

# Weekly Focus

## Time for a rethink from Swedish Riksbank

### Market movers ahead

- The most important global event is the Donald Trump-Xi Jinping meeting in Japan this weekend – in our view, there is hope for an easing of the trade war.
- The US jobs report and ISM data could point to a further economic slowdown in June; jobs growth is especially important to watch at this time.
- A new attempt to agree on the EU top jobs will be the central point of an extraordinary EU summit on Sunday.
- PMI data from China could be weak, as could the important Japanese Tankan survey.
- Following the dovish shift from the major central banks, the Swedish Riksbank is under pressure to send new signals at its meeting on Tuesday.

### Weekly wrap-up

- The global macroeconomic situation remains weak.
- The Fed and ECB gave further hints about their potential monetary policy easing.
- There are further indications of a possible trade ceasefire between China and the US.
- Tensions between the US and Iran continue to run high.
- Import prices continue to rise in Sweden, but consumer prices do not.

### Contents

Market movers	2
Weekly Wrap-Up	5
Scandi update	6
Latest research from Danske Bank	7
Macroeconomic forecast	8
Financial forecast	9
Calendar	10

### Financial views

Major indices			
	28-Jun	3M	12M
10yr EUR swap	0.19	0.05	0.15
EUR/USD	114	115	117
ICE Brent oil	66	75	80

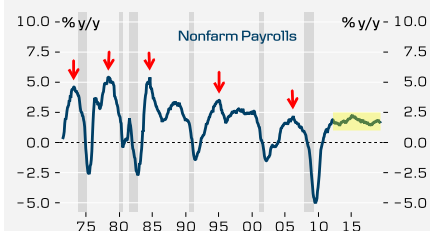
Source: Danske Bank

Follow us on *Twitter*



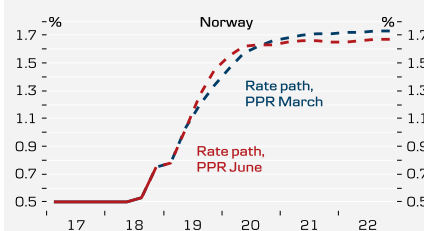
@Danske\_Research

### Lower jobs growth could herald recession



Source: BLS, Macrobond Financial

### More rate hikes coming in Norway



Source: Macrobond Financial, Norges Bank, Danske Bank

### Editor

#### Chief Economist

Las Olsen  
+45 45 12 85 36  
laso@danskebank.dk

# Market movers

## Global

- In the **US**, we expect a few important data releases over the next week. ISM manufacturing for June is due out on Monday and the jobs report for June is due out on Friday. We expect ISM to decrease and come in at 50.8, down from 52.2. In our view, the US manufacturing sector is not immune to the global slowdown but we think the index will remain just above the important 50 threshold. That said, risk is skewed on the downside.

Overall, the labour market has started to show some weakness, so we think it is important to keep an eye on employment growth, which is an important recession indicator, in our view. The average monthly increase in nonfarm payrolls has declined to 164,000 this year, from 223,000 in 2018. We expect employment growth to come in around 175,000. We estimate average hourly earnings rose +0.20% m/m in June, unchanged at 3.1% y/y.

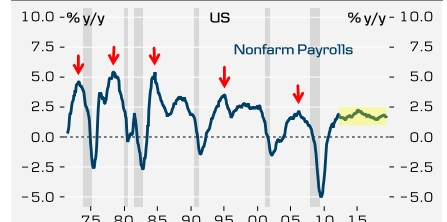
- In the **euro area**, focus is likely to be on Sunday's extraordinary EU summit, where EU leaders will again discuss the nominations for the EU's top jobs. The EU leaders discussed the possible candidates for the top positions at the latest European Council meeting in June but did not come to an agreement amid the known Spitzenkandidaten (*Let the EU 'Game of Thrones' begin*). They will now look at other candidates but fronts remain divided in the Council, so the process may very well drag on further into the summer.
- In the **UK**, we have a quiet week ahead. The most important releases are PMIs at the beginning of the week. The PMI manufacturing index (due out on Monday) is likely to fall further, as it remains elevated compared with the equivalent euro area index and stockpiling ahead of Brexit is finished. We do not have strong reasons to believe the PMI Services Index (due out Wednesday) should move much in either direction and we expect it to continue indicating GDP growth is running close to 0.0%.

