting the Reserve Requirement Ratio from 17% to 16%. The liquidity injection will partly be compensated by liquidity being withdrawn in the Medium Lending Facility, but nevertheless the move led to a big decline in Chinese money market rates and bond yields.

In the commodity market, oil prices and metal prices have pushed higher, due mainly to a change in expectations regarding supply. Sanctions on Russia will reduce supply in, for example, aluminium, and uncertainty about Iran's oil production could be reduced if Trump reinstates sanctions on Iran, see *Bloomberg*. We see upside risks to oil prices in the coming weeks. 12 May will be a key date to watch, as the EU has to decide on whether to support new sanctions on Iran. We continue to look for EUR/USD to be range bound in the near term before breaking higher towards 1.28 in 12M. See *FX Forecast Update*, 17 April 2018.

Stocks higher as focus turns to earnings season

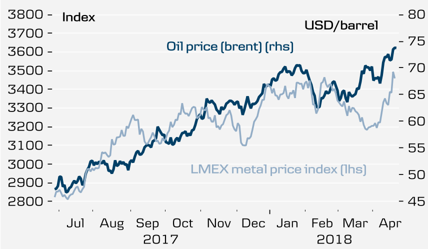
Source: Bloomberg, Macrobond Financial

US bond yields higher on higher risk appetite, hawkish Fed and oil prices



Source: Bloomberg, Macrobond Financial

Commodity prices pushing higher again



Source: Bloomberg, Macrobond Financial

Global market views

Asset class	Main factors
Equities	
Positive on 3-12 month horizon.	Near double digit earnings growth in most major regions. Low rates drive demand for risk assets.
Bond market	
German/Scandi yields – in range for now, higher in 12M	ECB to normalise gradually only due to lack of wage pressure and stronger euro. ECB on hold for a long time.
EUR 2y10y steeper, USD 2y10y flatter	The ECB keeps a tight leash on the short end of the curve. But 10Y higher as US impact.
US-euro spread - short-end to widen further	The spread in the short-end to widen further as Fed continues to hike
Peripheral spreads – tightening	Economic recovery, ECB stimuli, better fundamentals, an improved political picture and rating upgrades to lead to further tightening despite the recent strong moves. Italy still a risk
FX & Commodities	
EUR/USD – rangebound near term	In 1.21-1.26 range for now; supported longer term by valuation and capital-flow reversal due to ECB 'normalisation'
EUR/GBP – gradually lower over the medium term	Brexit uncertainty dominates but GBP should strengthen in 6-12M on Brexit clarification and BoE rate hikes.
USD/JPY – lower short term	Risk appetite decisive near term; downside risks reduced on postioning correct.
EUR/SEK – risk to the topside	Negative on the SEK due to lower growth, subdued inflation and too aggressive RB pricing; eventually EUR/SEK lower but not in H1 18
EUR/NOK - to move lower, but near-term topside risk	Positive on NOK on valuation, relative growth, positoning, terms-of-trade, the global outlook, and Norges Bank initiating a hiking cycle.
Oil price – upside risks near term	Supply concerns are putting upside risks in the near term

Source: Danske Bank

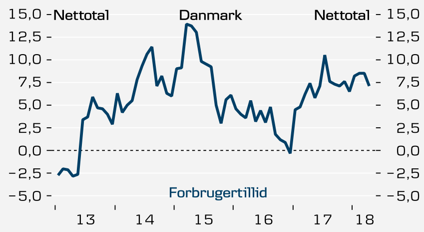
Scandi Update

Denmark – no major news

The consumer confidence has indicator dipped to 7.1 in April, somewhat below our forecast of 8.0. Consumers were less positive about their personal finances, but slightly more upbeat about the economic outlook.

Unions and employers have still not reached a settlement in the public sector pay talks. The conciliator has once again postponed the threatened strikes and lockouts, which could result in a major conflict in May. It is far from certain whether things will get that far, as talks are still ongoing. If there is a serious industrial dispute, experience shows this could have a tangible effect on the likes of GDP in Q2, but this would only be temporary. As it is only in the public sector that wages are being discussed, the outcome will not have an impact on inflation other than very indirectly and marginally.

