22 June 2018

Weekly Focus

Trade war risk is increasing

Market Movers ahead

- The next scheduled date for the trade disputes is 30 June, where the US government is set to announce plans for restricting Chinese investments.
- The European Council meeting on 28-29 June will be important for whether the German government crisis is resolved, what line the new Italian government takes and possibly for the Brexit process.
- We expect the June inflation number for the euro area to be 2%, up from 1.9%, but it is likely to decline again later this year.
- The most important US inflation measure is likely to have increased in May.
- Swedish data is likely to show another trade deficit in May.

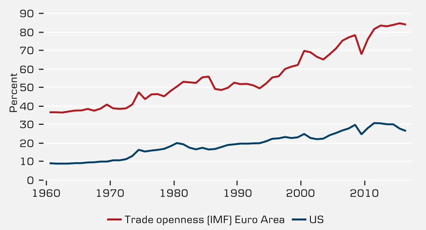
Global macro and market themes

- A further escalation in trade tensions has become our baseline scenario ahead of 6 July.
- The escalation will weigh on global economic growth.
- Equity volatility will be high, with downside risks for equities near term.
- Industrial and agricultural commodities are primarily at risk.
- The prospects of a stronger USD, lower commodity prices and weaker global growth weigh on emerging markets.

Focus

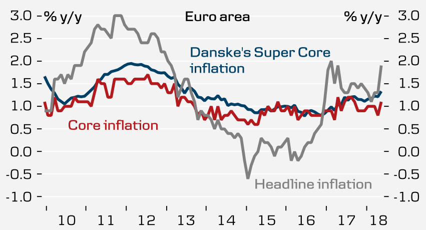
- *Nordic Outlook*, June 20

Europe more at risk than the US



Source: IMF, Macrobond, Danske Bank

'High' euro inflation is temporary



Source: Eurostat, Macrobond Financial, Danske Bank

Contents

Financial views

Major indices	22-Jun	3M	12M
10yr EUR swap	0.90	1.05	1.55
EUR/USD	117	117	125
ICE Brent oil	74	72	72

Source: Danske Bank

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Market movers

Global

- In the **US**, PCE core inflation numbers for May are due for release. Based on CPI, we expect PCE to rise +0.2% m/m which translates into 1.9% y/y, up from 1.8%. We still believe there are upside risks to US inflation, which underpins our view of a total of four rate hikes being more likely, see *FOMC review: Four hikes more likely after removal of soft wording*, 13 June.

  On Friday, preliminary core capex figures are released. Overall, business investments have been increasing since summer 2016 but lately, they have stagnated – probably due to lower growth in the manufacturing sector. Figures for May will give us an impression of whether investments are heading higher again.

- In the **euro area**, the key event next week is the European Council meeting on 28-29 June. Several topics will be in focus: migration, Brexit, security and eurozone reforms are on the agenda (*European Council Agenda Highlights*). Migration will be one of the hottest topics, especially following the pressure on Merkel from her CSU coalition partner to find an EU-wide solution to migration problems. We will also closely follow what stance the new Italian government will take on the topics. We are likely to see a very split EU, where only France's Macron seems to be a strong advocate for closer EU cooperation both in terms of economics, security and migration.

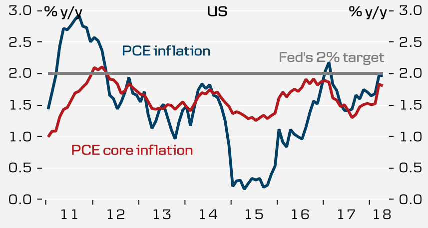
  On Friday, the June HICP figures are due for release. Headline inflation has surprised to the upside in May reaching 1.9% y/y driven by higher oil prices. This also has led the ECB to revise up its inflation forecast for 2018 to 1.7% (from 1.4%) in its new staff projections (see also *ECB Review,* 14 June 2018). We expect the June figure at 2.0% y/y, but emphasise that headline inflation will only remain at this level for a few months before declining back to around 1.5-1.6% as the energy price base effects wear off. We expect core inflation to remain unchanged at 1.1%.

- For the markets in the **UK**, the focus this week will mainly be on the European Council meeting on 28-29 June, although the summit has become less important in terms of Brexit as the clashes between the EU and UK are most likely to be postponed to the October EU summit. However, Brexit remains a key driver for the pound and thus very sensitive to Brexit related comments from the Summit. In terms of data, Friday's release of GfK consumer confidence, Lloyds business barometer and not least the final revision to the Q1 GDP estimate are probably not market movers as such, but might attract some attention as the Bank of England has left the door open for a rate hike in August depending on data in Q2. See *Bank of England review: BoE leaves the door open for an August hike* (21 June) for details.

- The US-**China** trade tensions continue to be the main driver. However, we are unlikely to get much new information until 30 June when Trump announces a plan for restrictions on Chinese investments into the US as well as controls of US exports of technology products to China.

