

# Weekly Focus Sweden

## Growing weakness

### Market movers ahead

- A variety of speeches and the minutes of the last FOMC meeting will shed light on the Fed's view of the economy and how far we are from a rate hike.
- The Bank of England is not expected to make any changes to monetary policy at its meeting during the week.
- China intervened in the FX market to the tune of more than USD100bn in August. This week, we will find out what happened in September, while money supply data will tell us more about growth.
- Swedish data for export orders, production and household consumption will give us a good idea of how the economy fared in Q3.
- Inflation in Norway will be well above target but Norges Bank has signalled that this will not prevent a rate cut.

### Global macro and market themes

- The fall in commodity prices increases systemic risks.
- Manufacturing weakness in the US could delay a Fed rate hike.
- Chinese data is showing signs of bottoming.
- The euro area is back in deflation – pressure on the ECB to do more.

### Focus

- *Strategy: Slowing EM outflows to support euro, Scandi markets.*

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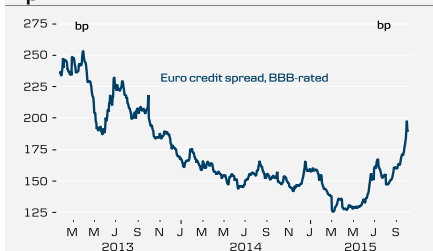
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### Financial views

Major indices			
	02-Oct	3M	12M
10yr EUR swap	0.94	0.95	1.35
EUR/USD	112	110	115
ICE Brent oil	48	52	62
	02-Oct	6M	12-24M
S&P500	1924	0.5%	5.8%

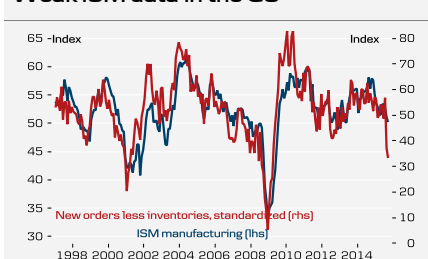
Source: Danske Bank

### Commodity crisis widens credit spread



Source: Bloomberg

### Weak ISM data in the US



Source: Macrobond

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# Market movers

## Global

- The main **US** data release next week is the non-manufacturing ISM. We expect the index to drop two points to 57.0 in September. Although the service sector remains in good shape, supported by healthy consumer spending, we estimate that the current level is too elevated.

Otherwise, focus will be on the Fed. On Thursday we will receive the minutes from the September FOMC meeting. We were surprised by the dovishness of Chair Yellen's comments at the press conference in September. In her speech last week, she did modify the message, saying that she also saw it likely that the Fed would increase rates later this year. It will be interesting to read the discussion at the meeting and get a feel of how much a 'close call' the September decision was. In particular whether the decision to hold rates unchanged was due to 'risk management' or a more fundamental worry about the health of the US economy.

In addition to the minutes, there is a lot of Fed speeches on the agenda, kicked off by the Boston Fed's conference on macro-prudential monetary policy Friday and Saturday this week. The conference speakers include current FOMC members Mester, Rosengren, Kocherlakota, Fischer and Dudley plus a range of academics (see full program [here](#)). The coming week, the list of speakers includes Williams, Bullard, Lockhart, Evans and Kocherlakota. So far comments from the most influential members of the FOMC suggest that the Fed has set course towards a rate hike later this year but the list of factors that could potentially postpone the hike is relatively long. Further, the communication from Yellen is that the pace of hikes following the initial rate hike will be very slow.

- Next week in the **euro area** the Sentix investor confidence is released. It will be followed for indications of how hard investments will be hit through weaker sentiment from the market unrest in emerging markets. We expect the figure to be to the weak side in line with the previous observation. However, this should not necessarily translate into the same degree of weakness in the economic indicators as we have seen a divergence in the sentiment indicators after the onset of the emerging market stress. The financial indicators (Sentix and ZEW) have weakened, while the economic indicators (IFO and PMI) are broadly unaffected.
- In the **UK**, the main event next week is the October meeting in the Bank of England's Monetary Policy Committee. We expect both the Bank Rate and stock of purchased assets to remain unchanged at 0.50% and GBP375bn, respectively. We expect another 8-1 split vote on whether to keep the Bank Rate unchanged against to increase it immediately. We think the tone in the minutes will be more or less as in the minutes from the September meeting. The MPC members will be positive about the domestic development (especially about the labour market) but slightly worried about the global market turmoil and the slowdown in China.

