

Danske Daily

Market Movers

- Today's key event is the US non-farm payroll report (see *US labour market monitor: slower job growth not an obstacle for the Fed*). Over the past three months, the US economy has added, on average, 221,000 jobs per month - a pace that cannot be sustained in an economy where potential labour force growth is only around 150,000 per month and even lower if we do not see an increase in the labour participation rate. Our models suggest a slowdown in job growth in September to 180,000 and even though this is slower than the recent trend, it is still enough, if sustained, to put additional downward pressure on the unemployment rate. In our view, job growth will need to drop below the 160,000 mark before the Fed will see it as an obstacle to starting the tightening cycle later this year. In terms of the unemployment rate, we expect the rate to stay unchanged at 5.1% in September but to head below 5% by year-end.
- The Boston Fed's conference on Macroprudential Monetary Policy is kicked off today and will run through Saturday. Fed members Eric Rosengren, William Dudley, Loretta Mester and Narayana Kocherlakota are among other scheduled speakers.
- In Scandi markets focus will be on Norwegian unemployment and Danish FX reserve figures due for release today, see *Scandi Markets*.

Selected Market News

US manufacturing ISM declined to 50.2 in September from 51.1 and below our own and the consensus expectation of a decline to 50.6. A further deterioration in the new order/customer inventory rate suggests more downside to ISM in the coming months. Hence, overall a weak reading that raises the risk that the Fed will once again postpone hiking its key policy rate, which we expect to be increased at December's FOMC meeting.

The oil price declined on rising concerns of slower US economic growth on a day where the geopolitical risk to global oil supply gained attention in the oil market and added support to the oil price. We highlight the upside risk to the oil price from the fragile geopolitical situation in the Middle East and following Russia's military intervention in Syria. This could move to the top of the agenda in the oil market in the coming days and weeks.

The People's Bank of China has reduced the minimum home down-payment for first-time buyers in an attempt to stimulate Chinese economic growth, albeit targeting a more specific area of the economy.

In a speech at the Association of Danish Mortgage Banks' Annual General Meeting yesterday, Danish central bank governor Lars Rohde reiterated that the DKK market has gradually normalised and noted that with Denmark as a creditor nation pressure on the DKK is more often on the upside.

Market overview

		07:30	1 day +/- %
S&P500 (close)		1923.8	↑ 0.20
S&P500 fut (chng from close)		1914.1	↓ -0.14
Nikkei		17672.7	↓ -0.28
Hang Seng		21408.8	↑ 2.70
		17:00	07:30
			+/- bp
US 2y gov	0.64	0.66	↑ 1.6
US 10y gov	2.03	2.04	↑ 1.2
iTraxx Europe (IG)	93	94	↑ 1.3
iTraxx Xover (Non IG)	380	384	↑ 4.7
			+/- %
EUR/USD	1.120	1.118	↓ -0.24
USD/JPY	119.630	119.930	↑ 0.25
EUR/CHF	1.09	1.09	↑ 0.19
EUR/GBP	0.739	0.738	↓ -0.16
EUR/SEK	9.351	9.369	↑ 0.19
EUR/NOK	9.44	9.44	↑ 0.05
			USD
Oil Brent, USD	48.1	48.0	↓ -0.27
Gold, USD	1115.3	1112.4	↓ -0.26

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

- *Another weak US ISM manufacturing index*
- *Chinese official PMI shows tentative signs of a cyclical bottom*
- *FX Edge: Introducing the Danske G10 MEVA model*

Senior Analyst

Jens Nærvig Pedersen
+45 45 12 80 61
jenpe@danskebank.dk

Scandi Markets

Danmarks Nationalbank (DN) is scheduled to release September's FX reserve and central bank balance sheet today. For the most of September EUR/DKK has traded above the central rate of 7.46038, which means DN is likely to have intervened in the FX market in September for a sixth straight month to cap EUR/DKK upside.

Norway. Unemployment has been rising steadily as the economy has deteriorated. Our preferred jobless measure is the monthly change in gross unemployment from NAV, which includes job creation schemes, and we expect a further increase of 700 people in September. The downsizing in oil-related industries is not yet over, although the worst is probably behind us. Notice periods etc. mean that it will still be a couple of months before unemployment peaks. We expect the registered unemployment rate to fall to 2.9% for seasonal reasons.

