

Danske Daily

Market Movers

- There have been several ECB and Fed speeches this week and today is no different. We continue to listen carefully to what the ECB and FOMC members have to say. Most important is the speech from ECB President Mario Draghi at 09:00 CET.
- An otherwise quiet day today. We expect consumer confidence in the euro area to continue its falling trend as the boost from the lower oil price has been factored in. Note that although consumer confidence has been trending downwards since March 2015, the indicator is still the highest it has been for several years.
- The Netherlands and Greece are up for review by the rating agencies.
- Danish consumer confidence is expected to be more or less unchanged, see *Scandi Markets*.

Selected Market News

There has not been much important market news out during the night and the morning. US stocks moved sideways and Asian stock markets are mixed. Nikkei is slightly down, while China is flashing green. **Commodity prices remain under pressure.** Copper trades around 208, the lowest since 2009. Brent oil is at USD44.3/barrel, a level that does not help boosting inflation next year. Nickel trades around its lowest level since 2003. Gold is around a 5-year low.

As usual, the ECB minutes released yesterday did not reveal any news of significance. **In speeches, the most important ECB members continue to stay dovish and do not seem to want to play down expectations.** We expect the ECB to make a 'package' of easing measures. We think the ECB will cut the deposit rate from -0.20% to -0.30%, reintroduce forward guidance, extend its QE programme by three months from September 2016 to December 2016 and increase its monthly purchases from EUR60bn to EUR75bn.

Fed members continue to signal that a hike seems very likely in December. Yesterday Fed Vice Chairman Stanley Fischer said that the Fed has 'done everything' it could 'to avoid surprising the markets and government when we move'. Initial jobless claims released yesterday showed that the labour market continues to do well. Lockhart said yesterday that he is in favour of a 'gradual' increase in the Federal funds rate, 'not every meeting. Beyond that, it is difficult to predict what it would look like exactly'. We expect the Fed to start the normalisation process in December and then hike four times in 2016 (i.e. 5 in total from now on and until year-end 2016) corresponding to a hike every other meeting. The markets only price in three hikes from now until year-end 2016, i.e. two additional hikes next year if the Fed hikes in December.

Market overview

	07:30	1 day +/- %	
S&P500 (close)	2081.2	↓	-0.11
S&P500 fut (chng from close)	2078.4	↓	-0.04
Nikkei	19825.0	↓	-0.18
Hang Seng	22500.9	↑	0.00
	17:00	07:30	+/- bp
US 2y gov	0.87	0.90	↑ 3.3
US 10y gov	2.24	2.26	↑ 2.1
iTraxx Europe (IG)	71	72	↑ 0.7
iTraxx Xover (Non IG)	296	298	↑ 1.8
			+/- %
EUR/USD	1.075	1.072	↓ -0.21
USD/JPY	122.770	122.780	↑ 0.01
EUR/CHF	1.09	1.09	↓ -0.35
EUR/GBP	0.702	0.702	↓ -0.08
EUR/SEK	9.301	9.304	↑ 0.03
EUR/NOK	9.24	9.23	↓ -0.10
			USD
Oil Brent, USD	44.3	44.3	↓ -0.02
Gold, USD	1082.7	1085.7	↑ 0.27

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

- *FOMC minutes: Outdated due to the strong jobs report*

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Scandi Markets

In **Denmark** consumer confidence is due. The indicator has fallen every month since March but is still relatively high, so it will be interesting to see if confidence finally bottoms out or continues the downward trend of the past seven months. With employment, real income and house prices all rising, we reckon the indicator will climb from 3 in October to 4 in November.

Fixed Income Markets

The consolidation continues in the periphery with solid gains in both Spain and Portugal on a day where yields continued to decline on the back of a lower oil price and expectations for the Federal Reserve to move at a snail's pace in raising rates.

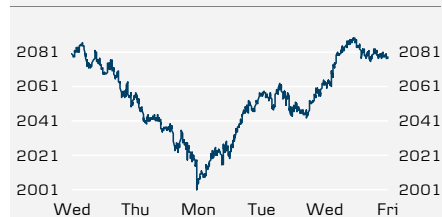
The Netherlands and Greece are up for review by the rating agencies. S&P has the Netherlands on positive outlook, so we could see an upgrade, which would bring the country back into true 'AAA' territory. However, it is probably a bit too early as the Netherlands was set on positive outlook in May. In case of an upgrade, we should see a small positive impact on Dutch government bonds. Moody's has Greece on review. Greece is on stable outlook, so we do not expect a change in the rating.