Consumer confidence down in April

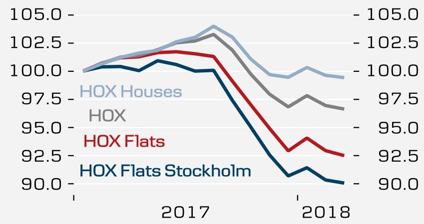


Source: Statistics Denmark

Sweden – HOX decline slows, but more to come

Seasonally-adjusted HOX data shows that residential property prices in Sweden continued to fall in March, albeit at a decelerating pace. The decline in Stockholm was marginal and less than what our Boprisindicator suggested. Nevertheless, these declines have happened despite the fact that considerably fewer transactions took place than in March 2017, which may be a mounting problem as in particular, the supply of tenant-owner flats for sale is rising sharply. This suggests that price formation is not working properly, as the mismatch between buyer and seller price expectations is growing. As pent-up supply of new and expensive flats will enter the market this year, risk/reward suggests prices are more likely to continue down for a while than for the trend to reverse and start to rise.

Price trend still on a slope

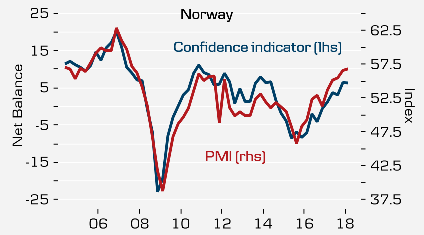


Source: Valueguard

Norway – manufacturing still in good shape

Statistics Norway's business confidence indicator edged down to 6.3 in Q1 from 6.4 in Q4 17, confirming the signs we have seen in the monthly PMI data of slightly slower growth in manufacturing activity. On the other hand, the levels still point to above-trend growth in both manufacturing and the economy as a whole. Relatively high oil prices are currently fuelling demand in the oil supply sector, while the combination of strong global growth and a relatively weak krone is giving exporters a helping hand. We therefore expect growth to remain well above trend for the rest of this year, especially in H2, when many of the contracts awarded recently in the Norwegian sector begin to show up in the statistics.

Manufacturing outlook still above normal levels



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

ECB Preview - Not on Draghi's watch

New ECB call: We expect a first rate hike of 20bp in December 2019, i.e. after Mario Draghi's reign ends (October 2019). Previously we expected 10bp in June 2019.

Research: Global business cycle is moving lower

We see clear signs that the global business cycle has peaked in early 2018 in line with our expectations outlined in *Five Macro Themes for 2018* , 3 January 2018.

Flash Comment Denmark: Cut in electricity taxes could weigh on inflation for years

The government is likely to propose a large cut in electricity taxes going into negotiations on a new energy settlement this spring.

FX Forecast Update - EUR/USD to slide near term, but next big move is higher

Danske Bank’s currency forecasts.

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	2.2	1.5	1.2	3.7	0.1	4.4	4.1	1.1	4.3	1.0	36.4	7.7
	2018	1.8	1.9	1.0	5.8	0.3	1.2	4.2	0.6	4.0	-0.2	35.7	7.5
	2019	1.9	2.6	0.5	4.2	-0.2	2.9	3.6	1.3	3.8	-0.1	34.5	7.5
Sweden	2017	2.7	2.4	0.4	6.0	0.1	3.7	5.0	1.8	6.7	1.2	41.0	4.1
	2018	1.7	1.6	1.3	-1.1	0.2	5.6	4.8	1.6	7.1	1.0	37.0	3.5
	2019	2.0	1.8	0.8	0.4	0.2	4.7	3.8	1.3	7.6	0.8	35.0	3.9
Norway	2017	1.8	2.3	2.0	3.5	-1.6	0.8	2.2	1.8	2.7	-	-	-
	2018	2.5	2.5	1.8	3.0	-0.2	2.0	2.0	2.0	2.3	-	-	-
	2019	2.3	2.3	1.8	2.0	0.0	2.0	2.0	1.9	2.2	-	-	-