The Conservative Party leadership contest continues. Boris Johnson is still favourite to succeed Theresa May, despite slipping in polls recently.

- The key event in **China** is the meeting between Chinese President Xi Jinping and US President Donald Trump. It is set to take place around noon on Saturday. We should expect statements from both sides Saturday morning CEST (seven hours time difference from Japan). As now widely expected, we look for a ceasefire in the trade war and an agreement to resume the trade talks, which broke down in early May. We still expect the path to a trade deal to be difficult though, as the two sides stand firm on conflicting demands. Hence, we should still expect a rocky path from here. Eventually, we believe a trade deal will come though, as we believe Trump will see more benefit in a trade deal than a no-deal scenario when he goes into the critical phase of the election campaign next year. So far, he is in no hurry though, as markets are still strong and the economy is holding up well.

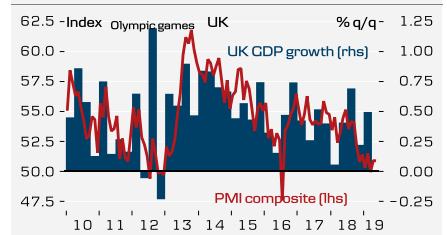
On the data front, we look for PMI manufacturing for June to look weak. The official NBS PMI already fell sharply in May, while the private Caixin PMI manufacturing held up still. However, we look for the Caixin PMI to correct lower in June from 50.2 to 49.5.

### A deceleration in employment growth is usually a good indicator of a forthcoming recession



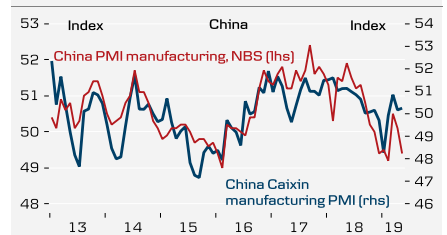
Source: BLS, Macrobond Financial

### UK GDP growth running around 0% according to PMIs



Source: ONS, IHS Markit, Macrobond Financial

### China: Caixin PMI set to correct lower



Source: Macrobond Financial, NBS, Danske Bank

- In **Japan**, we are due to get the Bank of Japan's quarterly Tankan business survey of corporate activity on Monday. Here we should get a lot of information about how Japanese businesses have weathered the global slowdown and how they look at the prospects for coming months. Reuters' smaller monthly Tankan survey, which tracks the large one quite well, points towards a significant decline in business conditions. The Bank of Japan will scrutinise this survey at its next meeting at the end of July. On Wednesday, we are set to get June services PMIs. This should give us more information about how the domestically oriented part of the economy is doing. As we see in Europe, the services sector has been more robust than the manufacturing sector.

**Scandi**

- In **Denmark**, Thursday brings figures for bankruptcies and forced home sales in June. The number of forced home sales has generally been falling in recent years but remains higher than prior to the financial crisis. In contrast, the number of bankruptcies has been rising in the past few years. However, this can also be seen as a healthy sign, as it indicates greater competition between Danish companies.

Tuesday should also see FX reserve figures. Danmarks Nationalbank has not intervened in the FX markets since January, although the DKK has at times traded somewhat on the weak side. However, the DKK has strengthened in June. Danmarks Nationalbank is also scheduled to release May's securities and foreign portfolio investments figures, on Tuesday.

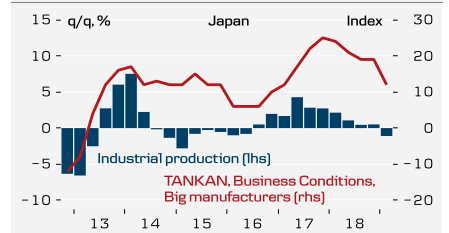
- We expect no rate changes at the **Swedish Riksbank** policy meeting in the coming week. As late as in April, the Riksbank decided to postpone the next rate hike and flatten the repo path. The timing of the second hike was described as 'late this year or early next year' (presumably December or February). Since then, the major central banks – the Federal Reserve, the ECB and the Bank of England – have turned more dovish.

A major policy shift at this juncture would not be the Riksbank's style. An elegant way would be for the Riksbank to drop the first part of the phrase 'next hike late this year or early 2020', a sort of verbal postponement. In the meantime, it can sit back and see what other central banks actually do and how data unfold.

