

# Weekly Focus

## Crucial week for European Politics

### Market Movers ahead

- In the US, non-farm payrolls are likely to show healthy gains along with another uptick in wage growth.
- In Europe, the Italian budget projections will continue to be a theme for financial markets as well as the reaction from the EU commission and rating agencies.
- In the UK, the Conservative Party Conference beginning on Sunday and lasting until Wednesday will be critical for the outlook of Brexit negotiations with the EU.
- In China, there are downside risks to the PMI number for September in light of the trade war with the US, while Japan may see a small rebound in business confidence.
- In Sweden, government formation talks will be watched along with the PMI survey, which should post a modest rebound.

### Global macro and market themes

- Market participants are not waiting for the first ECB hike to actually arrive before reacting.
- The next big move in EUR/USD is up when the first ECB hike draws closer. We forecast 1.25 in 12M.
- The US economy is in great shape despite trade war concerns supporting the case for further Fed rate hikes and higher US Treasury yields.

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### Financial views

Major indices	28-Sep	3M	12M
10yr EUR swap	0.98	0.95	1.25
EUR/USD	116	115	125
ICE Brent oil	82	72	74

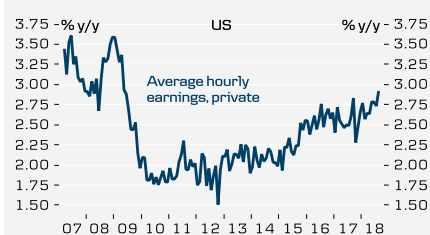
Source: Danske Bank

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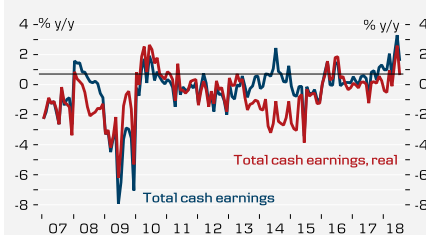
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### Further increase in US wage growth in September seems likely



Source: Source: U.S. Bureau of Labor Statistics (BLS) and Macrobond financials

### Strong earnings growth in Japan important for inflation pickup



Source: Japanese Ministry of Health, Labour & Welfare

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# Market movers

## Global

- In the **US**, we have a busy week ahead of us after this week was quieter with the FOMC meeting as the most important event, see *FOMC Review: Gradual Fed hikes are set to continue*, 26 September. The many scheduled Fed speeches this week will most likely not change the Fed being on autopilot until 3% is reached.

The most important release this week is the jobs report for September on Friday. We estimate non-farm payrolls rose around the current trend of 190,000. As employment has risen for so long, the most important part of the jobs report is the average hourly earnings, as they have risen faster than the recent trend over the past four months and the annual growth rate is at 2.9% y/y, which is a cycle high. It seems like the tighter labour market is beginning to put upward pressure on wage growth. We estimate average hourly earnings to have risen to +0.25% m/m in September, which would lead to a decline in the annual growth rate to 2.7% y/y. Average hourly earnings are quite volatile, so it does not change our interpretation that wage growth is increasing gradually.

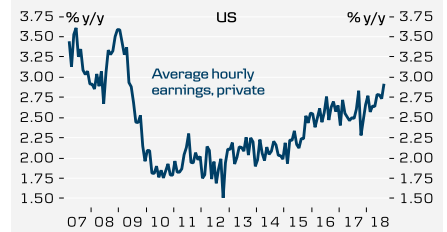
ISM manufacturing is due out on Monday. Overall, ISM manufacturing has been too high compared to reality for a couple of years and, in our view, is a poor indicator at the moment. We estimate the ISM index fell to 60 from 61.3.

- There are no market movers in the **euro area** next week.
- In the **UK**, the most important event next week is the Conservative Party Conference beginning on Sunday and lasting until Wednesday. It is going to be very interesting due to the internal disagreements on how to proceed with the Brexit negotiations (not least after the Salzburg-meeting ended terribly and because many of the hard Brexiteers speak explicitly about their wish to replace Theresa May with one of their own. While there are certainly enough hard Brexiteers to trigger a leadership contest (requires the signature of 48 Conservative MPs), the challenge for them is that it requires 158 MPs to vote for no confidence in PM Theresa May, a number which seems more unlikely. The pro-Brexit MPs are very attention seeking but there are many more moderate MPs who are supportive of May and have a softer stance on Brexit. Both PM Theresa May and ex-foreign secretary Boris Johnson are scheduled to speak during the conference. For more details on what the status of the Brexit negotiations is, see our *Brexit Monitor – Get ready for the end game*, 27 September 2018.

