

# Weekly Focus

## Growth weakness ahead of trade talks

### Market Movers ahead

- The meeting between Donald Trump and Xi Jinping this weekend could be a turning point in the trade war and there is a good chance of a deal despite more sabre rattling this week.
- Markets have reacted strongly to Fed Chair Jerome Powell's words this week and next week he is due to testify in Congress. The jobs report is likely to confirm that wage growth is strong in the US.
- We also expect data to show increasing wage growth in the euro area in Q3.
- There is a high risk that the Chinese Caixin PMI will drop below 50.
- In Norway, the important regional network survey should still point to growth above trend, while there is a considerable risk of weaker growth indicators from Sweden.

### Weekly wrap-up

- There is considerable doubt about whether the Brexit deal will pass in the British parliament and what will happen if it does not.
- Weak macro data in Europe helped push oil below USD60.
- The Italian government showed signs of yielding to pressure from the markets and the EU to tighten fiscal policy plans.
- Swedish GDP declined 0.2% in Q3 due to temporary factors but also with underlying weakness. Indicators for Q4 do not look too promising either.

### Contents

Market movers.....	2
Weekly Wrap-Up .....	4
Scandi update .....	6
Latest research from Danske Bank .....	8
Macroeconomic forecast .....	9
Financial forecast .....	10
Calendar .....	11

### Financial views

#### Major indices

	30-Nov	3M	12M
10yr EUR swap	0.89	1.10	1.40
EUR/USD	114	113	125
ICE Brent oil	60	87	80

Source: Danske Bank

Follow us on [Twitter](#)



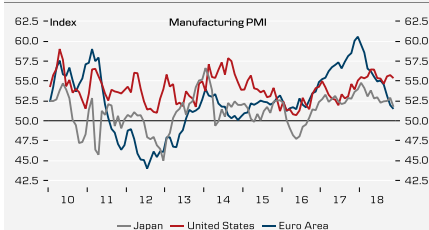
[@Danske\\_Research](#)

### Germany points to higher euro wages



Source: ECB, Macrobond Financial

### Weaker growth outside the US



Source: Markit, Macrobond Financial

Editor

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

# Market movers

## Global

- In the **US**, job reports for November are due out on Friday. We expect that nonfarm payrolls rose around the current trend of 190,000. However, the most important part of the job reports is the average hourly earnings. It seems the tighter labour market continues to put upward pressure on wage growth. In November, we expect that average hourly earnings rose +0.3% m/m, which would take the annual growth rate to 3.2% rounded up.

On Monday, ISM Manufacturing data are released. We think Markit PMI is a better indicator for manufacturing as ISM manufacturing has been too high compared to reality over the past couple of years. We continue to believe ISM should move lower but it has been stubbornly high for longer than expected.

Fed chair Powell testifies before the Joint Economic Committee of Congress on Wednesday 5 December. This is the last opportunity for him to send new signals to markets before the Fed meeting on 19 December, where we expect another 25bp.

- In the **euro area**, the key release next week will be Q3 wage growth data, which is due on Friday. Already released German and Spanish figures point to further acceleration in Q3. In light of the latest disappointing PMIs and weak Q3 GDP growth, a further increase in wage growth from the 2.3% in Q2 will be welcome news for the ECB ahead of the December meeting and likely to boost its confidence in the inflation outlook.

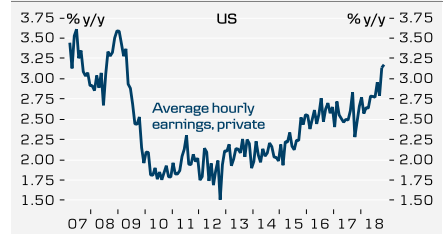
On Friday, we also get the final Q3 GDP growth figures. We expect no revisions of the 0.2% q/q estimate, but we will especially look out for the component breakdown.

Following renewed optimism about a potential budget compromise this week, markets will also keep a close eye on the ECOFIN Council meeting on Tuesday, which could lead to a formal start of an excessive deficit procedure (EDP) against Italy.

- In the **UK**, the debate in the House of Commons on the Brexit deal ahead of the vote on 11 December begins on Tuesday. The debate will take five days (eight hours per day) on Tuesday, Wednesday, Thursday, Monday 10 December and Tuesday 11 December. Looking at the parliamentary arithmetic at the time of writing, it seems unlikely the deal will pass the first time (more than 400 MPs have said or hinted they will vote against the deal) and it seems that PM Theresa May's team is already planning to hold another vote in the House of Commons, either later in December or in January, perhaps after some new negotiations with the EU. The problem is that the EU has clearly stated that it is not possible to change much in the deal, so any changes would be minor and the question is whether this is enough for the MPs to vote in favour of the deal. If the deal does not pass, it opens the way for a range of possible outcomes including a chance of both a second referendum and a snap election. It seems that there is no majority for a no deal Brexit but we cannot rule out such a scenario just yet. See *Market Guide*, 27 November 2018.