We think it is likely that PMI services in September will stay around the same level as in August and thus we are looking for another 55.6 reading. This level suggests solid growth in services output in Q3.

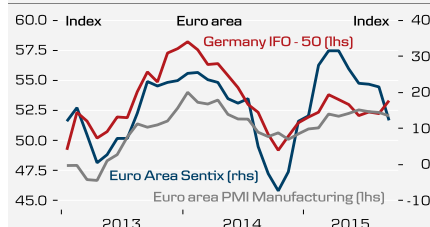
We expect that manufacturing production rebounded by 0.5% m/m in August following the sharp decline in July. That said, the manufacturing sector is still suffering from the appreciation of the GBP and the slowdown in the manufacturing

### We expect the non-manufacturing ISM to drop from an elevated level



Source: Macrobond Financial, Danske Bank Markets

### Divergence in sentiment indicators



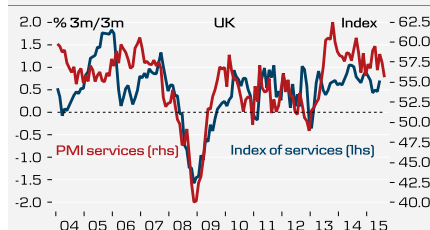
Source: Markit, Sentix, IFO

### Limited economic impact from China so far



Source: Markit, German Federal Statistical Office

### We expect PMI services to stay around current level



Source: Markit Economics, ONS

sector globally and it is likely that production dragged down growth in Q3. We expect construction output to have rebounded by 1.0% m/m in August.

- Focus in **China** next week will be on currency reserve data for September, which will provide more information about how much China has to intervene to keep the currency stable. In August the data suggested intervention of more than USD100bn. During September the currency has been more stable and intervention has likely been smaller but how much is uncertain.

## Scandi

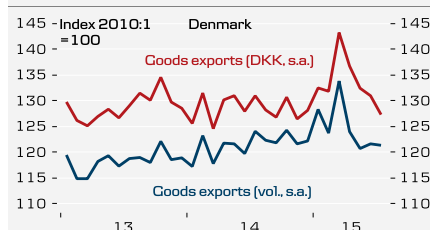
- In **Denmark** the statistical office will be releasing figures for the current account and exports of goods in August. We expect the current account to show a surplus of DKK13bn, up from DKK12.2bn in July. Despite a helping hand from a number of factors, exports disappointed during the spring. Part of this, though, was down to falling commodity prices and so not a reflection of real developments. Things then levelled off over the summer, so it will be interesting to see whether the fuss about China and emerging markets had any effect in August. We expect exports in current prices to climb 1.3% m/m – in other words, we do not expect the international turmoil to have had a major impact on the Danish economy as yet. That said, it should be remembered that exports can swing significantly from month to month, so we cannot say with any certainty that exports were unaffected just because they did not fall in a particular month, as it may be more arbitrary than that.
- In **Sweden**, the week ahead contains a few sets of data that we will study with great interest. Industrial and services production (both published Monday, at 09:30 CEST) will of course be in focus but we are actually more interested to see what is happening with the export orders, especially given the rather weak developments in goods exports. From other data out during the week ahead, we will also have an opportunity to gauge how household consumption is decelerating and contributing less to overall GDP-growth as the Household Consumption Indicator is published (Wednesday, at 09:30 CEST).
- In **Norway** the economic downturn is, of course, a consequence of reduced activity in oil-related industries. The industry is therefore where we have to look for signs of stabilisation and, in time, recovery. The September PMI was encouraging in this respect, but it may be too early to hope for a similar signal from actual industrial production in August. That said, there has been a significant drop in production in recent months, so we predict a slight correction in the form of an increase of 0.3% m/m. The inflation figures will probably be somewhat less important than usual in September, given that Norges Bank has made it clear that it both expects and accepts that core inflation will be well above the 2.5% target for a while. The reason, of course, is that the high rate of inflation is being driven by weakness in the NOK that is expected to be only temporary. Further ahead, inflation is set to fall as wage growth slows and capacity utilisation decreases. This is a textbook example of flexible inflation targeting. We expect core inflation to climb to 3.0% y/y in line with the central bank's projections but it should be noted that there were abnormally high levels of uncertainty in September. The week also brings September housing prices. We expect a decrease of 0.3% m/m, which will take some of the pressure off Norges Bank. We do not anticipate any major surprises in the national budget for 2016. The expansionary effect will probably be just under 0.5pp of mainland GDP, which should