Sweden's industrial PMI has done well compared with German PMI. However, there is a continuing risk that the Swedish June PMI turns down, as Swedish new orders and German industrial PMI have been negative over past months. Likewise, we see a risk of a correction in manufacturing production on the back of weak German production. Concerning household lending, if the downward trend continues, it would be the lowest growth rate since 2013 and this is in line with our view of a gradually slowing housing market.

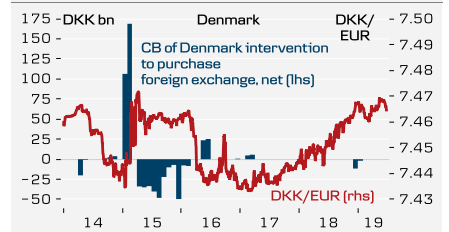
- In **Norway**, strong growth in oil-related industries has meant industrial activity has held up well despite the slowdown in global manufacturing. The latest oil investment survey suggests spending will be higher than expected this year, so we expect the uptrend in manufacturing to continue barring a much more pronounced international downturn. Therefore, we expect the PMI to rise moderately to 54.5 in June. Industrial production increased by 2.2% in April after a relatively weak Q1 and is thus back in line with the underlying trend seen since mid-2017. Given the strong rise in April, we estimate a slight correction for May, with a decrease of 0.4% m/m. Housing prices have surprised on the upside so far this year, partly as a correction after the fall in prices in the latter part of 2018. There is still a good supply of housing both nationally and in the big cities and we expect this to combine with gradually rising interest rates to dampen prices. However, wages are rising as quickly as interest rates and unemployment is low, so the risk of a sharp fall in housing prices is still limited. We estimate prices were more or less unchanged in June.

**Likely to see further weakening signals from Tankan business survey**



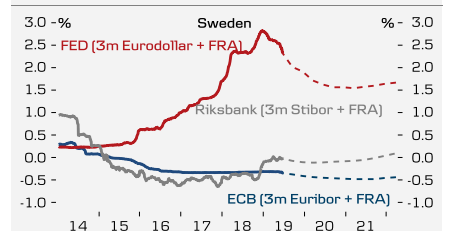
Note: Business conditions calculated by subtracting the percentage share of enterprises responding 'unfavourable' from that of 'favourable'  
Source: Japanese Ministry of Economy, Bank of Japan, Macrobond Financial

**Far between recent interventions by the Danish central bank**



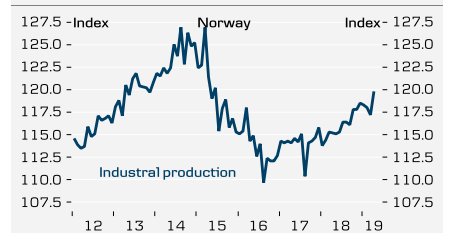
Source: Danmarks Nationalbank, Macrobond Financial

**Very soft central bank pricing**



Source: SCB

**Industrial production trending up**



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week		Sun 30	EUR	EU summit in Brussels					
		Sun 30	CNY	PMI non-manufacturing	Index	Jun		54.2	54.3
Mon	01-Jul	1:50	JPY	Tankan large non-manufacturers index (outlook)	Index	2nd quarter		20.0	21.0 20.0
		2:30	JPY	Nikkei Manufacturing PMI, final	Index	Jun			49.5
		7:00	JPY	Consumer confidence	Index	Jun		39.2	39.4
		16:00	USD	ISM manufacturing	Index	Jun	50.8	51.2	52.1
Wed	03-Jul	2:30	JPY	Markit PMI services	Index	Jun			51.7
		3:45	CNY	Caixin PMI service	Index	Jun		52.6	52.7
		8:30	SEK	PMI services	Index	Jun			53.3
		14:15	USD	ADP employment	1000	Jun		140	27
		14:30	USD	Initial jobless claims	1000				
		16:00	USD	ISM non-manufacturing	Index	Jun		56.0	56.9
Fri	05-Jul	14:30	USD	Average hourly earnings, non-farm	m/m y/y	Jun	0.3% 3.2%	0.3% 3.2%	0.2% 3.1%
		14:30	USD	Non farm payrolls	1000	Jun	175	158	75
Scandi movers									
Mon	01-Jul	8:30	SEK	PMI manufacturing	Index	Jun			53.1
		9:00	NOK	PMI manufacturing	Index	Jun		54.5	54.4
Tue	02-Jul	17:00	USD	Fed's Mester (voter, hawkish) speaks					
		17:00	DKK	Currency reserves	DKK bn	Jun			451.7
Wed	03-Jul	9:30	SEK	Riksbank, rate decision	%		-0.25%	-0.25%	-0.25%
Thurs	04-Jul	8:00	DKK	Bankruptcies (s.a.)		Jun			
		8:00	DKK	Enforced sales (s.a.)		Jun			
Fri	05-Jul	8:00	NOK	Industrial production	m/m y/y	May			0.2% -4.2%
		9:30	SEK	Industrial orders	m/m y/y	May			9.3% 0.1%

