

Weekly Focus

More bad news from the euro area

Market Movers ahead

- In the US, we look for a small rebound in ISM manufacturing and a further moderation in employment growth to around 100,000. Attention will also remain on the prospect of possible impeachment of US President Donald Trump.
- Chinese PMI data for September will give more insight into the extent of the economy's weakness. We expect the numbers to still show weakness but not point to a hard landing.
- We project the flash release for euro area inflation to fall to 0.9% in September from 1.0% in August.
- Brexit will also stay in focus with the deadline of 31 October only one month away.
- In Scandi, focus turns to PMI data in all countries, Norwegian retail sales and a slew of speeches by Riksbank members.

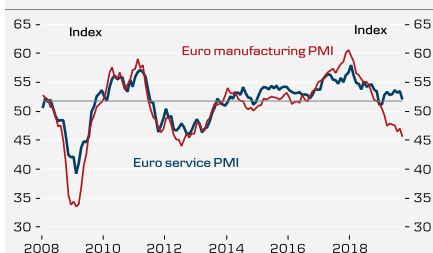
Weekly Wrap-up

- Gloomy euro area PMIs add to recession fears in Europe.
- High-level US-China trade talks likely to come in the week of 7 October.
- US President Donald Trump faces significant pressure as the Democrats initiate an impeachment inquiry.
- UK Supreme Court rules against Prime Minister Boris Johnson, judging the suspension of parliament unlawful.
- Stock markets ease, USD continues to strengthen.

Focus

- *A Deep Dive Into The Global Recession Risk*, 27 September

Euro area manufacturing PMI as low as during Euro debt crisis



Source: Macrobond Financial

We look for a drop in the China Caixin PMI but a small rise in NBS PMI



Source: Macrobond Financial

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

	27-Sep	3M	12M
10yr EUR swap	-0.17	-0.20	-0.10
EUR/USD	109	110	115
ICE Brent oil	62	65	60

Source: Danske Bank

Follow us on Twitter



@Danske_Research

Editor

Chief Analyst
Allan von Mehren
+45 4512 8055
alvo@danskebank.dk

Market movers

Global

- In the **US**, we have quite a few important data releases in the coming week, with ISM manufacturing and ISM non-manufacturing for September due on Thursday and the jobs report for September due on Friday. The regional Philly and Empire PMIs suggest ISM manufacturing will come in stronger m/m in September. The Markit PMI also recovered to a five-month high at 51.0 in September. We expect ISM manufacturing to come in around 50.0 (49.9 in August).

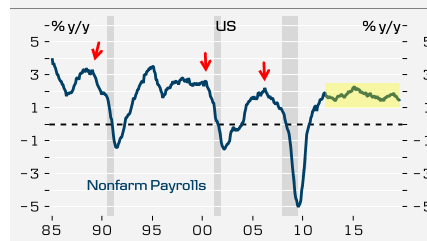
The labour market has shown weakness for some time, which makes sense as economic growth has slowed in recent quarters. Monthly changes in nonfarm payrolls tend to be volatile and hence are difficult to predict, but we are concerned about the warning signs from the Markit PMI employment index, which suggests employment growth has fallen below the breakeven rate of ~100,000 per month. Decelerating employment growth is an important recession tracker. We expect employment growth to come in around 100,000.

Next week, we will also focus on several Fed speeches due on Tuesday, Wednesday and Thursday. We will watch closely for any signals that the Fed could ease again in October.

- In the **euro area**, next week will bring the September flash HICP inflation prints for both Germany and the euro area on Monday and Tuesday, respectively. The euro area numbers are of high interest since it is not only headline inflation that has slumped (to only 1.0% in August), but market-based inflation expectations are also sliding again and are back below levels when the ECB September package was announced. Furthermore, core inflation has been hovering around 1.0% in the last two years, despite a decent pick-up in wage growth. This is challenging the ECB's credibility in delivering its inflation mandate. Hence, inflation remains a dilemma for the ECB and since energy prices continue to suffer strong downward pressure from base effects (despite the drone attack in Saudi Arabia), there is no imminent catalyst to brighten the euro area inflation outlook. With energy price inflation falling further into negative territory and core inflation stuck at 1.0%, we expect headline inflation to print at 0.9% in September.

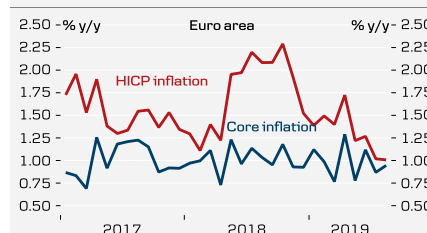
After years in the works, the €STR (euro short-term rate) will be introduced next week amid EONIA ceasing to be calculated as we know it (and permanently discontinued on 3 January 2022). The first €STR fixing will be published on Wednesday, 2 October, based on 1 October data. €str will be set entirely on daily information relating to money market transactions, not only to the interbank lending (as EONIA), but would also include other bank lending, such as money market funds, etc. The €STR is an unsecured borrowing rate (compared to EONIA, an unsecured lending rate). The €STR is calculated as a volume-weighted trimmed mean (with high/low 25% removed). We expect €STR to fix around -54bp given the fixed spread of 8.5bp and the current EONIA level at -0.457%. For more, see also [ECB website](#).

