

Weekly Focus

All we want for Christmas is a solid macro rebound

Market movers ahead

- Look out for the expected finalisation and signing of the US-China phase-one deal in early January.
- In the US in coming weeks, focus is set to be on the ISM manufacturing index, the December jobs report, FOMC minutes and the impeachment process. We believe employment growth remains solid – at least soft survey indicators suggest so.
- In the euro area, focus is on preliminary HICP inflation figures and German industrial production for November. Despite improvement in soft indicators, German industrial production in October was lacklustre.
- In the UK, the monthly GDP estimate for November should shed light on whether the economy continues to move sideways.
- In China, we expect Caixin PMI manufacturing to come down from its very high levels, while the NBS PMI manufacturing should be broadly unchanged.

Weekly wrap-up

- After some conflicting reports, both China and the US officially confirmed the landing of a phase-one trade deal.
- The agreement spurred a significant rally in global equity markets.
- Global central bank meetings reaffirmed a wait-and-see approach.
- No-deal Brexit risk flared up this week, as Prime Minister Boris Johnson refuses to extend the transition period.

Contents

Market movers	2
Weekly Wrap-Up	6
Scandi update	7
Latest research from Danske Bank	9
Macroeconomic forecast	10
Financial forecast	11
Calendar	12

Financial views

Major indices			
	20-Dec	3M	12M
10yr EUR swap	0.17	0.10	0.40
EUR/USD	111	111	115
ICE Brent oil	67	60	60

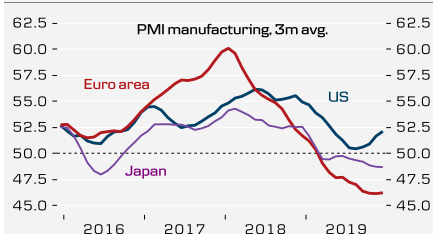
Source: Danske Bank

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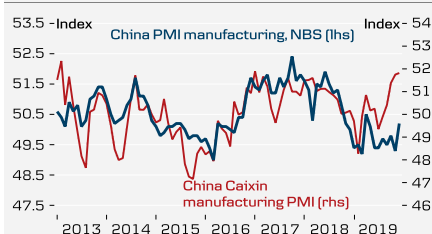
@Danske_Research

Stabilisation but not yet a solid rebound



Source: IHS Markit, Macrobond Financial

Caixin PMI is set to decline



Source: Macrobond Financial

We wish all our readers a Merry Christmas and a Happy New Year. The first edition of Weekly Focus in the New Year is due on 10 January 2020.

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Market movers

Global

- In the **US**, the most interesting release before the new year is the preliminary core capex data for November due out on Monday 23 December. We intend to monitor whether investments in capital goods remain subdued. For the same reason, we are looking forward to the ISM manufacturing index for December, which is due out on Friday 3 January. ISM manufacturing has been lower than the equivalent IHS Markit PMI index, probably because of ISM's bias towards larger companies, which have greater exposure to global developments. The most important release over coming weeks is the jobs report for December due out on Friday 10 January. The Markit PMI employment subindex has rebounded, indicating continued solid employment growth. We expect jobs growth of 175,000.

Not many Fed speeches are scheduled over coming weeks but the FOMC minutes are due out on Friday 3 January. However, we do not expect this to mean much.

Besides economic releases, we also intend to monitor political developments relating to the impeachment process. The trial is now moving to the Senate, where we do not expect two-thirds of senators to vote in favour of removing Donald Trump from office.

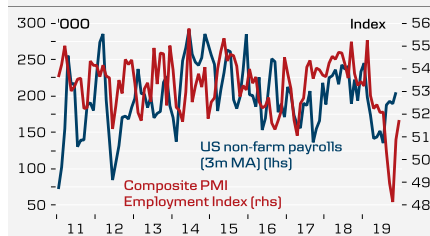
- In the **euro area**, preliminary HICP figures for December are due for release on Tuesday 7 January. In November, core inflation registered a marked rise to 1.3% and even the ECB acknowledged a 'mild increase in underlying inflation pressures' at the December meeting. Still, we believe the core inflation uptick was of a more transitory nature and we look for the core measure to fall back to 1.2% in December. Higher energy price inflation should still help lift HICP inflation to 1.2% (see also *Euro Area Research - Measuring the euro area inflation pulse*, 29 November).

The German industrial production figures for November out on 9 January should give us more clues to how the manufacturing sector has performed in Q4. Despite signs a trough is forming in leading indicators such as PMI and Ifo, production continued to fall by 5.3% y/y in October, weighed down by the still struggling car sector. Improving order book levels still leave a glimmer of hope for an easing of the industrial recession in Q4.

- In the **UK**, focus is on the Brexit process but given PM Boris Johnson's large majority, it seems that nothing can prevent the UK from leaving the EU by 31 January. Focus is set to turn to the upcoming negotiations on the future relationship. Investors, who initially rallied on Johnson's big election victory, have become more concerned this week, as he intends to write into law that the transition period cannot be extended. As we have highlighted before, there is still a risk of a no-deal Brexit but the deadline is postponed to the end of the transition period on 31 December 2020.

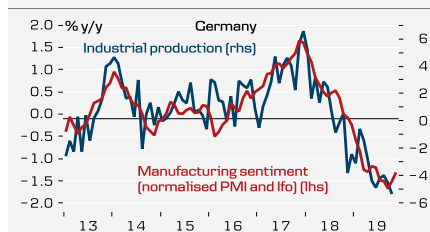
In terms of economic data releases, the most interesting release is the monthly GDP estimate for November due out on Friday 10 January. In October, the monthly estimates showed no growth over the past three months and, on an annual basis, GDP growth is now at the weakest level since the European debt crisis in 2011-13. The PMIs are still below 50 suggesting continued subdued growth at best and uncertainty remains a drag on the economy.