In terms of economic data releases, we are due to get the PMIs for September.

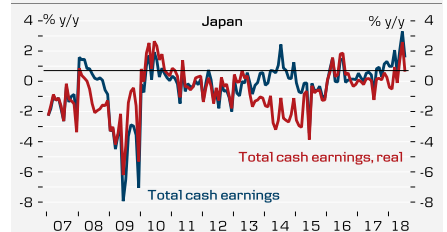
- Key focus in **China** will be on the upcoming PMI data. PMIs have held up fairly well compared to other indicators and we see some downside risks to these. On the trade front, we are still awaiting whether Trump enters what he has called phase three and puts tariffs on all of Chinese imports. We see a high probability of this, which could cause some renewed short-term headwind to emerging market assets.
- In **Japan**, we get the Bank of Japan's quarterly Tankan business survey of corporate activity and the manufacturing PMIs on Monday. Both have shown decelerating activity this year, but we could see a pickup in the Q3 Tankan, as expectations for Q3 were fairly strong in the last reading. On Friday, we get August cash earnings. It will be interesting to see if they can keep up the pace in the wake of this summer's large bonus payments, as this is instrumental in order for the inflation outlook to brighten.

Further increase in wage growth in September seems likely



Source: Statistics Sweden

Stronger earnings growth in Japan



Source: Japan Statistics Bureau, Japanese Ministry of Labour, Macrobond Financial

Scandi

- In **Denmark**, new foreign currency reserve figures for September 2018 are due on Tuesday. The Danish krone (DKK) traded on the weak side of the central parity rate against the euro (EUR) for some days in September. Hence, the currency reserve figures for September will attract additional attention when Danmarks Nationalbank publishes them next week. Even if it turns out Danmarks Nationalbank had to buy DKK to counter the weakening of the currency, we do not expect that a unilateral rate hike is imminent. Danmarks Nationalbank has large foreign currency reserves, and we also expect the weak DKK will prove a temporary phenomenon.

Statistics Denmark will be publishing several figures during the week. Wednesday sees the release of house prices for July, and it will be interesting to see if Statistics Denmark's prices also show more subdued growth, as indicated by other sources. Data on bankruptcies and forced home sales in September is due on Thursday, while on Friday we will hear how industrial production fared in August.

- Next week, there will be a lot of data aside from the possible events on the political scene in **Sweden**.

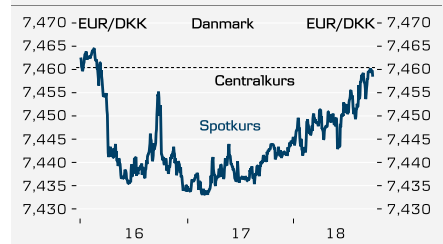
Manufacturing PMI may possibly show a slight rebound in September after the dip last month, but in principle we expect it to continue the downward trend set by German and eurozone PMIs.

Maklarstatistik house prices are likely to show a decline in housing prices; this is at least what several web pages tracking such data suggest. The seasonal rise in August was very much concentrated to small flats ahead of university starting. In September, prices will revert.

Most important for economic growth is production and order data at the end of the week. There may be a slight bounce in industrial and services production in August. These are important inputs to our GDP indicator.

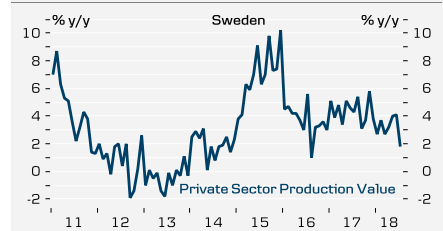
- There are no market movers in **Norway** next week.

