

Danske Daily

Market Movers

- **Today focus will be on the US labour market report for February.** We expect non-farm payrolls increased 160,000, below consensus of 195,000. Our forecast for employment growth is still faster than the trend growth in the labour force putting additional downward pressure on the unemployment rate. Key for the Fed is average hourly earnings, which have moved higher recently, and hence bolstered the Fed's confidence in the inflation outlook. However, the latest decline in both market- and survey-based inflation expectations has spooked some at the Fed. See more in our *US labour market monitor: Slower jobs growth but not a disaster*, 29 February.
- **Over the weekend, the annual meeting of China's National People's Congress (NPC) starts.** Here, China is set to announce its plans to revive growth and map out economic goals for the next five years. The biggest take-away from the NPC is usually the GDP target but reforms to rebalance the economy will also be in focus.
- **In Sweden industrial and service production for January are due for release,** see *Scandi Markets*.

Selected Market News

Germany and France find common ground in campaigning against Brexit. France's president Hollande warned of 'consequences' if the UK leaves the EU and hinted that the UK might be forced to deal with migrants in Dover instead of having controls in Calais. German finance minister Schäuble added that the UK could face trade restrictions with EU if it left, hence also trying to support the pro-EU campaign. According to one of six cabinet ministers for a Brexit, the comments reflect the EU elite teaming up with big business to try to get a vote to stay in the EU, see *FT*.

The oil price is trading higher this morning. According to Nigeria's petroleum minister key members of OPEC intend to meet with non-members in Russia on 20 March to renew talks on an agreement to cap oil output. Nigeria's petroleum minister said there will be a 'dramatic price movement' adding that producers generally seek a recovery in the crude price to USD50/bl. Russia has confirmed its readiness to participate in the talks but the date of the meeting is still being discussed, see *Bloomberg*.

European inflation markets got some support yesterday. ECB's preferred measure for medium-term inflation expectations, the 5y5y inflation swap traded at 1.48% up from 1.38% two days earlier. There was no obvious catalyst behind the rally, but it could reflect some investors expecting aggressive easing from the ECB at the meeting next week. Ahead of the rally, levels were very depressed and inflation markets seemed somewhat decoupled from other assets, where easing from the ECB is clearly priced.

Market overview

	07:30	1 day +/-, %	
S&P500 (close)	1993.4	↑ 0.35	
S&P500 fut (chng from close)	1990.1	↓ -0.02	
Nikkei	17009.3	↑ 0.29	
Hang Seng	20069.5	↑ 0.64	
	17:00	07:30	+/-, bp
US 2y gov	0.85	0.84	↓ -1.2
US 10y gov	1.85	1.83	↓ -1.4
iTraxx Europe (IG)	96	96	↑ 0.4
iTraxx Xover (Non IG)	389	390	↑ 1.6
			+/-, %
EUR/USD	1.093	1.096	↑ 0.19
USD/JPY	113.590	113.840	↑ 0.22
EUR/CHF	1.09	1.09	↑ 0.10
EUR/GBP	0.773	0.774	↑ 0.16
EUR/SEK	9.351	9.345	↓ -0.07
EUR/NOK	9.41	9.40	↓ -0.12
			USD
Oil Brent, USD	37.2	37.4	↑ 0.40
Gold, USD	1254.9	1261.5	↑ 0.52

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

- *FX intervention continued in Denmark, 3 March*
- *Weaker euro growth due to external factors, 2 March*

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Scandi Markets

Sweden. January industrial production and orders are both likely to show a sharp bounce back up in y/y growth rates as last month's decline falls out of the calculation. January service production y/y growth conversely appears set to slow considerably instead.

Fixed Income Markets

It is again time for the labour market report - we have a below consensus call for non-farm payrolls of around 160k versus consensus of 195k. Recent data has been better than feared, so as always plenty of focus on the non-farm payrolls and with 'soft' expectations for the US monetary policy, there is room for upward pressure on bond yields in the afternoon.

There are several interesting possible rating events today. Fitch has Portugal up for review and Portugal is on positive outlook with a BB+ rating. However, given the recent turmoil surrounding the budget for 2016, we expect the rating to be on hold, even though the new Portuguese government is committed to the ongoing fiscal consolidation. Moody's has the Netherlands and Belgium up for review. We do not expect any change to the rating nor the outlook.