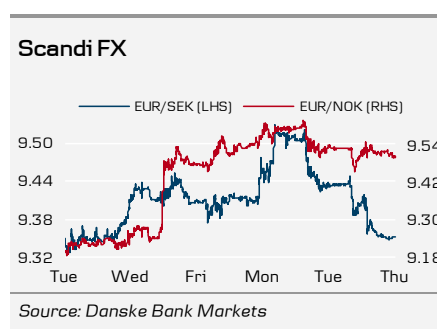
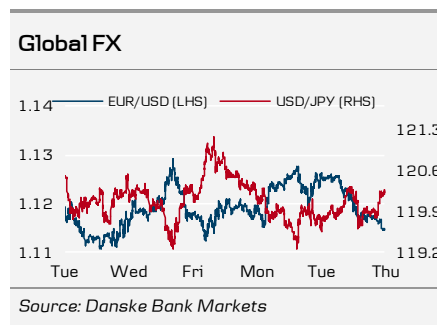
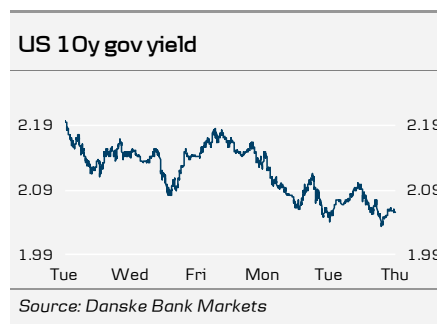
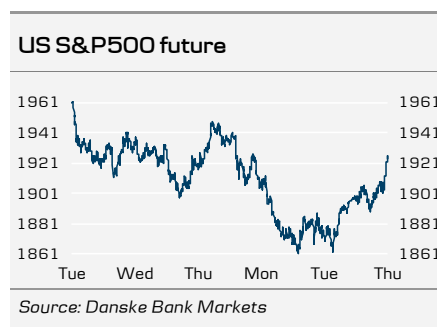
Fixed Income Markets

Spain and Finland are up for rating reviews tonight. Positive rating news should be supportive for our long positions in both countries. Finland is up for review by Moody's that currently has the country on Aaa/negative outlook. Moody's has a weak outlook for the Finnish economy but the revised GDP-data for Q2 and Q1 showed that the Finnish economy was not in recession in the first half of 2015 and given the economic reforms we expect Moody's to maintain the Aaa-rating and a negative outlook. The risk is that Finland will be placed on negative watch as the recovery is still fragile. A change in the rating outlook or even a downgrade is priced as Finland has underperformed EU peers recently. Looking, e.g., at the impact from the rating actions for France and Austria, only when France lost its third AAA-rating did we see a widening of the spread to peers and swaps and this was in the range of 5-6bp. Spain is up for review by S&P. S&P has Spain on positive outlook and a BBB-rating. Fundamentals have been improving in Spain but whether it is enough for an upgrade ahead of the general election later this year is uncertain. However, we believe that there is a chance of a Spanish upgrade and this will be modestly positive for Spanish government bonds versus e.g. Italy, thus supporting the positive performance we have seen after the local elections in Catalonia.

FX Markets

The NOK rallied sharply on Thursday supported by the better-than-expected September manufacturing PMI and improving risk appetite. PMI manufacturing rose to 47.3 from 43.7 in August, which is the highest level since May. The PMI suggests that the activity level in the Norwegian manufacturing sector is still deteriorating but at a slower pace than in previous months. Once again EUR/SEK is sticky ahead of the 9.30 level continuing to respect the 9.30-9.60 trading range, which has been in place since July.

The DXY index weakened on Thursday on US ISM manufacturing where both the headline number and details were softer than expected. We expect non-farm payrolls to come out slighter weaker than expected at 180K, which could trigger more USD selling particularly against the EUR and JPY.