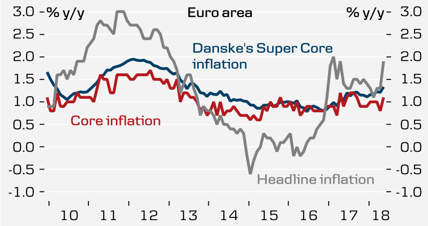
  On the data front we only get industrial profits for May. Profit growth has trended down since Autumn 2018 but spiked from 3.1% to 21.9% in May. However, the series is quite volatile and we look for a decline back to around 10% in June.

We expect PCE core inflation to move higher in May



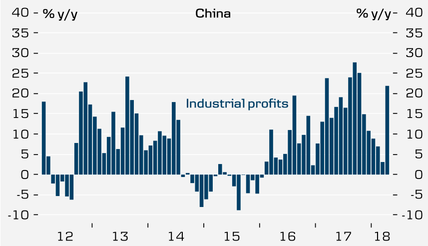
Source: ISM, IHS Markit, Macrobond Financial

Inflation temporarily around 2%



Source: Eurostat, Macrobond Financial

Chinese industrial profits jumped in May - we look for move lower in June



Source: Markit, Macrobond Financial, Danske Bank

Scandi

In **Denmark**, a busy week includes business confidence on Thursday. The manufacturing indicator climbed for a second month in May to its highest since July last year, so it will be interesting to see whether it improves further in June. May retail sales are released on Tuesday, while May unemployment follows on Friday, along with foreign portfolio investments and securities statistics.

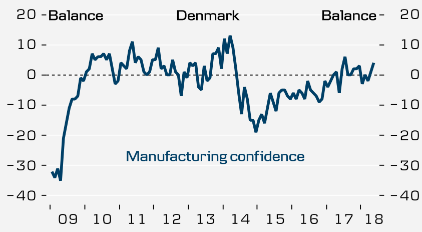
- Next week's **Swedish** data will provide some input for the estimate of Q2 GDP. We see the May trade balance at SEK-2bn, still in negative territory, but we are aware that April imports behaved very strangely (very high). Hence, there may be an upside to that figure if imports fall back again.

  May retail sales are set to slow somewhat. The calendar effect is neutral, a factor which boosted last month's figure. May was a warm month, which may have accelerated purchases of summer clothing. That said, consumer confidence has slowed considerably over the past months. Hence, we see sales slowing to 2.6 % y/y.

  May household lending growth should continue to slow another notch to 6.7 % y/y on the back of stabilising property prices and lower turnover.

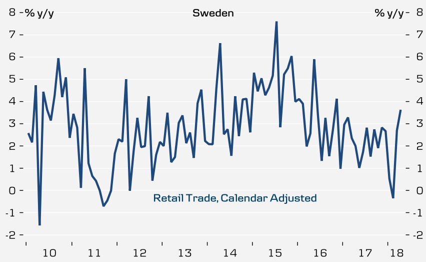
- In **Norway**, there has been considerable volatility in the monthly NAV unemployment numbers recently, so the June figures will be very interesting in terms of whether the fall in May heralds a fresh round of rapid tightening of the labour market or was merely a correction after somewhat weaker data in March/April. We reckon it is probably a combination of the two and so expect registered unemployment to be unchanged at 2.2% and gross unemployment to fall by 500 people m/m. The week also brings LFS unemployment for April (March-May), and here we expect a slight decrease to 3.8%. Retail sales have risen moderately for three months in a row, which would suggest in isolation that there is a real risk of a correction. On the other hand, May saw unusually fine weather, which has historically meant stronger retail sales during the month than in colder years. We therefore expect retail sales to climb 0.3% m/m again in May, which would mean that private consumption makes a solid contribution to GDP in Q2.

Manufacturing confidence at its highest since July last year



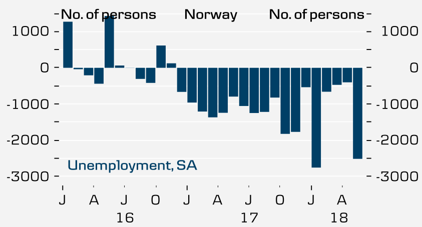
Source: Statistics Denmark

Retail sales to slow somewhat



Source: SCB

Gross unemployment still falling



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week		Wed 27 - 28	EUR	European Council Meeting					
Wed	27-Jun	3:30	CNY	Industrial profits	y/y	May			21.9%
		14:30	USD	Core capital goods orders, preliminary	%	May		*0.5%*	1.0%
Fri	29-Jun	11:00	EUR	HICP - core inflation, preliminary	y/y	Jun		*1.0%*	1.1%
		11:00	EUR	HICP inflation, preliminary	y/y	Jun	**2.0%**	*2.0%*	1.9%
		14:30	USD	PCE core	m/m|y/y	May	**0.2%|1.9%**	*0.2%|1.9%*	0.2%|1.8%
		14:30	USD	PCE headline	m/m|y/y	May		*0.2%|2.2%*	0.2%|2.0%
Scandi movers									
Tue	26-Jun	9:30	SEK	PPI	m/m|y/y	May			0.6%|4.9%
Wed	27-Jun	8:00	NOK	Unemployment (LFS)	%	Apr	**3.8%**	*3.8%*	3.9%
Thurs	28-Jun	9:30	SEK	Retail sales s.a.	m/m|y/y	May	**0.0%|2.6%**		0.6%|3.6%
Fri	29-Jun	8:00	NOK	Retail sales, s.a.	m/m	May	**0.3%**	*0.3%*	0.6%
		9:30	SEK	Household lending	y/y	May	**6.7%**		6.8%
		10:00	NOK	Unemployment	%	Jun	**2.2%**	*2.2%*	2.2%