Source: Bloomberg, Danske Bank

# Weekly Wrap-Up

## Main macro themes

- The global macroeconomic situation remains weak.** In the US, regional PMIs told a similar story of worsening conditions and a deteriorating outlook in the manufacturing sector. This goes well with our view that the US manufacturing sector is not immune to the weakness seen elsewhere in the manufacturing sector amid uncertainty prompted by the trade war between the US and China. The current weak indicators go well with the recent update of our quantitative business cycle model *MacroScope*. According to the model, short-term momentum remains negative across regions, while the 3-12M outlook for developed markets has brightened further, especially in the US and Japan. Europe remains an outlier and we think investors should brace themselves for more negative economic surprises in coming weeks (see *Euro Area Research - Catching up with reality*, 28 June).
- The Fed and ECB gave further hints about their coming monetary policy easing.** A range of Fed speeches resulted in slightly higher short-term USD rates and a stronger USD. In particular, the market took note of comments from the St Louis Fed's James Bullard and Fed Chair Jerome Powell, who hinted a 50bp cut would be overdone. An ECB sources story suggested that the ECB is looking into the technical details of a potential restart of QE. We continue to have a high conviction *call* that the ECB will deliver but the uncertainty about the size and design of the package is still uncertain. A Bloomberg survey of ECB analysts indicated two-thirds expect the ECB to open the way for an easing bias at the 25 July meeting and deliver a rate cut of 10bp in September. However, only 42% expect a restart of QE. Meanwhile, euro area core rebounded from its slump in May to 1.1% but the uptick remains partly of a temporary nature, so should not prevent the ECB from going ahead with another easing package in coming weeks.
- In the run-up to this weekend's ever-important G20 meeting, this week gave further indications of a possible trade ceasefire being agreed between the Chinese-US sides.** US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin spoke on the phone with China's Vice Premier Minister Liu He on Monday. According to a Senior US administration official, US President Trump and Chinese President Xi could agree to restart trade talks when they are likely to meet this weekend at the G20 meeting in Japan.
- Tensions between the US and Iran continue to run high.** The US has put sanctions on Iran's supreme leader Sayyid Ali Hosseini Khamenei and eight other senior officials as tensions between the US and Iran continue to grow. In return, Iran reported that the diplomatic path with Washington is closed forever.

## Financial market developments

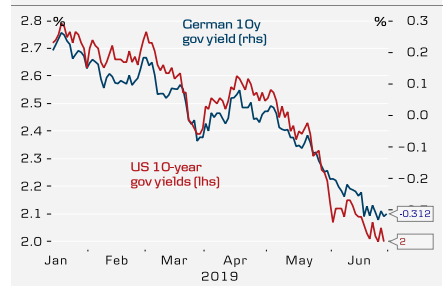
- Stock markets fell back slightly**, as the Fed tempered expectations of a sizable interest rate cut at the July meeting and Trump warned of possible further tariffs on Chinese goods if G20 talks with the Chinese authorities are not successful. **US and German 10-year yields stabilised a bit** due to hopes of a trade ceasefire mitigating the impact of soft macroeconomic releases. **In FX markets, EUR/USD moved sideways** due to mixed indicators in both the euro area and the US. **Oil prices edged up somewhat**, with Brent crude hitting USD66/bbl. This may be due partly to the latest escalation of the conflict between the US and Iran, although the new round of sanctions is less important to the oil market as Iran's oil production is already very low.