Weaker Danish Krone



Source: Statistics Denmark

August rebound in production growth seems likely



Source: Statistics Sweden

Market movers ahead

Global movers		Event		Period	Danske	Consensus	Previous	
During the week		Sun 30	CNY	PMI manufacturing	Index	Sep	51.2	51.3
		Sun 30	CNY	Caixin PMI manufacturing	Index	Sep	50.5	50.6
Mon	01-Oct	1:50	JPY	Tankan large manufacturers index [outlook]	Index	3rd quarter	22.0	21.0 21.0
		1:50	JPY	Tankan large non-manufacturers index [outlook]	Index	3rd quarter	23.0	24.0 21.0
		2:30	JPY	Nikkei Manufacturing PMI, final	Index	Sep		52.9
		16:00	USD	ISM manufacturing	Index	Sep	60.0	60.3
Fri	05-Oct	2:00	JPY	Labour cash earnings	y/y	Aug		1.3%
		14:30	USD	Average hourly earnings, non-farm	m/m y/y	Sep	0.25% 2.7%	0.3% 2.8%
		14:30	USD	Non farm payrolls	1000	Sep	190	188
Scandi movers								
Mon	01-Oct	8:30	SEK	PMI manufacturing	Index	Sep	52.3	52.5
		9:00	NOK	PMI manufacturing	Index	Sep	56.9	60.5
Tue	02-Oct	6:00	DKK	Danske Bank publishes Nordic Outlook				
		16:00	DKK	Currency reserves	DKK bn	Sep	467	467.9
Wed	03-Oct	8:00	DKK	House and apartment prices	m/m y/y	Jul		
Thurs	04-Oct	6:00	SEK	Maklarstatistik Swedish housing price data				
		8:00	DKK	Forced sales [s.a.]	Number	Sep		
		8:00	DKK	Bankruptcies [s.a.]	Number	Sep		
Fri	05-Oct	8:00	DKK	Industrial production	m/m	Aug	-0.5%	1.4%
		9:30	SEK	Budget balance	SEK bn	Sep		24.9
		9:30	SEK	Industrial orders	m/m y/y	Aug		9.8% 9.4%

Source: Bloomberg, Danske Bank

# Global macro and market themes

## Central banks still key actors for markets

### Markets waiting for ECB's signal of the first rate hike

Despite political uncertainty, the economy and central banks are still the most important drivers for markets overall. The global economy still seems in good shape, at least when looking at GDP growth, although growth in Europe and China is not as high as last year. The US is still growing solidly. **This is good for equities, which we still expect to perform.**

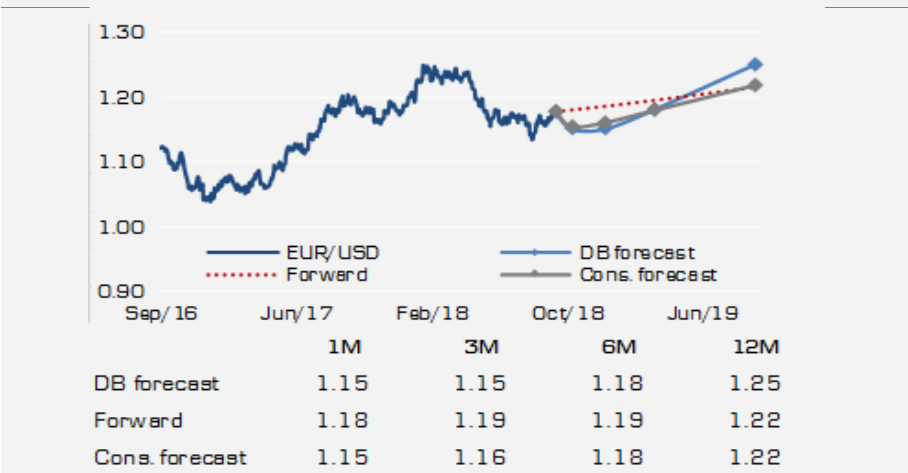
This week was packed with ECB speeches. Given that the ECB meeting earlier this month was quite boring, **markets were caught by surprise by the hawkish twist from ECB President Mario Draghi**, who said that he sees 'a relatively vigorous pick-up in underlying inflation'. This is quite interesting, as Draghi never chooses words by accident. On the ECB's forward guidance, Draghi said that 'the "through the summer 2019" formulation is a calendar-based element, which refers to when we anticipate conditions that might warrant a first rate increase', which means **the ECB meeting in September 2019 is set to be a live meeting**. Markets reacted by sending European yields and EUR/USD higher, which, in our view, highlights an important point: **market participants are not waiting for the first hike to actually arrive before reacting**. Indeed, it is when easing stops - rather than when hikes occur - that currency appreciation is seen and vice versa.