Employment growth continues to decelerate



Source: BLS, Macrobond Financial

Will the slump in HICP continue?



Source: Eurostat, Macrobond Financial

- In the **UK**, the focus is on Brexit now Parliament has returned to session following the UK Supreme Court's ruling that the prorogation ('suspension') of Parliament was unlawful. The small majority against a no deal Brexit will likely attempt to make the Brexit Delay Bill more watertight than it already seems to be, so that Prime Minister Boris Johnson cannot get around to asking for an extension after the EU summit. The Conservative Party Conference kicks off on Sunday. We do not expect any major Brexit proclamations at the conference, but based on the 2017 and 2018 experience, it is easier for the incumbent prime minister to compromise *after* the party conference (party members are more pro-Brexit than the Conservative voters are).

With respect to economic releases next week, the PMIs for September are due out. We think they will continue to show that the UK economy is growing slowly. One interesting thing to watch is the inventory component of the PMI manufacturing index, as companies have yet to start stockpiling ahead of the 31 October deadline as they did before the 29 March deadline.

- In **Japan**, we have several interesting key figures set for release at the beginning of next week. On Monday, we get August retail sales and industrial production. The overall story so far, as in many other countries, has been that the manufacturing sector has been struggling with the global slowdown, albeit to a limited extent. However, domestic demand has been solid. In July, retail sales plunged, which poses the question of whether weakness is starting to spill over. For now, we expect retail sales to bounce back, if nothing else due to frontloading ahead of the October VAT hike, but the Bank of Japan will likely be watching closely for potential spillovers to domestic demand.

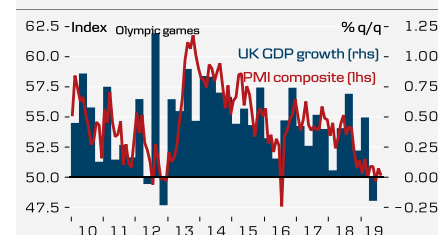
On Tuesday, the Bank of Japan's quarterly Tankan business survey of corporate activity is due for release. This provides a significant amount of information on how Japanese businesses are weathering the global slowdown and how they see prospects for the coming months. It will be particularly interesting to see how much the VAT hike is affecting businesses expectations for Q4.

- The focus in **China** will be on September PMI data. We look for a drop in the private Caixin PMI manufacturing index from 50.4 to 50.0 (consensus 50.2). It has stayed at a higher level than the official PMI manufacturing index from NBS. We expect the latter to rise from 49.5 to 49.7 (consensus 49.6) in September. Overall, these levels reflect a weak Chinese economy but not a recession. As usual, we will also keep an eye on comments related to the US-China trade war. High-level talks are set to be back on the table in the week starting 7 October.

China will also be celebrating the 70-year anniversary of the People's Republic of China on 1 October. A parade of 100,000 people and military equipment is expected to roll through Beijing. The National Day Holiday follows on 1-7 October.

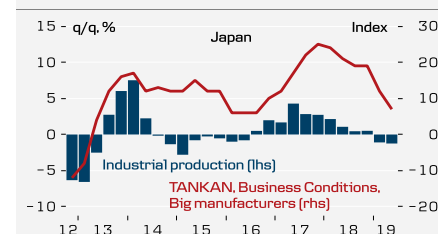
- We expect **India** to cut the repo rate on Friday from 5.40% to 5.0%. The Indian economy has slowed significantly this year and inflation is below the 4% inflation target.

UK PMIs say UK is stagnating



Source: IHS Markit, ONS, Macrobond Financial

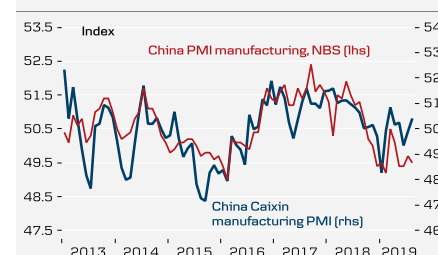
Likely to see further weakening signals from Tankan business survey



Note: Business conditions is calculated by subtracting the percentage share of enterprises responding "unfavourable" from that of "favourable".

Source: Japanese Ministry of Economy, Bank of Japan, Macrobond Financial

We look for a drop in the Caixin PMI but a small rise in NBS PMI



Source: Macrobond Financial, NBS, Danske Bank

Scandi

- In **Denmark**, the coming week will see a number of interesting statistics published. The week kicks off with Statistics Denmark's figures for property prices in July. Both house and apartment prices have grown rather modestly this year, with apartment prices, in particular, showing weakness, though they have gained a little ground in recent months.