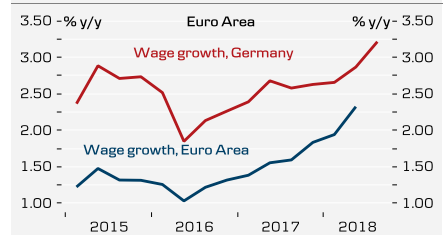
- In **Japan**, we get October cash earnings on Friday. After the summer's large bonus payments, cash earnings have lost momentum again and y/y real earnings have been negative for two months straight. Cash earnings are key for the inflation outlook to brighten and Bank of Japan governor Kuroda has also highlighted that they will follow wage developments closely in order to spot future tendencies in inflation. It will be interesting to see if we get a pickup in October. Looking a bit further ahead, falling oil prices should be supportive and push real wages back onto a positive trend. On the same

### Wages continue to grow higher in the US



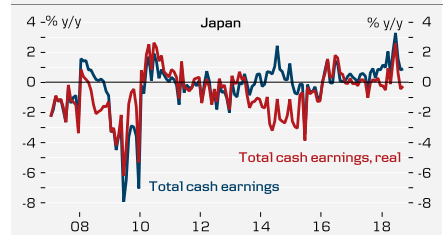
Source: BLS, Macrobond Financial

### Will euro area Q3 wage growth follow Germany's strong figures?



Source: ECB, Macrobond Financial

### Cash earnings trend still modest despite tight labour market



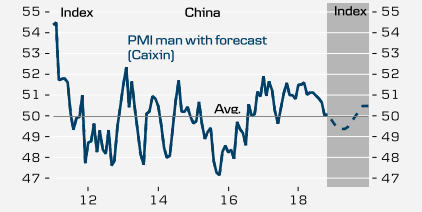
Source: Japan Statistics Bureau, Japanese Ministry of Labour, Macrobond Financial

day, we will also see if the household spending survey for October supports the brightening picture for private consumption we got with the strong retail sales.

- The key focus in **China** is the meeting between Chinese President Xi Jinping and US President Donald Trump at the G20 meeting. A dinner is planned for Saturday after the official G20 meeting is over. We have received some mixed signals over the past week with Trump saying he could increase tariffs further and also put tariffs on the rest of Chinese imports of USD267bn. However, we still see a 60% probability of an agreement, see *US-China Trade - Five reasons why we still see a 60% probability of ceasefire*, 29 November.

On the data front, we'll have the private version of PMI manufacturing from Caixin. We see a high risk that it will fall below 50 in November after dropping to 50.1 in October, see *China Leading Indicators - It gets worse before it gets better*, 22 November 2018. FX reserves for November are also up for release.

China: PMI to fall further before recovering in Q2 next year



Source: Macrobond Financial, NBS

## Scandi

- In **Denmark**, we have another eventful week ahead. The first figure scheduled is the FX reserve for November. The DKK has hovered on the weak side of the central parity rate against the EUR throughout most of November, so the market will be scrutinising Tuesday's figures to see if Danmarks Nationalbank has intervened to support the krone. We still expect the DKK to strengthen again in the coming months and that Danmarks Nationalbank will keep its policy rate unchanged at minus 0.65% until the ECB hikes in December 2019.

On Tuesday, the Danish Economic Councils (DØRS) are due to publish their autumn report on the Danish economy. DØRS acts as a fiscal watchdog that presents its views on the current economic situation in Denmark together with an evaluation of fiscal policy. The autumn report will also focus on the taxation of labour income and the attachment of the unskilled to the labour market.

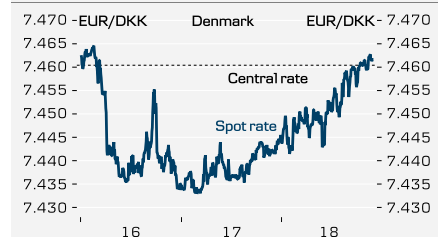
Next up are Thursday's numbers for bankruptcies and forced sales in November, while Statistics Denmark is set to release house price figures for September on the same day. Hence, we will get to see if house price growth has remained somewhat more subdued. Finally, Friday should bring industrial production figures for October.

- The **Swedish** economic data schedule for the coming week is not massive but contains some very important data regarding the outlook for the business sectors. November manufacturing and services PMI will both be scrutinised. We expect the former to follow the lead from German manufacturing PMI down. The latter is a bit more tricky, but NIER private-services confidence suggests a decline here too.