### Financial views

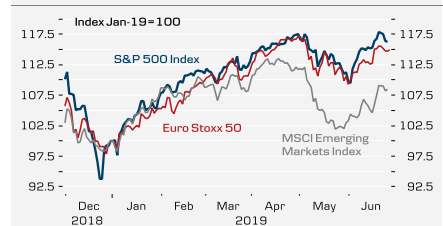
Major indices			
	28-Jun	3M	12M
10yr EUR swap	0.19	0.05	0.15
10yr US swap	1.96	1.95	1.90
ECB key rate	-0.40	-0.60	-0.60
Fed funds rate	2.50	2.25	1.75
EUR/SEK	1054	1080	1100
EUR/NOK	968	960	930
EUR/USD	114	115	117
ICE Brent oil	66	75	80

Source: Danske Bank

### Bond yields finding a floor?



### Equities a bit weaker on diminished hopes of forceful central bank easing



# Scandi update

## Denmark – June indicators point downwards

Denmark received the first indicators on the state of the economy in June in the past week. Thursday saw the release of Statistics Denmark’s June business confidence indicator, where confidence in both the service sector and, in particular, the industrial sector fell. Comparing this with how things are going in the rest of the world, Denmark’s economy still appears to have been spared the worst, even though the outlook has turned south.

Retail sales fell by 0.3% from April to May, hit mainly by a decline in food sales, plus there were also downward revisions to the previous months. Hence, the picture emerging of private consumption in Q2 is less bright, pulled lower by a fall in car sales following a very strong surge at the start of the year. These latest figures suggest that Danes are still reluctant to spend.

## Sweden – SEK eats into importers’ margins

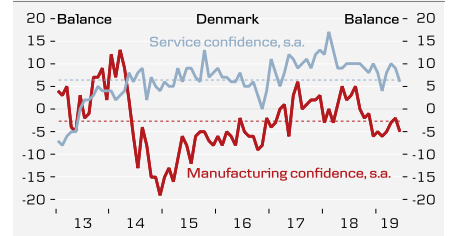
PPI rose again in May. More importantly, consumer import prices in PPI did so. However, past years’ experience is that this on average has had no impact on import prices at the consumer level, i.e. in CPI. This is seen in the chart on the right. Since 2013, the year when the SEK started to weaken in the run-up to the Riksbank pushing rates below zero and releasing QE, consumer import prices in PPI have risen some 15%. This can be contrasted with import prices in CPI, which have fallen about 1% over the same time span. Why is this? There are probably two explanations: (1) global goods prices are in deflation, suggesting the weaker SEK has only been balancing that force, (2) importers have very little pricing power, being exposed to global online competition. They still appear happy according to Riksbank’s business survey, arguing that the overall impact of monetary policy has been beneficial for importers despite the SEK weakening. That’s quite surprising.

Regarding the trade balance, the surplus increased from SEK1.4bn to a steep SEK8.3bn. One important reason behind this in particular is the continued decrease in imports, which fell by close to 2% y/y. This is probably related to weakening domestic private consumption. Exports remain strong, however, and jumped 10.0% y/y, most likely boosted by the weak SEK. The gap between import and export growth, that is unusual large, continued to grow and the discrepancy has not been that large since 1995.

## Norway – Retail headed up again

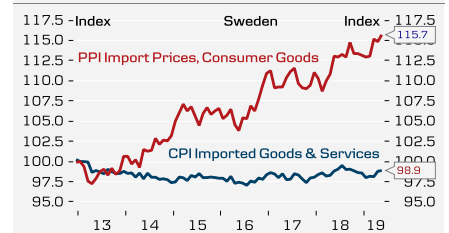
Retail sales fell 1.3% m/m in April, which was marginally worse than we had expected, but we believe the decrease is mainly a correction following very strong April figures on top of a moderate increase in March. As can be seen from the chart on the right, the underlying trend has clearly turned positive despite the fall in May. This seems to confirm our suspicion that much of the weakness in the retail trade has been due to high power prices in H2 last year. There are no signs that higher interest rates are beginning to bite, at least not yet.

**Business confidence took a knock in June**



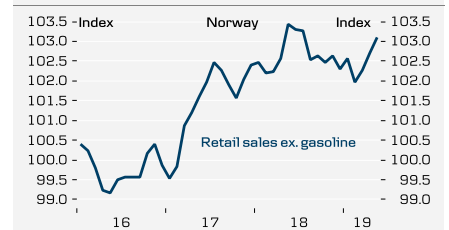
Source: Statistics Denmark, Macrobond Financial

**SEK sucks for importers, or does it?**



Source: SCB

**Retail looking up**



Source: Macrobond, Danske Bank

# Latest research from Danske Bank

## *28/6 Euro Area Research - Catching up with reality*

Taking stock of the latest euro area macro data signals, we conclude that investors should brace themselves for more negative economic surprises in coming weeks.