Macro forecast, Euroland

	Year	GDP[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	1.7	**1.2**	**3.2**	-	5.4	4.5	1.5	9.1	-1.1	89.3	3.0
	2018	2.1	1.7	**1.5**	**3.8**	-	4.6	4.6	1.4	8.4	-0.9	87.2	3.0
	2019	1.9	1.9	**1.3**	**4.2**	-	3.4	4.4	1.4	8.0	-0.8	85.2	2.9
Germany	2017	2.5	2.1	1.6	3.9	-	5.3	5.6	1.7	3.8	0.9	64.8	8.0
	2018	2.2	1.8	2.3	3.4	-	5.0	6.0	1.5	3.5	1.0	61.2	7.5
	2019	2.0	2.3	2.2	4.5	-	3.1	4.8	1.5	3.3	1.0	57.9	7.2
Finland	2017	2.6	1.6	1.3	6.3	-	7.8	3.5	0.7	8.6	-0.6	61.4	0.7
	2018	2.4	2.1	0.5	3.5	-	4.5	4.5	1.0	8.0	-0.2	59.6	0.6
	2019	2.0	1.6	0.5	3.5	-	4.5	4.0	1.4	7.7	-0.2	58.0	0.8

Macro forecast, Global

	Year	GDP[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	2.8	0.1	4.0	-0.1	3.4	4.0	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	-4.1	109.0	-3.0
	2019	2.1	1.9	0.4	4.9	0.0	3.1	3.0	2.1	3.8	-5.2	113.0	-3.1
China	2017	6.9	-	-	-	-	-	-	2.0	4.1	-3.7	47.6	1.4
	2018	6.5	-	-	-	-	-	-	2.3	4.3	-3.4	50.8	1.1
	2019	6.3	-	-	-	-	-	-	2.3	4.3	-3.4	53.9	1.2
UK	2017	1.8	1.7	0.1	4.0	-0.4	5.7	3.2	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	20-Apr	1.75	2.34	2.66	2.86	123.4	-	603.7
	+3m	2.00	2.32	2.60	3.05	123.0	-	605.3
	+6m	2.00	2.40	2.80	3.15	125.0	-	595.6
	+12m	2.25	2.85	3.05	3.35	128.0	-	581.4
EUR	20-Apr	0.00	-0.33	-0.14	0.96	-	123.4	744.7
	+3m	0.00	-0.33	-0.05	1.20	-	123.0	744.5
	+6m	0.00	-0.33	0.00	1.25	-	125.0	744.5
	+12m	0.00	-0.33	0.20	1.60	-	128.0	744.3
JPY	20-Apr	-0.10	-0.04	0.05	0.25	132.7	107.6	5.61
	+3m	-0.10	-	-	-	132.8	108.0	5.60
	+6m	-0.10	-	-	-	137.5	110.0	5.41
	+12m	-0.10	-	-	-	143.4	112.0	5.19
GBP	20-Apr	0.50	0.77	1.15	1.57	86.4	142.8	862.2
	+3m	0.75	0.77	1.25	1.75	86.0	143.0	865.7
	+6m	0.75	0.89	1.45	1.90	84.0	148.8	886.3
	+12m	1.00	1.14	1.70	2.10	83.0	154.2	896.7
CHF	20-Apr	-0.75	-0.74	-0.49	0.41	118.6	96.2	627.8
	+3m	-0.75	-	-	-	119.0	96.7	625.6
	+6m	-0.75	-	-	-	121.0	96.8	615.3
	+12m	-0.75	-	-	-	123.0	96.1	605.1
DKK	20-Apr	0.05	-0.29	0.00	1.13	744.7	603.7	-
	+3m	0.05	-0.30	0.10	1.35	744.5	605.3	-
	+6m	0.05	-0.30	0.15	1.40	744.5	595.6	-
	+12m	0.05	-0.30	0.35	1.75	744.3	581.4	-
SEK	20-Apr	-0.50	-0.37	-0.17	1.19	1038.1	841.5	71.7
	+3m	-0.50	-0.45	-0.10	1.45	1050.0	853.7	70.9
	+6m	-0.50	-0.45	-0.05	1.50	1050.0	840.0	70.9
	+12m	-0.50	-0.45	0.05	1.60	1020.0	796.9	73.0
NOK	20-Apr	0.50	1.12	1.44	2.19	956.6	775.5	77.8
	+3m	0.50	1.05	1.55	2.50	940.0	764.2	79.2
	+6m	0.75	1.20	1.75	2.60	920.0	736.0	80.9
	+12m	1.00	1.40	1.95	2.95	910.0	710.9	81.8

