

Danske Daily

Market Movers

- **In the US** monthly PCE inflation data for November are due. We estimate PCE core inflation was 0.1% m/m in November, taking the annual growth rate to 1.4%, although we admit it is a close call between 1.3% and 1.4%. We estimate headline PCE inflation was +0.1% m/m (0.5% y/y). There is no doubt the Fed would still very much like PCE core inflation to move higher and we believe this is an important reason why the Fed would like to hike slowly.
- **In the UK**, the third estimate of GDP growth in Q3 is due and we do not expect any revisions. The unit labour cost figures could attract some attention due to the Bank of England's focus on wage pressure.
- **In Canada** we get numbers for retail sales and GDP for October.

Selected Market News

- Both **US and Asian equity markets** ticked higher overnight, despite mixed US data. The S&P closed 0.9% higher, while the Hong Kong Hang Seng is up 1%. In the US, Q3 GDP was revised down by 0.1pp lower to growth of 2%, showing relatively strong private domestic demand. Meanwhile home sales dropped 10.5% during November, which is the biggest decline since July 2010, when the effects of the government homebuyer tax credit waned.
- **The oil price** rose slightly overnight ahead of US crude production and inventory data and optimism about Chinese and US growth. The West Texas Intermediate (WTI) traded close to parity with Brent, on speculation that the US decision this month to end the nation's 40-year old export ban may ease the nation's oversupply. Brent touched a 11-year low before rising slightly.

Scandi Markets

- **Norwegian unemployment.** The LFS unemployment report for October (September-November) is due. LFS unemployment has risen much more than the NAV jobless measure over the past year but the two have now begun to converge. Although we expect further deterioration in the labour market on the back of fresh redundancies in the oil sector as well as a very cautious approach to recruitment in other industries, we expect LFS unemployment to be relatively stable. We already have the NAV's data for October and November, which point to a moderate increase over the period, so we expect the LFS jobless rate to be unchanged at 4.6%.
- **In Denmark** employment (23 December) was not greatly affected by the weak growth in Q3 but it will be interesting to see whether there was a delayed reaction in October.

Holiday edition

Chief Analyst
Jakob Christensen
+45 30 58 47 14
jack@danskebank.dk

Key figures and events

Wednesday, December 23, 2015				Period	Danske Bank	Consensus	Previous
8:45	FRF	Household consumption	m/m y/y	Nov		-0.1% ...	-0.7% 2.1%
8:45	FRF	GDP, final	q/q y/y	3rd quarter	0.3% 1.2%	0.3% 1.2%	0.3% 1.2%
9:00	DKK	Employment (monthly)	1.000 m/m	Oct			3200 0.1%
10:00	NOK	Unemployment (LFS)	%	Oct		4.6%	4.6%
10:30	GBP	GDP, 3rd estimate	q/q y/y	3rd quarter	0.5% 2.3%	0.5% 2.3%	0.5% 2.3%
10:30	GBP	Index of services	m/m 3m/3m	Oct		0.2% 0.7%	0.4% 0.7%
13:00	USD	MBA Mortgage Applications	%				-1.1%
14:30	USD	Personal income	m/m	Nov		0.2%	0.4%
14:30	USD	Personal spending	m/m	Nov		0.3%	0.1%
14:30	USD	Durable goods orders, preliminary	m/m	Nov		-0.2%	2.9%
14:30	CAD	Retail sales	m/m	Oct			-0.5%
14:30	CAD	GDP	m/m y/y	Oct			-0.5% 0.0%
14:30	USD	PCE core	m/m y/y	Nov		0.1% 1.3%	0.0% 1.3%
14:30	USD	PCE deflator	m/m y/y	Nov		0.0% 0.4%	0.1% 0.2%
16:00	USD	New home sales	1000 (m/m)	Nov	505	500	495.0 (10.7%)
16:00	USD	University of Michigan Confidence, final	Index	Dec		92.0	91.8
16:30	USD	DOE U.S. crude oil inventories	K				4801

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.