## *24/6 Market Guide - Fed to the rescue*

Fed helps restore global confidence by signalling rate cuts

## *24/6 Macro Strategy Views Podcast: The central bank game changer - the winners and losers markets*

In our podcast, Macro Strategy Views, we discuss whether central bank actions will be successful in driving the global economy and financial markets, and the implications for Scandinavia.

## *23/6 Harr's View - The central bank game changer - winners and losers*

We believe the Fed will cut by 25bp in July and I do not believe that a ceasefire on trade will be enough for it to hold off on a cut.



## Macroeconomic forecast

### Macro forecast, Scandinavia

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
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	2.0	1.2	1.0	-0.7	0.6	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 <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Euro area	2018	1.9	1.3	1.0	3.3	3.2	3.2	1.8	2.3	8.2	-0.5	85.1	3.6
	2019	1.2	1.4	1.4	3.3	2.5	3.1	1.4	2.2	7.7	-0.9	85.8	3.3
	2020	1.4	1.4	1.8	1.7	2.2	2.7	1.5	2.3	7.5	-0.9	84.3	3.2
Germany	2018	1.5	1.1	1.0	2.7	2.2	3.4	1.9	3.0	3.4	1.7	60.9	7.3
	2019	0.7	1.9	1.7	2.9	1.5	3.2	1.4	3.2	3.1	1.0	58.4	6.0
	2020	1.3	1.3	2.3	2.3	1.7	2.7	1.5	3.0	3.0	0.8	55.6	5.9
Finland	2018	2.3	2.0	1.4	3.1	1.1	4.1	1.1	1.8	7.4	-0.7	59.5	-1.6
	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 <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
USA	2018	2.9	2.6	1.5	5.2	4.0	4.5	2.4	3.0	3.9	-3.9	106.0	-2.3
	2019	2.5	2.3	1.6	2.4	2.4	2.1	2.0	3.1	3.6	-4.2	106.0	-2.6
	2020	2.0	2.1	1.0	3.4	2.8	3.0	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	8.0	-	4.7	-	-	2.0	8.3	-	-4.5	53.9	0.7
	2020	6.2	7.8	-	4.6	-	-	2.2	8.0	-	-4.3	57.1	0.7
UK	2018	1.4	1.8	0.4	0.2	0.1	0.7	2.5	3.1	4.1	-1.5	86.8	-4.0
	2019	1.5	1.8	2.5	1.5	2.0	8.5	1.8	2.9	3.7	-1.4	83.8	-3.8
	2020	1.6	1.4	0.6	0.1	2.0	-2.9	1.4	3.3	3.4	-1.1	82.9	-3.5
Japan	2018	0.8	0.3	0.7	1.1	3.3	3.4	0.9	-	2.4	-	-	-
	2019	1.0	0.3	1.7	1.1	-1.1	-1.8	1.0	-	2.5	-	-	-
	2020	0.5	-0.4	0.8	0.3	3.5	1.1	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	28-Jun	2.50	2.33	1.79	1.96	113.7	-	656.5	851.2	927.3
	+3m	2.25	1.93	1.80	1.95	115.0	-	649.0	834.8	939.1
	+6m	1.75	1.75	1.55	1.75	117.0	-	637.5	803.4	931.6
	+12m	1.75	1.75	1.65	1.90	117.0	-	637.2	794.9	940.2
EUR	28-Jun	-0.40	-0.34	-0.38	0.19	-	113.7	746.4	967.8	1054.4
	+3m	-0.60	-0.51	-0.40	0.05	-	115.0	746.3	960.0	1080.0
	+6m	-0.60	-0.51	-0.40	0.05	-	117.0	745.9	940.0	1090.0
	+12m	-0.60	-0.51	-0.30	0.15	-	117.0	745.5	930.0	1100.0
JPY	28-Jun	-0.10	-0.06	-0.10	0.03	125.6	107.7	5.94	7.70	8.39
	+3m	-0.10	-	-	-	123.1	107.0	6.07	7.80	8.78
	+6m	-0.10	-	-	-	128.7	110.0	5.80	7.30	8.47
	+12m	-0.10	-	-	-	128.7	110.0	5.79	7.23	8.55
GBP	28-Jun	0.75	0.77	0.82	1.03	89.7	126.8	832.0	1078.8	1175.3
	+3m	0.75	0.84	0.90	1.00	90.0	127.8	829.2	1066.7	1200.0
	+6m	0.75	0.84	0.90	1.00	90.0	130.0	828.8	1044.4	1211.1
	+12m	0.75	0.84	0.90	1.20	90.0	130.0	828.3	1033.3	1222.2
CHF	28-Jun	-0.75	-0.73	-0.79	-0.22	110.9	97.5	673.3	872.9	951.1
	+3m	-0.75	-	-	-	112.0	97.4	666.3	857.1	964.3
	+6m	-0.75	-	-	-	113.0	96.6	660.1	831.9	964.6
	+12m	-0.75	-	-	-	115.0	98.3	648.3	808.7	956.5
DKK	28-Jun	-0.65	-0.37	-0.31	0.27	746.4	656.5	-	129.7	141.3
	+3m	-0.75	-0.44	-0.35	0.10	746.3	649.0	-	128.6	144.7
	+6m	-0.75	-0.44	-0.35	0.10	745.9	637.5	-	126.0	146.1
	+12m	-0.75	-0.44	-0.25	0.20	745.5	637.2	-	124.7	147.6
SEK	28-Jun	-0.25	-0.02	-0.08	0.54	1054.4	927.3	70.8	91.8	100.0
	+3m	-0.25	-0.10	-0.15	0.50	1080.0	939.1	69.1	88.9	-
	+6m	-0.25	-0.10	-0.15	0.50	1090.0	931.6	68.4	86.2	-
	+12m	-0.25	-0.10	-0.20	0.50	1100.0	940.2	67.8	84.5	-
NOK	28-Jun	1.25	1.51	1.78	1.82	967.8	851.2	77.1	100.0	109.0
	+3m	1.25	1.84	1.90	2.00	960.0	834.8	77.7	-	112.5
	+6m	1.50	2.00	2.10	2.10	940.0	803.4	79.4	-	116.0
	+12m	1.75	2.15	2.25	2.25	930.0	794.9	80.2	-	118.3