Markit PMI suggests solid employment growth



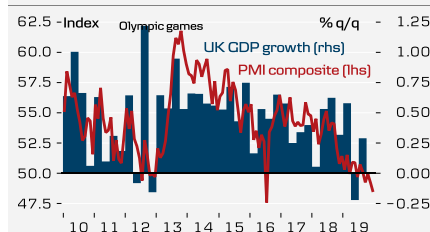
Source: IHS Markit, BLS, Macrobond Financial

Rays of light for German industry at last?



Source: Ifo, Markit, Destatis, Macrobond Financial, Danske Bank

UK PMI composite is in recessionary territory



Source: IHS Markit, ONS, Macrobond Financial

- In **Japan**, we are due to get November retail sales and industrial production on Friday 27 December. We have seen significant volatility in recent months related to the VAT hike on 1 October. It will be very interesting to us to see whether retail sales bounce back. With exporters suffering currently, domestic demand has been the key driver of growth this year. November industrial production is likely to reflect the weak global demand. Then on Wednesday 8 January, November total cash earnings tick in. They recovered slightly in the autumn and year on year are now back above 0% but we are not likely to see a strong rebound as long as global demand is weak. This puts a lid on domestic demand and the inflation outlook.
- Next week is set to be quiet in **China**, so our next focus point will be PMIs around the turn of the new year and the expected finalisation and signing of the US-China phase-one deal in early January. If we do not hear anything about signing over the coming weeks, we would become worried. For PMIs, we look for Caixin PMI manufacturing to come down from its very high level. We expect NBS PMI manufacturing to be broadly flat, which still signals a tentative recovery.

Scandi

- In **Denmark**, there is not much in the way of economic data due over the rest of 2019. However, the new year brings a raft of figures. FX reserve figures are due on Friday 3 January. The DKK has continued to trade weak against the EUR in December – at around the level that prompted Denmark's Nationalbank to intervene on its behalf in November. Hence, we expect the upcoming FX reserve figures for December to attract a great deal of attention. If Denmark's Nationalbank has indeed intervened in December, it would be the third month in a row with the central bank buying up DKK and an indication that a minor rate hike is gradually approaching. We expect Denmark's Nationalbank to raise the policy rate by 0.10 percentage points in the latter half of 2020 to minus 0.65%.

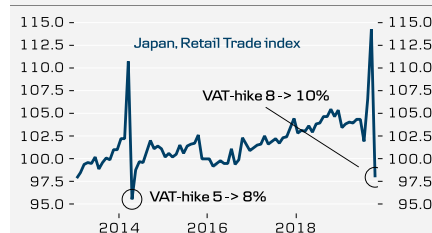
Statistics Denmark kicks off 2019 on Tuesday 7 January, with business confidence for December and housing prices for October. November saw a small but broad improvement in sentiment and we presume recent positive signs from the global economy also put a positive slant on December's figures. However, sentiment in both the construction and industrial sector remains relatively low.

Wednesday 8 January should bring the November figures for unemployment and the December figures for bankruptcies. Unemployment has remained stable at 3.7% for most of 2019 but, looking ahead, the outlook is for a minor increase due to employment growth slowing over the past six months, while, in contrast, labour supply has been rising due to a higher retirement age.

Foreign trade figures for November are due on Thursday 9 January, while the week closes with November's industrial production and December's inflation figures. Exports have been the main driving force for growth in 2019 despite conditions in global markets deteriorating, with industry in particular acting as a locomotive. Hence, it will be interesting to us to see whether these two forces have continued to add momentum in the final month of the year, where indications from abroad have pointed to slightly better times.

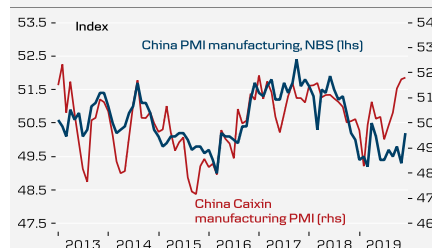
Danish December CPI inflation is due on Friday 10 January. We expect inflation to increase to 0.8%, from 0.7% in November. In particular, fuel prices pull up after last year's large December decline. The big uncertainty in December is whether the soaring book prices from November will stabilise and the 0.12 percentage point contribution to total inflation has come down significantly. We expect a gradually lower contribution over coming months.

VAT hike weighing on domestic demand



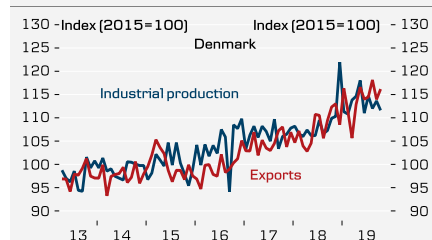
Source: Japanese Ministry of Economy, Trade & Industry, Macrobond Financial

Caixin PMI set to come down while we look for flat NBS PMI.



Source: Macrobond Financial, NBS

Can industry and exports keep up the pace?



Source: Statistics Denmark, Macrobond Financial

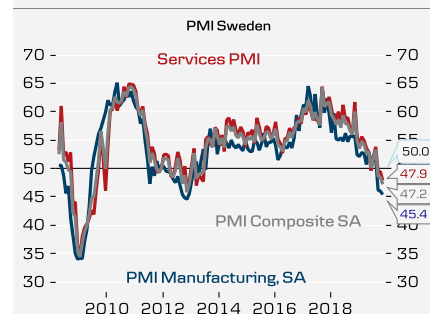
- Over the period until 10 January, we expect to receive a mixed bag of data in **Sweden**, including trade balance, PMI (both manufacturing and services), production value index together with industrial orders and minutes from the Riksbank's last policy meeting. First out is the trade balance, which usually sees a slight rebound in November after a decline in October. Concerning the PMI figures, we have seen a decline in both the manufacturing and services index over the past three months. They are now close to the lowest levels seen in the euro crisis. German manufacturing PMI has been a leader and the latest print came out somewhat lower than previously, indicating that we might not be at the bottom, yet. However, for the next print, we expect no large movement; instead, we expect it to stabilise at a similar level.