### Chinese currency reserve fell sharply in August



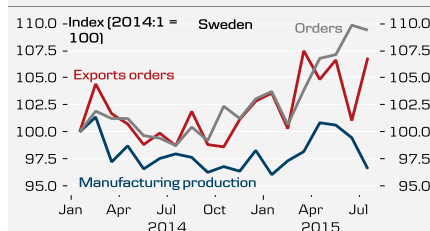
Source: Reuters EcoWin

### Exports disappointed during the spring



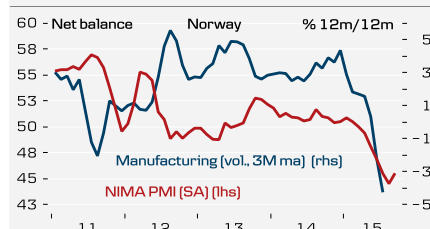
Source: Statistics Denmark

### Sideways export orders not sufficient



Source: Statistics Sweden. Danske Bank

### Has the trend in industrial production reversed?



Source: Macrobond Financial

be neutral in terms of interest rate setting. It is still unclear just what the government's priorities will be but we consider it unlikely that the changes will be sufficient to prompt any major market reaction.

## Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week									
Mon	05-Oct	10:30	EUR	Sentix Investor Confidence	Index	Oct		11.8	13.6
		11:00	EUR	Retail sales	m/mly/y	Aug		-0.1% 1.7%	0.4% 2.7%
		16:00	USD	ISM non-manufacturing	Index	Sep	57.0	58.0	59.0
Tue	06-Oct	8:00	DEM	Factory orders	m/mly/y	Aug		0.5% 5.6%	-1.4% -0.6%
		14:30	USD	Trade balance	USD bn	Aug		-42.50b	-41.86b
		19:00	EUR	ECB's Draghi speaks in Frankfurt					
Wed	07-Oct	-	JPY	BoJ monetary policy announcement	JPY trn		80	80	80
		5:00	JPY	BoJ press conference					
		8:00	DEM	Industrial production	m/mly/y	Aug		0.2% 3.3%	0.7% 0.5%
Thurs	08-Oct	13:00	GBP	BoE rate announcement	%		0.5%	0.5%	0.5%
		13:00	GBP	BoE minutes					
		13:10	EUR	ECB's Praet Speaks in Germany					
Fri	09-Oct	20:00	USD	minutes from FOMC Meeting 16-17 Sep					
Scandimovers									
During the week									
Mon	05-Oct	9:30	SEK	Industrial production s.a.	m/mly/y	Aug		1.7% 0.5%	-3.0% -1.9%
		9:30	SEK	Industrial orders	m/mly/y	Aug			0.0% 11.2%
Tue	06-Oct								
Wed	07-Oct	9:15	SEK	NIER economic forecasts					
		9:30	SEK	Household consumption	m/mly/y	Aug			-0.2% 2.9%
		10:00	NOK	Manufacturing production	m/mly/y	Aug	0.3% ...	0.3% ...	-1.6% -6.0%
		10:00	NOK	Industrial production	m/mly/y	Aug			-1.5% 2.8%
Thurs	08-Oct								
Fri	09-Oct	10:00	NOK	CPI	m/mly/y	Sep	0.7% 3.0%		-0.1% 2.0%
		10:00	NOK	Core inflation(CPI-ATE)	m/mly/y	Sep		... 3.1%	-0.2% 2.9%

Source: Bloomberg, Danske Bank Markets

# Global Macro and Market Themes

## Commodity plunge increases systemic risks

- The sudden drop in the stock price this week of one of the world's biggest mining companies, Glencore, highlights the rise of systemic risks that the steep decline in commodities prices is creating.
- Weakness in the US manufacturing sector was evident this week, as the strong dollar continued to be a drag. Further weakness in coming months could delay the Fed's rate hike.
- The euro area is back in deflation and market inflation expectations have dropped, putting pressure on the ECB. We expect an extension of the QE programme but in December at the earliest.