FX Markets

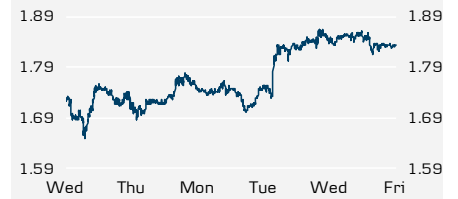
FX markets were generally in a wait-and-see mode yesterday before the non-farm payrolls today. The USD lost some ground after strong sessions over the past week. The dollar also traded lower after ISM non-manufacturing was relatively weak in the details with the employment index dropping to 49.7, the lowest since February 2014. Markets will look to see if weak employment indices in ISM manufacturing and non-manufacturing will have an effect on today's non-farm payroll number. We expect a weaker-than-consensus payroll number, which may drive the dollar lower against major currencies. A generally weak payroll number may ease expectations for the next Fed move, which may lend support to risk sentiment and commodity prices. This could drive commodity-sensitive currencies such as the NOK and RUB higher.

US S&P500 future



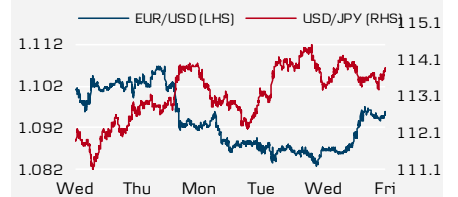
Source: Danske Bank Markets

US 10y gov yield



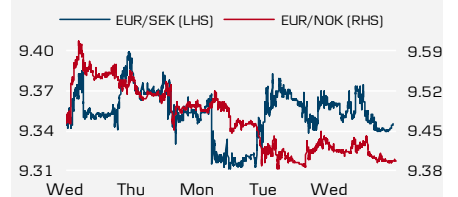
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

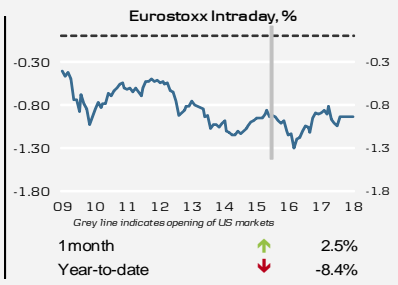
Key figures and events

Friday, March 4, 2016			Period	Danske Bank	Consensus	Previous
-	EUR	Moody's may publish Netherlands's debt rating				
-	EUR	Moody's may publish Belgium's debt rating				
-	EUR	Fitch may publish Portugal's debt rating				
9:00	DKK	Forced sales (s.a.)	Number	Feb		
9:00	DKK	Bankruptcies (s.a.)	Number	Feb		
9:30	SEK	Industrial production s.a.	m/mly/y	Jan		-2.9% 0.3%
9:30	SEK	Service production	m/mly/y	Jan		2.2% 6.0%
9:30	SEK	Industrial orders	m/mly/y	Jan		-9.0% 1.4%
10:00	ITL	GDP, final	q/qly/y	4th quarter	0.1% 1.0%	0.1% 1.0%
14:30	USD	Average weekly hours	Hours	Feb	34.6	34.6
14:30	USD	Unemployment	%	Feb	4.9%	4.9%
14:30	USD	Average hourly earnings, non-farm	m/mly/y	Feb	0.2% 2.5%	0.5% 2.5%
14:30	USD	Private payrolls	1000	Feb	185	158
14:30	USD	Manufacturing payrolls	1000	Feb	0	29
14:30	USD	Non farm payrolls	1000	Feb	160	195
14:30	USD	Trade balance	USD bn	Jan	-43.3	-43.4

Source: Bloomberg, Danske Bank Markets

Today's market data: 04 March 2016

STOCKS



	Close		+/-
DJSTOXX50	2841	↓	-0.9%
OMXC20	952	↓	-1.3%
OMXS30	1389	↑	0.4%
OSE BX	576	↑	0.9%
	Close		+/-
DOW JONES	16944	↑	0.3%
NASDAQ	4707	↑	0.1%
S&P500	1993	↑	0.3%
NIKKEI (07:30)	17009	↓	-0.9%