Nordic Outlook, Danske Bank's view on the current state of the Nordic economies and its forecasts for the coming years, is due to be published on Tuesday.

Danmarks Nationalbank is set to release September figures for its FX reserves on the same day. The Danish krone (DKK) weakened in the wake of the rate cuts from the ECB and the Danish central bank in the middle of this month. However, this has probably not triggered any intervention, as Danmarks Nationalbank has generally shown great patience this year in relation to the sustained weakness of the DKK. Danmarks Nationalbank last intervened in the FX market in January.

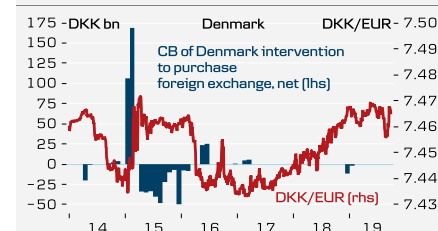
The government is set to release its draft budget on Wednesday, while the week concludes with Statistic Denmark's figures for bankruptcies and forced home sales in September.

- Next week, Sweden's PMI is due for release. Since March 2017, we have seen a downward trend. However, during 2019, this trend has stabilised, which is different to other countries, especially when comparing with the euro zone. Germany's PMI came out this week showing that the downward trend continued. As seen in the chart on the right, the spread between the Swedish and German PMIs has never been this wide. Historically, this means that at some point, these curves will come together, so the downside risk remains high for Swedish industry.

Except the PMI, there are not many other economic data releases. Instead, we have many Riksbank speeches, where Jansson's and Ohlsson's will probably be the most interesting since theirs will be about the economic situation. It will be interesting to see if they mention the need for fiscal policy to take greater responsibility for the stabilisation policy in the future.

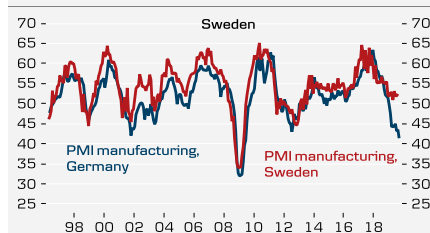
- In **Norway**, retail sales have picked up again since spring after a weak period. We think this is mainly a result of purchasing power being boosted by stronger wage growth and – thanks to lower power prices – weaker inflation. Looking through the monthly volatility, retail sales have been trending up, with an increase of 0.8% m/m in July. We expect a moderate rise of 0.2% m/m in August, while acknowledging that the surprisingly weak clothing prices in August may have been a reflection of weak sales. There was a marked correction in the PMI to 53.8 in August after a sharp fall in June and July. We think much this fluctuation could be due to problems with seasonal adjustment over the summer months, so we may see somewhat weaker figures for September. On the other hand, oil-related industries are so strong at the moment that there is little reason to fear that the index might collapse towards the levels of its European counterparts. We therefore anticipate a moderate decrease in the PMI to 52.8 in September, which would be consistent with growth slightly above trend.

DKK weak after rate cut



Source: Central Bank of Denmark, Macrobond Financial

Will the large spread continue?



Source: Swedbank, Macrobond Financial

Market movers ahead

Global movers			Event		Period	Danske	Consensus	Previous
During the week			GBP	Conservative party conference starts				
Mon	30-Sep	-	DEM	Retail sales	m/m y/y	Aug	0.5% 2.9%	-1.6% 4.4%
		1:50	JPY	Industrial production, preliminary	m/m y/y	Aug	-0.5% -3.9%	1.3% 0.7%
		1:50	JPY	Retail trade	m/m y/y	Aug	2.4% 0.7%	-2.3% -2.0%
		3:00	CNY	PMI manufacturing	Index	Sep	49.7	49.6
		3:00	CNY	PMI non-manufacturing	Index	Sep	53.9	53.8
		3:45	CNY	Caixin PMI manufacturing	Index	Sep	50.0	50.2
Tue	01-Oct	1:50	JPY	Tankan large manufacturers index (outlook)	Index	3rd quarter	1.0	7.0 7.0
		6:30	AUD	Reserve Bank of Australia rate decision	%		0.75%	0.75%
		10:30	GBP	PMI manufacturing	Index	Sep	47.0	47.4
		11:00	EUR	HICP - core inflation, preliminary	y/y	Sep	1.0%	1.0%
		11:00	EUR	HICP inflation, preliminary	y/y	Sep	0.9%	1.0%
		16:00	USD	ISM manufacturing	Index	Sep	50.0	50.5
Wed	02-Oct	-	EUR	Introduction of €str	bp		-54	49.1
		-	PLN	Polish central bank rate decision	%		1.5%	1.5%
Thurs	03-Oct	10:30	GBP	PMI services	Index	Sep	50.0	50.3
		16:00	USD	ISM non-manufacturing	Index	Sep	55.0	56.4
Fri	04-Oct	14:30	USD	Non farm payrolls	1000	Sep	100	140
Scandi movers								
During the week								
Mon	30-Sep	8:00	NOK	Retail sales, s.a.	m/m	Aug	-0.2%	-0.2%
		8:00	DKK	House and apartment prices	q/q y/y	Jul		0.8%
Tue	01-Oct	6:00	DKK	Danske Bank publishes Nordic Outlook				
		8:30	SEK	PMI manufacturing	Index	Sep		52.4
		9:00	NOK	PMI manufacturing	Index	Sep	52.8	53.8
Wed	02-Oct	12:00	DKK	Danish government budget propossal				
		17:00	DKK	Currency reserves	DKK bn	Sep		446.6
Fri	04-Oct	8:00	DKK	Bankruptcies (s.a.)		Sep		
		8:00	DKK	Enforced sales (s.a.)		Sep		

