

Danske Daily

Market Movers

- In Europe focus will be on the Bank of England meeting and the final inflation data for Euroland. Bank of England is expected to be on hold given the focus on the upcoming Brexit vote.
- In the US we have CPI data and a couple of Fed speeches. The CPI data are becoming more important as Fed's Yellen has previously stated that she needs to see that the rise in inflation 'proves durable'.

Selected Market News

The positive sentiment in the US equity market continued yesterday on the back of the better-than-expected trade data from China and the Q1 results from JP Morgan beating market expectations. So despite weaker-than-expected retail sales, the equity market continued its positive streak and is now at its highest level so far this year.

US Treasury bonds had a mixed day. The yield on the 10Y Treasuries fell a few bp on the back of a very solid demand at the auction yesterday. The demand is driven by foreign investors looking for higher yielding alternatives to Bunds and JGBs. Today, the Treasury continues the auctions and is selling in the 30Y segment. Given the strong demand at the French 20Y and 50Y syndicated deals, there seems to be ample demand for the long end of the AAA-AA rated yield curves.

Asian equity markets follow the positive sentiment from the US and received support from a weaker JPY as well as an unexpected easing of monetary policy in Singapore this morning. The central bank in Singapore announced that it will no longer seek an appreciation of the local currency against a basket of currencies. Most forecasters had expected no change in policy.

Market overview

	07:30	1 day +/- %	
S&P500 (close)	2082.4	↑ 1.00	
S&P500 fut (chng from close)	2073.4	↓ -0.12	
Nikkei	16861.0	↑ 2.93	
Hang Seng	21346.4	↑ 0.89	
	17:00	07:30	
		+/- bp	
US 2y gov	0.75	0.75	↑ 0.4
US 10y gov	1.78	1.76	↓ -2.5
iTraxx Europe (IG)	75	75	↑ 0.2
iTraxx Xover (Non IG)	317	316	↓ -0.2
			+/- %
EUR/USD	1.129	1.127	↓ -0.19
USD/JPY	109.280	109.390	↑ 0.10
EUR/CHF	1.09	1.09	↑ 0.04
EUR/GBP	0.793	0.797	↑ 0.48
EUR/SEK	9.183	9.205	↑ 0.23
EUR/NOK	9.28	9.30	↑ 0.17
			USD
Oil Brent, USD	44.8	43.6	↓ -2.83
Gold, USD	1247.6	1234.9	↓ -1.02

Note:

* The iTraxx Europe Index shows the spread development for the most liquid investment grade CDS contracts in the euro credit market.

**The iTraxx Europe Crossover show the spread development of the most liquid non-investment grade CDS contracts in the euro credit market.

***The Markit CDX North America Investment Grade Index shows the spread development for the most liquid investment grade CDS contracts in the US credit market.

Source: Bloomberg

Selected readings from Danske Bank

- [Brexit - what if? Implications for euro and Nordic markets, 13 April](#)

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Scandi Markets

No key data releases in Scandinavia today.

Fixed Income Markets

Ireland is tapping 0.75bn in the May-26 today. Ireland has underperformed again since the beginning of the month on Brexit fears and the prevailing political uncertainty. Longer tenors have lost most, while the 5Y has been holding up well versus semi-core. Recent cheapening versus peers and the attractiveness of moving out on the curve should attract investors and the size is on the low side. The 26s do, however, not look particularly attractive to the 25s.

Growth in Ireland (GDP increased 7.8% in 2015) remains a positive factor as does this year's cash flow. Ireland will after today have done more than 50% of this year's supply. QE purchases amount to around EUR13bn this year versus EUR8bn in supply. (Ireland versus Belgium in 5/10Y {<http://goo.gl/oyeovO>}).

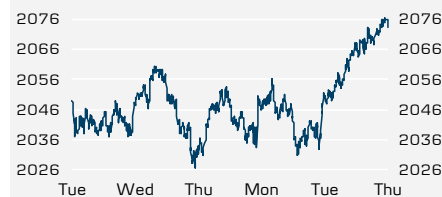
EUR FI is better bid after this week's duration heavy supply is out of the way. Periphery performing well with 10Y Italy/Spain 10bp tighter to core this week. Spain announcing reduced supply this year and news on the Italian bank fund have both been supportive factors. Portugal was the top performer yesterday tightening 16bp to core but Portugal is still out 35bp versus core this month. Liquidity remains poor in Portugal causing exaggerated moves.

