

Danske Daily

Market Movers

- It is a week filled with plenty of events for the market as there are three central bank meetings kicking off with Australia on Tuesday, Canada on Wednesday and the ECB on Thursday together with plenty of economic data with focus on flash estimates for EU inflation on Wednesday and US non-farm payrolls on Friday. On top of this, we have a string of Fed speeches with key focus on Yellen's speech on Thursday and an OPEC meeting on Friday. We expect Australia and Canada to be on hold but we expect a 20bp cut from the ECB, where consensus is just looking for 10bp. See more in our *ECB Preview*, 27 November.
- Today, we have preliminary inflation data from Germany and Italy, final Q3 GDP-data for Portugal and US Chicago PMI data.
- There are also plenty of market movers in Scandinavia this week, while we are waiting for the Riksbank and Norges Bank meetings mid-December. Today, both Sweden and Denmark are set to release Q3 GDP. We look for softer GDP growth in both countries. Later this week we have DKK currency reserves and the regional survey from Norway, which is a key indicator for Norges Bank.

Selected Market News

The negative sentiment on Asian bourses continues this morning as the chance of a rate hike by the Federal Reserve in December is increasing and concerns about the slowdown in China continue to weigh on the markets.

The Chinese Yuan is set for inclusion in the IMF's SDR today, so that should not come as a surprise. The IMF is voting today on including the Yuan in the SDR and it is widely expected that the Yuan will become part of the currencies that are in the SDR basket.

The euro remains under 1.06 against the dollar in Asian trading this morning while we are awaiting the ECB meeting, but otherwise movements in the major currencies have been modest this morning.

Market overview

	07:30	1 day +/- %	
S&P500 (close)	2090.1	↑	0.06
S&P500 fut (chng from close)	2085.7	↓	-0.20
Nikkei	19775.3	↓	-0.55
Hang Seng	22107.3	↑	0.18
	17:00	07:30	+/- bp
US 2y gov	0.91	0.92	↑ 0.8
US 10y gov	2.21	2.22	↑ 0.9
iTraxx Europe (IG)	70	70	↑ 0.4
iTraxx Xover (Non IG)	292	293	↑ 1.0
			+/- %
EUR/USD	1.060	1.058	↓ -0.10
USD/JPY	122.760	122.720	↓ -0.03
EUR/CHF	1.09	1.09	↓ -0.04
EUR/GBP	0.704	0.704	↑ 0.06
EUR/SEK	9.244	9.257	↑ 0.14
EUR/NOK	9.20	9.22	↑ 0.20
			USD
Oil Brent, USD	45.0	44.8	↓ -0.51
Gold, USD	1057.8	1056.0	↓ -0.17

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

- *ECB Preview: Time to fulfil the high expectations*
- *Research US: Don't expect a rebound in the participation rate*

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Scandi Markets

Statistics **Sweden** releases Q3 GDP-data and market consensus (incl. ourselves at 3.2% y/y) is pretty closely aligned with the Riksbank's 3.4% y/y forecast. That said, there is ample room for deviations and we will keep a keen eye on public expenditures, which has been the main source of error in previous forecasts. Under any circumstances, any large surprise could push markets in either direction today, but we doubt it will have much of an impact on a Riksbank all focused on inflation. Also, with a week full of important international data ahead there are other things to focus on, both from a Riksbank and market perspective.

Denmark. Preliminary GDP figures for Q3 are due today. Growth was weak in Q2, with both exports and private consumption disappointing, and there is little to suggest that there will be cause for celebration this time around either. Exports were a big disappointment in Q3 and inventory data have not given rise to any great optimism. So, although indicators suggest that private consumption has increased, there is a good chance of growth being very low, if not negative. We expect unchanged GDP in Q3. We anticipate the gross unemployment rate was unchanged at 4.6% in October.

Norway. The credit indicator (C2) is released today but not expected to have much impact on the Norwegian market. The markets will be looking towards the release of Norges Bank's regional network survey on Friday.