In October, industrial orders were weaker than expected, which we expect to affect GDP negatively in Q4. As we have seen the signs of a weak industry for a while in both PMI and NIER, it is possible we will see a low print in November too. If we look backwards, November is usually a month with low industrial orders. So far this year, domestic orders have decreased by 3.5% and been the driving factor behind weak total orders.

The minutes from the Riksbank's latest policy meeting are set to be interesting. Together with many others, we believe the December rate hike was not justified given the weak macro data that keeps coming in. We know that Deputy Governors Anna Breman and Per Jansson indicated their reservations about the decision to raise the repo rate but, in our view, it will be highly interesting to see how the rest of the board motivates it.

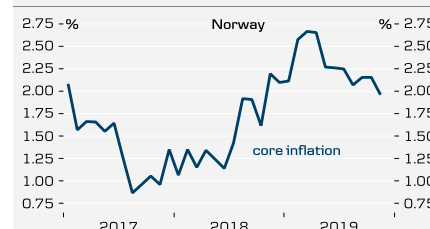
- In **Norway**, the most important numbers in the next fortnight are December inflation and November GDP. Core inflation has come down in recent months as expected and fell to 2.0% y/y in October. This was due partly to base effects but also to slightly lower import prices and slightly lower increases in the volatile components that are airfares and food prices. This latter effect meant that our measure of 'core-core' inflation increased to 2.4% y/y in October. Therefore, a normalisation of these prices would push core inflation back up in coming months. We believe the recent months' decline in the NOK will probably also begin to push up import prices at some point, although there is fierce competition in parts of the retail trade. On balance, we expect more or less unchanged core inflation of 2.0% y/y in December. The monthly GDP numbers showed strong growth in July followed by virtual stagnation in August, September and October. We expect a rebound in retail and manufacturing but we are very uncertain about construction given the very weak numbers in Norges Bank's regional network survey. Nevertheless, we expect mainland GDP growth of 0.3% m/m in November. Also coming up are November retail sales, where we expect growth of 1.0% m/m due to problems with seasonal adjustments around Black Friday. We expect industrial production to climb 0.4% m/m in November, the PMI to fall moderately to 53.0 in December and a modest decrease in housing prices in December.

Not far from the euro crisis level



Source: Silf, Macrobond Financial

No inflationary pressure



Source: Danske Bank, Macrobond Financial

Market movers ahead

Global movers			Event			Period	Danske	Consensus	Previous
Mon	23-Dec	14:30	USD	Core capital goods orders, preliminary	%	Nov		-0.2%	1.1%
Fri	27-Dec	0:50	JPY	Retail trade	m/m y/y	Nov		5.0% -1.4%	-14.2% -7.0%
		0:50	JPY	Industrial production, preliminary	m/m y/y	Nov		-1.1% -8.3%	-4.5% -7.7%
Tue	31-Dec	2:00	CNY	PMI manufacturing	Index	Dec		50.1	50.2
		2:00	CNY	PMI non-manufacturing	Index	Dec		54.4	54.4
Thurs	02-Jan	2:45	CNY	Caixin PMI manufacturing	Index	Dec		51.8	51.8
Fri	03-Jan	16:00	USD	ISM manufacturing	Index	Dec		49.0	48.1
		20:00	USD	FOMC minutes					
Mon	06-Jan	2:45	CNY	Caixin PMI service	Index	Dec			53.5
Tue	07-Jan	11:00	EUR	Retail sales	m/m y/y	Nov		0.7% 2.0%	-0.6% 1.4%
		16:00	USD	ISM non-manufacturing	Index	Dec			53.9
Thurs	09-Jan	8:00	DEM	Industrial production	m/m y/y	Nov		1.1% -3.9%	-1.7% -5.3%
Fri	10-Jan	10:30	GBP	Monthly GDP estimate	m/m q/q	Nov		0 -0.001	0 0
		14:30	USD	Non farm payrolls	1000	Dec	175		266

Scandi movers

Mon	30-Dec	8:00	NOK	Retail sales, s.a.	m/m	Nov	1.0%	0.7%	-0.8%
		9:30	SEK	Trade balance	SEK bn	Nov			-4
Thurs	02-Jan	8:30	SEK	PMI manufacturing	Index	Dec			45.4
		9:00	NOK	PMI manufacturing	Index	Dec	53.0	53.0	53.7
Fri	03-Jan	17:00	DKK	Currency reserves	DKK bn	Dec			440.7
Tue	07-Jan	8:30	SEK	PMI services	Index	Dec			47.9
Wed	08-Jan	8:00	NOK	Manufacturing production	m/m y/y	Nov			0.0% 1.9%
		9:30	SEK	Retail sales s.a.	m/m y/y	Nov		0.2% 2.5%	0.2% 3.3%
Thurs	09-Jan								
Fri	10-Jan	8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	Dec			0.1% 2.0%
		8:00	DKK	CPI	m/m y/y	Dec	... 0.8%		-0.2% 0.7%
		9:30	SEK	Budget balance	SEK bn	Dec			25.2