FX Markets

In a presentation published yesterday, titled 'Brexit – What If? Implications for euro and Nordic markets', we argue that EUR/USD should fall over the coming 3M with or without Brexit as relative rates should support the USD. A Brexit will only support the downward trend given likely more ECB QE and recession. We also believe that the downward pressure on EUR/DKK will remain over the coming 3M independent of a Brexit given the tight liquidity situation in DKK money market and the cheapness of DK FI assets.

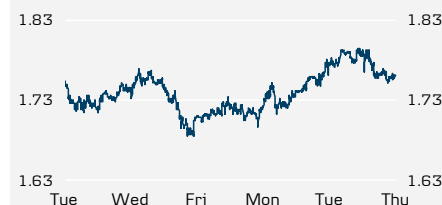
Yesterday EUR/SEK tested lower levels ahead of the low from 30 December and support level at 9.1220. In our view, the downward pressure on EUR/SEK will remain ahead of the Riksbank meeting on 21 April where we expect it to stay put. Further out, a Brexit is a risk for both the SEK and NOK as such an event is likely to trigger a substantial risk reduction across European assets from non-European investors.

US S&P500 future



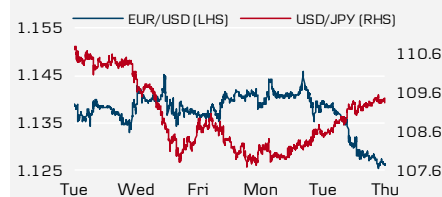
Source: Danske Bank Markets

US 10y gov yield



Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

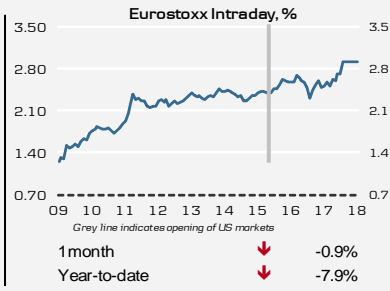
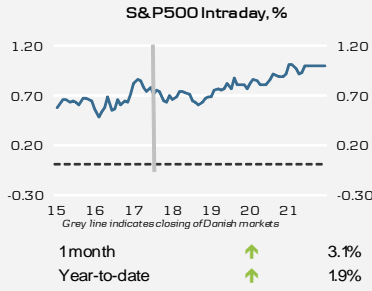
Key figures and events

Thursday, April 14, 2016				Period	Danske Bank	Consensus	Previous
1:01	GBP	RICS house price balance	Index	Mar		0.5	0.5
3:30	AUD	Employment change	1000	Mar		18.5	0.3
10:00	ITL	HICP, final	m/m y/y	Mar		... -0.3%	... -0.3%
11:00	EUR	HICP inflation	m/m y/y	Mar		1.2% -0.1%	0.2% -0.2%
11:00	EUR	HICP - core inflation, final	y/y	Mar		1.0%	1.0%
13:00	GBP	BoE announces asset purchase target	GBP bn	Apr	375		375
13:00	GBP	BoE rate announcement	%		0.5%	0.5%	0.5%
13:00	GBP	BoE minutes					
14:30	USD	CPI	m/m y/y	Mar	0.3% 1.1%	0.2% 1.0%	-0.2% 1.0%
14:30	USD	CPI - core	m/m y/y	Mar	0.2% 2.3%	0.2% 2.3%	0.3% 2.3%
14:30	USD	Initial jobless claims	1000				
16:00	USD	Fed's Powell (voter, neutral) speaks					
16:00	USD	Fed's Lockhart (non.voter, neutral) speaks					

Source: Bloomberg, Danske Bank Markets

Today's market data: 14 April 2016

STOCKS



	Close		+/-
DJUSTOXX50	2856	↑	2.9%
OMXC20	949	↑	0.4%
OMXS30	1393	↑	1.9%
OSE BX	589	↑	2.5%
<hr/>			
	Close		+/-
DOW JONES	17908	↑	1.1%
NASDAQ	4947	↑	1.5%
S&P500	2082	↑	1.0%
NIKKEI (07:30)	16861	↑	2.9%