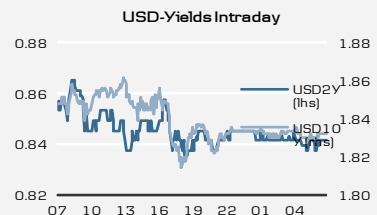
FX & COMMODITIES



	EUR	17:00	07:30	+/-
USD	109.34	109.55	↑	0.21
JPY	124.19	124.71	↑	0.52
GBP	77.26	77.38	↑	0.12
NOK	940.82	939.65	↓	-1.17
SEK	935.12	934.46	↓	-0.66
DKK	745.94	745.92	↓	-0.02
PLN	433.84	433.71	↓	-0.13
	USD	17:00	07:30	+/-
JPY	113.59	113.84	↑	0.25
GBP	141.52	141.57	↑	0.05
CHF	99.25	99.16	↓	-0.09

	Gold, \$	Oil, Brent, \$
07:30	1261.48	37.35
1day	↓ -2.75	↑ 0.28
1month	↑ 105.88	↑ 2.89
Year-t-date	↑ 200.06	↑ 0.07
	CRB 1M future	CRB, Raw Industrials
07:30	165.04	423.86
1day	↓ -0.32	↑ 1.26
1month	↑ 1.58	↑ 2.55
Year-t-date	↓ -11.11	↑ 19.15

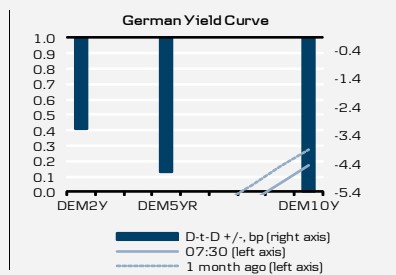
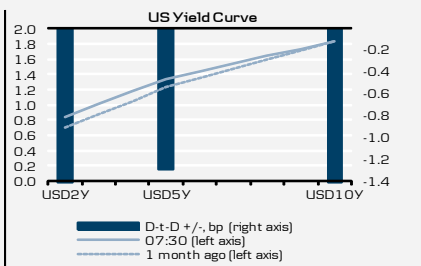
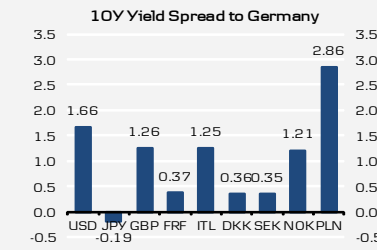
YIELDS & INTEREST RATES



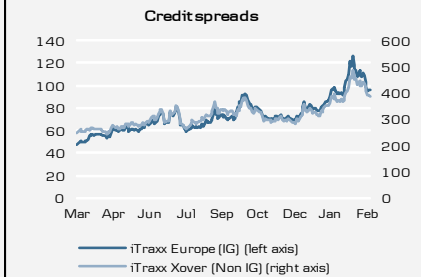
	Policy Rate	3M	Spread, bp
USD	0.50	0.63	13
EUR	0.05	-0.21	-26
GBP	0.50	0.59	9
DKK	0.05	-0.09	-14
SEK	-0.50	-0.49	1
NOK	0.75	1.04	29
PLN	1.50	1.57	7

	17:00	07:30	+/-, bp
USD 10Y	1.85	1.83	↓ -1
USD 30Y	2.68	2.65	↓ -3
JPY 10Y	-0.01	-0.03	↓ -2
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	0.22	0.18	↓ -4
DKK 10Y	0.62	0.54	↓ -8
SEK 10Y	0.54	0.53	↓ -2
NOK 10Y	1.38	1.38	↑ 0
PLN 10Y	3.05	3.03	↓ -3

* As of closing previous trading day



	07:30	1day	1month
Europe (IG)	96	↓ 0	↓ -9
HiVol	119	↑ 0	↓ -16
Xover (N-IG)	390	↓ 0	↓ -16
Finan. Sr.	101	↓ 0	↓ -6
Finan. Sub.	221	↑ 1	↓ -26
Non-finan.			



	17:00	07:30	+/-
USD 10Y			
JPY 10Y	-15	-15	↑ 0
	07:30(-1)*	17:00	+/-
EUR 10Y	0	13	↑ 13
DKK 10Y	38	38	↑ 0
SEK 10Y	42	41	↓ -1
NOK 10Y	61	62	↑ 1

* As of closing previous trading day

** Ask price

Source: Bloomberg, Danske Bank Markets

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