

15 April 2016

Danske Daily

Market Movers

- No major economic data out of Europe today and no rating reports on EU sovereign bonds tonight.
- Focus will be on a string of US economic data. We will be looking at the industrial production data and whether the rebound in ISM is visible in the data. Note though, that manufacturing production actually rose in both January and February despite the very weak ISM.

Selected Market News

Sentiment in the US equity market yesterday was mixed with only very modest gains in the Dow and S&P500. This was driven by a mixed corporate earnings picture, decline in commodity prices as oil slipped, together with a stronger dollar. US inflation rose less than expected supporting the picture of the Fed being on hold.

The sentiment in the Asian markets has also been mixed this morning although the Chinese GDP data for Q1 showed that growth was 6.7% for Q1. This was in line with the forecast and together with the recent export data as well as the industrial production, retail sales and investments also released this morning, it indicates that the growth is likely to have bottomed out in the Chinese economy. **See more here [Flash Comment Chinese data confirms signs of recovery](#)**, 15 April 2016.

Market overview

| | 07:30 | 1 dag +/- % | |
|--------------------------------|---------|-------------|---------|
| S&P500 (lukning) | 2082.8 | ↑ 0.02 | |
| S&P500 fut (ændr. fra lukning) | 2077.2 | ↑ 0.03 | |
| Nikkei | 16873.5 | ↓ -0.22 | |
| Hang Seng | 21304.2 | ↓ -0.16 | |
| | 17:00 | 07:30 | |
| | | +/- bp | |
| US 2 års stat | 0.75 | 0.77 | ↑ 1.2 |
| US 10 års stat | 1.78 | 1.79 | ↑ 0.5 |
| iTraxx Europe (IG) | 72 | 73 | ↑ 0.3 |
| iTraxx Xover (Non IG) | 310 | 311 | ↑ 1.0 |
| | | | +/- % |
| EUR/USD | 1.127 | 1.126 | ↓ -0.04 |
| USD/JPY | 109.16 | 109.64 | ↑ 0.44 |
| EUR/CHF | 1.09 | 1.09 | ↑ 0.02 |
| EUR/GBP | 0.796 | 0.796 | ↓ -0.07 |
| EUR/SEK | 9.156 | 9.175 | ↑ 0.21 |
| EUR/NOK | 9.26 | 9.27 | ↑ 0.11 |
| | | | USD |
| Olje Brent, USD | 44.4 | 43.9 | ↓ -1.22 |
| Guld, USD | 1231.0 | 1229.9 | ↓ -0.09 |

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

- [Danske Bank's FX Quant Strategy](#), 14 April

[Reading the markets Sweden](#), 14 April

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Scandi Markets

No key data releases in the Scandi markets today.

Fixed Income Markets

Today we only have tier 2 data in the calendar and no auction activity in the govie market to focus on. At 14:00 CET Spain will announce the bonds that are being tapped next week. We see a good chance that it will be the 3Y and 15Y benchmark (1/19 + 7/30) plus an off the run in the rich 5-7Y part of the curve (Oct -22 is squeezed in repo).

In Ireland PM Kenny lost the third vote in Parliament as expected and the next step is most likely negotiations on a minority government. Weeks could pass before a solution is reached.

For once we have no EUR sovereigns up for rating review this week. Instead the IMF spring meeting is in focus.

FX Markets

After a very eventful March in terms of key economic data releases and central bank meetings the first two weeks of April have been very quiet. Now we enter an eventful final part of April starting off with the highly anticipated OPEC Doha meeting on Sunday. While lower global tail risks and a weaker USD have been important for lifting the oil price over the past month, we believe a build-up in expectations for Sunday's meeting has been the primary driver for last week's oil price rise. As we remain less optimistic on the outlook for an OPEC deal that has meaningful supply implications, we think the oil price could drop a couple of USD/bl, returning the pressure on oil-currencies. According to our short-term financial models the correction potential for oil currencies seems the largest for the CAD and the NOK.

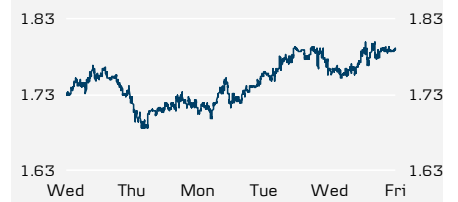
Noteworthy, while implied CAD volatilities across tenors are 'expensive' according to our volatility valuation model (covering maturities up to 12M), short-dated Scandi volatilities have dropped to borderline 'cheap' territories, cf. Danske Bank FX Quant Strategy published yesterday. Especially, USD/Scandi-volatilities up to 3M offer attractive buying opportunities going into a month that includes a Fed, a Norges Bank and a Riksbank meeting. Specifically, USD/NOK spot looks oversold and consequently, from a risk-reward perspective we see value in positioning for a higher USD/NOK going into the 12 May Norges Bank meeting.