Source: Bloomberg, Danske Bank

Global Macro and Market Themes

The implications of a global trade war

Rising risk of a full-blown trade war

This week saw a dramatic escalation of the trade dispute between the US and China. The US administration upped the rhetoric against China by saying that if China retaliates against the new US tariffs on 6 July, the US is prepared to slap additional 10% tariffs on up to USD400bn of Chinese exports to the US. The Chinese side has clearly signalled a readiness to respond with equal measures (see *here* for more details). With no negotiations in sight at the moment, our base case is shifting to a further escalation of the trade conflict between the two countries. There is a risk of deterioration in relations between the two sides already on 30 June when the US is due to announce its plan to restrict Chinese investments into the US and to limit exports of US tech products to China.

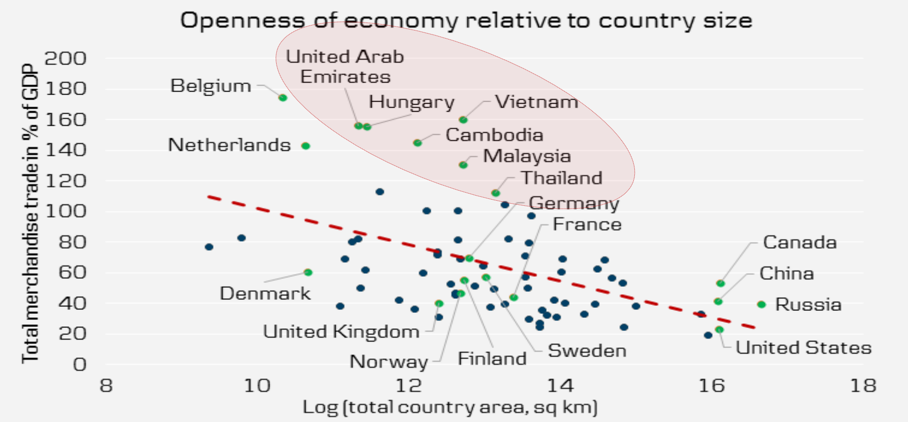
Can such an escalation be avoided? We remain sceptical. Firstly, there appears to be little trust between the two sides, notably on the Chinese side, after the US turned its back on the negotiated trade deal last month. Secondly, Trump is increasingly leaning towards trade and China hawks such as Peter Navarro, US Trade Representative Robert Lighthizer and National Security Advisor, John Bolton. However, Trump has previously made sudden changes in tactics (think of North Korea and this week on immigration), but we still only assign a 10-20% probability for new negotiations and a possible defusing of the trade tensions between the two sides.

Trade tensions between Europe and the US are also at risk of escalating. The EU has adopted a 25% tariff on EUR2.8bn of US goods (jeans, motorcycles, Bourbon whisky and several commodities) today in response to the US tariffs on steel and aluminium import from EU countries. This may well trigger countermeasures from Trump as with China, which could include tariffs on European car exports (read: from Germany) causing another retaliation from the EU and so on. Several emerging market countries such as Turkey, India and Russia have recently adopted countermeasures to US steel and aluminium tariffs.

Today's key points

- A further escalation of the trade tensions has become our baseline scenario ahead of 6 July.
- The escalation will weigh on global economic growth.
- Equity volatility will be high, with downside risks for equities near term.
- Industrial and agricultural commodities are primarily at risk.
- The prospects of a stronger USD, lower commodity prices and weaker global growth weigh on emerging markets.

In particular, small and open emerging market economies are most fragile to a global trade war



Source: Bloomberg, Danske Bank

Downside risks to global growth from escalation of trade tensions

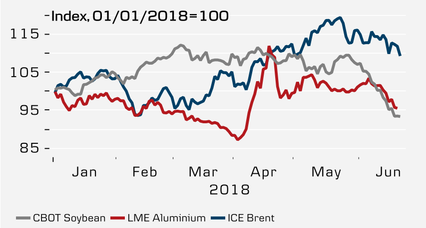
We think global growth is likely to take a sizable hit from an escalation of the trade war between the US and China (and possible other countries). In the event of US tariffs on USD450bn of Chinese goods and China retaliation with measures of equal size, both exports between the two countries as well as business confidence will be hit, hampering investments and consumer spending, also globally. The impact of a more restrictive global trade regime will be felt most acutely in surplus countries (i.e. China, manufacturing Emerging Markets and Germany). We see the risk of a fall in global growth of between 0.25-0.50% (assuming central banks weather part of the shock).