**The next big move in EUR/USD is up when the first ECB hike draws closer and we forecast 1.25 in 12M.** We still expect a steeper EUR yield curve on a 12M horizon. The ECB maintains a relatively tight grip on the short end of the curve, while the 10Y segment of the curve is pushed higher by rising US yields, the end of ECB QE and the pricing of ECB rate hikes in 2019-20. **Our base case is still that the ECB waits until December 2019 to hike for the first time (20bp).** While our euro area inflation forecast is in line with the ECB projection this year, our profile is lower for next year making a December hike more likely than a September hike. A 10bp hike is priced in by September 2019 and 20bp by December 2019.

### Today's key points

- Market participants are not waiting for the first ECB hike to actually arrive before reacting.
- The next big move in EUR/USD is up when the first ECB hike draws closer. We forecast 1.25 in 12M.
- The US economy is in great shape despite trade war concerns supporting the case for further Fed rate hikes and higher US Treasury yields.

We expect the next big move in EUR/USD is up



Source: Bloomberg, Danske Bank

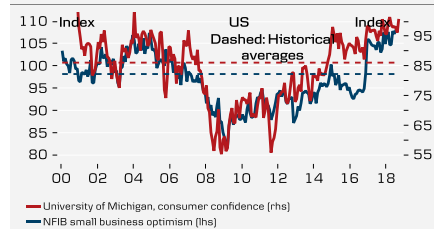
## US Treasury 10Y yields above 3%

Despite trade war concerns, the **US economy is in good shape with solid growth**, increasing employment, low unemployment, gradually rising wage growth, small business optimism the highest on record, consumer confidence surging to an 18-year high and underlying inflation pressure hovering around 2%. Especially the signs of increasing wage pressure are encouraging and the important technical 3% level has been broken and 10Y US Treasury yields are trading close to 3.1%.

As expected, the Federal Reserve raised the target range by 25bp to 2.00-2.25% at its meeting this week and hinted that another hike in December might be in the cards. The signal for next year was also unchanged at three additional hikes. This is in line with our call. **In our view, the Fed is on autopilot until neutral is reached**, which the Fed now believes is 3%. After that it is more stop and go, depending on how the economy evolves. **We believe the Fed is able to continue hiking**, as we think the real economy will remain strong and we do not forecast an inversion of the yield curve, which is normally considered a strong recession indicator. Markets are only pricing 2.6 hikes from now until year-end 2019, whereas we expect a total of four, so market pricing still seems too soft to us.

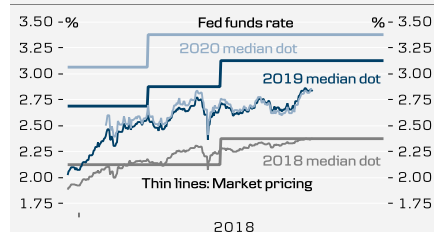
**We still see a case for both higher 2Y and 10Y US Treasury yields.** The short end is pushed higher as the Fed continues hiking and the markets start pricing them in. In the long end, we expect to see a modest increase in the US term premium, which remains quite subdued. We also assume an effect on the yield level from the more expansive US fiscal policy, which boosts US bond supply. We forecast US Treasury 2Y yields at 3.15% and US Treasury 10Y yields at 3.25% in 12 months."