Source: Bloomberg, Danske Bank

Weekly Wrap-Up

More bad news from the euro area

Main macro themes

- **Gloomy Euro PMI data raises recession fears for the euro area.** The manufacturing PMI hit a seven-year low and service sector data showed more spill-over to this part of the economy as well. US PMIs, on the other hand, rebounded and housing numbers are strengthening on the back of the sharp drop in mortgage rates this year.
- **US Treasury Secretary said a Chinese high-level delegation** will likely come for trade talks in Washington in the week starting 7 October. We've had differing signals on the trade front lately, but both sides seem interested in striking a limited interim deal in the short term where China buys more agricultural goods in exchange for the US postponing some tariff increases. However, we still believe there is a long way to a real deal despite Trump saying this week it could come sooner than people expect.
- **The US Democrats have started an inquiry into impeaching US President Donald Trump.** On a call with the Ukraine President Volodymyr Zelensky in July Trump asked Zelensky's government to work with Trump's own lawyer as well as the US Attorney General to *investigate* Joe Biden and his son.
- **The UK Supreme Court ruled that Boris Johnson's suspension of Parliament was unlawful.** It doesn't change much with regard to Brexit, though, as Parliament has already passed a law that forces the government to ask the EU for a Brexit delay no later than 19 October. Johnson wants a general election, Labour's Jeremy Corbyn will only go to election if the Brexit deadline is postponed, which Johnson refuses to do.

Financial market developments

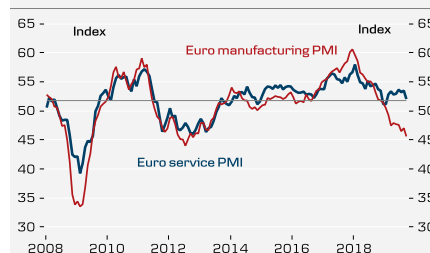
- **Stock markets faded a little this week** after a rally had pushed the US S&P500 to previous cycle highs. The impeachment inquiry and mixed signals on trade talks took the air out of the market.
- **US and German bond yields** have trodden water this week after resuming their decline last week. We look for a further drop in yields in coming months on the back of a global economy facing significant headwinds and inflation pressures subdued for the foreseeable future.
- **In FX markets EUR/USD dropped to a new cycle low** as the US economy continues to outperform the euro area and comments from members of the Federal Reserve were a bit on the hawkish side. **Oil markets have calmed down again** as the fear of a US-Iran military conflict has eased, with Brent back at USD62 per barrel after spiking temporarily from USD60 to USD70 following the attacks on Saudi oil facilities.

Financial views

Major indices			
	27-Sep	3M	12M
10yr EUR swap	-0.17	-0.20	-0.10
10yr US swap	1.57	1.30	1.10
ECB key rate	-0.50	-0.50	-0.50
Fed funds rate	2.00	1.50	1.00
EUR/SEK	1067	1080	1100
EUR/NOK	992	1000	950
EUR/USD	109	110	115
ICE Brent oil	62	65	60

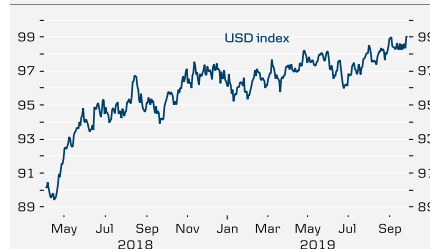
Source: Danske Bank

Euro PMI manufacturing at new low and services feeling more spill-over



Source: Macrobond Financial, Danske Bank

US economic outperformance has lifted the USD



Source: Macrobond Financial, US Census Bureau

Scandi update

Denmark – employment, retail sales and property taxes up

Monday saw the release of new wage earner employment figures for July. While May and June had seen no movement, July proved that the upswing in the labour market has not completely stalled, with 3,900 more jobs created, of which 2,500 were in the corporate sector. Nevertheless, the increase is hardly enough to keep pace with the expansion of the labour force, which is why we will probably see an increase in unemployment.