Indeed, central banks are starting to sound concern about the economic outlook in face of the risk of an escalation in trade tensions. This became clear at this week's gathering of global central bankers at the Sintra conference in Portugal. Fed Chair Jerome Powell said that trade tensions "could cause us to have to question the outlook", while the ECB's Mario Draghi said that "for the first time we are hearing (from business leaders) about decisions to postpone investment, postpone hiring, postpone making decisions." The Chinese central bank signalled this week a possible monetary policy easing perhaps already this weekend in response to the possible hit from the trade frictions with the US. In our view, other large central banks could take similar steps should growth weaken materially in the wake of trade restrictions. With uncertainty on the trade relations between major economies, we think volatility in equity markets will be markedly higher. There would be downside risk for equities in the event of an escalation of trade tensions.

Industrial and agricultural commodities are primarily at risk

An escalation of the trade war creates a downside risk to commodity prices. Prices on industrial commodities, e.g. aluminium and steel, and agricultural commodities, e.g. soybean, will suffer directly from the imposed tariffs, which will reduce global demand for these commodities. If an escalation leads to a significant setback in the total volume of global trade, then oil prices are also at risk as fuel demand in shipping would take a hit.

Metal commodity most at risk from escalated trade tensions

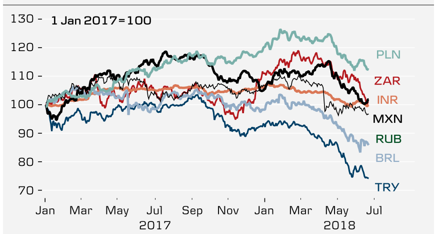


Source: Macrobond Financial, Danske Bank

Emerging markets vulnerable to trade tensions

Emerging markets were already on the back foot before this week's growing trade war concerns. Investors had become more cautious in the wake of higher US rates and USD especially the more vulnerable EMs like Turkey, Brazil and Argentina. And this week's rising risk of global trade war certainly hasn't helped. We think sentiment toward EMs will remain fragile until 6 July, when the trade war between the US and China could escalate. If the trade war indeed broadens, manufacturing EMs with high export exposure would suffer the most (Eastern Europe and Asian countries in particular). Poland has a bigger domestic market than other CEE economies, which will ease the trade war impact on PLN. It should, however, be noted that the macro situation in emerging markets is generally stronger than ten years ago, boasting lower inflation, less FX exposure, advanced adjustment to Fed tightening, more independent central banks and a larger share of multilateral trade with other EM partners. Should the chance of negotiations between the US and China re-appear, the EM could see a significant relief rally.

EM currencies have come under pressure

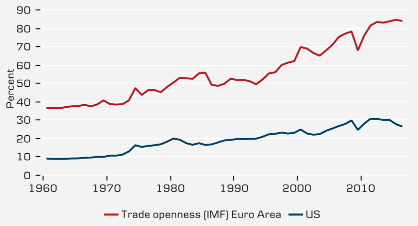


Source: Macrobond Financial, Danske Bank

Euro susceptible to an escalation in trade tensions.

With the risk of a more wide-raging trade war rising lately, the risk of its FX implications shifting has risen. At the start of the year the trade dispute was largely associated with a political push for a weaker dollar – and if anything helped to add to the 'America first' risk premium, which Trump has in our view introduced on USD. But as the risk of a bigger hit to confidence and activity globally is looming, the open euro-area economy may be up for a bigger hit growth-wise than the US, which could in turn weigh on EUR/USD (even if the ECB has been arguing the opposite, see *speech* by Benoît Cœuré, a April 2018). We still think the cross is capped largely at 1.15 but a possible global trade war (especially if the US decides to impose further tariffs on EU goods this weekend), uncertainty about Italy and higher USD carry remain downside risks.

The relatively more open nature of the eurozone makes the euro susceptible to heightened trade war concerns



Source: IMF, Macrobond, Danske Bank

Financial views

Asset class	Main factors
Equities	
Positive on 3-12 month horizon	Increased short-term volatility, but fundamentals still support equities on 3-12 mths
Bond market	
German/Scandi yields - lower for now, higher in 12M	Strong forward guidance from the ECB. Core inflation remains muted. Range trading for Bunds for the rest of 2018. Still higher in 2018
EUR 2Y10Y steeper, USD 2Y10Y flatter	The ECB keeps a tight leash on the short end of the curve but 10Y higher as US has an impact. Mainly steeper in 2019
US-euro spread - short-end to widen further	The spread in the short-end is set to widen further as the Fed continues to hike
Peripheral spreads - tightening	ECB forward guidance, better fundamentals, an improved political picture (ex. lately) and rating upgrades to lead to further tightening despite the recent strong moves. Italian politics remain a clear risk factor
FX & commodities	
EUR/USD - lower for longer... but not forever	Rangebound (1.15-1.21) on a 0-6M horizon but supported longer term by valuation and capital-flow reversal due to ECB 'normalisation'
EUR/GBP - gradually lower over the medium term	Brexit uncertainty dominates now but GBP should strengthen on 6-12M on Brexit clarification and Bank of England rate hikes
USD/JPY - higher eventually	US yields decisive near term with political uncertainty as a significant downside risk. Longer term higher on Fed-Bank of Japan divergence
EUR/SEK - neutral for now, but sticky above 10	Neutral near term but SEK-negatives remain lower growth, subdued inflation and too aggressive Riksbank pricing
EUR/NOK - to move lower but near-term headwinds	Positive on NOK on valuation, relative growth, positoning, terms of trade, the global outlook and Norges Bank initiating a hiking cycle
Oil price - wide outcome space	Tug of war between geopolitical risks and OPEC+ getting ready to normalise output