Source: Bloomberg, Danske Bank

Weekly Wrap-Up

Phase-one US-China trade deal spurs global equity rally

Main macro themes

- **This week's PMI preliminary releases for December gave mixed signals about the global cycle.** Both the German and French manufacturing PMI disappointed, implying that the euro area manufacturing PMI broke its uptrend over recent months and fell back from 46.9 to 45.9. Weaker output and employment indices drove the move. There are still rays of light on the services front, where activity remained robust and incoming new business continued on an upward trend, which bodes well for 2020. Meanwhile, the US manufacturing PMI remained stable at 52.5, with the service PMI edging slightly higher. Hence, globally the service sector remains the stronger side of the economy, while the manufacturing sector in advanced countries continues to be challenged by the global uncertainty.
- **After some conflicting reports, both China and the US officially confirmed the landing of a phase-one deal.** China has committed to buying at least USD40bn of US agricultural goods annually, to tighten protection for US intellectual property, to ban forced technology transfers from US companies and to refrain from competitive devaluations. In return, the US cancelled the planned tariff hike for 15 December and agreed to cut the tariffs on USD120bn of Chinese imports that were introduced in September from 15.0% to 7.5%. We expect the agreement to be signed in January before talks about the more thorny issues start in a phase-two deal. See *US-China Trade – A cautious note on the phase-one deal - and what's next*, 16 December.
- **The global central bank meetings this week reaffirmed a wait-and-see approach.** Neither the Bank of England (BoE) nor Bank of Japan changed its policy stance, as they are both cautiously optimistic that their economies will see a rebound, supported partly by better global conditions. In the case of the BoE, we are doubtful that the UK economy is on such a strong footing and stick to our call that the BoE will cut at its next meeting on Thursday 30 January 2020.
- **No-deal Brexit risk flared up again this week**, as it emerged that Boris Johnson intends to implement in law that the UK cannot extend the transition period, meaning only 11 months to negotiate a trade agreement with the EU. The GBP weakened on the news.

Financial market developments

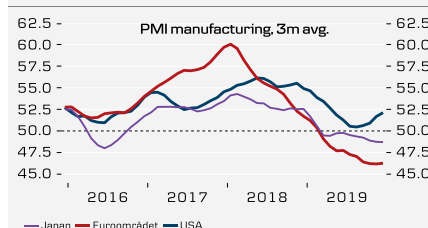
- **The agreement of a phase-one deal between the US and China spurred a significant rally in global equity markets** in the first half of the week, with the S&P 500 reaching another record level. The rally somewhat tempered in the latter part of the week amid little news of advancement of the trade talks. **With the increasing optimism on the trade front, US and German yields rose over the week**, continuing their general uptick since early autumn, when the prospects of a US-China trade deal emerged.

Financial views

Major indices			
	20-Dec	3M	12M
10yr EUR swap	0.17	0.10	0.40
10yr US swap	1.89	1.75	2.00
ECB key rate	-0.50	-0.50	-0.50
Fed funds rate	1.75	1.75	1.50
EUR/SEK	1046	1060	1080
EUR/NOK	997	990	980
EUR/USD	111	111	115
ICE Brent oil	67	60	60

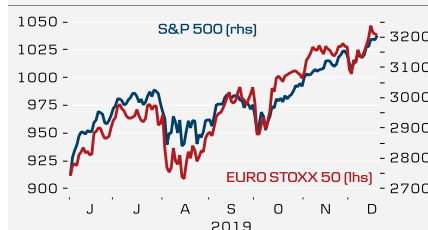
Source: Danske Bank

Stabilisation but not yet a solid rebound



Source: Macrobond Financial

Equities have become impatient on trade



Source: Bloomberg, Macrobond Financial

Scandi update

Denmark – fiscal policy to fan growth in 2020

Denmark's Ministry of Finance published its latest Economic Survey on Monday, presenting its views on the Danish economy. The GDP estimate for 2019 was revised up from 1.7% to 2.0%, while the GDP estimate for 2020 was revised marginally lower from 1.6% to 1.5%. The new estimates are more in line with our take on growth. The calculations also show that fiscal policy is expected to add 0.2pp to growth as a result of public consumption being set to rise by 1.3%.

Employment figures on Friday revealed there were 2,900 more wage earners in October, underlining that the labour market has still not completely stalled, despite indications that a slowdown was imminent in this summer's weak figures. That being said, job creation in 2019 remains less than stellar at 2,800 new jobs per month on average, the lowest level since 2014.

Retail sales rose 0.3% in November. We expected a decent increase, as Black Friday's sales have tended to pull the November figures higher in recent years and this seasonal effect does not appear to have been fully captured by the seasonal correction. Somewhat surprisingly, clothing sales were down, underscoring that the clothing trade in Denmark is hard pressed.

In line with our forecast, consumer confidence rose in December to 2.5 from 1.4 in November. The Danes' view on the current state of their own and the Danish economy was what drove the increase – a view that has hitherto been rather negative given that the Danish economy remains healthy.

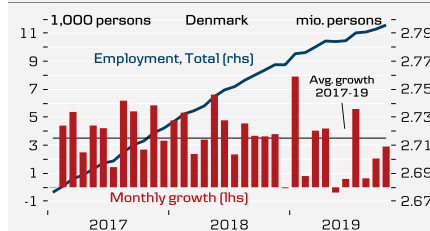
Sweden – an expected but incomprehensible Riksbank hike

The Riksbank (RB) delivered on its 'promise' to hike to zero, probably the most expected move ever. The new rate path going forward is identical to the one in October meaning an unchanged rate at zero through Q1 22. The end point (Q4 22) is at 13bp (unchanged) – see chart. Two board members, Jansson and Breman, voted against.

We find it hard to rationalise the hike even with the Riksbank's more optimistic take on growth, unemployment and inflation versus most other forecasters. Instead it appears as if the Riksbank's real justification is a concern that Swedish banks are about to introduce negative rates on deposits for retail clients, which together with risk for negative mortgage rates could lead to 'negative effects'. Obviously, if that happened it would be an awkward situation. However, we find it hard to believe that we have been close to such a situation. Nonetheless, it appears as if the Riksbank has taken a step back from 'inflation-nutting' to towards something similar to 'leaning against the wind'. Anyway, it will be detrimental to the Riksbank's inflation target credibility. This is just what Deputy Governor Per Jansson has been concerned about, pointing to the years when deflation fears surfaced.