The real test, however, will come later this week as new orders, industry and services production for October are released. Orders dropped slightly in September suggesting manufacturing production may drop slightly. That would suggest Q4 has started with another production decline on the back of the one seen in Q3.

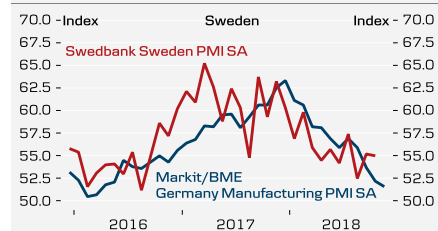
SNDO releases the November borrowing requirement. It expects a surplus of SEK24.8bn. However, October turned out worse than expected due to flows out of the tax account, a surplus of SEK3.1bn instead of as projected SEK10.3bn. It is uncertain if money will flow back to the tax account again or if the outflow will continue.

EUR/DKK



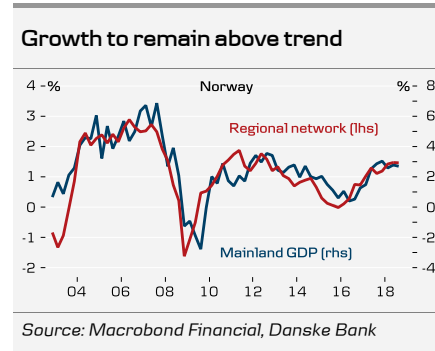
Source: Statistics Denmark

Taking a dive to 50ish?



Source: Markit, Swedbank

- In **Norway**, the week brings Norges Bank's latest regional network survey. This is the bank's preferred gauge of economic activity and is particularly important at a time when the picture is being distorted by temporary factors such as the abnormally hot summer. We expect the aggregated output index to confirm that growth is set to remain above trend in H1 next year. The survey should show a further increase in optimism in oil-related industries, what with orders being on the up and estimates for 2019 being revised up slightly in the latest oil investment survey. It also now seems that housing starts are stabilising, and there is still plenty of activity when it comes to public infrastructure projects, so we expect the outlook for the construction sector to be somewhat better than in the previous round. Growing activity in these sectors would also suggest that business services will see demand growth. Given the growing global uncertainty, however, there is a certain risk of exporters being less upbeat than in the previous survey. Consumer confidence has also deteriorated, retail sales have been weak, and retailers' margins seem to be under considerable pressure, so there is reason to expect reduced optimism in the retail sector and possibly also consumer services. All in all, we expect a moderate decrease in the aggregated output index for the next six months from 1.46 to somewhere between 1.2 and 1.4. This corresponds to quarterly growth in mainland GDP of around 0.6-0.7% in H1, which is still slightly above trend and would support expectations of a rate increase in March. The week also brings housing prices for November. After rising strongly through to the summer, prices have levelled off over the past five months. We put this down to a much stronger supply side and expect this to affect the market well into next year. We therefore anticipate largely unchanged prices again in November.



Market movers ahead

Global movers		Event		Period	Danske	Consensus	Previous	
During the week		Sat 01	CNY	Meeting between Chinese President Xi Jinping and US President Donald Trump				
Mon	03-Dec	2:45	CNY	Caixin PMI manufacturing	Index	Nov	50.1	50.1
		16:00	USD	ISM manufacturing	Index	Nov	58.0	57.7
Tue	04-Dec	11:00	EU	ECOFIN meeting				
Wed	05-Dec	16:00	USD	ISM non-manufacturing	Index	Nov	59.5	60.3
		16:15	USD	Fed's Powell (voter, neutral) speaks				
Thurs	06-Dec							
Fri	07-Dec	-	CNY	Foreign exchange reserves	USD bn	Nov		3053.1
		1:00	JPY	Labour cash earnings	y/y	Oct	1.0%	0.8%
		8:00	DEM	Labour costs	q/q y/y	3rd quarter		0.2% 2.0%
		11:00	EUR	GDP, final	q/q y/y	3rd quarter	0.2% 1.7%	0.2% 1.7%
		14:30	USD	Average hourly earnings, non-farm	m/m y/y	Nov	0.3% 3.2%	0.3% 3.0%
		14:30	USD	Non farm payrolls	1000	Nov	190	205
							205	250
Scandi movers		Event		Period	Danske	Consensus	Previous	
During the week								
Mon	03-Dec	8:30	SEK	PMI manufacturing	Index	Nov		55.0
		9:00	NOK	PMI manufacturing	Index	Nov		56.0
Tue	04-Dec	10:00	NOK	Norges Bank Regional Network Report: Output next	Index	Nov		1.5
		12:00	DKK	Danish economic councils publishes fall report on Danish economy				
		17:00	DKK	Currency reserves	DKK bn	Nov		467.6
Wed	05-Dec	8:30	SEK	PMI services	Index	Nov		56.3
		9:30	SEK	Industrial orders	m/m y/y	Oct		0.0% -0.4%
Thurs	06-Dec	9:30	SEK	Average house prices	SEK m	Nov		2.792
Fri	07-Dec	8:00	DKK	Industrial production	m/m	Oct		-0.4%
		9:30	SEK	Budget balance	SEK bn	Nov		3.1