### Key points

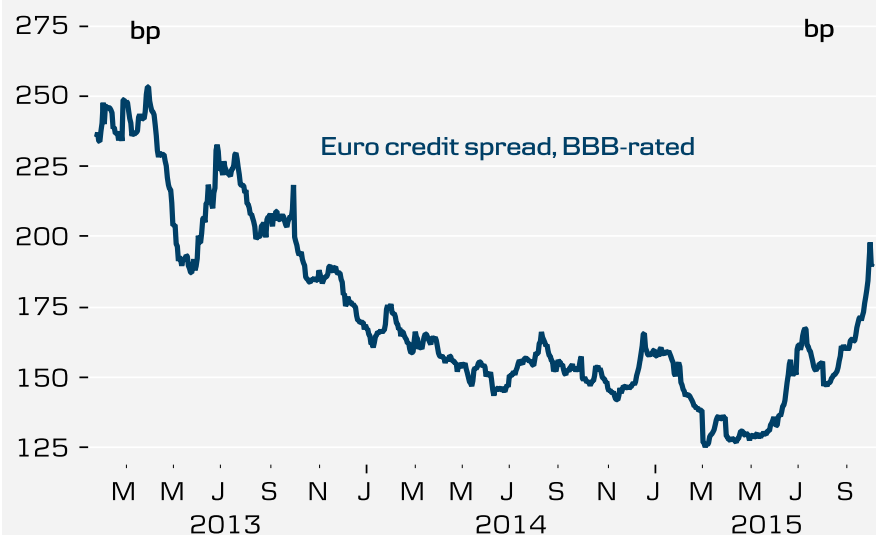
- Fall in commodity prices increases systemic risks.
- Manufacturing weakness in the US could delay Fed rate hike.
- Chinese data showing signs of bottoming.
- Euro area back in deflation – pressure on the ECB to do more.

## Falling commodity prices increase systemic risks

The drop in commodity prices has put pressure not only on the commodity producing countries but also the companies exposed to the collapse in commodity prices. This was highlighted by the steep decline in Glencore's (one of the world's biggest mining companies) share price this week. The stock tumbled 29% on Monday without any new information and then recovered somewhat in the days that followed. However, it is still down around 10% on the week.

Other mining companies have seen their share prices drop as well but Glencore has suffered most because of the concerns over its high debt levels. The spill over to broader credit markets from the commodity collapse is seen in the wider credit spreads on corporate bonds.

Credit spreads have widened on the back of the commodity downturn



Source: Bloomberg, Danske Bank Markets

Tighter financial conditions are negative in themselves but the slump in Glencore's shares also highlights the systemic risks arising from the commodity downturn. Such abrupt moves in the stock price without any obvious new information as a trigger is worrying. Bankruptcies of debt-laden companies (or countries) exposed to commodities prices could fuel a vicious spiral of downgrades, financial sector losses and further tightening of financial conditions. This is by no means our base case scenario but a risk that is worth keeping an eye on.

## US manufacturing weakness could postpone Fed rate hike

The two channels of spill over from emerging markets to developed markets are, broadly speaking, the direct international trade channel and the financial channel. The latter includes developments in financial conditions, FX rates, credit spreads and equity markets. The former is related to weakness in exports due to both weaker demand in EM and loss of competitiveness as EM FX rates plunge.

So far, most focus has been given to the financial channel but the latest data out of the US suggests that the trade channel is also starting to weigh on growth. This was highlighted by the advance trade data for August, which showed a 3.2% m/m decline in goods exports driven by a plunge in industrial supplies and autos. This is in line with the indications from the ISM manufacturing survey, where the new export orders index has declined to the lowest level since the peak of the euro area debt crisis in 2012.

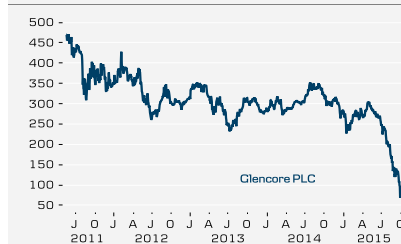
The weakness in the US manufacturing sector increases the risk that the Fed will once again postpone the first rate hike and push lift-off into next year. Historically, the Fed has never raised the fed funds rate with an ISM below 50.8 and the September ISM dropped to 50.2. Details of the survey suggest that the ISM could decline even further in coming months as the new orders index declined further and the customer inventories index increased, suggesting that the inventory rundown will continue to weigh on the manufacturing sector in October. Our models suggest that the ISM index is likely to stay around the 50 level for some more months before moving higher as the impact of the stronger USD and the inventory correction will weigh on manufacturing production growth in the short term.