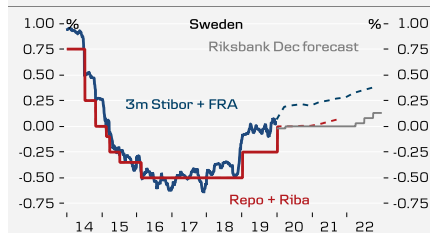
Since we have a more pessimistic outlook than the Riksbank, we retain the view that the risk is that the Riksbank may have to take back the hike. Surprisingly, the Riksbank did not signal any worry about the recent SEK 5% appreciation, the second biggest over the past five years, but we would be cautious about interpreting this as the Riksbank being comfortable with such a development as it could easily derail the inflation forecast.

Pæne beskæftigelsestal i oktober



Source: Danmarks Statistik, Macrobond Financial

Unchanged repo rate path – zero rules for years now

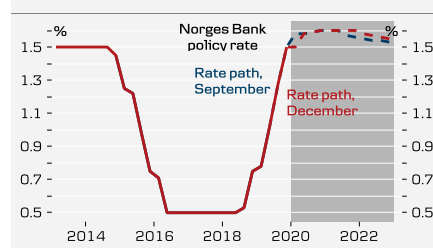


Source: Macrobond Financial, Riksbank, Danske calculations

Norway – unchanged interest rates

Norges Bank left its policy rate unchanged at 1.5% as expected and signalled fairly clearly that it expects to remain on hold for a while, with the governor commenting in the press release: *'The Executive Board's current assessment of the outlook and balance of risks suggests that the policy rate will most likely remain at the current level in the coming period.'* We would understand this to mean at least up to and including the March meeting. In the accompanying monetary policy report, the new policy rate projections indicate a roughly 40% chance of a hike in the course of next year, with the policy rate peaking at 1.55% at the end of the forecast period, against 1.53% in the previous report. Norges Bank notes that the krone has been weaker than expected in the September report, oil prices slightly higher, global interest rates stronger and global growth prospects brighter, all of which would pull towards an upward revision of the rate path. On the other hand, growth in the domestic economy seems to have been weaker than expected and is expected to slow further. The analysis in the monetary policy report is closely in line with our own view, although we expect a slightly stronger turnaround in the global economy and are also marginally more optimistic about domestic growth, as parts of the slowdown are presumably down to capacity problems. We have therefore amended our interest rate forecast and now expect Norges Bank to raise its policy rate by 25bp to 1.75% at its meeting in June.

Broadly unchanged policy rate path



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

20/12 Yield Outlook - Steeper 2s10s curve in 2020 in EUR swaps/Germany

Danske Bank's yield forecasts.

19/12 Bank of England review - Weak economy set to force Bank of England's hand

As expected, a majority of the policymakers at the Bank of England voted to keep the Bank Rate unchanged at 0.75%. Two dissented and voted in favour of a cut.

19/12 Norges Bank Review: 'On hold' as expected; we expect rate hike in June 2020

As widely expected, Norges Bank this morning kept policy rates unchanged, leaving the sight deposit rate at 1.50 %.

19/12 Flash Comment Sweden - Riksbank did what it said

The Riksbank delivered on its 'promise' to hike to zero, probably one of the most expected moves ever.

19/12 China macro outlook - Clouds are lifting

Chinese growth took a hit from the trade war in 2019 but rays of light have emerged, that suggest the worst may be behind us.

17/12 FX Forecast Update - Mind the 5Cs: cyclical conditions carry-currency constructive

Danske Bank's FX forecasts.

17/12 Finland Research: Marin government leads Finland into growing debt

We have revised our forecast up modestly and expect GDP to grow 1.5% in 2019 and 1.0% in 2020.

16/12 US-China trade - A cautious note on the phase-one deal - and what's next

US and China both announced on Friday that a phase-one deal had been reached, which marked a shift from escalation to de-escalation.

16/12 Macro Strategy Views: The pitfalls of the US-China trade deal

In our weekly Macro Strategy Views podcast, we discuss the details of the US-China trade deal and the implications for the global economy.

Macroeconomic forecast

Macro forecast. Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2018	2.4	2.8	0.4	5.4	2.4	3.6	0.8	2.2	3.8	0.8	34.2	7.0
	2019	2.0	1.5	0.3	-1.8	4.5	0.3	0.8	2.0	3.8	2.0	32.4	7.6
	2020	1.3	2.4	0.9	0.9	1.6	1.9	1.3	2.1	4.0	0.5	31.5	7.3
Sweden	2018	2.4	1.6	0.4	4.6	3.1	3.6	2.0	2.6	6.3	0.8	38.5	0.5
	2019	1.0	0.7	0.7	-1.8	4.2	1.7	1.7	2.6	6.8	0.1	35.0	3.7
	2020	0.7	1.9	1.5	-2.2	2.7	2.1	1.1	2.4	7.8	-0.5	34.0	3.7
Norway	2018	2.2	1.9	1.4	2.8	-0.2	1.9	2.7	2.8	2.5	-	-	-
	2019	2.6	2.0	2.0	4.8	3.0	3.5	2.2	3.4	2.3	-	-	-
	2020	2.2	2.4	1.7	3.0	4.0	2.5	2.2	3.6	2.2	-	-	-

Macro forecast. Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2018	1.9	1.4	1.1	2.4	3.3	2.7	1.8	2.2	8.2	-0.5	85.9	3.8
	2019	1.2	1.3	1.6	6.9	2.4	4.6	1.2	2.1	7.6	-0.8	86.4	3.3
	2020	0.9	1.5	1.8	2.6	1.5	3.2	1.1	2.3	7.5	-0.9	85.1	3.2
Germany	2018	1.5	1.2	1.4	3.5	2.3	3.7	1.9	2.9	3.4	1.9	61.9	7.3
	2019	0.5	1.6	2.1	2.8	1.1	2.4	1.3	3.1	3.1	1.0	59.2	6.0
	2020	0.6	1.2	2.5	1.2	1.2	2.4	1.5	2.8	3.0	0.8	56.8	5.9
Finland	2018	1.7	1.8	1.5	3.3	2.2	5.0	1.1	1.7	7.4	-0.8	59.1	-1.4
	2019	1.2	0.8	1.5	0.5	3.5	2.0	1.1	2.5	6.6	-0.4	58.4	-0.8
	2020	0.8	1.0	1.5	0.6	1.5	2.0	1.4	2.7	6.6	-0.4	57.7	-0.8