Fixed Income Markets

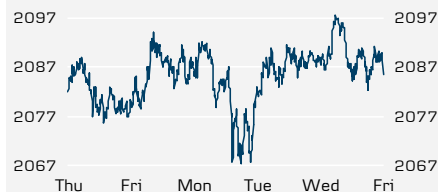
Finally, the ECB week arrived and with elevated expectations it will be a market mover no matter what. This time the market talk is not whether ECB will cut the depo rate but rather on whether it will be 10bp, 20bp or even more – 16bp is priced in. We are in the 20bp camp and expect the QE will be lifted to 75bn per month and that the programme will be expanded to run until at least the end of next year, see *ECB Preview*, 27 November. In addition, we think Draghi will introduce a two-tier deposit rate system to reduce the cost on the banking system as there is a clear risk that the depo rate will be stuck in negative territory for years. We already have a two-tier system in Denmark with a large rate spread (75bp) between the depo rates. Based on the Danish case one implication could be a slightly higher Eonia-depo spread, see *ECB and two-tier deposit rate system – the Danish lesson*, 26 November.

As it is the last day of the month index extension flows are likely to influence today's session. In the EUR govie market the overall extension amounts to 0.05 – a tad lower than the yearly average. On a country level Spain is in for the largest duration increase amounting to 0.18, which should give support to the long end of Spain (despite the country weight actually decreasing). Note also that Spain later today will announce the size of Thursday's tap and as we are approaching year-end we think it will be in the low end of the range again, see *Government Bond Weekly*, 27 November, for more on this week's issuance.

FX Markets

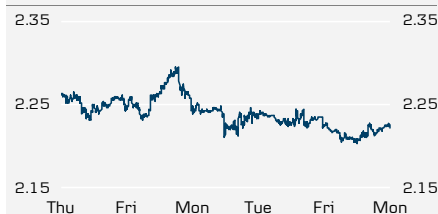
In our ECB preview we lowered our EUR/USD forecasts given the prospect of a more aggressive ECB: we now look for 1.02 in 1M (previously 1.04), 1.02 in 3M (1.06), 1.06 in 6M (1.12), and 1.16 in 12M (1.20). That is, a sharper dip is seen in the cross near term but we still forecast a rebound in 6-12M. In a week that will be dominated by markets looking ahead to Thursday's ECB meeting, Fed speeches scheduled in coming days could serve as a reminder of near-term policy divergence across the Atlantic - even if US payrolls should come out on the weak side on Friday. A somewhat quiet start to the week

US S&P500 future



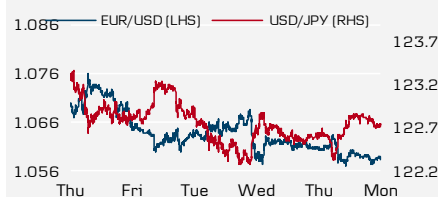
Source: Danske Bank Markets

US 10y gov yield



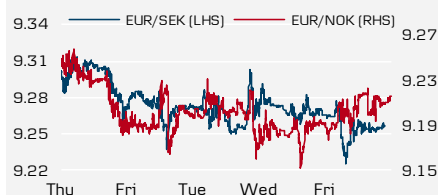
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

in the Scandi sphere as we doubt that Swedish GDP figures today will be able to rock the SEK boat much considering the continued Riksbank focus on EUR/SEK and hence the ECB. The key event for the NOK will be Friday's regional network report which we think will finally conjure any speculations of a December rate cut from Norges Bank; EUR/NOK should thus be in the hands of ECB this week.