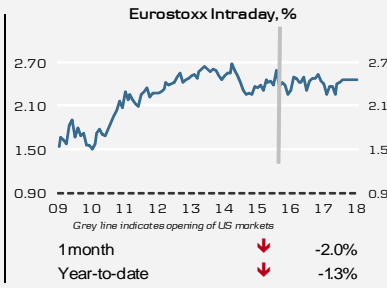
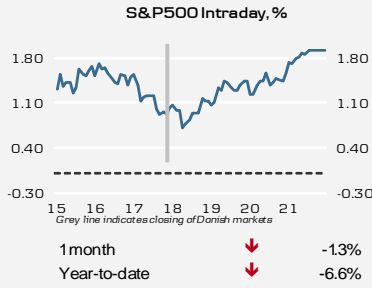
Key figures and events

Friday, October 2, 2015			Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Spain's debt rating				
-	EUR	Moody's may publish Finland's debt rating				
1:30	JPY	Household spending	y/y	Aug	0.3%	-0.2%
1:30	JPY	Unemployment rate	%	Aug	3.3%	3.3%
1:30	JPY	Job-to-applicant ratio		Aug	1.21	1.21
3:30	AUD	Retail sales	m/m	Aug	0.4%	-0.1%
10:00	NOK	Unemployment	%	Sep	2.9%	3.1%
10:30	GBP	PMI construction	Index	Sep	57.5	57.3
11:00	EUR	PPI	m/m y/y	Aug	-2.4% -0.6%	-2.1% -0.1%
14:30	USD	Unemployment	%	Sep	5.1%	5.1%
14:30	USD	Non farm payrolls	1000	Sep	180K	200K
14:30	USD	Private payrolls	1000	Sep	175K	196K
14:30	USD	Manufacturing payrolls	1000	Sep	0K	-17K
14:30	USD	Average hourly earnings, non-farm	m/m y/y	Sep	0.2% 2.4%	0.3% 2.2%
14:30	USD	Average weekly hours	Hours	Sep	34.6	34.6
16:00	DKK	Currency reserves	DKK bn	Sep		536.2
16:00	USD	Factory orders	m/m	Aug	-1.0%	0.4%
19:00	USD	Fed's S.Fischer (voter, neutral) speaks				

Source: Bloomberg, Danske Bank Markets

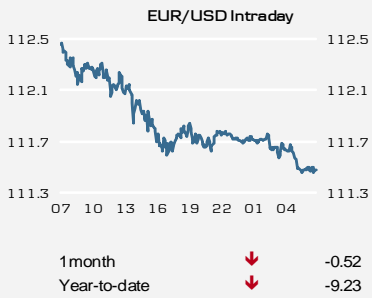
Today's market data: 02 October 2015

STOCKS



	Close		+/-
DJUSTOXX50	2963	↓	-0.4%
OMXC20	927	↑	0.5%
OMXS30	1404	↓	-0.9%
OSE BX	586	↑	0.7%
	Close		+/-
DOW JONES	16272	↓	-0.1%
NASDAQ	4627	↑	0.1%
S&P500	1924	↑	0.2%
NIKKEI (07:30)	17673	↓	-0.4%

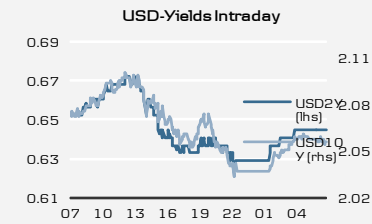
FX & COMMODITIES



EUR	17:00	07:30	+/-
USD	112.02	111.75	↓ -0.27
JPY	134.00	134.02	↑ 0.02
GBP	73.92	73.80	↓ -0.12
NOK	943.57	944.03	↑ 0.46
SEK	935.12	936.89	↑ 1.77
DKK	746.03	745.98	↓ -0.05
PLN	424.73	424.80	↑ 0.07
USD	17:00	07:30	+/-
JPY	119.63	119.93	↑ 0.30
GBP	151.53	151.42	↓ -0.11
CHF	97.41	97.83	↑ 0.42