Source: Danske Bank

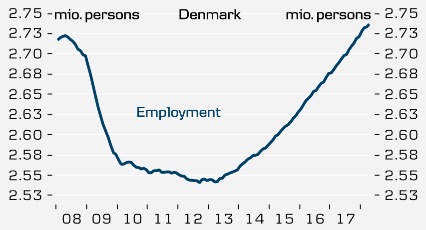
Scandi update

Denmark – employment just keeps on climbing

Employment continued to climb in April with an extra 3,400 people finding work, which means that there has been continuous job creation for the past five years. This continued relatively strong growth in employment is a sign that it is still possible to source enough labour to keep the upswing on track. We expect this to continue, partly because people are retiring later and later.

The week also brought consumer confidence for June, the indicator climbing as expected to hit a three-year high of 10.6. It was consumers' view of the economy that pushed the overall index up, and we have to go right back to 2007 before the financial crisis to find similarly high levels. This goes to show that the upswing in the Danish economy has not gone unnoticed, but consumers' view of their personal finances still has some way to go.

New job record



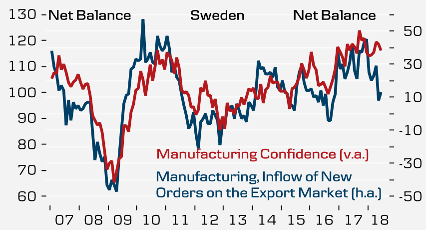
Source: Danmarks Statistik

Sweden – worsening growth outlook

The NIER June was OK. Manufacturing confidence dropped, but only slightly as new orders rebounded. Still, given a weakening European business cycle and a threatening trade war it is just a question of time before manufacturing confidence drops more markedly. This is already visible in PMI. Construction, services and retail trade confidence all rebounded, while consumer took another leg down and is now well below average. Why consumers are getting more gloomy remains unclear, but many see a higher risk of getting unemployed despite the very strong and impressive June LFS survey showing the upward trend in activity and employment ratios remain intact.

We note (with some satisfaction) that that both NIER and the government reduced their GDP forecasts for 2018 to 2.4% and 2.6%, respectively, still remaining above our 2.0% call. The growth contribution from residential construction has been reduced. But they still remain fairly upbeat about foreign trade; however, that is possible given the probability of an escalating trade war. Both still see fairly high public surpluses in coming years. The debt office also published a new borrowing forecast, raising its forecast even further. All three forecasts now see Swedish public debt below the 35% debt anchor in 2019, the same year it will come into play, going down even further after that. This means that current foresees such strong public finances that either taxes will have to be cut or spending will have to be increased or both. Those choices will of course become clearer after the September general election.

New orders signalling slowdown

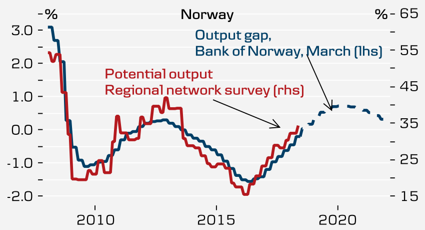


Source: NIER

Norway – rate hike edging closer

As expected, Norges Bank left its key rate unchanged at 0.5% at its meeting during the week, while signalling relatively clearly that it will go up in September. The interest rate projections in the monetary policy report also show that the central bank anticipates two rate increases next year and almost a further two in 2020-21, which lends support to our expectation of a rate hike this September and at least two more per year in 2019-21. In other words, the period of extremely low interest rates in Norway is coming to an end. The reason why Norges Bank is signalling a period of gradually rising interest rates is, of course, that the economy has now left the oil crisis well behind. Growth is therefore above trend, which means that capacity utilisation is rising and unemployment is falling. Wage growth is also on the way up, albeit moderately. It is therefore time to draw a line under the period of extremely expansionary monetary policy (i.e. low interest rates) and begin the process of normalising interest rates, even though inflation is still well below target.

Higher capacity utilisation forcing higher interest rates



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

21/6 Bank of England review: BoE leaves the door open for an August hike

Bank of England kept its monetary policy unchanged with a 6-3 vote and changed its QE guidance saying it won't reduce QE stock before the key interest rate reaches 1.5%.

21/6 Norges Bank Review: Norges Bank to hike rates in September

As expected, Norges Bank (NB) left the sight deposit rate unchanged at 0.50% this morning. Also as expected, the Board reiterated the intention to raise rates in September.