Macro forecast. Global

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2018	2.9	3.0	1.7	4.6	3.0	4.4	2.4	3.0	3.9	-3.9	105.0	-2.4
	2019	2.3	2.6	2.2	1.3	-0.3	1.6	1.8	3.1	3.7	-4.5	105.0	-2.5
	2020	1.7	2.4	0.8	0.9	0.1	1.7	2.1	3.0	3.5	-4.5	106.0	-2.6
China	2018	6.6	8.2	-	5.0	-	-	2.2	8.5	-	-4.1	50.1	0.7
	2019	6.2	7.5	-	5.0	-	-	2.5	8.0	-	-6.1	53.9	0.0
	2020	6.0	7.8	-	4.6	-	-	2.2	7.5	-	-5.5	57.1	-0.1
UK	2018	1.4	1.6	0.6	-0.1	-0.9	0.7	2.5	3.0	4.1	-2.3	85.9	-4.5
	2019	1.4	1.3	3.3	-0.1	0.5	3.3	1.8	3.5	3.8	-1.4	83.8	-3.5
	2020	1.0	1.4	1.3	-1.5	1.7	-2.4	1.4	3.4	3.8	-1.1	82.9	-3.7
Japan	2018	0.8	0.3	0.8	1.1	3.4	3.3	0.9	-	2.4	-	-	-
	2019	1.0	0.4	2.2	1.7	-1.8	-0.5	0.7	-	2.4	-	-	-
	2020	0.5	-0.3	1.9	0.4	1.7	0.8	0.7	-	2.4	-	-	-

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	Currency vs NOK	Currency vs SEK
USD	20-Dec	1.75	1.91	1.72	1.89	111.2	-	671.8	896.7	940.2
	+3m	1.75	1.73	1.60	1.85	111.0	-	673.0	891.9	955.0
	+6m	1.50	1.65	1.55	1.85	113.0	-	661.3	867.3	955.8
	+12m	1.50	1.65	1.55	2.05	115.0	-	648.7	852.2	939.1
EUR	20-Dec	-0.50	-0.40	-0.31	0.17	-	111.2	747.2	997.3	1045.7
	+3m	-0.50	-0.41	-0.30	0.20	-	111.0	747.0	990.0	1060.0
	+6m	-0.50	-0.41	-0.30	0.30	-	113.0	747.3	980.0	1080.0
	+12m	-0.50	-0.41	-0.20	0.50	-	115.0	746.0	980.0	1080.0
JPY	20-Dec	-0.10	-0.07	0.02	0.14	120.5	109.4	6.20	8.28	8.68
	+3m	-0.10	-	-	-	122.1	110.0	6.12	8.11	8.68
	+6m	-0.10	-	-	-	126.6	112.0	5.90	7.74	8.53
	+12m	-0.10	-	-	-	128.8	112.0	5.79	7.61	8.39
GBP	20-Dec	0.75	0.79	0.78	1.00	85.4	130.2	875.2	1168.1	1224.8
	+3m	0.75	0.57	0.80	0.95	83.0	133.7	900.0	1192.8	1277.1
	+6m	0.50	0.54	0.70	0.95	85.0	132.9	879.1	1152.9	1270.6
	+12m	0.50	0.54	0.80	1.15	86.0	133.7	867.4	1139.5	1255.8
CHF	20-Dec	-0.75	-0.71	-0.64	-0.14	108.9	98.0	685.9	915.4	959.9
	+3m	-0.75	-	-	-	110.0	99.1	679.1	900.0	963.6
	+6m	-0.75	-	-	-	110.0	97.3	679.3	890.9	981.8
	+12m	-0.75	-	-	-	112.0	97.4	666.1	875.0	964.3
DKK	20-Dec	-0.75	-0.39	-0.19	0.28	747.2	671.8	-	133.5	139.9
	+3m	-0.75	-0.42	-0.18	0.32	747.0	673.0	-	132.5	141.9
	+6m	-0.75	-0.42	-0.18	0.42	747.3	661.3	-	131.1	144.5
	+12m	-0.65	-0.32	-0.05	0.65	746.0	648.7	-	131.4	144.8
SEK	20-Dec	-0.25	0.05	0.19	0.63	1045.7	940.2	71.5	95.4	100.0
	+3m	0.00	0.15	0.20	0.70	1060.0	955.0	70.5	93.4	-
	+6m	0.00	0.15	0.20	0.80	1080.0	955.8	69.2	90.7	-
	+12m	0.00	0.15	0.20	1.00	1080.0	939.1	69.1	90.7	-
NOK	20-Dec	1.50	1.87	1.96	2.02	997.3	896.7	74.9	100.0	104.9
	+3m	1.50	2.19	2.05	2.05	990.0	891.9	75.5	-	107.1
	+6m	1.50	2.28	2.10	2.15	980.0	867.3	76.3	-	110.2
	+12m	1.75	2.17	2.20	2.45	980.0	852.2	76.1	-	110.2

Commodities													
	20-Dec	2019				2020				Average			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020		
ICE Brent	67	64	68	62	65	60	60	60	60	72	60		