FX Markets

The USD weakened broadly on Thursday with no real news out. This underlines the degree of long USD positioning in accordance with the IMM positioning data, which show that the market is particularly very short the EUR and AUD. Even the GBP strengthened on Thursday despite weaker than expected October retail sales figures that fell 0.9% m/m following an increase of 1.5% m/m in September. However, we would stress that retail sales represent less than 6% of GDP and private consumption should continue to be a strong driver of growth in the UK.

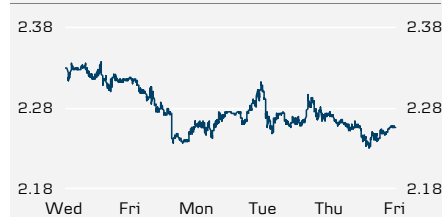
In Sweden, October unemployment data were again surprisingly strong with the SA rate falling to 7.2% from 7.3% previously. There is currently a rapid improvement in the Swedish labour market. Still, EUR/SEK barely moved on the data but we expect the cross to trade with a heavy tone into the ECB meeting on 3 December. There are no major Norwegian data out before the Oil Investment Survey on 24 November. Expect EUR/NOK to trade in a choppy and trend-less pattern ahead of that.

US S&P500 future



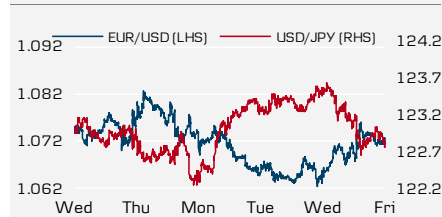
Source: Danske Bank Markets

US 10y gov yield



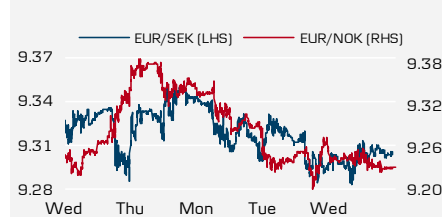
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

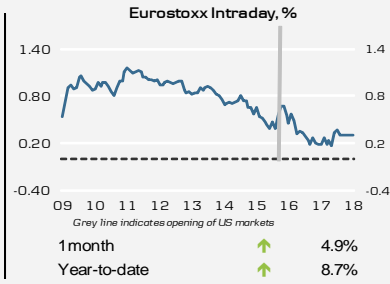
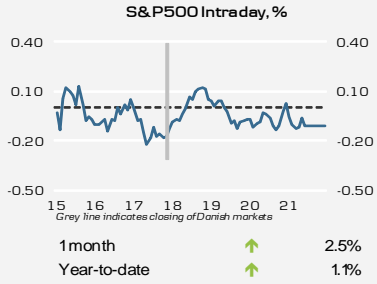
Key figures and events

Friday, November 20, 2015			Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Netherlands's debt rating				
-	EUR	Moody's may publish Greece's debt rating				
-	EUR	Fitch may publish Estonia's debt rating				
-	EUR	Moody's may publish Estonia's debt rating				
9:00	DKK	Consumer confidence	Net. bal.	Nov	4	3
9:00	DKK	Retail sales	m/mly/y	Oct		-0.1% 1.9%
9:00	EUR	ECB's Draghi speaks in Frankfurt				
9:15	EUR	ECB's Coeure speaks in Frankfurt				
11:00	EUR	ECB's Praet speaks in Frankfurt				
11:15	EUR	ECB's Weidmann speaks				
14:00	EUR	ECB's Constancio speaks in Frankfurt				
14:30	CAD	CPI	m/mly/y	Oct		-0.2% 1.0%
14:30	CAD	Retail sales	m/m	Sep		0.5%
15:00	USD	Fed's Bullard (non-voter, hawkish) speaks				
17:15	USD	Fed's Dudley (voter, dovish) speaks				
16:00	EUR	Consumer confidence, preliminary	Net bal.	Nov	-7.9	-7.4

Source: Bloomberg, Danske Bank Markets

Today's market data: 20 November 2015

STOCKS



	Close		+/-
DJSTOXX50	3265	↑	0.3%
OMXC20	990	↑	0.5%
OMXS30	1513	↓	-0.1%
OSE BX	628	↑	0.2%
	Close		+/-
DOW JONES	17733	↓	0.0%
NASDAQ	5074	↓	0.0%
S&P500	2081	↓	-0.1%
NIKKEI (07:30)	19825	↑	0.3%