### US: very high optimism among businesses and consumers



Source: NFIB, University of Michigan, Macrobond Financial

### Markets do not believe the Fed is going to hike as much as the Fed signals



Source: Federal Reserve, Bloomberg, Macrobond Financial

#### Financial views

Asset class	Main factors
<b>Equities</b> Positive on 3-12 month horizon.	Fundamentals still support equities on a 3-12M horizon. However, despite strong earnings, higher risk premium is expected in the short run, among other things due to trade tensions
<b>Bond market</b> German/Scandi yields - stable for now, higher in 12M EUR 2Y10Y steeper, USD 2Y10Y flatter US-euro spread - short-end to widen further Peripheral spreads - tightening (Italy special case)	Strong forward guidance from the ECB. Core inflation remains muted. Range trading for Bunds for the rest of 2018. Still higher in 2018. The ECB keeps a tight leash on the short end of the curve but 10Y higher as US has an impact. EUR 2Y10Y mainly steeper in 2019. The spread in the short-end is set to widen further as the Fed continues to hike. ECB forward guidance, better fundamentals, an improved political picture (ex. Italy) and rating upgrades to lead to renewed tightening after recent widening. Italy remains a special case.
<b>FX &amp; commodities</b> EUR/USD - lower for longer... but not forever EUR/GBP - gradually lower over the medium term USD/JPY - higher eventually EUR/SEK - downside in warm-up to first hike EUR/NOK - set to move lower still Oil price - downside risk rest of year	In a range around 1.15 in 0-3M as USD carry and political risks weigh but supported longer term by valuation and ECB 'normalisation'. Brexit uncertainty dominates now but GBP should strengthen on 6-12M on Brexit clarification and Bank of England rate hikes. US yields decisive near term with political uncertainty as a significant downside risk. Longer term higher on Fed-Bank of Japan divergence. Lower as first hike from Riksbank looms by year end - but it could be one-and-done which should limit SEK strength thereafter. Positive on NOK on valuation, relative growth, positioning, terms of trade, global outlook and Norges Bank initiating a hiking cycle. OPEC increasing output and escalation of trade war has increased near-term downside risks.

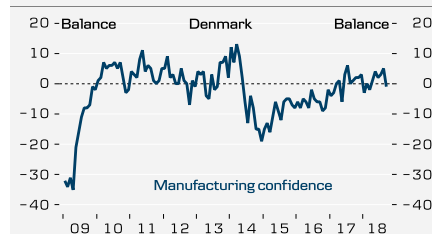
Source: Danske Bank

# Scandi update

## Denmark – manufacturing confidence takes a knock

We received business confidence figures for September this week. Manufacturing confidence fell somewhat, from 5 to -1, pulling the overall indicator lower – alongside falling consumer confidence. Manufacturing confidence had otherwise risen solidly over the summer, but is now back at last winter’s level. Pulling the indicator lower, in particular, were large unsold inventories of goods. This could be due to foreign companies – which Danish companies supply – being more cautious with respect to major purchases given the accelerating trade war between the US and China. The construction and service sector’s confidence indicators were unchanged, while the retail trade confidence indicator rose this month on the back of expectations for increased sales going forward.

**Manufacturing confidence takes a knock**

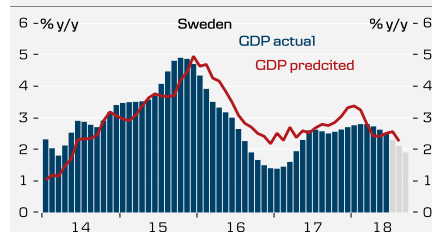


Source: Statistics Denmark

## Sweden – political outlook remains dim

This week the Social Democrat (S) PM Löfvén was ousted from office. The newly elected conservative speaker is now in the process of establishing the prerequisites for government formation. Our guess is that the conservative Moderates (M) party leader Kristersson will get the ball. Either he will go for an Alliance coalition but the chances for that appear slim as it hinges on demands from the Centre party (C) and Liberal (L) party leaders of co-understanding with the S, something the latter has declined. The other option is a small Moderate/Christian Democrat (CD) government with active support from Sweden Democrats (SD) and passive support from C and L (laying down votes). This is, however, very uncertain. There is a high likelihood of a snap election later this year.

**Q3 growth may sink below trend**



Source: SCB, Danske Bank

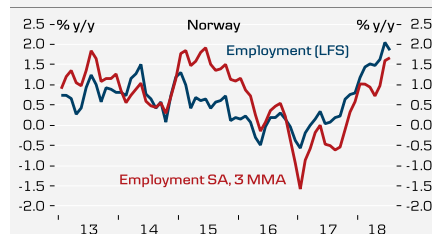
Monthly statistics have not changed the economic prospects particularly. Our GDP indicator still suggests 2.2% y/y based on a limited amount of August data. That is only modestly higher than our GDP forecast for 1.9 % y/y in Q3.

NIER confidence data was quite upbeat with all sectors improving but manufacturing. Indeed, new export orders remained quite depressed in line with signals from weakening Swedish and eurozone PMIs. Retail confidence was boosted by an unusual plunge in non-durable goods inventories.