20/6 Research Japan - Heading for lower but perhaps more self-driven growth

We think the fast pace from last year is over for now and expect GDP growth at 1.0% this year and 1.1% in 2019. In 2020 the consumption tax hike will weigh on growth, which we expect will end up at 0.5%.

19/6 US-China Trade - Trade war becomes a reality as Trump pushes further

As we wrote yesterday in *'US-China trade - From 1Grand Bargain towards trade war?',* **an escalation into a trade war had become increasingly likely. Yesterday evening, that trade war became a reality when Trump warned of a further 10% tariffs on Chinese imports worth USD200bn, with no signs of negotiations in sight.**

19/6 Italian Politics Monitor - Market pressure on Italy likely to return in September

Finance Minister Giovanni Tria's comments have calmed markets but we think it is too soon to declare the Italy crisis over just yet. Market pressure is likely to return in September when the government publishes its budget proposal.

18/6 FX Forecast Update - ECB rate guidance delays EUR bounce

Danske Bank's FX forecasts.

18/6 US-China Trade - From 'Grand Bargain' towards trade war?

The US-China trade frictions escalated further over the weekend and we are unfortunately moving away from the 'Grand Bargain' scenario towards the 'trade war' scenario.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Wage growth[1]	Unem-ploym[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Denmark	2017	2.2	1.5	1.2	3.7	4.4	4.1	1.1	1.7	4.2	1.0	36.4	7.8
	2018	1.8	2.3	1.1	5.0	0.5	3.6	0.9	1.9	4.0	-0.2	35.1	6.5
	2019	1.8	2.4	0.5	1.5	2.7	2.4	1.5	2.3	3.8	-0.2	34.4	7.2
Sweden	2017	2.5	2.2	0.4	5.9	3.6	4.8	1.8	2.5	6.7	1.2	41.0	4.2
	2018	2.0	2.0	0.6	3.0	3.8	4.2	1.7	2.6	7.1	1.0	37.0	2.8
	2019	1.9	1.8	0.8	0.4	4.7	3.8	1.4	2.7	7.6	0.8	35.0	3.2
Norway	2017	1.8	2.3	2.0	3.5	0.8	2.2	1.8	2.3	2.7	-	-	-
	2018	2.5	2.3	1.9	2.0	2.0	2.5	2.4	3.0	2.4	-	-	-
	2019	2.3	2.5	1.9	3.5	2.4	2.3	1.6	3.5	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	2017	2.6	1.7	**1.2**	**3.5**	5.5	4.5	1.5	1.6	9.1	-0.9	86.7	3.5
	2018	2.1	2.1	**1.8**	**3.4**	4.1	3.3	1.6	1.9	8.4	-0.7	86.0	3.4
	2019	1.7	2.1	**2.4**	**2.1**	3.3	3.8	1.4	2.1	8.0	-0.6	85.5	3.4
Germany	2017	2.5	2.0	1.5	4.0	5.3	5.6	1.7	2.6	3.7	1.3	64.1	8.0
	2018	2.1	1.5	0.8	4.3	3.6	3.4	1.8	2.8	3.4	1.2	60.2	7.9
	2019	1.9	2.3	2.1	3.3	3.8	5.3	1.7	3.0	3.3	1.0	56.3	7.6
Finland	2017	2.7	1.7	1.6	5.8	7.8	3.7	0.7	0.2	8.6	-0.6	61.3	0.7
	2018	2.7	2.1	0.9	4.0	4.2	4.2	1.0	2.0	8.0	-0.3	59.1	0.5
	2019	2.0	1.6	0.5	3.5	4.5	4.0	1.4	2.3	7.7	-0.1	57.6	0.7

Macro forecast, Global

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Wage growth[1]	Unem-ploym[3]	Public budget[4]	Public debt[4]	Current acc.[4]
USA	2017	2.3	2.8	0.1	4.0	3.4	4.0	2.1	2.5	4.4	-3.5	105.0	-2.5
	2018	2.5	2.4	1.3	5.3	4.2	4.4	2.5	2.6	3.9	-4.0	106.0	-3.0
	2019	2.3	2.3	1.1	4.0	3.1	3.0	2.0	2.8	3.6	-4.6	107.0	-3.4
China	2017	6.9	-	-	-	-	-	2.0	9.0	4.1	-3.7	47.6	1.4
	2018	6.6	-	-	-	-	-	2.3	8.7	4.3	-3.4	50.8	1.1
	2019	6.4	-	-	-	-	-	2.3	8.5	4.3	-3.4	53.9	1.2
UK	2017	1.8	1.7	0.1	4.0	5.7	3.2	2.7	2.2	4.4	-1.9	87.7	-4.1
	2018	1.1	1.1	1.1	2.9	1.3	1.2	2.5	2.5	4.2	-1.8	85.4	-4.4
	2019	1.2	1.2	0.4	1.3	2.6	2.0	1.5	2.9	4.1	-1.7	85.3	-4.0