US S&P500 future



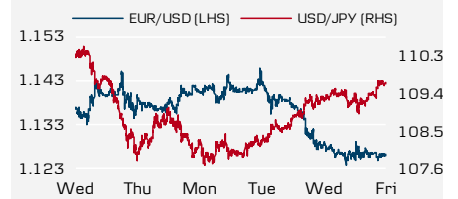
Source: Danske Bank Markets

US 10y gov yield



Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

Key figures and events

| Friday, April 15, 2016 | | | | | Period | Danske Bank | Consensus | Previous |
|------------------------|-----|--|---------|-------------|--------|-------------|-----------|-------------|
| 4:00 | CNY | Industrial production | y/y | Mar | | 6.0% | | |
| 4:00 | CNY | Retail sales | y/y | Mar | | 10.4% | | |
| 4:00 | CNY | Real GDP | q/q y/y | 1st quarter | | 1.5% 6.7% | 1.6% 6.8% | |
| 4:00 | CNY | Fixed assets investments | y/y | Mar | | 10.4% | 10.2% | |
| 6:30 | JPY | Industrial production | m/m y/y | Feb | | | | -6.2% -1.5% |
| 10:00 | NOK | Trade balance | NOK bn | Mar | | | | 9.5 |
| 10:30 | GBP | Construction output | m/m y/y | Feb | | 0.0% 0.7% | | -0.2% -0.8% |
| 11:00 | EUR | Trade balance | EUR bn | Feb | | 21.8 | | 21.2 |
| 14:30 | USD | Empire Manufacturing PMI | Index | Apr | | 2.0 | | 0.6 |
| 15:15 | USD | Capacity utilization | % | Mar | | 75.3% | | 75.4% |
| 15:15 | USD | Industrial production | m/m | Mar | | -0.1% | | -0.5% |
| 15:15 | USD | Manufacturing production | m/m | Mar | | 0.1% | | 0.2% |
| 16:00 | USD | University of Michigan Confidence, preliminary | Index | Apr | 92.0 | 92.0 | | 91.0 |
| 18:30 | USD | Fed's Evans (non-voter, dovish) speaks | | | | | | |
| 22:00 | USD | TICS international capital flow, Net inflow | USD bn | Feb | | | | 118.4 |

Source: Bloomberg, Danske Bank Markets

Today's market data: 15 April 2016

STOCKS



| | Close | | +/- |
|----------------|-------|---|-------|
| DJUSTOXX50 | 2873 | ↑ | 0.6% |
| OMXC20 | 958 | ↑ | 0.9% |
| OMXS30 | 1384 | ↓ | -0.6% |
| OSE BX | 589 | ↑ | 0.0% |
| | | | |
| | Close | | +/- |
| DOW JONES | 17926 | ↑ | 0.1% |
| NASDAQ | 4946 | ↓ | 0.0% |
| S&P500 | 2083 | ↑ | 0.0% |
| NIKKEI (07:30) | 16873 | ↑ | 0.6% |

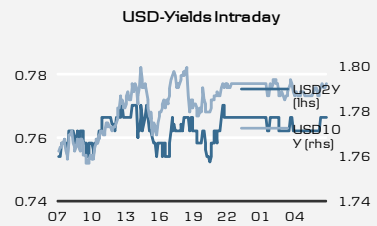
FX & COMMODITIES



| EUR | 17:00 | 07:30 | +/- |
|-----|--------|--------|---------|
| USD | 112.67 | 112.63 | ↓ -0.04 |
| JPY | 122.99 | 123.49 | ↑ 0.50 |
| GBP | 79.65 | 79.59 | ↓ -0.06 |
| NOK | 926.19 | 927.19 | ↑ 1.00 |
| SEK | 915.60 | 917.49 | ↑ 1.89 |
| DKK | 744.05 | 744.06 | ↑ 0.01 |
| PLN | 429.68 | 429.95 | ↑ 0.27 |
| USD | 17:00 | 07:30 | +/- |
| JPY | 109.16 | 109.64 | ↑ 0.48 |
| GBP | 141.46 | 141.51 | ↑ 0.05 |
| CHF | 96.68 | 96.74 | ↑ 0.06 |

| | Gold, \$ | Oil, Brent, \$ |
|-------------|---------------|----------------------|
| 07:30 | 1229.91 | 43.89 |
| 1 day | ↑ 1.98 | ↑ 0.05 |
| 1 month | ↓ -2.42 | ↑ 5.15 |
| Year-t-date | ↑ 168.49 | ↑ 6.61 |
| | | |
| | CRB 1M future | CRB, Raw Industrials |
| 07:30 | 174.77 | 45127 |
| 1 day | ↓ -0.88 | ↑ 3.54 |
| 1 month | ↑ 3.70 | ↑ 14.18 |
| Year-t-date | ↓ -1.37 | ↑ 46.56 |