Source: Bloomberg, Danske Bank

# Weekly Wrap-Up

## More sabre rattling ahead of Xi-Trump talks

### Main macro themes

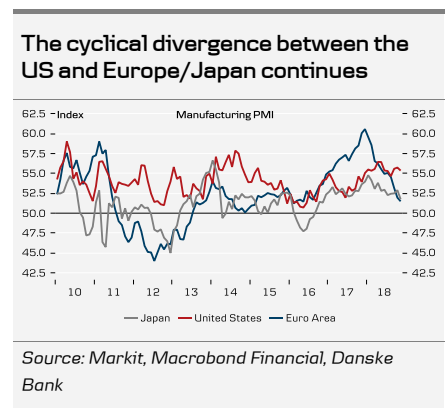
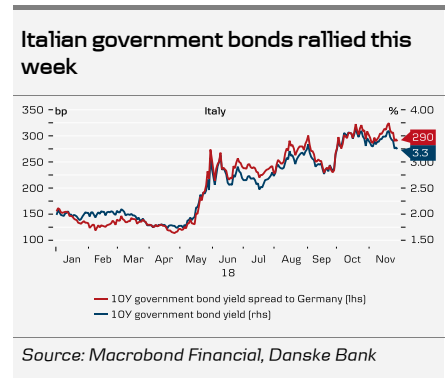
- Trump threatened to expand the US trade war with China ahead of a pivotal meeting between the two leaders at the G20 summit on Saturday. Trump said he still plans to increase the tariff rate of USD200bn of Chinese goods to 25% next year and if negotiations fail, that he will slap tariffs on the remaining USD267bn of Chinese imports. We still see a 60% likelihood of a ceasefire. See *US-China trade - Five reasons why we still see a 60% chance of ceasefire*, 29 November.
- The European Council formally endorsed the Brexit deal, but EU leaders made it clear it cannot be renegotiated even if the UK parliament rejects it. A European Parliament vote is expected in February or March 2019 but the bigger hurdle for PM Theresa May looms in convincing a hostile House of Commons of the merits of her Brexit deal before the vote on 11 December. It seems that May is increasingly aware of the likelihood of losing the vote, but hopes to pass it in a second vote. If she loses by a significant margin, she will probably need to resign (see also *Brexit Monitor*, 16 November).
- Fed Chair Jerome Powell said the Fed funds rate is now ‘just below’ the neutral rate, which markets interpreted as a dovish policy shift. We think markets might have over interpreted the comments. We still believe the Fed is keen on getting to neutral and stick to our call that it will hike next month and again in March and June 2019.

### Financial market developments

- Market sentiment remained sensitive this week, as macro data in Europe disappointed and geopolitical concerns remained prominent. Additionally, Brent oil prices fell below USD60/bbl for the first time since October 2017, also due to lingering questions about the likelihood of an OPEC production cut at the 6 December meeting.
- The Italian government bond market rallied on the back of signals from the Italian government that it is willing to concede some room in its 2019 deficit targets. The 10Y spread between German and Italian government bonds has tightened back to around 290bp from 310bp last week on news that the government is considering lowering its 2019 deficit target to 2.2% from the current 2.4%. It might be a first sign that the government is yielding to the pressure from the market and the Commission.
- While November US manufacturing PMI pointed to continued strong growth, euro area PMIs did not bring the rebound in momentum that markets were hoping for. Carry and cyclical divergence still favour a weaker EUR/USD but soft Fed comments have proved a headwind this week. We believe EUR/USD will stay under pressure and be range-bound around 1.13 near term, with a possible kneejerk reaction higher if the market smells a trade ceasefire. NOK and SEK remain under pressure and we need to get closer to year-end and the first Riksbank hike before the skies are set to clear for the troubled Scandies. For GBP, we still see risks skewed to the downside near term as the path towards Brexit remains muddy (see *Market Guide: UK and EU agree Brexit deal but it is not over yet*, 27 November).