## Norway – higher unemployment due to increase in labour supply

LFS unemployment climbed unexpectedly to 4.0% in July (June-August). There are no signs, however, of a decrease in the demand for labour, which would produce a fall in employment. Quite the opposite, the data shows that there are almost 50,000 more people in work than a year ago. So, the main reason why the jobless rate has edged up has to be that the supply of labour has increased, despite demographics pulling the other way. In our view, the rise in the labour supply is therefore a clear signal that the labour market is continuing to improve. In its recent monetary policy report, Norges Bank argues that this indicates slightly more slack in the labour market than we had thought, and that this warrants slightly less aggressive monetary policy in the near term. These latest figures support the bank’s argument in the short run, but an increased labour supply also means that underlying trend growth is higher, which in turn is an argument for long-term equilibrium interest rates being higher than we feared.

**Supply side of labour market lagging behind**



Source: Macrobond Financial, Danske Bank

## Latest research from Danske Bank

### *27/9 Brexit monitor: Get ready for the end-game*

As the Brexit end-game has started, this report gives an update to the Brexit negotiations, the possible outcomes, what the obstacles are and what we expect of the economy and GBP.

### *26/9 FOMC review: Gradual Fed hikes are set to continue*

Fed is on autopilot and the destination is neutral

### *24/9 Macro Strategy Views: Brexit and the Nordics - with or without a deal*

Today, we focus on Brexit, including the implications for Nordic economies and markets.

### *23/9 Harr's View: Brexit and the Nordics - with or without a deal*

We judge that there is a 75% chance of a 'decent' Brexit where the UK would leave the Single Market but get an extensive free trade agreement with the EU.

## 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	2017	2.3	1.6	0.6	4.5	4.4	4.3	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	0.8	1.9	4.0	-0.2	35.1	6.5
	2019	1.8	2.4	0.5	1.5	2.7	2.4	1.4	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 <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	2017	2.5	1.7	1.2	2.8	5.5	4.1	1.5	1.6	9.1	-0.9	86.7	3.5
	2018	2.0	1.5	1.1	3.0	2.9	2.8	1.7	2.2	8.3	-0.7	86.0	3.4
	2019	1.7	1.9	2.1	1.9	3.1	3.8	1.5	2.3	8.0	-0.6	85.5	3.4
Germany	2017	2.5	2.0	1.6	3.6	5.3	5.3	1.7	2.6	3.8	1.3	64.1	7.9
	2018	2.0	1.5	1.1	3.5	3.1	3.9	1.7	3.0	3.4	1.2	60.2	7.9
	2019	1.9	2.2	2.3	3.1	3.7	5.4	1.6	3.2	3.3	1.0	56.3	7.6
Finland	2017	2.7	1.7	1.6	5.8	7.5	3.7	0.7	0.2	8.6	-0.7	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 <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	2017	2.2	2.5	-0.1	4.8	3.0	4.6	2.1	2.5	4.4	-3.5	105.0	-2.5
	2018	2.8	2.5	1.4	5.7	5.1	3.8	2.5	2.8	3.9	-4.0	106.0	-3.0
	2019	2.5	2.4	1.2	4.1	3.4	2.8	2.0	3.1	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	1.7	1.9	-0.1	3.3	5.7	3.2	2.7	2.2	4.4	-1.8	87.5	-4.1
	2018	1.3	1.2	1.2	0.7	-0.9	-0.2	2.5	2.5	4.1	-1.8	85.4	-4.4
	2019	1.5	1.6	0.6	1.4	1.5	1.7	1.5	2.9	3.9	-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	28-Sep	2.25	2.39	2.99	3.10	116.5	-	640.5
	+3m	2.25	2.80	3.10	3.10	115.0	-	648.0
	+6m	2.50	3.00	3.30	3.25	118.0	-	631.8
	+12m	3.00	3.30	3.35	3.30	125.0	-	596.4
EUR	28-Sep	0.00	-0.32	-0.10	0.98	-	116.5	745.8
	+3m	0.00	-0.33	-0.10	0.95	-	115.0	745.3
	+6m	0.00	-0.33	0.00	1.05	-	118.0	745.5
	+12m	0.00	-0.33	0.15	1.25	-	125.0	745.5
JPY	28-Sep	-0.10	-0.04	0.06	0.35	132.2	113.5	5.64
	+3m	-0.10	-	-	-	128.8	112.0	5.79
	+6m	-0.10	-	-	-	134.5	114.0	5.54
	+12m	-0.10	-	-	-	142.5	114.0	5.23
GBP	28-Sep	0.75	0.80	1.16	1.67	89.0	130.9	838.2
	+3m	0.75	0.82	1.30	1.70	89.0	129.2	837.4
	+6m	0.75	0.93	1.40	1.80	84.0	140.5	887.5
	+12m	1.00	1.07	1.60	1.95	83.0	150.6	898.2
CHF	28-Sep	-0.75	-0.73	-0.49	0.54	113.7	97.6	655.9
	+3m	-0.75	-	-	-	113.0	98.3	659.5
	+6m	-0.75	-	-	-	116.0	98.3	642.7
	+12m	-0.75	-	-	-	120.0	96.0	621.3
DKK	28-Sep	0.05	-0.30	0.04	1.13	745.8	640.5	-
	+3m	0.05	-0.30	0.00	1.10	745.3	648.0	-
	+6m	0.05	-0.30	0.10	1.20	745.5	631.8	-
	+12m	0.05	-0.29	0.25	1.40	745.5	596.4	-
SEK	28-Sep	-0.50	-0.44	-0.02	1.28	1030.0	884.6	72.4
	+3m	-0.50	-0.25	0.20	1.20	1020.0	887.0	73.1
	+6m	-0.25	-0.10	0.10	1.15	1020.0	864.4	73.1
	+12m	-0.25	-0.10	0.15	1.10	1030.0	824.0	72.4
NOK	28-Sep	0.75	1.11	1.55	2.33	949.5	815.4	78.6
	+3m	0.75	1.24	1.65	2.40	920.0	800.0	81.0
	+6m	1.00	1.39	1.95	2.50	920.0	779.7	81.0
	+12m	1.25	1.64	2.20	2.65	910.0	728.0	81.9