On Tuesday, the Danish parliament's Finance Committee approved the finances of a deal between the government and the municipalities for 2020. In connection with this, the basis for the so-called 'grundskyld' property tax was regulated at 5.8%, which will mean an increase of 5.8% in this property tax for many homeowners next year, with the more expensive municipalities being harder hit. In all, there will be increases in 46 out of 98 municipalities, according to our calculations.

Statistics Denmark published retail sales figures for August on Thursday and at the same time revised the figures for the two previous months higher. Retail sales rose 0.3% in August, mainly on the back of grocery and consumer goods sales, while clothing sales once again pulled in the other direction. Retail sales have moved just marginally higher in 2019, so the consumption upswing has remained rather modest despite Danes having more money in their pockets.

The week ended with Statistics Denmark's business confidence measure, which indicated that the deteriorating sentiment in global business has also taken hold among Danish companies. The global trend of a weak industrial and strong service sector can also be seen in the Danish business confidence figures, where the industrial indicator is at its lowest level since 2016, while service sector companies remain rather upbeat. As yet, however, there has been no sign of weakness in industrial production.

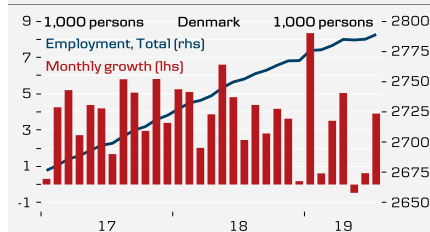
Sweden – more signs of slow down

The recent NIER business and consumer confidence survey are basically more of the same compared with earlier surveys. In part, the interpretation depends on whether you focus on levels (which the RB currently does) or the direction of data. As an example, looking at the private business sector in total, the NIER on the one hand states that businesses' views on current demand are still slightly better than the historical average, while on the other hand, the demand condition has been on a downward trend over the last year.

Comparing manufacturing and services producers we see a similar pattern as in the eurozone. Manufacturers' production plans are now about as downbeat as during the euro crisis. Services producers are not there yet, but expectations of future demand for the firms' services were in September below the historical average for the ninth consecutive month.

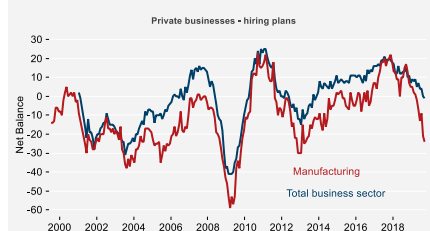
Looking at hiring plans, the picture is the same. Private businesses say that staff levels have been about unchanged in the past few months and hiring plans for the next few months are roughly unchanged as well. Manufacturing is an exception with hiring plans close to the lows of 2012. How does this match with employment data which say that the number of employed and working hours has started to decline? We think the answer is the municipal sector. Data suggest that employment in this particular sector (which of course is not covered in the NIER survey) has dropped quite significantly of late and we suspect that this is explained by the fact that many local governments (unlike the central government) are

Labour market not quite stalled



Source: Statistics Denmark, Macrobond Financial

Softer hiring plans, especially in manufacturing



Source: NIER

under financial pressure. Notice that local governments are not allowed to run deficits. If deficits occur, corrective measures must be taken, either by raising taxes – or cutting costs.

Back to the survey, we also observed that consumers' expectations of unemployment over the next 12 months jumped to a six year high. Honestly speaking this might very well reflect the intense media attention to worsening labour market conditions. Nonetheless, it is worth keeping an eye on in case of potential second round effects on big-ticket spending.

Norway – nothing this week

Latest research from Danske Bank

27/9 China Weekly Letter - October trade talks on track but tensions still run high

High-level trade talks on track for week starting 7 October.

27/9 A Deep Dive Into The Global Recession Risk

In this presentation we take a deep dive into the risk of a global recession, possible drivers and the policy space to counter a downturn.

24/9 Finland Research - Farewell to austerity

The Finnish economy continues to slow down, but consumption remains a bright spot.

24/9 FX Forecast Update: Scandi fragility to rule well into autumn

Since our previous Forecast Update on 5 August, markets have turned more optimistic regarding October trade talks and no-deal Brexit fears.

23/9 Macro Strategy Views Podcast: Weak global growth amid geopolitical risks

In our weekly podcast, Macro Strategy Views, we reflect on the weak underlying global macroeconomic momentum and the possible impact from two key current geopolitical risk factors...