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

Financial forecast

Bond and money markets

		Key int. rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	22-Jun	2.00	2.33	2.83	2.98	116.6	-	639.0
	+3m	2.00	2.45	2.80	3.05	117.0	-	636.3
	+6m	2.25	2.67	3.00	3.15	120.0	-	620.4
	+12m	2.75	2.97	3.30	3.35	125.0	-	595.4
EUR	22-Jun	0.00	-0.32	-0.17	0.90	-	116.6	745.3
	+3m	0.00	-0.33	-0.15	0.95	-	117.0	744.5
	+6m	0.00	-0.33	0.00	1.05	-	120.0	744.5
	+12m	0.00	-0.33	0.10	1.45	-	125.0	744.3
JPY	22-Jun	-0.10	-0.04	0.05	0.26	128.5	110.2	5.80
	+3m	-0.10	-	-	-	128.7	110.0	5.78
	+6m	-0.10	-	-	-	134.4	112.0	5.54
	+12m	-0.10	-	-	-	140.0	112.0	5.32
GBP	22-Jun	0.50	0.63	1.05	1.54	87.7	133.0	849.6
	+3m	0.75	0.82	1.15	1.70	86.5	135.3	860.7
	+6m	0.75	0.82	1.45	1.90	84.0	142.9	886.3
	+12m	1.00	1.07	1.70	2.15	83.0	150.6	896.7
CHF	22-Jun	-0.75	-0.73	-0.54	0.41	115.4	98.9	646.0
	+3m	-0.75	-	-	-	116.0	99.1	641.8
	+6m	-0.75	-	-	-	119.0	99.2	625.6
	+12m	-0.75	-	-	-	122.0	97.6	610.0
DKK	22-Jun	0.05	-0.31	-0.05	1.05	745.3	639.0	-
	+3m	0.05	-0.30	-0.05	1.10	744.5	636.3	-
	+6m	0.05	-0.30	0.10	1.20	744.5	620.4	-
	+12m	0.05	-0.30	0.20	1.60	744.3	595.4	-
SEK	22-Jun	-0.50	-0.35	-0.18	1.12	1032.4	885.2	72.2
	+3m	-0.50	-0.45	-0.20	1.05	1020.0	871.8	73.0
	+6m	-0.50	-0.40	-0.15	1.25	1040.0	866.7	71.6
	+12m	-0.50	-0.40	-0.10	1.55	1020.0	816.0	73.0
NOK	22-Jun	0.50	1.01	1.43	2.19	942.1	807.8	79.1
	+3m	0.50	1.15	1.55	2.40	930.0	794.9	80.1
	+6m	0.75	1.30	1.70	2.55	930.0	775.0	80.1
	+12m	1.00	1.50	1.90	2.75	920.0	736.0	80.9

Commodities

		2018				2019				Average	
	22-Jun	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
NYMEX WTI	66	63	68	68	68	69	69	70	70	67	70
ICE Brent	74	67	75	72	72	72	72	74	74	72	73

Source: Danske Bank

Calendar

Key Data and Events in Week 26

During the week				Period	Danske Bank	Consensus	Previous
Mon 25	EUR	Ireland, GDP	q/q|y/y	1st quarter			3.2%|8.4%
Wed 27 - 28	EUR	European Council Meeting					

Monday, June 25, 2018				Period	Danske Bank	Consensus	Previous
-	EUR	Ireland, GDP	q/q|y/y	1st quarter			3.2%|8.4%
7:00	JPY	Leading economic index, final	Index	Apr			105.6
10:00	DEM	IFO - business climate	Index	Jun		*101.8*	102.2
10:00	DEM	IFO - current assessment	Index	Jun		*105.7*	106.0
10:00	DEM	IFO - expectations	Index	Jun		*98.0*	98.5
16:00	USD	New home sales	1000 (m/m)	May		*665*	662.0 (-1.5%)

Tuesday, June 26, 2018				Period	Danske Bank	Consensus	Previous
8:00	DKK	Retail sales	m/m|y/y	May			-0.1%|-0.6%
9:30	SEK	PPI	m/m|y/y	May			0.6%|4.9%
16:00	USD	Conference Board consumer confidence	Index	Jun		*127.5*	128.0
19:45	USD	Fed's Kaplan (non-voter, neutral) speaks					

Wednesday, June 27, 2018				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m|y/y	May		*-0.5%|...*	1.6%|1.2%
-	EUR	ECB's Praet speaks in Dutch Parliament					
3:30	CNY	Industrial profits	y/y	May			21.9%
8:00	NOK	Unemployment (LFS)	%	Apr	**3.8%**	*3.8%*	3.9%
8:45	FRF	Consumer confidence	Index	Jun		*100.0*	100.0
10:00	EUR	Money supply (M3)	y/y	May		*3.8%*	3.9%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	May		*3.8%*	3.9%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	May		*3.8%*	3.9%
10:30	GBP	BoE Financial Stability Report					
14:30	USD	Core capital goods orders, preliminary	%	May		*0.5%*	1.0%
14:30	USD	Advance goods trade balance	USD bn	May		*-68.9*	-67.3
16:00	USD	Pending home sales	m/m|y/y	May		*1.0%|...*	-1.3%|0.4%
16:30	USD	DOE U.S. crude oil inventories	K				-5914
18:15	USD	Fed's Rosengren (non-voter, hawk) speaks					
23:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%		**1.8%**	*1.8%*	1.8%