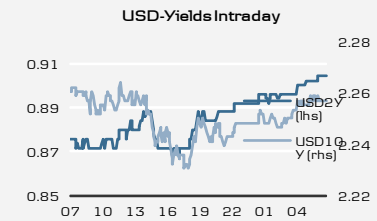
FX & COMMODITIES



EUR	17:00	07:30	+/-
USD	107.47	107.24	↓ -0.23
JPY	131.95	131.67	↓ -0.28
GBP	70.22	70.16	↓ -0.06
NOK	923.99	923.09	↓ -0.90
SEK	930.09	930.38	↑ 0.29
DKK	746.01	746.05	↑ 0.04
PLN	425.10	425.17	↑ 0.07
USD	17:00	07:30	+/-
JPY	122.77	122.78	↑ 0.01
GBP	153.04	152.85	↓ -0.19
CHF	101.38	101.24	↓ -0.14

	Close		+/-
Gold, \$	1085.66		44.25
Oil, Brent, \$			44.25
1day	↑ 3.45	↑	0.07
1month	↓ -90.38	↓	-4.46
Year-t-date	↓ -99.20	↓	-13.08
CRB	1M future	CRB, Raw	CRB, Raw
		Industrials	Industrials
07:30	184.12		399.55
1day	↑ 0.51	↓	-1.12
1month	↓ -13.31	↓	-24.46
Year-t-date	↓ -45.84	↓	-92.56

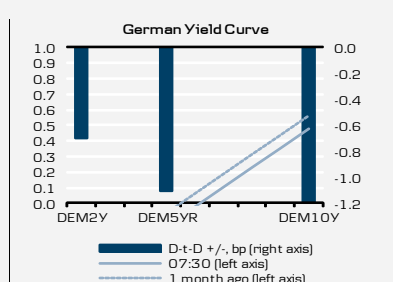
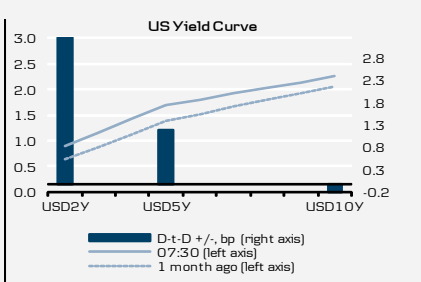
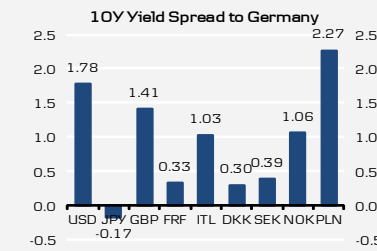
YIELDS & INTEREST RATES



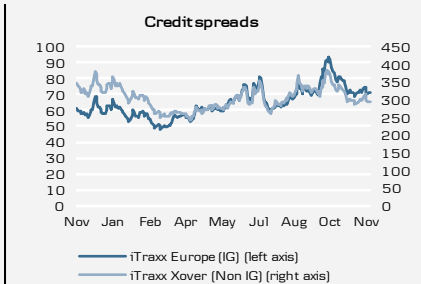
	Policy Rate	3M	Spread, bp
USD	0.25	0.37	12
EUR	0.05	-0.09	-14
GBP	0.50	0.57	7
DKK	0.05	-0.14	-19
SEK	-0.35	-0.39	-4
NOK	0.75	1.17	42
PLN	1.50	1.63	13

	17:00	07:30	+/-, bp
USD 10Y	2.24	2.26	↑ 2
USD 30Y	2.99	3.01	↑ 2
JPY 10Y	0.30	0.31	↑ 1
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	0.49	0.48	↓ -1
DKK 10Y	0.85	0.78	↓ -8
SEK 10Y	0.86	0.87	↑ 1
NOK 10Y	1.54	1.54	0
PLN 10Y	2.76	2.74	↓ -2

* As of closing previous trading day



Credit spread, iTraxx s. 11*	07:30	1day	1month
Europe (IG)	72	↑ 0	↓ -7
HiVol	85	↑ 0	↑ 5
Xover (N-IG)	298	↑ 1	↓ -29
Finan. Sr.	71	↑ 0	↓ -5
Finan. Sub.	152	↑ 1	↓ -7
Non-finan.			



Swap Spread, bp**	17:00	07:30	+/-
USD 10Y			
JPY 10Y	-15	-17	↓ -1
	07:30(-1)*	17:00	+/-
EUR 10Y	0		
DKK 10Y	37	37	↑ 0
SEK 10Y	43	43	↑ 0
NOK 10Y	58	53	↓ -4

* As of closing previous trading day

** Ask price

Source: Bloomberg, Danske Bank Markets

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