This raises a dilemma for the Fed as the labour market and private consumption on the other hand are posting solid growth rates. With the unemployment rate likely to undershoot 5% by the end of this year, the pressure on the Fed to start the tightening cycle is building. As long as wage inflation is not moving higher, FOMC Chair Janet Yellen will argue that labour market slack remains and postponing lift-off makes sense. If wage inflation does move higher over the coming months, it will be increasingly difficult for the Fed to push rate hikes into the future even with an ISM lingering around 50.

## Chinese data showing signs of bottoming

Risk sentiment improved after Chinese data showed the official manufacturing PMI for September rose to 49.8 from 49.7 and the important new orders index increased to 50.2 from 49.7. The final version of the Caixin PMI also showed a slight upward revision to 47.2 from 47.0. We believe we are close to a cyclical bottom as a long range of stimulus measures and a recovery in housing should lead to a moderate recovery in Q4 (which started today). A lot of weakness in China has already been priced into the market and a bottoming in Chinese data should support market sentiment.

### Glencore stock price in a sudden collapse



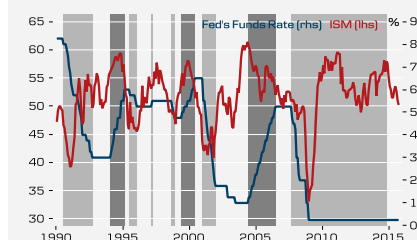
Source: Bloomberg, Danske Bank Markets

### Weak ISM and no sign of bottoming



Source: Macrobond Financial, Danske Bank Markets

### ISM at 50 could delay Fed rate hike



Source: Macrobond Financial, Danske Bank Markets



FX markets are taking their cues from equity markets. The negative correlation between equity performance and EUR/USD is remarkable, supporting our view that the EUR is the safe-haven currency of today. The EUR has replaced the CHF and JPY as the no. 1 safe-haven currency due to the eurozone's large current account surplus and the currency's role as the funding currency of choice. With risk appetite improving on the Chinese PMI but deteriorating on the US ISM, EUR/USD continues to respect the recent 1.10-1.15 range. The improving sentiment towards China is affecting the EM markets: on Wednesday, CNH traded at a premium to CNY for the first time since the devaluation in August. That is an important sign that, at least, FX sentiment towards the CNY is improving.

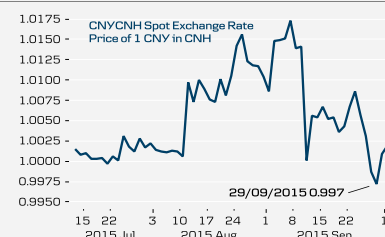
## Euro area back in deflation – pressure on the ECB to do more

Euro area HICP inflation declined back into deflation territory in September and with 5Y5Y market-based inflation expectations trading below 1.6% for the first time since February, the pressure on the ECB to announce more easing is building. However, we do not see the dip back into deflation as sufficient for the ECB to step up its accommodative monetary policy at the meeting on 22 October.

The decline in inflation, which is driven by lower gasoline prices, should not come as a surprise and Mario Draghi has referred to the decline as driven by 'transitory factors', i.e. a decline in oil prices. Furthermore, the latest activity indicators have not weakened considerably and, based on these figures, the ECB should so far be less worried about a negative spill-over effect to sentiment from the weakness in China and EM.

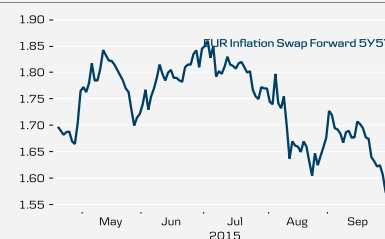
A more likely trigger for additional easing is the undershoot of core inflation compared with the ECB's forecast that we expect. Markets continue to price in a 50% chance of a deposit rate cut over the coming year but comments from ECB members strongly suggest that a deposit rate cut is by no means first in line on the ECB's list of potential measures. We expect the ECB to extend the QE programme but not until the December ECB meeting at the earliest.