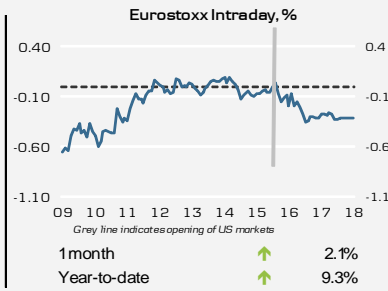
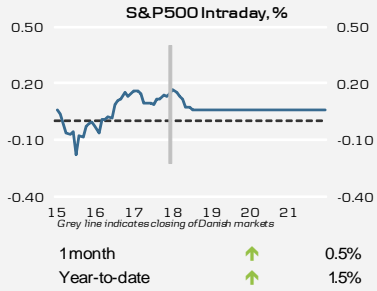
Key figures and events

During the week			Period	Danske Bank	Consensus	Previous
Sun 29	EUR	EU summit in Brussels				
Tue 01 - 07	JPY	Official reserves assets	USD bn	Nov		1244.2
Monday, November 30, 2015			Period	Danske Bank	Consensus	Previous
0:50	JPY	Industrial production, preliminary	m/m y/y	Oct	1.8% -0.9%	1.1% -0.8%
0:50	JPY	Large retailers' sales	y/y	Oct	3.0%	1.7%
0:50	JPY	Retail trade	m/m y/y	Oct	0.3% 0.9%	0.8% -0.1%
6:00	JPY	Housing starts	y/y	Oct	2.6%	2.6%
9:00	DKK	GDP, preliminary	q/q y/y	3rd quarter	0.0% ...	0.2% ...
9:00	DKK	Gross unemployment s.a.	K (%)	Oct	(4.6%)	122K (4.6%)
9:00	ESP	Retail sales	y/y	Oct		4.3%
9:00	CHF	Total sight deposits	CHF bn			468.3
9:30	SEK	GDP	q/q y/y	3rd quarter	0.2% 3.2%	1.1% 3.3%
9:30	SEK	Wages (blue collars/white collars)	y/y	Sep		2.4%
10:00	NOK	Credit indicator (C2)	y/y	Oct	5.5%	5.6%
10:00	NOK	Norges Bank's daily FX purchases	m	Dec	0	-700
10:30	GBP	Mortgage approvals	1000	Oct		69.9
10:30	GBP	Broad money M4	m/m y/y	Oct		-1.0% -0.6%
11:00	ITL	HICP, preliminary	m/m y/y	Nov	... 0.4%	-0.1% 0.3%
12:00	EUR	Portugal, GDP, final	q/q y/y	3rd quarter		0.0% 1.4%
14:00	DEM	HICP, preliminary	m/m y/y	Nov	... 0.2%	0.1% 0.3%
15:45	USD	Chicago PMI	Index	Nov		54.0
16:00	USD	Pending home sales	m/m y/y	Oct	1.5% ...	-2.3% 2.5%

Source: Bloomberg, Danske Bank Markets

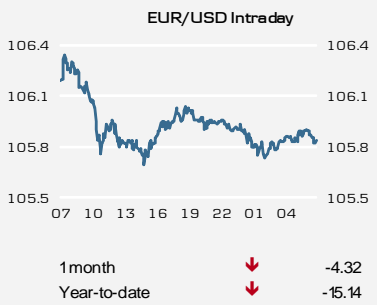
Today's market data: 30 November 2015

STOCKS



	Close		+/-
DJUSTOXX50	3283	↓	-0.3%
OMXC20	1001	↑	0.2%
OMXS30	1522	↓	0.0%
OSE BX	625	↓	-0.5%
	Close		+/-
DOW JONES	17798	↓	-0.1%
NASDAQ	5128	↑	0.2%
S&P500	2090	↑	0.1%
NIKKEI (07:30)	19775	↓	-0.3%

FX & COMMODITIES

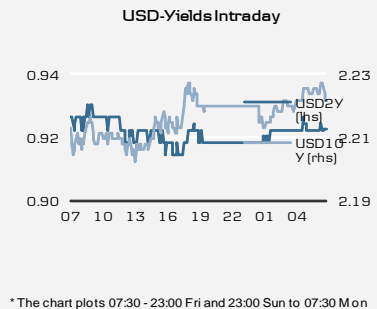


EUR	17:00	07:30	+/-
USD	105.95	105.84	↓ -0.11
JPY	130.07	129.89	↓ -0.18
GBP	70.38	70.42	↑ 0.04
NOK	919.79	921.65	↑ 1.86
SEK	924.42	925.72	↑ 1.30
DKK	746.07	746.07	0.00
PLN	426.87	426.95	↑ 0.08
USD	17:00	07:30	+/-
JPY	122.76	122.72	↓ -0.04
GBP	150.54	150.29	↓ -0.25
CHF	103.02	103.09	↑ 0.07