Commodities

		2018				2019				Average	
	20-Apr	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
NYMEX WTI	68	63	66	68	68	69	69	70	70	66	70
ICE Brent	74	67	70	72	72	72	72	74	74	70	73

Source: Danke Bank

Calendar

Key Data and Events in Week 17

Time	Country	Event	Unit	Period	Danske Bank	Consensus	Previous
During the week				Period	Danske Bank	*Consensus*	Previous
Monday, April 23, 2018				Period	Danske Bank	*Consensus*	Previous
2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Apr			53.1
9:00	FRF	PMI manufacturing, preliminary	Index	Apr			53.7
9:00	FRF	PMI services, preliminary	Index	Apr			56.9
9:30	DEM	PMI manufacturing, preliminary	Index	Apr		*57.5*	58.2
9:30	DEM	PMI services, preliminary	Index	Apr		*53.9*	53.9
10:00	EUR	PMI manufacturing, preliminary	Index	Apr	**55.5**	*56.0*	56.6
10:00	EUR	PMI composite, preliminary	Index	Apr			55.2
10:00	EUR	PMI services, preliminary	Index	Apr	**54.3**	*54.8*	54.9
15:45	USD	Markit PMI manufacturing, preliminary	Index	Apr		*55.0*	55.6
15:45	USD	Markit PMI service, preliminary	Index	Apr	**55.0**	*54.0*	54.0
16:00	USD	Existing home sales	m (m/m)	Mar		*5.55*	5.54|0.03
Tuesday, April 24, 2018				Period	Danske Bank	*Consensus*	Previous
3:30	AUD	CPI	q/q|y/y	1st quarter		*0.5%|2.0%*	0.6%|1.9%
7:00	JPY	Leading economic index	Index	Feb			105.8
8:00	DKK	Retail sales	m/m|y/y	Mar			0.3%|3.0%
8:45	FRF	Business confidence	Index	Apr			109.0
9:30	SEK	Unemployment (n.s.a.|s.a.)	%	Mar	**6.7%|6.3%**		6.3%|5.9%
10:00	DEM	IFO - business climate	Index	Apr		*104.7*	103.2
10:00	DEM	IFO - current assessment	Index	Apr		*117.0*	106.5
10:00	DEM	IFO - expectations	Index	Apr		*100.7*	100.1
14:00	HUF	Central Bank of Hungary rate decision	%			*0.9%*	0.9%
15:00	USD	FHFA house price index	m/m	Feb		*0.5%*	0.8%
16:00	USD	Conference Board consumer confidence	Index	Apr		*126.0*	127.7
16:00	USD	New home sales	1000 (m/m)	Mar		*625*	618.0 (-0.6%)
Wednesday, April 25, 2018				Period	Danske Bank	*Consensus*	Previous
8:45	FRF	Consumer confidence	Index	Apr			100.0
13:00	TRY	Central Bank of Turkey rate decision	%			*8.0%*	8.0%
16:30	USD	DOE U.S. crude oil inventories	K				-1071
Thursday, April 26, 2018				Period	Danske Bank	*Consensus*	Previous
8:00	NOK	Unemployment (LFS)	%	Feb	**3.9%**	*4.0%*	4.0%
8:00	DEM	GfK consumer confidence	Net. Bal.	May		*10.9*	10.9
9:00	SEK	Consumer confidence	Index	Apr	**100.0**	*101.5*	101.5
9:00	SEK	Economic Tendency Survey	Index	Apr	**107.5**		108.4
9:00	SEK	Manufacturing confidence	Index	Apr	**114.0**	*113.4*	114.5
9:30	SEK	Riksbank, rate decision	%		**-0.5%**	*-0.5%*	-0.5%
9:30	SEK	Trade balance	SEK bn	Mar	**-2.5**		-3.4
9:30	SEK	PPI	m/m|y/y	Mar			-0.5%|2.8%
13:45	EUR	ECB announces refi rate	%		**0.00%**	*0.00%*	0.00%
13:45	EUR	ECB announces deposit rate	%		**-0.40%**	*-0.40%*	-0.40%
14:30	USD	Initial jobless claims	1000				
14:30	USD	Core capital goods orders, preliminary	%	Mar			1.4%
14:30	USD	Advance goods trade balance	USD bn	Mar		*-74.8*	-75.9
14:30	EUR	ECB's Draghi speaks at press conference					