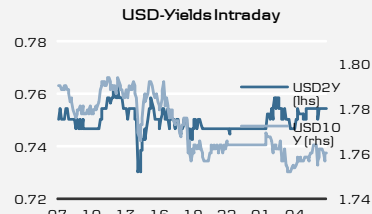
FX & COMMODITIES



EUR	17:00	07:30	+/-
USD	112.87	112.65	↓ -0.22
JPY	123.35	123.23	↓ -0.12
GBP	79.29	79.67	↑ 0.38
NOK	928.24	929.83	↑ 1.59
SEK	918.31	920.46	↑ 2.15
DKK	744.26	744.25	↓ -0.01
PLN	429.27	429.08	↓ -0.19
USD	17:00	07:30	+/-
JPY	109.28	109.39	↑ 0.11
GBP	142.35	141.40	↓ -0.95
CHF	96.46	96.69	↑ 0.23

	Gold, \$	Oil, Brent, \$
07:30	1234.91	43.55
1 day	↓ -7.57	↓ -0.63
1 month	↓ -0.34	↑ 4.02
Year-t-date	↑ 173.49	↑ 6.27
<hr/>		
	CRB 1M future	CRB, Raw Industrials
07:30	175.65	451.27
1 day	↑ 0.17	↑ 3.54
1 month	↑ 3.27	↑ 14.18
Year-t-date	↓ -0.49	↑ 46.56

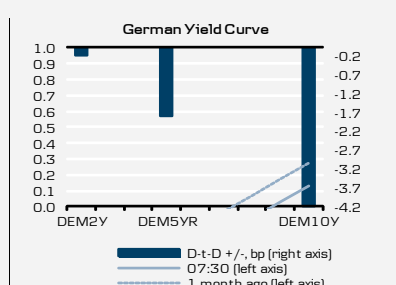
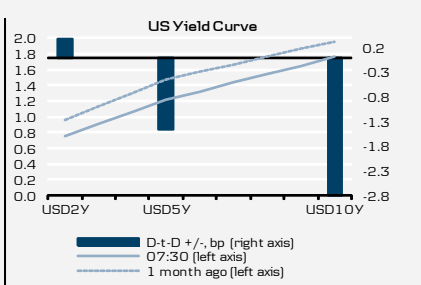
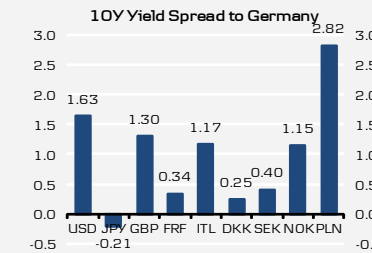
YIELDS & INTEREST RATES



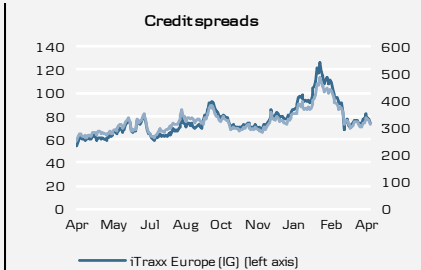
	Policy Rate	3M	Spread, bp
USD	0.50	0.63	13
EUR	0.00	-0.25	-25
GBP	0.50	0.59	9
DKK	0.05	-0.10	-15
SEK	-0.50	-0.42	8
NOK	0.50	1.01	51
PLN	1.50	1.57	7

	17:00	07:30	+/-, bp
USD 10Y	1.78	1.76	↓ -2
USD 30Y	2.60	2.58	↓ -2
JPY 10Y	-0.08	-0.08	↓ -1
<hr/>			
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	0.17	0.14	↓ -3
DKK 10Y	0.39	0.39	↓ 0
SEK 10Y	0.54	0.54	↓ 0
NOK 10Y	1.27	1.27	↑ 0
PLN 10Y	2.95	2.94	↓ 0

* As of closing previous trading day



	07:30	1 day	1 month
Europe (IG)	75	↓ 0	↑ 3
HiVol	78	↑ 0	↓ -10
Xover (N-IG)	316	↓ -2	↓ -1
<hr/>			
Finan. Sr.	96	↓ -1	↑ 18
Finan. Sub.	214	↓ -4	↑ 38
Non-finan.			



	17:00	07:30	+/-
USD 10Y			
JPY 10Y	-14	-14	↑ 1
<hr/>			
	07:30(-1)*	17:00	+/-
EUR 10Y	0		
DKK 10Y	41	40	↓ -1
SEK 10Y	51	49	↓ -2
NOK 10Y	57	61	↑ 4

* As of closing previous trading day

** Ask price

* Ask price

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First date of publication

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