Commodities												
	28-Sep	2018				2019				Average		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019	
NYMEX WTI	72	63	68	68	68	69	69	70	70	67	70	
ICE Brent	82	67	75	72	72	72	72	74	74	72	73	

Source: Danske Bank

# Calendar

## Key Data and Events in Week 40

During the week			Period	Danske Bank	Consensus	Previous
Sun 30	GBP	Conservative party conference				
Sun 30	CNY	PMI manufacturing	Index		51.2	51.3
Sun 30	CNY	PMI non-manufacturing	Index		54.0	54.2
Sun 30	CNY	Caixin PMI manufacturing	Index		50.5	50.6
Monday, October 1, 2018			Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m y/y		0.4% 1.6%	-1.1% 0.8%
-	USD	Total vehicle sales	m		16.7	16.6
-	CNY	National Day				
1:50	JPY	Tankan large manufacturers index (outlook)	Index		22.0	21.0 21.0
1:50	JPY	Tankan large non-manufacturers index (outlook)	Index		23.0	24.0 21.0
2:30	JPY	Nikkei Manufacturing PMI, final	Index			52.9
8:30	SEK	PMI manufacturing	Index		52.3	52.5
9:00	NOK	PMI manufacturing	Index		56.9	60.5
9:15	ESP	PMI manufacturing, final	Index		52.6	53.0
9:30	SEK	Wages (blue collars/white collars)	y/y			2.5%
9:45	ITL	PMI manufacturing, final	Index		50.2	50.1
9:50	FRF	PMI manufacturing, final	Index		52.5	52.5
9:55	DEM	PMI manufacturing, final	Index		53.7	53.7
10:00	EUR	PMI manufacturing, final	Index		53.3	53.3
10:30	GBP	Mortgage approvals	1000		64.5	64.8
10:30	GBP	Broad money M4	m/m y/y			0.9% 2.1%
10:30	GBP	PMI manufacturing	Index	52.8	52.5	52.8
11:00	EUR	Unemployment	%		8.1%	8.2%
15:30	CAD	RBC manufacturing PMI	Index			56.8
15:45	USD	Markit PMI manufacturing, final	Index			55.6
16:00	USD	Construction spending	m/m		0.5%	0.1%
16:00	USD	ISM manufacturing	Index	60.0	60.3	61.3
17:00	USD	Fed's Kashkari (non-voter, dovish) speaks				
18:15	USD	Fed's Rosengren (non-voter, hawk) speaks				
Tuesday, October 2, 2018			Period	Danske Bank	Consensus	Previous
-	CNY	National Day				
6:00	DKK	Danske Bank publishes Nordic Outlook				
6:30	AUD	Reserve Bank of Australia rate decision	%	1.5%	1.5%	1.5%
7:00	JPY	Consumer confidence	Index		43.1	43.3
10:30	GBP	PMI construction	Index		52.9	52.9
11:00	EUR	PPI	m/m y/y		3.8% 0.2%	4.0% 0.4%
16:00	DKK	Currency reserves	DKK bn		467	467.9
18:00	USD	Fed's Powell (voter, neutral) speaks				