Commodities												
		2019				2020				Average		
	28-Jun	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020	
ICE Brent	66	65	70	75	80	80	80	80	80	72	80	

Source: Danske Bank

# Calendar

## Key Data and Events in Week 27

During the week				Period	Danske Bank	Consensus	Previous
Fri 28 - 29	GLO	G20 meeting begins in Osaka					
Sat 29	EUR	ECB's Mersch speaks in Germany					
Sun 30	EUR	EU summit in Brussels					
Sun 30	CNY	PMI manufacturing	Index	Jun	49.5	49.4	
Sun 30	CNY	PMI non-manufacturing	Index	Jun	54.2	54.3	
Mon 01	DEM	Retail sales	m/m y/y	May	0.5% 2.7%	-1.0% 4.0%	
Monday, July 1, 2019				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m y/y	May	0.5% 2.7%	-1.0% 4.0%	
1:50	JPY	Tankan large manufacturers index (outlook)	Index	2nd quarter	9.0	12.0 8.0	
1:50	JPY	Tankan large non-manufacturers index (outlook)	Index	2nd quarter	20.0	21.0 20.0	
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Jun		49.5	
3:45	CNY	Caixin PMI manufacturing	Index	Jun	49.5	50.1	50.2
7:00	JPY	Consumer confidence	Index	Jun	39.2	39.4	
8:30	SEK	PMI manufacturing	Index	Jun		53.1	
9:00	NOK	PMI manufacturing	Index	Jun	54.5	54.4	
9:15	ESP	PMI manufacturing	Index	Jun	49.5	50.1	
9:30	SEK	Household lending	y/y	May		5.0%	
9:45	ITL	PMI manufacturing	Index	Jun	48.5	49.7	
9:50	FRF	PMI manufacturing, final	Index	Jun	52.0	52.0	
9:55	DEM	Unemployment	%	Jun	5.0%	5.0%	
9:55	DEM	PMI manufacturing, final	Index	Jun	45.4	45.4	
10:00	EUR	PMI manufacturing, final	Index	Jun	47.8	47.8	
10:00	EUR	Money supply (M3)	y/y	May	4.6%	4.7%	
10:00	EUR	Loans to households (adj. for sales and sec.)	%	May	4.6%	4.7%	
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	May	4.6%	4.7%	
10:30	GBP	PMI manufacturing	Index	Jun	47.7	49.2	49.4
11:00	EUR	Unemployment	%	May	7.6%	7.6%	
15:45	USD	Markit PMI manufacturing, final	Index	Jun		50.1	
16:00	USD	Construction spending	m/m	May	0.0%	0.0%	
16:00	USD	ISM manufacturing	Index	Jun	50.8	51.2	52.1
Tuesday, July 2, 2019				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Jun	17	17.3	
6:30	AUD	Reserve Bank of Australia rate decision	%		1.0%	1.3%	
10:30	GBP	PMI construction	Index	Jun	49.4	48.6	
11:00	EUR	PPI	m/m y/y	May	1.8% 0.1%	2.6% -0.3%	
12:35	USD	Fed's Williams (voter, neutral) speaks					
15:30	CAD	RBC manufacturing PMI	Index	Jun		49.1	
17:00	USD	Fed's Mester (voter, hawkish) speaks					
17:00	DKK	Currency reserves	DKK bn	Jun		451.7	