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	1.5	2.2	0.9	6.5	0.4	3.3	0.8	2.3	3.9	0.5	34.1	5.7
	2019	1.7	1.5	0.4	-1.6	2.3	1.7	1.0	2.2	3.8	0.5	32.5	6.2
	2020	1.6	2.3	0.5	3.0	1.7	2.1	1.3	2.5	3.8	0.0	31.5	6.6
Sweden	2018	2.5	1.2	0.9	4.0	3.9	3.8	2.0	2.6	6.3	0.9	38.5	0.4
	2019	1.3	0.4	0.6	-0.9	4.4	2.0	1.7	2.6	6.6	0.1	34.0	4.0
	2020	1.5	1.8	1.5	0.6	3.3	2.6	1.5	2.7	7.1	0.5	33.0	4.1
Norway	2018	2.2	1.9	1.4	2.8	-0.2	1.9	2.7	2.8	2.4	-	-	-
	2019	2.6	2.0	1.7	4.8	3.0	3.3	2.5	3.3	2.3	-	-	-
	2020	2.3	2.4	1.7	3.0	3.5	2.7	1.7	3.8	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	2.3	3.5	2.7	1.8	2.3	8.2	-0.5	85.1	3.6
	2019	1.2	1.2	1.5	2.6	2.4	2.6	1.2	2.2	7.7	-0.9	85.8	3.3
	2020	0.9	1.4	1.8	1.4	1.4	2.6	0.9	2.3	7.5	-0.9	84.3	3.2
Germany	2018	1.5	1.2	1.4	3.5	2.3	3.7	1.9	3.0	3.4	1.7	60.9	7.3
	2019	0.5	1.5	2.1	2.9	0.8	2.8	1.4	3.2	3.1	1.0	58.4	6.0
	2020	0.7	1.4	2.3	1.3	0.7	2.7	1.5	3.0	3.0	0.8	55.6	5.9
Finland	2018	1.7	1.8	1.5	3.3	2.2	5.0	1.1	1.8	7.4	-0.7	59.1	-1.4
	2019	1.3	0.8	0.5	0.0	3.0	2.0	1.2	2.5	6.5	-0.3	58.3	-1.7
	2020	1.0	1.2	1.5	1.0	2.0	2.5	1.5	2.5	6.4	-0.2	57.3	-1.4

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	106.0	-2.3
	2019	2.3	2.5	2.3	1.6	-0.5	2.0	2.0	3.1	3.6	-4.2	106.0	-2.6
	2020	1.7	2.4	0.9	1.1	0.7	2.2	2.3	3.4	3.4	-4.2	106.0	-2.7
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	1.8	0.4	0.2	0.1	0.7	2.5	3.0	4.1	-1.5	86.8	-4.0
	2019	1.2	1.9	2.5	-0.6	0.7	4.2	1.9	3.5	3.8	-1.4	83.8	-3.8
	2020	1.3	1.6	1.3	-2.0	0.8	-2.4	1.4	3.5	3.6	-1.1	82.9	-3.5
Japan	2018	0.8	0.3	0.8	1.1	3.4	3.3	0.9	-	2.4	-	-	-
	2019	1.4	1.0	2.2	2.4	-1.7	-0.6	1.0	-	2.4	-	-	-
	2020	0.5	-0.3	1.7	0.6	1.7	1.2	1.6	-	2.5	-	-	-

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	27-Sep	2.00	2.10	1.65	1.57	109.1	-	684.1	909.1	977.5
	+3m	1.50	1.22	1.30	1.30	110.0	-	678.8	909.1	981.8
	+6m	1.00	1.00	0.90	1.00	113.0	-	660.4	858.4	964.6
	+12m	1.00	1.00	1.00	1.10	115.0	-	648.7	826.1	956.5
EUR	27-Sep	-0.50	-0.41	-0.45	-0.17	-	109.1	746.7	992.3	1066.9
	+3m	-0.50	-0.41	-0.50	-0.20	-	110.0	746.7	1000.0	1080.0
	+6m	-0.50	-0.41	-0.50	-0.20	-	113.0	746.3	970.0	1090.0
	+12m	-0.50	-0.41	-0.40	-0.10	-	115.0	746.0	950.0	1100.0
JPY	27-Sep	-0.10	-0.09	-0.15	-0.04	120.5	107.8	6.20	8.23	8.85
	+3m	-0.10	-	-	-	116.6	106.0	6.40	8.58	9.26
	+6m	-0.10	-	-	-	119.8	106.0	6.23	8.10	9.10
	+12m	-0.10	-	-	-	126.5	110.0	5.90	7.51	8.70
GBP	27-Sep	0.75	0.76	0.69	0.63	88.8	122.9	840.8	1117.4	1201.4
	+3m	0.75	0.79	0.70	0.70	90.0	122.2	829.7	1111.1	1200.0
	+6m	0.75	0.79	0.70	0.70	90.0	125.6	829.2	1077.8	1211.1
	+12m	0.75	0.79	0.80	0.75	90.0	127.8	828.9	1055.6	1222.2
CHF	27-Sep	-0.75	-0.76	-0.79	-0.45	108.5	99.4	688.0	914.3	983.0
	+3m	-0.75	-	-	-	110.0	100.0	678.8	909.1	981.8
	+6m	-0.75	-	-	-	112.0	99.1	666.3	866.1	973.2
	+12m	-0.75	-	-	-	114.0	99.1	654.4	833.3	964.9
DKK	27-Sep	-0.75	-0.44	-0.37	-0.09	746.7	684.1	-	132.9	142.9
	+3m	-0.75	-0.45	-0.40	-0.10	746.7	678.8	-	133.9	144.6
	+6m	-0.75	-0.45	-0.45	-0.15	746.3	660.4	-	130.0	146.1
	+12m	-0.75	-0.45	-0.35	-0.05	746.0	648.7	-	127.3	147.5
SEK	27-Sep	-0.25	-0.03	-0.07	0.24	1066.9	977.5	70.0	93.0	100.0
	+3m	-0.25	-0.10	-0.15	0.35	1080.0	981.8	69.1	92.6	-
	+6m	-0.50	-0.35	-0.30	0.35	1090.0	964.6	68.5	89.0	-
	+12m	-0.50	-0.35	-0.30	0.35	1100.0	956.5	67.8	86.4	-
NOK	27-Sep	1.50	1.77	1.84	1.67	992.3	909.1	75.2	100.0	107.5
	+3m	1.50	2.07	1.90	1.65	1000.0	909.1	74.7	-	108.0
	+6m	1.50	2.19	2.00	1.70	970.0	858.4	76.9	-	112.4
	+12m	1.75	2.32	2.05	1.70	950.0	826.1	78.5	-	115.8