Source: Danske Bank

## Calendar (continued)

Wednesday, October 3, 2018			Period	Danske Bank	Consensus	Previous
-	GBP	Conservative party conference				
-	CNY	National Day				
-	PLN	Polish central bank rate decision	%	1.5%		1.5%
2:30	JPY	Markit PMI services	Index			51.5
8:00	DKK	House and apartment prices	m/m/y/y			
8:30	SEK	PMI services	Index			57.1
9:15	ESP	PMI services, final	Index		52.9	52.7
9:45	ITL	PMI services, final	Index		52.8	52.6
9:50	FRF	PMI services, final	Index		54.3	54.3
9:55	DEM	PMI services, final	Index		56.5	56.5
10:00	EUR	PMI composite, final	Index			54.2
10:00	EUR	PMI services, final	Index		54.7	54.7
10:30	GBP	PMI services	Index	53.8	54.0	54.3
11:00	EUR	Retail sales	m/m/y/y		0.2% 1.6%	-0.2% 1.1%
12:30	USD	Fed's Evans (non-voter, dovish) speaks				
14:15	USD	ADP employment	1000	190	185	163
15:45	USD	Markit PMI service, final	Index			52.9
16:00	USD	ISM non-manufacturing	Index		58.0	58.5
16:30	USD	DOE U.S. crude oil inventories	K			1852
20:00	USD	Fed's Brainard (voter, dovish) speaks				
20:15	USD	Fed's Mester (voter, hawkish) speaks				
22:00	USD	Fed's Powell (voter, neutral) speaks				
Thursday, October 4, 2018			Period	Danske Bank	Consensus	Previous
-	CNY	National Day				
6:00	SEK	Maklarstatistik Swedish housing price data				
8:00	DKK	Forced sales (s.a.)	Number			
8:00	DKK	Bankruptcies (s.a.)	Number			
14:30	USD	Initial jobless claims	1000			214
16:00	USD	Core capital goods orders, final	%			-0.5%
Friday, October 5, 2018			Period	Danske Bank	Consensus	Previous
-	ESP	Moody's may publish Spain's debt rating				
-	EUR	S&P may publish France's debt rating				
-	EUR	Moody's may publish Ireland's debt rating				
-	CNY	National Day				
2:00	JPY	Labour cash earnings	y/y		1.3%	1.6%
7:00	JPY	Leading economic index, preliminary	Index		104.2	103.9
8:00	DEM	Factory orders	m/m/y/y		0.7% -3.0%	-0.9% -0.9%
8:00	DKK	Industrial production	m/m		-0.5%	1.4%
9:00	CHF	SNB balance sheet, intervention	CHF bn			730.9
9:15	CHF	CPI	m/m/y/y		0.2% 1.1%	0.0% 1.2%
9:30	SEK	Budget balance	SEK bn			24.9
9:30	SEK	Industrial orders	m/m/y/y			9.8% 9.4%
14:30	USD	Unemployment	%	3.8%	3.8%	3.9%
14:30	USD	Average hourly earnings, non-farm	m/m/y/y	0.25% 2.7%	0.3% 2.8%	0.4% 2.9%
14:30	USD	Non farm payrolls	1000	190	188	201
14:30	USD	Trade balance	USD bn		-50.7	-50.1
14:30	CAD	Net change in full time employment	1000			40.4
21:00	USD	Consumer credit	USD bn		15.0	16.6

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Source: Danske Bank

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