## CNY trading at a premium to CNH although short lived



Source: Macrobond Financial, Danske Bank Markets

## Euro area market-based inflation expectations continue lower this week



Source: Bloomberg, Danske Bank Markets

## Global market views

Asset class	Main factors
<b>Equities</b> Moderately positive on 3m horizon, positive on 12m horizon	Market concern over the growth outlook for China and EM continues. However, we still believe that the market reaction is overblown. Drivers ahead is still the growth outlook in US and Europe and this is intact. In Japan lower growth looms, but monetary policy both from ECB, BoJ and PBoC will stay accommodative long time ahead as inflation is still stunningly low
<b>Bond market</b> Core yields: Bund yields range bound short term, higher medium term US-Euro spread: Wider Peripheral spreads to tighten gradually from here Spreads to remain at current levels but with higher downside risk	ECB has opened the door for more QE but Fed still on track for lift-off this year Policy divergence to widen spread QE, improving fundamentals, search for yield Emerging markets instability removes focus from ECB support
<b>FX</b> EURUSD - lower in 3-6M USD/JPY - range near term, then higher on relative monetary policy EUR/SEK - stuck between 9.30-9.60 near term, lower medium term EUR/NOK - range trade short term, then lower	fundamentals Relative monetary policy will continue to support the cross with Fed hikes coming up Battle between Riksbank and ECB for now, further out EUR/SEK to fall on Swedish growth outperformance Relative rates and liquidity to cap downside short term but eventually lower on positioning and rel. fundamentals
<b>Commodities</b> Oil prices - range bound near-term, recovery in 2016 Metal prices - staying low Gold prices - flat near term Agricultural risks remain on the upside	Rebalancing to support recovery next year. Geopolitical risk factor looming. Chinese manufacturing slowdown to cap upside. Consolidation in mining industry puts a floor under prices. Low oil price and Fed getting ready to hike keeps a lid over gold prices. Trending up again, El Niño weather this year is key upside risk.

Source: Danske Bank Markets

# Scandi update

## Denmark – encouraging week for the Danish economy

Figures from Statistics Denmark during the week showed a decrease in gross unemployment of 2,300 people from July to August, taking the jobless rate down to 4.5%. Published the same day were revised national accounts data confirming the very modest growth in Q2 indicated by the original release. Growth over the past year, on the other hand, is up at a relatively healthy 1.8%, which means that the government's slight tightening of fiscal policy in the budget for 2016 is supported by economic developments. With monetary policy still highly expansionary, it makes a lot of sense in the current economic situation to rein in fiscal policy somewhat. The week also brought housing prices for July, showing that house prices fell 0.5% nationwide while apartment prices climbed 1.0%. Over the past year, house prices have risen 6.5% and apartment prices 10.3%. Taken together, the week's data confirm that the recovery in Denmark is still on track. With employment rising, unemployment falling and housing prices climbing, most Danes will be seeing improvements in their finances, which bodes well for the future. That said, we have to bear in mind that the continued rise in apartment prices could be a risk factor if large numbers of people have overstretched themselves and prices then come down again at some point.

## Sweden – weak week

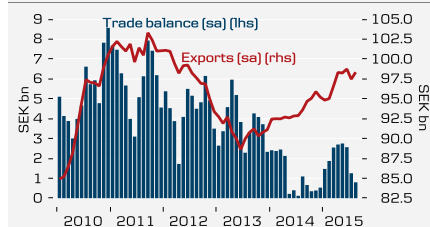
Data out during the past week was overwhelmingly weak. Not only did the trade balance – mainly due to weak exports – undershoot our expectations, it also raises difficult questions surrounding our forecast of a gradual increase in exports and casts into doubt the strength in exports orders seen over the last few months. In addition, some loss of retail sales momentum was to be expected after weather-related spikes during summer. However, the drop in y/y-rates from 6.1% y/y in July to 1.0% y/y in August was a bit more than our outlook for the Swedish economy had bargained for. In short, the data did nothing to temper our fears for the Swedish economy, to the contrary. Should next week's industrial data confirm that picture, the Riksbank will come under even more pressure to act, now courtesy also of the real economy, not only low inflation.