Financial views			
Major indices			
	30-Nov	3M	12M
10yr EUR swap	0.89	1.10	1.40
10yr US swap	3.07	3.35	3.55
ECB key rate	-0.40	-0.40	-0.40
Fed funds rate	2.25	2.50	3.00
EUR/SEK	1034	1010	1000
EUR/NOK	974	940	910
EUR/USD	114	113	125
ICE Brent oil	60	87	80

Source: Danske Bank



# Scandi update

## Denmark – solid growth in Q3 driven by increased exports

Denmark’s GDP grew by 0.7% in Q3, which was exactly as predicted by the so-called GDP indicator two weeks ago. However, the new figures provide insight into what is driving growth. Growth is now being driven by rising exports, which rose by a very substantial 1.6% in Q3. In contrast, private consumption rose very modestly, though this was mainly due to slower car sales, whereas underlying consumption showed decent growth. Growth is also broadly based across sectors, though there was, as expected, a fall in agriculture and mining and quarrying due to the unusually warm summer.

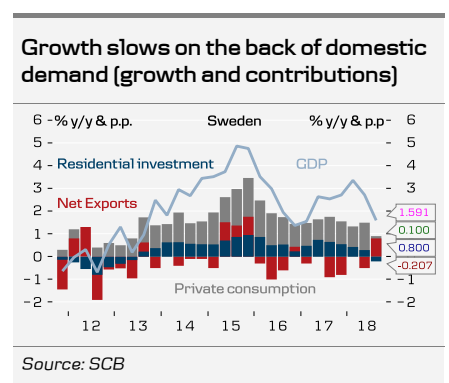
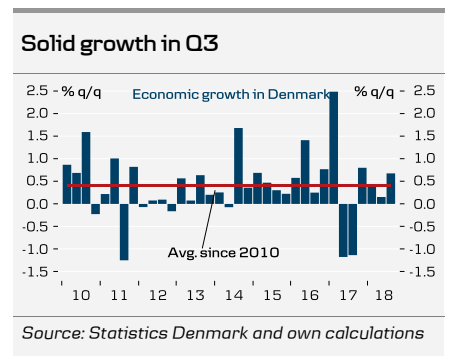
Gross unemployment was largely unchanged in October according to new figures from Statistics Denmark. Unemployment fell by 200, but the unemployment rate was unchanged at 3.9%, where it has been since June this year. Last week also brought the business confidence indicator, which surveys the outlook among Danish companies every month. The mood in corporate Denmark was largely unchanged in November – which is not bad at a time when pessimism is growing around much of the world. The figures also showed fewer companies experienced problems finding qualified labour. This is good news, as it will calm fears of potential bottleneck problems in the labour market and is supported by the new unemployment figures. That being said, the proportion of companies reporting labour shortages is still at a high level, historically speaking.

## Sweden – weaker data, but rising price signals

Data this week showed many signs of a weakening economy. Hard October data in the form of trade balance (SEK-8.1bn) and retail sales (-1.1 % m/m/-0.1 % y/y) suggested a bad start to Q4, and NIER’s November confidence survey had some surprising elements.

1) Manufacturing confidence rose, we expected the opposite. 2) Retail trade confidence also rose, but this was probably driven by non-durable trade. 3) Private services confidence is bucking below the average 100 level. All in all, there is a firm deteriorating trend in all sectors but manufacturing, which we find weird given that manufacturing PMI is on its way down. At the same time, retail price expectations are soaring, mostly because of non-durables and car stores, while prices are slowing in durables – a mixed picture, but supportive to the Riksbank’s hiking intentions.

Q3 GDP turned out at -0.2 % q/q sa / 1.6 % y/y cal. adj, very close to our call. Several components behaved as we had expected i.e. private consumption, industrial production, inventories (which dropped), and of course residential investment (which declined). There was a positive effect from net exports as imports showed a steep decline. All these comments refer to q/q developments. Having said this there are some facts worth emphasising: 1) taking away transportation from private consumption shows that even the rest has slowed to 1% y/y; 2) residential construction actually fell (-3.4 % q/q) for the first time since 2013; and 3) business capex spending appears to have passed its peak. Looking forward, we expect residential investment and household spending to slow GDP further going into Q4. Remember that October retail sales and trade balance points in that direction.



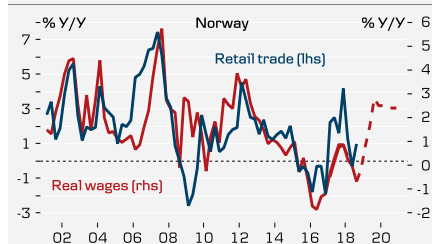


## Norway – retail sales set to rebound despite October weakness

Yet again retail sales fell short of expectations as the October print revealed another decline – albeit at 0.2% it was a small drop. Overall the story remains that goods consumption in Norway recently has been weak, which was a key explanation for the low mainland Q3 GDP reading at 0.3% q/q. Meanwhile, the driving force has been lower real wage growth on the back of soaring electricity prices this summer. Electricity prices fell back sharply in September and even if we have seen a recent rise amid cold Northern European weather (something we keep an eye on) we still pencil in a retail sales rebound in the coming quarters on rising real wages and employment.