Source: Danske Bank

Calendar

Key Data and Events in Week 52

During the week					Period	Danske Bank	Consensus	Previous
Sun 22	USD	Building Permits	1000 (m/m)	Dec		1290		1328
Monday, December 23, 2019					Period	Danske Bank	Consensus	Previous
6:00	JPY	Leading economic index, final	Index	Oct				91.8
14:30	CAD	GDP	m/m/y/y	Oct				0.1% 1.6%
14:30	USD	Core capital goods orders, preliminary	%	Nov		-0.2%		1.1%
16:00	USD	New home sales	1000 (m/m)	Nov		730		733.0 (-0.7%)
Tuesday, December 24, 2019					Period	Danske Bank	Consensus	Previous
-	JPY	Emperor's Birthday						
-	DKK	Christmas Eve						
Wednesday, December 25, 2019					Period	Danske Bank	Consensus	Previous
-	DKK	Christmas Day						
Thursday, December 26, 2019					Period	Danske Bank	Consensus	Previous
-	DKK	Christmas Holiday (Boxing Day)						
14:30	USD	Initial jobless claims	1000					234
Friday, December 27, 2019					Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m/y/y	Nov		1.1% 1.4%		-1.6% 1.4%
-	DEM	Retail sales	m/m/y/y	Nov		1.1% 1.4%		-1.6% 1.4%
0:30	JPY	Unemployment rate	%	Nov		2.4%		2.4%
0:30	JPY	Job-to-applicant ratio		Nov		1.57		1.57
0:50	JPY	Retail trade	m/m/y/y	Nov		5.0% -1.4%		-14.2% -7.0%
0:50	JPY	Industrial production, preliminary	m/m/y/y	Nov		-1.1% -8.3%		-4.5% -7.7%
2:30	CNY	Industrial profits	y/y	Nov				-9.9%
10:00	EUR	ECB Publishes Economic Bulletin						
17:00	USD	DOE U.S. crude oil inventories	K					-1085

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Source: Danske Bank

Calendar

Key Data and Events in Week 53 / Week 1

Monday, December 30, 2019

				Period	Danske Bank	Consensus	Previous
8:00	NOK	Retail sales, s.a.	m/m	Nov	1.0%	0.7%	-0.8%
9:00	CHF	KOF leading indicator	Index	Dec		94.5	93.0
9:00	ESP	HICP, preliminary	m/m y/y	Dec		0.0% 1.0%	0.0% 0.5%
9:00	ESP	GDP, final	q/q y/y	4 th quarter		0.4% 2.0%	0.4% 2.0%
9:30	SEK	Trade balance	SEK bn	Nov			-4
10:00	NOK	Norges Bank's daily FX purchases	m	Jan			-700
14:30	USD	Advance goods trade balance	USD bn	Nov		-68.3	-66.5
15:45	USD	Chicago PMI	Index	Dec		48.5	46.3
16:00	USD	Pending home sales	m/m y/y	Nov		1.7% ...	-1.7% 3.9%

Tuesday, December 31, 2019

				Period	Danske Bank	Consensus	Previous
-	DKK	New Year's Eve					
2:00	CNY	PMI manufacturing	Index	Dec		50.1	50.2
2:00	CNY	PMI non-manufacturing	Index	Dec		54.4	54.4
15:00	USD	FHFA house price index	m/m	Oct		0.4%	0.6%
16:00	USD	Conference Board consumer confidence	Index	Dec		128.3	125.5

Wednesday, January 1, 2020

				Period	Danske Bank	Consensus	Previous
-	USD	Bank Holiday New Year's Day					

Thursday, January 2, 2020

				Period	Danske Bank	Consensus	Previous
2:45	CNY	Caixin PMI manufacturing	Index	Dec		51.8	51.8
8:30	SEK	PMI manufacturing	Index	Dec			45.4
9:00	NOK	PMI manufacturing	Index	Dec	53.0	53.0	53.7
9:15	ESP	PMI manufacturing	Index	Dec		46.5	47.5
9:30	SEK	Household lending	y/y	Nov			4.8%
9:45	ITL	PMI manufacturing	Index	Dec		47.3	47.6
9:50	FRF	PMI manufacturing, final	Index	Dec		50.3	50.3
9:55	DEM	PMI manufacturing, final	Index	Dec		43.4	43.4
10:00	EUR	PMI manufacturing, final	Index	Dec		45.9	45.9
10:30	GBP	PMI manufacturing, final	Index	Dec		47.5	47.4
14:30	USD	Initial jobless claims	1000				
15:30	CAD	RBC manufacturing PMI	Index	Dec			51.4
15:45	USD	Markit PMI manufacturing, final	Index	Dec			52.5

Source: Danske Bank

Calendar

Friday, January 3, 2020
Period Danske Bank Consensus Previous

-	USD	Total vehicle sales	m	Dec	17	17.09
8:00	NOK	Unemployment (LFS)	%	Oct	3.9%	3.9%
8:45	FRF	HICP, preliminary	m/m/y/y	Dec	0.3% 1.4%	0.1% 1.2%
9:55	DEM	Unemployment	%	Dec	5.0%	5.0%
10:00	EUR	Money supply (M3)	y/y	Nov	5.7%	5.6%
10:00	EUR	Loans to households (adj. for sales and ser	%	Nov		
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Nov		
10:30	GBP	PMI construction	Index	Dec	45.5	45.3
14:00	DEM	HICP, preliminary	m/m/y/y	Dec	0.5% 1.5%	-0.8% 1.2%
16:00	USD	Construction spending	m/m	Nov	0.3%	-0.8%
16:00	USD	ISM manufacturing	Index	Dec	49.0	48.1
17:00	DKK	Currency reserves	DKK bn	Dec		440.7
17:00	USD	DOE U.S. crude oil inventories	K			
19:15	USD	Fed's Evans (voter, hawkish) speaks				
20:00	USD	FOMC minutes				