### Unemployment continues to fall



Source: Statistics Denmark

### Swedish foreign trade in a soft spot?

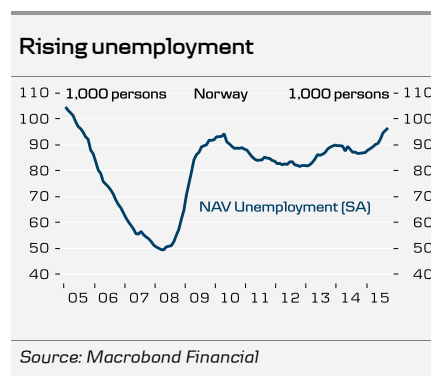


Source: Statistics Sweden, Danske Bank Markets calculations



## Norway – considerable uncertainty

It is still unclear how deep and lasting the downturn in the Norwegian economy will be, and the past week has brought no real answers. On the one hand, retail sales fell in August, confirming the signs of a trend change in private consumption over the summer. Consumer confidence has also fallen to its lowest levels since the financial crisis. A change in consumer behaviour would greatly increase the risk of a more severe and protracted decline in the economy. On the other hand, the PMI climbed to its highest levels since May. It is still pointing to a drop in industrial activity, but on a somewhat smaller scale than in previous months. Particularly encouraging is that the order index suggests only a very modest decrease in new orders in September. Gross unemployment increased by 912 people m/m in September, which suggests that the labour market is deteriorating more or less as expected. The NAV did, however, say that technical problems may have led to under-reporting by some 300-400 people, which would make the figures somewhat weaker than anticipated. On the other hand, the number of vacancies climbed 1% y/y, which means that demand for labour remains robust and illustrates that the rise in unemployment is largely down to a sectoral shock. Looking further ahead, we still expect higher oil prices to stabilise activity in the oil supply sector and so the economy as a whole, but we will probably have to wait until the spring for this to show up in the economic data. Things will probably get slightly worse before they get better.



## Latest research from Danske Bank Markets

### *1/10 Flash Comment: Chinese official PMI shows tentative signs of a cyclical bottom*

In contrast with the Caixin manufacturing PMI, official PMI manufacturing for September was slightly better than expected, rising to 49.8 from 49.7 in August (consensus: 49.7).

### *1/10 Flash Comment: Another weak US ISM manufacturing index*

The US manufacturing ISM for September declined to 50.2 from 51.1 versus 50.6 expected.

### *30/9 Flash Comment - Euro area: back into deflation but Draghi will wait for more inflation prints*

Euro area HICP inflation declined back into deflation territory in September. Headline inflation was -0.1% y/y, down from +0.1% y/y in August (consensus 0.0%, Danske Bank -0.2%).

### *28/9 US labour market monitor: Slower job growth not an obstacle for the Fed*

Our models suggest a slowdown in job growth in September to 180,000. This is below the recent trend of more than 200,000 new jobs created per month but still enough to put additional downward pressure on the unemployment rate.

# Macroeconomic forecast

## Macro forecast, Scandinavia

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-ploym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2014	1.1	0.8	0.2	4.0	0.4	2.6	3.8	0.6	5.1	1.8	45.2	6.3
	2015	1.6	2.0	1.2	0.1	-0.5	0.4	-1.9	0.6	4.7	-1.9	38.4	6.6
	2016	1.9	2.1	0.2	2.6	0.3	3.0	2.9	1.6	4.4	-2.4	36.8	6.6
Sweden	2014	2.3	2.2	1.6	7.6	0.1	3.5	6.3	-0.2	7.9	-1.9	43.8	6.2
	2015	3.1	2.1	1.9	5.2	-0.3	4.3	2.8	0.0	7.8	-1.7	43.9	7.4
	2016	2.6	1.7	2.3	4.6	-0.1	4.9	4.7	1.2	7.4	-1.5	43.3	7.6
Norway	2014	2.2	2.0	2.7	0.6	0.2	2.7	1.9	2.0	3.5	-	-	-
	2015	1.3	2.3	2.3	-3.5	0.6	1.8	3.4	2.1	4.3	-	-	-
	2016	1.8	1.9	2.3	0.7	-0.2	1.8	2.6	2.5	4.2	-	-	-