In terms of the latter the NAV labour market report showed that the labour market continues to tighten. The seasonally adjusted unemployment rate did actually rise but this was due to the implementation of a new registration method. Disregarding the new method, NAV itself writes that unemployment would have fallen further. In our view, that supports the case for further Norges Bank rate hikes and we still expect the next one in March 2019.

**Retail sales tend to follow real wages closely**



Source: Macrobond Financial, SSB, Danske Bank

## Latest research from Danske Bank

### *29/11 US-China trade - Five reasons why we still see a 60% chance of ceasefire*

Although we have received a lot of mixed signals in recent days, we still stick to a 60% probability of a ceasefire in the US-China trade war after the G20 meeting.

### *27/11 Research Denmark - Danish/euro area inflation gap set to close, but not yet*

Danish CPI inflation is set to bounce back but only moderately due to a cut in the media licence. We revise down our forecast for next year and now expect an increase from 0.8% in 2018 to 1.2% in 2019.

### *26/11 Macro Strategy Views Podcast: Risk premiums to rise as liquidity tightens, growth slows*

In our weekly podcast, Macro Strategy Views, we focus on topical macro and market themes targeting investors and trading corporates. Today, we focus on risk premiums across asset classes with a special focus on the credit market.



## 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	2.1	0.7	4.6	3.6	3.6	1.1	1.7	4.2	1.1	36.1	8.0
	2018	1.6	2.5	0.6	7.7	2.2	4.4	0.8	1.9	4.0	0.4	34.7	5.4
	2019	2.0	2.3	0.5	2.6	3.7	3.0	1.2	2.3	3.7	-0.1	33.9	6.1
Sweden	2017	2.5	2.2	0.0	6.1	3.2	4.8	1.8	2.5	6.7	1.2	41.0	4.2
	2018	2.0	2.2	0.8	3.1	2.7	3.7	1.9	2.6	7.1	1.0	37.0	2.8
	2019	1.6	1.9	0.4	1.3	2.3	2.2	1.6	2.7	7.6	0.8	35.0	2.8
Norway	2017	1.8	2.3	2.0	3.5	0.8	2.2	1.8	2.3	2.7	-	-	-
	2018	2.4	2.3	1.9	-0.4	0.8	3.3	2.8	3.0	2.4	-	-	-
	2019	2.5	2.5	1.8	4.4	2.4	3.0	1.6	3.5	2.1	-	-	-

### 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	2.9	5.4	4.0	1.5	1.6	9.1	-1.0	86.8	4.0
	2018	1.9	1.4	1.1	3.1	3.2	3.0	1.8	2.2	8.2	-0.7	86.0	3.8
	2019	1.6	1.7	2.1	2.0	3.1	3.9	1.8	2.3	7.9	-0.6	85.5	3.6
Germany	2017	2.5	2.0	1.6	3.6	5.3	5.3	1.7	2.6	3.8	1.0	63.9	7.9
	2018	1.8	1.4	1.1	3.4	3.0	3.9	1.9	3.0	3.4	1.2	60.2	7.9
	2019	1.8	2.1	2.3	3.1	3.6	5.4	2.1	3.2	3.3	1.1	56.3	7.6
Finland	2017	2.8	1.3	-0.5	4.0	7.5	3.5	0.8	0.2	8.6	-0.7	61.3	-0.7
	2018	2.7	2.1	2.0	4.0	3.2	3.0	1.2	2.0	7.6	-0.3	59.3	-0.6
	2019	2.0	1.6	0.5	3.5	4.0	3.5	1.5	2.3	7.3	0.1	57.7	-0.2