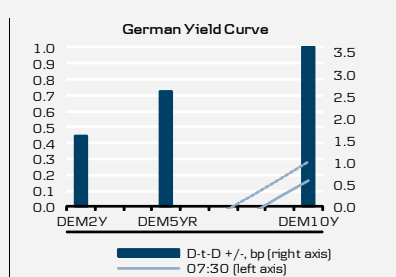
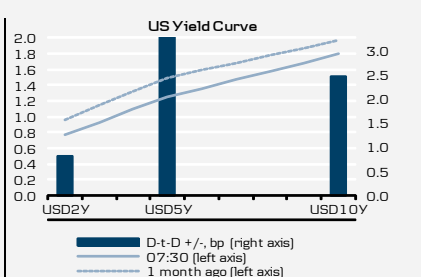
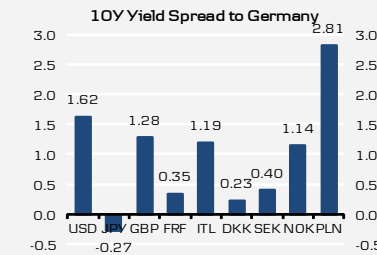
YIELDS & INTEREST RATES



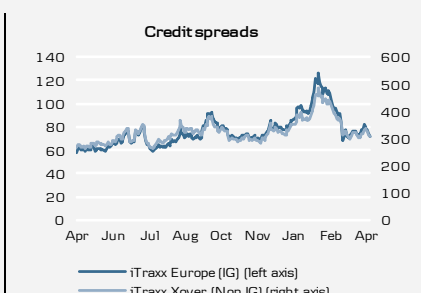
| | Policy Rate | 3M | Spread, bp |
|-----|-------------|-------|------------|
| USD | 0.50 | 0.63 | 13 |
| EUR | 0.00 | -0.25 | -25 |
| GBP | 0.50 | 0.59 | 9 |
| DKK | 0.05 | -0.10 | -15 |
| SEK | -0.50 | -0.41 | 10 |
| NOK | 0.50 | 1.01 | 51 |
| PLN | 1.50 | 1.57 | 7 |

| | 17:00 | 07:30 | +/-, bp |
|---------|------------|-------|---------|
| USD 10Y | 1.78 | 1.79 | ↑ 1 |
| USD 30Y | 2.61 | 2.60 | ↓ -1 |
| JPY 10Y | -0.09 | -0.11 | ↓ -1 |
| | | | |
| | 07:30(-1)* | 17:00 | +/-, bp |
| DEM 10Y | 0.13 | 0.16 | ↑ 3 |
| DKK 10Y | 0.40 | 0.40 | ↑ 1 |
| SEK 10Y | 0.55 | 0.56 | ↑ 1 |
| NOK 10Y | 1.30 | 1.30 | ↑ 0 |
| PLN 10Y | 2.93 | 2.97 | ↑ 4 |

* As of closing previous trading day



| | 07:30 | 1 day | 1 month |
|--------------|-------|-------|---------|
| Europe (IG) | 73 | ↓ 0 | ↓ -3 |
| HiVol | 79 | ↑ 0 | ↓ -16 |
| Xover (N-IG) | 311 | ↓ -1 | ↓ -19 |
| | | | |
| Finan. Sr. | 89 | ↓ -1 | ↑ 7 |
| Finan. Sub. | 197 | ↓ -3 | ↑ 10 |
| Non-finan. | | | |



| | 17:00 | 07:30 | +/- |
|---------|------------|-------|------|
| USD 10Y | | | |
| JPY 10Y | -14 | -14 | ↑ 0 |
| | | | |
| | 07:30(-1)* | 17:00 | +/- |
| EUR 10Y | 0 | | |
| DKK 10Y | 41 | 39 | ↓ -2 |
| SEK 10Y | 49 | 49 | ↑ 0 |
| NOK 10Y | 61 | 59 | ↓ -2 |

* As of closing previous trading day

** Ask price

* Ask price

Source: Bloomberg, Danske Bank Markets

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First date of publication

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