Source: Danske Bank

Calendar (continued)

Friday, April 27, 2018				Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Germany's debt rating					
-	EUR	S&P may publish Italy's debt rating					
-	EUR	Fitch may publish Netherlands's debt rating					
-	EUR	Moody's may publish Belgium's debt rating					
-	EUR	Moody's may publish Finland's debt rating					
-	DKK	General Prayer Day					
-	JPY	BoJ policy rate	%		**-0.1%**		-0.1%
1:01	GBP	GfK consumer confidence	Index	Apr	**-7.0**	*-6.0*	-7.0
1:30	JPY	Unemployment rate	%	Mar		*2.5%*	2.5%
1:30	JPY	Job-to-applicant ratio		Mar		*1.59*	1.58
1:50	JPY	Retail trade, preliminary	m/m|y/y	Mar		*0.0%|1.5%*	0.5%|1.7%
1:50	JPY	Industrial production, preliminary	m/m|y/y	Mar		*0.5%|2.0%*	0.0%|1.6%
3:30	CNY	Industrial profits	y/y	Mar			10.8%
7:30	FRF	GDP, preliminary	q/q|y/y	1st quarter		*0.5%|2.3%*	0.7%|2.5%
8:45	FRF	Household consumption	m/m|y/y	Mar			2.4%|1.9%
8:45	FRF	HICP, preliminary	m/m|y/y	Apr			1.1%|1.7%
9:00	ESP	HICP, preliminary	m/m|y/y	Apr			1.2%|1.3%
9:00	ESP	GDP, preliminary	q/q|y/y	1st quarter		*0.7%|2.9%*	0.7%|3.1%
9:30	SEK	Retail sales s.a.	m/m|y/y	Mar	**0.5%|1.8%**	*0.5%|2.0%*	-0.1%|0.8%
9:30	SEK	Wages (blue collars/white collars)	y/y	Feb			2.5%
9:30	SEK	Household lending	y/y	Mar	**6.9%**		7.0%
9:55	DEM	Unemployment	%	Apr		*5.3%*	5.3%
10:00	NOK	Unemployment	%	Apr	**2.3%**	*2.4%*	2.5%
10:00	EUR	ECB's survey of professional forecasters					
10:30	GBP	GDP, preliminary	q/q|y/y	1st quarter	**0.25%|1.4%**	*0.3%|1.5%*	0.4%|1.4%
10:30	GBP	Index of services	m/m|3m/3m	Feb			0.2%|0.6%
11:00	EUR	Business climate indicator	Net bal.	Apr			1.3
11:00	EUR	Industrial confidence	Net bal.	Apr		*5.7*	6.4
11:00	EUR	Economic confidence	Index	Apr		*112.0*	112.6
11:00	EUR	Consumer confidence, final	Net bal.	Apr			
11:00	EUR	Service confidence	Net bal.	Apr		*15.5*	16.3
12:30	RUB	Central Bank of Russia rate decision	%			*7.25%*	7.25%
14:30	USD	Employment cost index	m/m	1st quarter		*0.7%*	0.6%
14:30	USD	PCE core, preliminary	q/q AR	1st quarter			0.019
14:30	USD	GDP, 1st release, preliminary	q/q AR	1st quarter		*0.021*	0.029
16:00	USD	University of Michigan Confidence, final	Index	Apr		*98.0*	97.8

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Report completed: 20 April 2018, 13:10 GMT

Report first disseminated: 20 April 2018, 13:20 GMT