Commodities													
	27-Sep	2019				2020				Average			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020		
ICE Brent	62	65	70	60	65	60	60	60	60	65	60		

Source: Dansk Bank

Calendar

Key Data and Events in Week 40

During the week				Period	Danske Bank	Consensus	Previous
Sun 29	GBP	Conservative party conference starts					
Sun 29	EUR	ECB's Lautenschlaeger speaks in Luxembourg					
Mon 30	DEM	Retail sales	m/m y/y	Aug		0.5% 2.9%	-1.6% 4.4%
Monday, September 30, 2019				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m y/y	Aug		0.5% 2.9%	-1.6% 4.4%
1:50	JPY	Industrial production, preliminary	m/m y/y	Aug		-0.5% -3.9%	1.3% 0.7%
1:50	JPY	Retail trade	m/m y/y	Aug		2.4% 0.7%	-2.3% -2.0%
3:00	CNY	PMI manufacturing	Index	Sep	49.7	49.6	49.5
3:00	CNY	PMI non-manufacturing	Index	Sep		53.9	53.8
3:45	CNY	Caixin PMI manufacturing	Index	Sep	50.0	50.2	50.4
8:00	NOK	Retail sales, s.a.	m/m	Aug	-0.2%	-0.2%	0.8%
8:00	DKK	Gross unemployment s.a.	K (%)	Aug			0.038
8:00	DKK	House and apartment prices	q/q y/y	Jul			
8:00	DKK	GDP, final	q/q y/y	2nd quarter			0.8% ...
9:00	CHF	KOF leading indicator	Index	Sep		96.0	97.0
9:00	ESP	HICP, preliminary	m/m y/y	Sep		0.5% 0.3%	-0.1% 0.4%
9:00	ESP	GDP, final	q/q y/y	2nd quarter		0.5% 2.3%	0.5% 2.3%
9:30	SEK	Wages (blue collars/white collars)	y/y	Jul			2.6%
9:55	DEM	Unemployment	%	Sep		5.0%	5.0%
10:00	NOK	Norges Bank's daily FX purchases	m	Oct			-700
10:30	GBP	GDP, final	q/q y/y	2nd quarter		-0.2% 1.2%	-0.2% 1.2%
11:00	ITL	HICP, preliminary	m/m y/y	Sep		1.7% 0.5%	0.0% 0.5%
11:00	EUR	Unemployment	%	Aug		7.5%	7.5%
14:00	DEM	HICP, preliminary	m/m y/y	Sep		0.0% 1.0%	-0.1% 1.0%
15:45	USD	Chicago PMI	Index	Sep		50.0	50.4
Tuesday, October 1, 2019				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Sep		17.05	16.97
-	CNY	National Day					
1:30	JPY	Unemployment rate	%	Aug		2.3%	2.2%
1:30	JPY	Job-to-applicant ratio		Aug		1.59	1.59
1:50	JPY	Tankan large manufacturers index (outlook)	Index	3rd quarter		1.0	7.0 7.0
1:50	JPY	Tankan large non-manufacturers index (outlook)	Index	3rd quarter		20.0	23.0 17.0
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Sep			48.9
6:00	DKK	Danske Bank publishes Nordic Outlook					
6:30	AUD	Reserve Bank of Australia rate decision	%		0.75%	0.75%	1.0%
8:30	SEK	PMI manufacturing	Index	Sep			52.4
9:00	NOK	PMI manufacturing	Index	Sep	52.8		53.8
9:15	ESP	PMI manufacturing	Index	Sep		48.2	48.8
9:15	USD	Fed's Evans (non-voter, dovish) speaks					
9:45	ITL	PMI manufacturing	Index	Sep		48.1	48.7
9:50	FRF	PMI manufacturing, final	Index	Sep		50.3	50.3
9:55	DEM	PMI manufacturing, final	Index	Sep		41.4	41.4
10:00	EUR	PMI manufacturing, final	Index	Sep		45.6	45.6
10:30	GBP	PMI manufacturing	Index	Sep	47.0	47.0	47.4
11:00	EUR	HICP - core inflation, preliminary	y/y	Sep	1.0%	1.0%	0.9%
11:00	EUR	HICP inflation, preliminary	y/y	Sep	0.9%	1.0%	1.0%
14:30	CAD	GDP	m/m y/y	Jul		0.1% 1.4%	0.2% 1.5%
15:30	CAD	RBC manufacturing PMI	Index	Sep			49.1
15:45	USD	Markit PMI manufacturing, final	Index	Sep			51.0
16:00	USD	Construction spending	m/m	Aug		0.4%	0.1%
16:00	USD	ISM manufacturing	Index	Sep	50.0	50.5	49.1
19:30	EUR	ECB's Weidmann speaks					