### 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	3.2	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	87.4	-4.1
	2018	1.2	1.6	0.3	-0.1	0.5	0.6	2.5	2.5	4.1	-1.8	85.4	-4.4
	2019	1.5	1.6	0.4	1.1	1.8	1.8	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 interest rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	30-Nov	2.25	2.71	2.98	3.07	113.8	-	655.9
	+3m	2.50	2.99	3.30	3.35	113.0	-	659.5
	+6m	2.75	3.15	3.40	3.55	118.0	-	631.8
	+12m	3.25	3.46	3.60	3.55	125.0	-	596.4
EUR	30-Nov	-0.40	-0.32	-0.15	0.89	-	113.8	746.2
	+3m	-0.40	-0.33	-0.05	1.00	-	113.0	745.3
	+6m	-0.40	-0.33	0.05	1.20	-	118.0	745.5
	+12m	-0.40	-0.20	0.15	1.40	-	125.0	745.5
JPY	30-Nov	-0.10	-0.11	0.02	0.25	129.1	113.5	5.78
	+3m	-0.10	-	-	-	127.7	113.0	5.84
	+6m	-0.10	-	-	-	134.5	114.0	5.54
	+12m	-0.10	-	-	-	143.8	115.0	5.19
GBP	30-Nov	0.75	0.89	1.15	1.55	89.1	127.8	837.9
	+3m	0.75	0.82	1.30	1.70	83.0	136.1	897.9
	+6m	1.00	1.07	1.40	2.00	83.0	142.2	898.2
	+12m	1.00	1.08	1.60	2.20	83.0	150.6	898.2
CHF	30-Nov	-0.75	-0.74	-0.55	0.41	113.4	99.6	658.2
	+3m	-0.75	-	-	-	113.0	100.0	659.5
	+6m	-0.75	-	-	-	116.0	98.3	642.7
	+12m	-0.75	-	-	-	120.0	96.0	621.3
DKK	30-Nov	-0.65	-0.30	-0.03	1.03	746.2	655.9	-
	+3m	-0.65	-0.30	0.05	1.15	745.3	659.5	-
	+6m	-0.65	-0.30	0.15	1.35	745.5	631.8	-
	+12m	-0.65	-0.17	0.25	1.55	745.5	596.4	-
SEK	30-Nov	-0.50	-0.38	-0.02	1.15	1034.2	908.9	72.2
	+3m	-0.25	-0.25	0.25	1.35	1010.0	893.8	73.8
	+6m	-0.25	-0.15	0.35	1.30	1000.0	847.5	74.6
	+12m	0.00	0.00	0.55	1.45	1000.0	800.0	74.6
NOK	30-Nov	0.75	1.20	1.54	2.21	973.6	855.7	76.6
	+3m	0.75	1.35	1.65	2.45	940.0	831.9	79.3
	+6m	1.00	1.41	1.95	2.70	920.0	779.7	81.0
	+12m	1.25	1.66	2.20	2.85	910.0	728.0	81.9

## Commodities

	30-Nov	2018				2019				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
ICE Brent	60	67	75	76	85	87	87	85	80	76	85

Source: Danske Bank

# Calendar

## Key Data and Events in Week 49

### During the week

Sat 01 CNY Meeting between Chinese President Xi Jinping and US President Donald Trump

### Monday, December 3, 2018

				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Nov		17.1	17.5
1:30	JPY	Nikkei Manufacturing PMI, final	Index	Nov			51.8
2:45	CNY	Caixin PMI manufacturing	Index	Nov		50.1	50.1
8:30	SEK	PMI manufacturing	Index	Nov			55.0
9:00	NOK	PMI manufacturing	Index	Nov			56.0
9:15	ESP	PMI manufacturing	Index	Nov			51.8
9:45	ITL	PMI manufacturing	Index	Nov			49.2
9:50	FRF	PMI manufacturing, final	Index	Nov			50.7
9:55	DEM	PMI manufacturing, final	Index	Nov		51.6	51.6
10:00	EUR	PMI manufacturing, final	Index	Nov			51.5
10:30	GBP	PMI manufacturing	Index	Nov		52.0	51.1
15:30	CAD	RBC manufacturing PMI	Index	Nov			53.9
15:45	USD	Markit PMI manufacturing, final	Index	Nov			55.4
16:00	USD	Construction spending	m/m	Oct		0.4%	0.0%
16:00	USD	ISM manufacturing	Index	Nov		58.0	57.7
19:00	USD	Fed's Kaplan (non-voter, neutral) speaks					

### Tuesday, December 4, 2018

				Period	Danske Bank	Consensus	Previous
-	GBP	Debate in House of Commons on Brexit deal begins (day 1 out of 5)					
4:30	AUD	Reserve Bank of Australia rate decision	%		1.50%	1.50%	1.50%
9:15	CHF	CPI	m/m y/y	Nov		-0.1% 1.1%	0.2% 1.1%
9:30	SEK	Current account	SEK bn	3rd quarter			10
10:00	NOK	Norges Bank Regional Network Report: Output next 6M	Index	Nov			1.5
10:30	GBP	PMI construction	Index	Nov			53.2
11:00	EU	ECOFIN meeting					
11:00	EUR	PPI	m/m y/y	Oct			4.5% 0.5%
12:00	DKK	Danish economic councils publishes fall report on Danish economy					
17:00	DKK	Currency reserves	DKK bn	Nov			467.6