	07:30		Oil, Brent, \$
Gold, \$	1055.96		44.75
1day	↓	-1.45	↓ -0.11
1month	↓	-86.20	↓ -4.81
Year-t-date	↓	-128.90	↓ -12.58
	07:30		CRB, Raw Industrials
CRB 1M future	183.24		399.76
1day	↓	-2.46	↑ 0.56
1month	↓	-12.37	↓ -19.67
Year-t-date	↓	-46.72	↓ -92.35

* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

YIELDS & INTEREST RATES

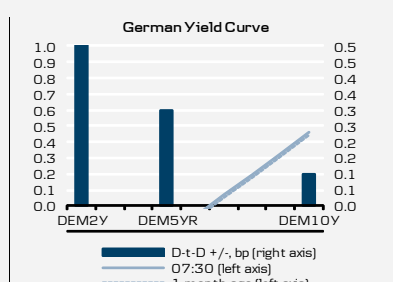
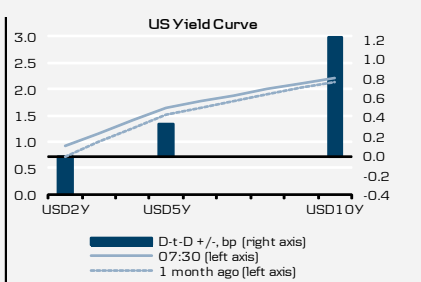
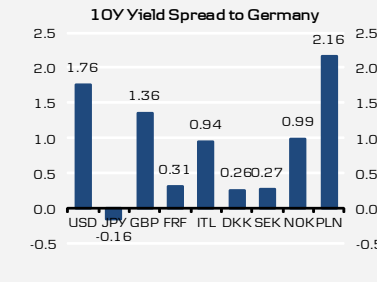


	Policy Rate	3M	Spread, bp
USD	0.25	0.41	16
EUR	0.05	-0.11	-16
GBP	0.50	0.57	7
DKK	0.05	-0.17	-22
SEK	-0.35	-0.41	-6
NOK	0.75	1.16	41
PLN	1.50	1.63	13

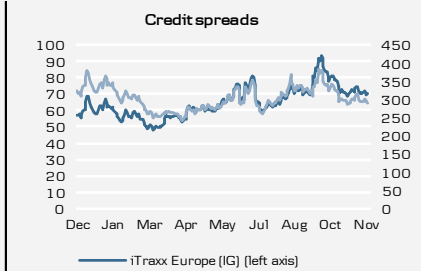
	17:00	07:30	+/-, bp
USD 10Y	2.21	2.22	↑ 1
USD 30Y	2.99	3.00	↑ 1
JPY 10Y	0.31	0.30	↓ -1
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	0.46	0.45	↓ -1
DKK 10Y	0.80	0.72	↓ -8
SEK 10Y	0.73	0.72	↓ -1
NOK 10Y	1.45	1.45	0
PLN 10Y	2.63	2.62	↓ 0

* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

* As of closing previous trading day



	07:30	1 day	1 month
Europe (IG)	70	↑ 0	↓ -1
HiVol	86	↓ 0	↑ 2
Xover (N-IG)	293	↓ 0	↓ -5
Finan. Sr.	69	↑ 0	↓ 0
Finan. Sub.	148	↓ 0	↓ -3
Non-finan.			



	17:00	07:30	+/-
USD 10Y			
JPY 10Y	-13	-13	↑ 0
	07:30(-1)*	17:00	+/-
EUR 10Y	0		
DKK 10Y	37	37	↑ 0
SEK 10Y	45	45	↑ 0
NOK 10Y	60	59	↓ -1

* Ask price

* As of closing previous trading day

** Ask price

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First date of publication

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