Source: Danske Bank

Calendar

Wednesday, October 2, 2019				Period	Danske Bank	Consensus	Previous
-	EUR	Introduction of €str	bp		-54		
-	CNY	National Day					
-	PLN	Polish central bank rate decision	%		1.5%	1.5%	1.5%
7:00	JPY	Consumer confidence	Index	Sep			37.1
8:30	CHF	CPI	m/m/y/y	Sep		0.1% 0.3%	0.0% 0.3%
10:30	GBP	PMI construction	Index	Sep		45.0	45.0
12:00	DKK	Danish government budget proposal					
14:15	USD	ADP employment	1000	Sep		138	195
15:00	USD	Fed's Harker (non-voter, hawkish) speaks					
16:30	USD	DOE U.S. crude oil inventories	K				2412
16:50	USD	Fed's Williams (voter, neutral) speaks					
17:00	DKK	Currency reserves	DKK bn	Sep			446.6
Thursday, October 3, 2019				Period	Danske Bank	Consensus	Previous
-	CNY	National Day					
2:30	JPY	Markit PMI services, final	Index	Sep			52.8
8:30	SEK	PMI services	Index	Sep			54.1
8:45	USD	Fed's Evans (non-voter, dovish) speaks					
9:15	ESP	PMI services	Index	Sep		53.8	54.3
9:45	ITL	PMI services	Index	Sep		50.5	50.6
9:50	FRF	PMI services, final	Index	Sep		51.6	51.6
9:55	DEM	PMI services, final	Index	Sep		52.5	52.5
10:00	EUR	PMI composite, final	Index	Sep		50.4	50.4
10:00	EUR	PMI services, final	Index	Sep		52.0	52.0
10:30	GBP	PMI services	Index	Sep	50.0	50.3	50.6
11:00	EUR	PPI	m/m/y/y	Aug		-0.5% -0.5%	0.2% 0.2%
11:00	EUR	Retail sales	m/m/y/y	Aug		0.3% 2.1%	-0.6% 2.2%
14:30	USD	Initial jobless claims	1000				213
15:45	USD	Markit PMI service, final	Index	Sep			50.9
16:00	USD	ISM non-manufacturing	Index	Sep		55.0	56.4
16:00	USD	Core capital goods orders, final	%	Aug			
18:10	USD	Fed's Mester (voter, hawkish) speaks					
19:00	USD	Fed's Kaplan (non-voter, neutral) speaks					
20:00	USD	Fed's Brainard (voter, dovish) speaks					
Friday, October 4, 2019				Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish France's debt rating					
-	CNY	National Day					
8:00	DKK	Bankruptcies (s.a.)		Sep			
8:00	DKK	Enforced sales (s.a.)		Sep			
14:30	USD	Unemployment	%	Sep		3.7%	3.7%
14:30	USD	Average hourly earnings, non-farm	m/m/y/y	Sep		0.2% 3.2%	0.4% 3.2%
14:30	USD	Non farm payrolls	1000	Sep	100	140	130
14:30	USD	Trade balance	USD bn	Aug		-54.8	-54.0
14:30	USD	Fed's Rosengren (non-voter, hawk) speaks					
20:00	USD	Fed's Powell (voter, neutral) speaks					

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

For further information, call (+45) 45 12 85 22.

Source: Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Allan von Mehren, Chief Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank on request.

Danske Bank's research reports are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from, and do not report to, other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Risk warning

Major risks connected with recommendations or opinions in this research report, including as sensitivity analysis of relevant assumptions, are stated throughout the text.

Date of first publication

See the front page of this research report for the date of first publication.

General disclaimer

This research report has been prepared by Danske Bank (a division of Danske Bank A/S). It is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that Danske Bank considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and Danske Bank, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgement as of the date hereof. These opinions are subject to change and Danske Bank does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided herein.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom or the United States.

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

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/A, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Report completed: 27 September 2019, 13:25 CEST

Report first disseminated: 27 September 2019, 14:30 CEST