### Wednesday, December 5, 2018

				Period	Danske Bank	Consensus	Previous
-	GBP	Debate in House of Commons on Brexit deal day 2 out of 5					
-	PLN	Polish central bank rate decision	%		1.50%	1.50%	1.50%
1:30	JPY	Markit PMI services	Index	Nov			52.4
1:30	AUD	GDP	q/q y/y	3rd quarter		0.6% 3.3%	0.9% 3.4%
2:45	CNY	Caixin PMI service	Index	Nov		50.9	50.8
6:00	SEK	Maklarstatistik Swedish housing price data					
8:30	SEK	PMI services	Index	Nov			56.3
9:15	ESP	PMI services	Index	Nov			54.0
9:30	SEK	Industrial orders	m/m y/y	Oct			0.0% -0.4%
9:45	ITL	PMI services	Index	Nov			49.2
9:50	FRF	PMI services, final	Index	Nov			55.0
9:55	DEM	PMI services, final	Index	Nov		53.5	53.3
10:00	EUR	PMI composite, final	Index	Nov			52.4
10:00	EUR	PMI services, final	Index	Nov			53.1
10:30	GBP	PMI services	Index	Nov		52.7	52.2
11:00	EUR	Retail sales	m/m y/y	Oct			0.0% 0.8%
14:15	USD	ADP employment	1000	Nov		200	227
14:30	USD	Unit labour cost, final	q/q	3rd quarter		1.0%	1.2%
15:45	USD	Markit PMI service, final	Index	Nov			54.4
16:00	USD	ISM non-manufacturing	Index	Nov		59.5	60.3
16:00	CAD	Bank of Canada rate decision	%		1.75%	1.75%	1.75%
16:15	USD	Fed's Powell (voter, neutral) speaks					
16:30	USD	DOE U.S. crude oil inventories	K				3577

Source: Danske Bank

## Calendar (continued)

Thursday, December 6, 2018			Period	Danske Bank	Consensus	Previous
-	GBP	Debate in House of Commons on Brexit deal day 3 out of 5				
8:00	DEM	Factory orders	m/m y/y	Oct	-0.6% ...	0.3% -2.2%
8:00	DKK	House and apartment prices	m/m y/y	Sep		
8:00	DKK	Forced sales (s.a.)	Number	Nov		
8:00	DKK	Bankruptcies (s.a.)	Number	Nov		
9:30	SEK	Average house prices	SEK m	Nov		2.792
14:30	USD	Trade balance	USD bn	Oct	-54.0	-54.0
14:30	USD	Initial jobless claims	1000			
16:00	USD	Core capital goods orders, final	%	Oct		0.0%
Friday, December 7, 2018			Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Estonia's debt rating				
-	GBP	Moody's may publish UK's debt rating				
-	CNY	Foreign exchange reserves	USD bn	Nov		3053.1
1:00	JPY	Labour cash earnings	y/y	Oct	1.0%	0.8%
6:00	JPY	Leading economic index, preliminary	Index	Oct		104.3
8:00	DEM	Industrial production	m/m y/y	Oct	0.0% ...	0.2% 0.8%
8:00	DEM	Labour costs	q/q y/y	3rd quarter		0.2% 2.0%
8:00	DKK	Industrial production	m/m	Oct		-0.4%
8:00	NOK	Manufacturing production	m/m y/y	Oct		-0.3% 1.5%
8:00	NOK	Industrial production	m/m y/y	Oct		-1.5% 0.7%
8:45	FRF	Industrial production	m/m y/y	Oct		-1.8% -1.1%
9:00	CHF	SNB balance sheet, intervention	CHF bn	Nov		753.3
9:30	SEK	Budget balance	SEK bn	Nov		3.1
11:00	EUR	GDP, final	q/q y/y	3rd quarter	0.2% 1.7%	0.2% 1.7%
11:00	EUR	Gross fixed investments	q/q	3rd quarter		1.4%
11:00	EUR	Government consumption	q/q	3rd quarter		0.4%
11:00	EUR	Private consumption	q/q	3rd quarter		0.2%
14:30	USD	Unemployment	%	Nov	3.7%	3.7%
14:30	USD	Average hourly earnings, non-farm	m/m y/y	Nov	0.3% 3.2%	0.3% 3.0%
14:30	USD	Non farm payrolls	1000	Nov	190	205
14:30	CAD	Net change in full time employment	1000	Nov		33.9
16:00	USD	University of Michigan Confidence, preliminary	Index	Dec	97.0	97.5
18:00	USD	Fed's Brainard (voter, dovish) speaks				
21:00	USD	Consumer credit	USD bn	Oct	14.3	10.9

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 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:** 30 November 2018, 14:15 CEST

**Report first disseminated:** 30 November 2018, 14:25 CEST