	07:30	Gold, \$	Oil, Brent, \$
	112.36	48.00	
1 day	↓ -1.20	↑ 0.31	
1 month	↓ -21.72	↓ -2.50	
Year-t-date	↓ -72.50	↓ -9.33	
	07:30	CRB	CRB, Raw
	192.51	434.49	
1 day	↓ -1.25	↓ -0.53	
1 month	↓ -4.27	↓ -6.95	
Year-t-date	↓ -37.45	↓ -57.62	

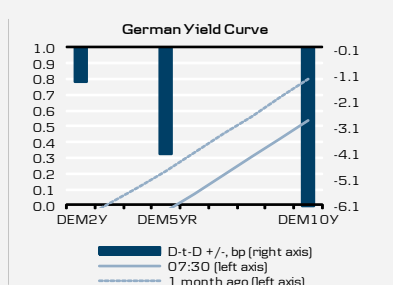
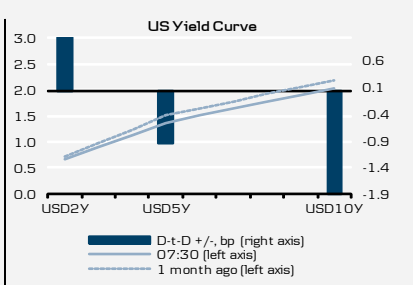
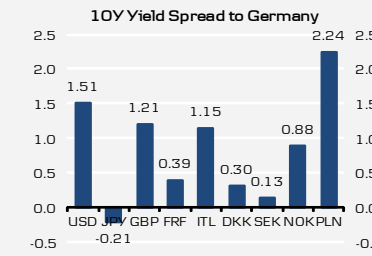
YIELDS & INTEREST RATES



	Policy Rate	3M	Spread, bp
USD	0.25	0.33	8
EUR	0.05	-0.04	-9
GBP	0.50	0.58	8
DKK	0.05	-0.04	-9
SEK	-0.35	-0.30	5
NOK	0.75	1.12	37
PLN	1.50	1.63	13

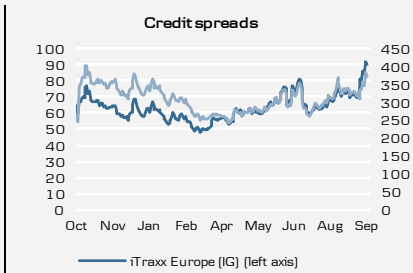
	17:00	07:30	+/-, bp
USD 10Y	2.03	2.04	↑ 1
USD 30Y	2.83	2.85	↑ 2
JPY 10Y	0.33	0.33	↑ 0
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	0.60	0.55	↓ -5
DKK 10Y	0.88	0.86	↓ -3
SEK 10Y	0.72	0.68	↓ -4
NOK 10Y	1.42	1.42	↑ 0
PLN 10Y	2.84	2.78	↓ -6

* As of closing previous trading day



	07:30	1 day	1 month
Europe (IG)	94	↑ 1	↑ 19
HiVol	89	↑ 1	↑ 17
Xover (N-IG)	384	↑ 3	↑ 42
Finan. Sr.	98	↑ 0	↑ 13
Finan. Sub.	198	↓ -1	↑ 28
Non-finan.			

* Ask price



	17:00	07:30	+/-
USD 10Y			
JPY 10Y	-1	-1	↑ 0
	07:30(-1)*	17:00	+/-
EUR 10Y	0		
DKK 10Y	37	38	↑ 1
SEK 10Y	48	44	↓ -4
NOK 10Y	65	66	↑ 1

* As of closing previous trading day

** Ask price

Source: Bloomberg, Danske Bank Markets

Disclosure

This research report has been prepared by Danske Bank Markets, a division of Danske Bank A/S ('Danske Bank').

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.

The research reports of Danske Bank are prepared in accordance with the Danish Society of Financial Analysts' rules of ethics and 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 upon 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.

Expected updates

Danske Daily is updated on a daily basis.

First date of publication

Please see the front page of this research report for the first date of publication. Price-related data is calculated using the closing price from the day before publication.

General disclaimer

This research has been prepared by Danske Bank Markets (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 in this research report.

This research report is not intended for 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 is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank, 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.