Thursday, June 28, 2018				Period	Danske Bank	Consensus	Previous
1:50	JPY	Retail trade, preliminary	m/m|y/y	May		*-0.9%|1.2%*	1.3%|1.5%
8:00	NOK	Credit indicator (C2)	y/y	May			6.3%
8:00	DEM	GfK consumer confidence	Net. Bal.	Jul		*10.6*	10.7
8:00	DKK	Business Confidence	Net balance	Jun			
9:00	ESP	HICP, preliminary	m/m|y/y	Jun		*0.2%|2.3%*	0.9%|2.1%
9:30	SEK	Retail sales s.a.	m/m|y/y	May	**0.0%|2.6%**		0.6%|3.6%
9:30	SEK	Trade balance	SEK bn	May	**-2.0**		-6.5
10:00	EUR	ECB Publishes Economic Bulletin					
11:00	EUR	Business climate indicator	Net bal.	Jun		*1.4*	1.5
11:00	EUR	Industrial confidence	Net bal.	Jun		*6.2*	6.8
11:00	EUR	Economic confidence	Index	Jun		*112*	112.5
11:00	EUR	Consumer confidence, final	Net bal.	Jun		*-0.5*	-0.5
11:00	EUR	Service confidence	Net bal.	Jun		*14.0*	14.3
11:00	ITL	HICP, preliminary	m/m|y/y	Jun		*0.2%|1.4%*	0.3%|1.0%
14:00	DEM	HICP, preliminary	m/m|y/y	Jun		*0.1%|2.1%*	0.6%|2.2%
14:30	USD	GDP, second release	q/q AR	1st quarter		*0.022*	0.022
14:30	USD	Initial jobless claims	1000				
14:30	USD	PCE core	q/q AR	1st quarter			0.023
16:45	USD	Fed's Bullard (non-voter, dovish) speaks					

Source: Danske Bank

Calendar (continued)

Friday, June 29, 2018				Period	Danske Bank	Consensus	Previous
1:01	GBP	GfK consumer confidence	Index	Jun		*-7.0*	-7.0
1:30	JPY	Unemployment rate	%	May		*2.5%*	2.5%
1:30	JPY	Job-to-applicant ratio		May		*1.59*	1.59
1:50	JPY	Industrial production, preliminary	m/m|y/y	May		*-1.0%|3.4%*	0.5%|2.6%
7:00	JPY	Consumer confidence	Index	Jun		*43.8*	43.8
8:00	DKK	CB's securities statistics		May			
8:00	DKK	Foriegn portfolio investments		May			
8:00	NOK	Retail sales, s.a.	m/m	May	**0.3%**	*0.3%*	0.6%
8:00	DKK	Gross unemployment s.a.	K (%)	May			0.04
8:00	DKK	GDP, final	q/q|y/y	1st quarter			0.4%|...
8:45	FRF	Household consumption	m/m|y/y	May		*0.9%|0.5%*	-1.5%|0.2%
8:45	FRF	HICP, preliminary	m/m|y/y	Jun		*0.1%|2.4%*	0.5%|2.3%
9:00	CHF	KOF leading indicator	Index	Jun		*100.4*	100.0
9:30	SEK	Wages (blue collars/white collars)	y/y	Apr			2.5%
9:30	SEK	Household lending	y/y	May	**6.7%**		6.8%
9:55	DEM	Unemployment	%	Jun		*5.2%*	5.2%
10:00	NOK	Unemployment	%	Jun	**2.2%**	*2.2%*	2.2%
10:00	NOK	Norges Bank's daily FX purchases	m	Jul			-750
10:30	GBP	Broad money M4	m/m|y/y	May			0.2%|1.1%
10:30	GBP	GDP, final	q/q|y/y	1st quarter		*0.1%|1.2%*	0.1%|1.2%
10:30	GBP	Index of services	m/m|3m/3m	Apr		*0.3%|0.0%*	0.1%|0.3%
10:30	GBP	Mortgage approvals	1000	May		*62*	62.5
11:00	EUR	HICP - core inflation, preliminary	y/y	Jun		*1.0%*	1.1%
11:00	EUR	HICP inflation, preliminary	y/y	Jun	**2.0%**	*2.0%*	1.9%
14:30	USD	Personal spending	m/m	May		*0.4%*	0.6%
14:30	CAD	GDP	m/m|y/y	Apr			0.3%|2.9%
14:30	USD	PCE core	m/m|y/y	May	**0.2%|1.9%**	*0.2%|1.9%*	0.2%|1.8%
14:30	USD	PCE headline	m/m|y/y	May		*0.2%|2.2%*	0.2%|2.0%
15:45	USD	Chicago PMI	Index	Jun		*60.5*	62.7
16:00	USD	University of Michigan Confidence, final	Index	Jun		*99.2*	99.3

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Source: Danske Bank

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