Source: Danske Bank

# Calendar

Wednesday, July 3, 2019					Period	Danske Bank	Consensus	Previous
-	PLN	Polish central bank rate decision	%			1.50%	1.50%	1.50%
2:30	JPY	Markit PMI services	Index	Jun				51.7
3:45	CNY	Caixin PMI service	Index	Jun			52.6	52.7
8:30	SEK	PMI services	Index	Jun				53.3
9:15	ESP	PMI services	Index	Jun			52.8	52.8
9:30	SEK	Riksbank, rate decision	%			-0.25%	-0.25%	-0.25%
9:45	ITL	PMI services	Index	Jun			50.0	50.0
9:50	FRF	PMI services, final	Index	Jun			53.1	53.1
9:55	DEM	PMI services, final	Index	Jun			55.6	55.6
10:00	EUR	PMI composite, final	Index	Jun			52.1	52.1
10:00	EUR	PMI services, final	Index	Jun			53.4	53.4
10:30	GBP	PMI services	Index	Jun		51.0	51.0	51.0
14:15	USD	ADP employment	1000	Jun			140	27
14:30	USD	Trade balance	USD bn	May			-52.0	-50.8
14:30	USD	Initial jobless claims	1000					
15:45	USD	Markit PMI service, final	Index	Jun				50.7
16:00	USD	ISM non-manufacturing	Index	Jun			56.0	56.9
16:00	USD	Core capital goods orders, final	%	May				0.4%
16:30	USD	DOE U.S. crude oil inventories	K					-12788
Thursday, July 4, 2019					Period	Danske Bank	Consensus	Previous
-	USD	Independence Day						
8:00	DKK	Bankruptcies (s.a.)		Jun				
8:00	DKK	Enforced sales (s.a.)		Jun				
8:30	CHF	CPI	m/m y/y	Jun			-0.1% 0.5%	0.3% 0.6%
9:30	SEK	Average house prices	SEK m	Jun				2.927
11:00	EUR	Retail sales	m/m y/y	May			0.4% 1.6%	-0.4% 1.5%
Friday, July 5, 2019					Period	Danske Bank	Consensus	Previous
-	EUR	Ireland, GDP	q/q y/y	1st quarter				0.1% 3.0%
6:00	SEK	Maklarstatistik Swedish housing price data						
7:00	JPY	Leading economic index, preliminary	Index	May			95.3	95.9
8:00	NOK	Manufacturing production	m/m y/y	May		-0.4%		2.2% 4.3%
8:00	NOK	Industrial production	m/m y/y	May				0.2% -4.2%
8:00	DKK	Industrial production	m/m	May				0.5%
8:00	DEM	Factory orders	m/m y/y	May			0.1% -5.9%	0.3% -5.3%
9:00	CHF	SNB balance sheet, intervention	CHF bn	Jun				759.9
9:30	SEK	Industrial orders	m/m y/y	May				9.3% 0.1%
9:30	SEK	Budget balance	SEK bn	Jun				64.2
14:30	USD	Unemployment	%	Jun			3.6%	3.6%
14:30	USD	Average hourly earnings, non-farm	m/m y/y	Jun		0.3% 3.2%	0.3% 3.2%	0.2% 3.1%
14:30	USD	Non farm payrolls	1000	Jun		175	158	75
14:30	CAD	Net change in full time employment	1000	Jun				27.7

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 Las Olsen, Chief Economist.

### 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/S. It is provided for informational purposes only and should not be considered investment advice. 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:** 28 June 2019, 14:10 CEST

**Report first disseminated:** 28 June 2019, 13:15 CEST