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Source: Danske Bank

Calendar

Key Data and Events in Week 2

Monday, January 6, 2020

				Period	Danske Bank	Consensus	Previous
1:30	JPY	Nikkei Manufacturing PMI, final	Index	Dec			48.8
2:45	CNY	Caixin PMI service	Index	Dec			53.5
9:15	ESP	PMI services	Index	Dec		54.0	53.2
9:45	ITL	PMI services	Index	Dec		50.8	50.4
9:50	FRF	PMI services, final	Index	Dec		52.4	52.4
9:55	DEM	PMI services, final	Index	Dec		52.0	52.0
10:00	EUR	PMI composite, final	Index	Dec		50.6	50.6
10:00	EUR	PMI services, final	Index	Dec		52.4	52.4
10:30	EUR	Sentix Investor Confidence	Index	Jan			0.7
10:30	GBP	PMI services, final	Index	Dec		49.0	49.0
11:00	EUR	PPI	m/m y/y	Nov			-1.9% 0.1%
15:45	USD	Markit PMI service, final	Index	Dec			52.2

Tuesday, January 7, 2020

				Period	Danske Bank	Consensus	Previous
-	CNY	Foreign exchange reserves	USD bn	Dec			3095.6
1:30	JPY	Markit PMI services, final	Index	Dec			50.6
8:00	NOK	Credit indicator (C2)	y/y	Nov			5.6%
8:30	CHF	CPI	m/m y/y	Dec		-0.1% 0.0%	-0.1% -0.1%
8:30	SEK	PMI services	Index	Dec			47.9
11:00	ITL	HICP, preliminary	m/m y/y	Dec		... 0.5%	-0.3% 0.2%
11:00	EUR	Retail sales	m/m y/y	Nov		0.7% 2.0%	-0.6% 1.4%
11:00	EUR	HICP inflation, preliminary	m/m y/y	Dec		0.3% ...	-0.3% ...
11:00	EUR	HICP - core inflation, preliminary	y/y	Dec	1.2%	1.3%	1.3%
11:00	EUR	HICP inflation, preliminary	y/y	Dec		1.3%	1.0%
14:30	USD	Trade balance	USD bn	Nov			-47.2
16:00	USD	Core capital goods orders, final	%	Nov			
16:00	USD	ISM non-manufacturing	Index	Dec			53.9

Source: Danske Bank

Calendar

Wednesday, January 8, 2020

				Period	Danske Bank	Consensus	Previous
-	PLN	Polish central bank rate decision	%			1.5%	1.5%
0:30	JPY	Labour cash earnings	y/y	Nov			0.0%
6:00	JPY	Consumer confidence	Index	Dec			38.7
8:00	DEM	Factory orders	m/m y/y	Nov		0.2% -4.8%	-0.4% -5.5%
8:00	NOK	Manufacturing production	m/m y/y	Nov			0.0% 1.9%
8:00	NOK	Industrial production	m/m y/y	Nov	0.4 ...%		3.6% -5.7%
8:00	DKK	Gross unemployment s.a.	K [%]	Nov			0.037
8:45	FRF	Consumer confidence	Index	Dec		104.0	106.0
9:30	SEK	Retail sales s.a.	m/m y/y	Nov		0.2% 2.5%	0.2% 3.3%
11:00	EUR	Business climate indicator	Net bal.	Dec		-0.2	-0.2
11:00	EUR	Industrial confidence	Net bal.	Dec		-8.9	-9.2
11:00	EUR	Economic confidence	Index	Dec		101.4	101.3
11:00	EUR	Consumer confidence, final	Net bal.	Dec			
11:00	EUR	Service confidence	Net bal.	Dec			9.3
14:15	USD	ADP employment	1000	Dec			67
16:30	USD	DOE U.S. crude oil inventories	K				
21:00	USD	Consumer credit	USD bn	Nov			18.9

Thursday, January 9, 2020

				Period	Danske Bank	Consensus	Previous
8:00	DKK	Current account (nsa sa)	DKK bn	Nov			... 23.6
8:00	DEM	Industrial production	m/m y/y	Nov		1.1% -3.9%	-1.7% -5.3%
8:00	DEM	Trade balance	EUR bn	Nov		22	21.3
8:00	DKK	Trade balance ex ships	DKK bn	Nov			9.1
8:00	DKK	Exports	m/m	Nov			
9:00	CHF	SNB balance sheet, intervention	CHF bn	Dec			782.9
11:00	EUR	Unemployment	%	Nov		7.5%	7.5%
14:00	USD	Fed's Clarida (voter, neutral) speaks					
14:30	USD	Initial jobless claims	1000				

Friday, January 10, 2020

				Period	Danske Bank	Consensus	Previous
-	CNY	Money supply M2	y/y	Dec			8.2%
6:00	JPY	Leading economic index, preliminary	Index	Nov			
7:45	CHF	Unemployment	%	Dec		2.3%	2.3%
8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	Dec	... 2.0%		0.1% 2.0%
8:00	NOK	CPI	m/m y/y	Dec	... 1.5%	... 1.5%	0.3% 1.6%
8:00	NOK	PPI	m/m y/y	Dec			1.7% -9.5%
8:00	DKK	CPI	m/m y/y	Dec	... 0.8%		-0.2% 0.7%
8:00	DKK	Industrial production	m/m	Nov			-0.6%
8:45	FRF	Industrial production	m/m y/y	Nov		0.1% 0.4%	0.4% -0.2%
9:30	SEK	Budget balance	SEK bn	Dec			25.2
9:30	SEK	Industrial orders	m/m y/y	Nov			-1.9% -5.4%
10:30	GBP	Monthly GDP estimate	m/m q/q	Nov		0 -0.001	0 0
10:30	GBP	Trade balance	GBP mio.	Nov			-5188
14:30	USD	Unemployment	%	Dec			3.5%
14:30	USD	Average hourly earnings, non-farm	m/m y/y	Dec			0.2% 3.1%
14:30	USD	Non farm payrolls	1000	Dec	175		266
14:30	CAD	Net change in full time employment	1000	Dec			-38.4

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Source: Danske Bank

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