## Macro forecast, Euroland

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-ploym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Euroland	2014	0.9	0.9	0.8	1.3	-0.1	3.9	4.1	0.4	11.6	-2.4	92.0	2.5
	2015	1.4	1.7	1.2	1.5	0.0	4.8	4.9	0.1	11.1	-2.1	91.8	2.6
	2016	1.7	1.1	0.7	3.7	0.0	4.2	4.1	1.2	10.6	-1.7	90.6	2.5
Germany	2014	1.6	1.0	1.7	3.5	-0.1	3.9	3.7	0.8	5.0	0.7	74.7	7.6
	2015	1.5	1.8	1.8	1.8	0.0	5.8	5.7	0.2	4.7	0.6	71.5	7.9
	2016	2.3	1.5	0.8	5.0	0.0	5.1	5.2	1.5	4.6	0.5	68.2	7.7
France	2014	0.2	0.7	1.5	-1.2	-0.1	2.4	3.9	0.6	10.3	-4.0	95.0	-1.7
	2015	0.9	1.7	1.5	-0.7	0.0	6.0	5.9	0.2	10.3	-3.8	96.4	-0.9
	2016	1.0	0.9	0.7	2.8	0.0	3.6	3.9	1.0	10.1	-3.7	97.1	-1.2
Italy	2014	-0.4	0.3	-1.0	-3.2	0.3	2.4	1.7	0.2	12.7	-3.0	132.1	2.0
	2015	0.7	0.6	0.1	0.4	0.0	4.2	5.3	0.1	12.2	-2.6	133.1	2.2
	2016	1.3	0.9	0.3	2.4	0.0	4.4	4.2	1.1	11.8	-2.0	130.6	2.2
Spain	2014	1.4	2.4	0.1	3.4	-0.1	4.2	7.6	-0.2	24.5	-5.8	97.7	0.6
	2015	3.0	3.2	1.2	6.0	0.0	4.6	5.6	-0.4	22.4	-4.5	100.4	1.2
	2016	2.6	2.0	0.5	6.5	0.0	4.6	5.2	0.8	20.5	-3.5	101.4	1.0
Finland	2014	-0.4	0.5	-0.2	-3.3	-	-0.7	0.0	1.0	8.7	-3.1	59.0	-0.9
	2015	0.0	0.4	-0.2	-2.0	-	1.0	-0.3	-0.1	9.6	-3.3	62.5	0.4
	2016	0.8	0.4	-0.5	2.5	-	3.0	2.5	1.0	10.0	-2.9	64.5	0.5

## Macro forecast, Global

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-ploym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
USA	2014	2.4	2.7	-0.6	5.3	0.0	3.4	3.8	1.6	6.2	-4.1	101.0	-2.3
	2015	2.4	3.1	0.6	4.2	0.2	1.1	5.4	0.1	5.3	-2.9	104.0	-2.5
	2016	2.4	2.7	0.9	4.3	-0.2	3.6	4.4	1.9	5.0	-2.6	103.0	-2.6
Japan	2014	-0.1	-1.4	0.3	2.6	0.1	8.4	7.4	2.4	3.6	-7.0	245.0	0.5
	2015	1.0	0.0	0.9	0.8	0.2	7.6	5.0	1.0	3.3	-6.5	245.0	2.2
	2016	1.4	1.4	1.2	1.2	-0.1	6.0	7.4	1.6	3.1	-6.2	246.0	2.0
China	2014	7.4	-	-	-	-	-	-	2.0	4.3	-1.1	40.7	1.8
	2015	6.8	-	-	-	-	-	-	1.7	4.2	-0.8	41.8	2.4
	2016	6.7	-	-	-	-	-	-	2.3	4.2	-0.8	42.8	2.3
UK	2014	3.0	2.6	1.6	8.6	0.3	0.5	2.4	1.5	6.2	-5.7	89.4	-5.4
	2015	2.6	3.2	1.9	5.1	-0.7	6.7	6.0	0.1	5.6	-4.0	87.6	-4.8
	2016	2.5	2.6	0.1	5.2	0.2	5.1	5.6	1.4	5.3	-2.3	86.8	-4.0

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

# Financial forecast

## Bond and money markets

		Key int. rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs SEK
USD	02-Oct	0.25	0.33	0.78	2.03	111.7	-	839.5
	+3m	0.50	0.62	1.25	2.35	110.0	-	854.5
	+6m	0.75	0.87	1.55	2.60	110.0	-	845.5
	+12m	1.25	1.44	1.95	2.95	115.0	-	782.6
EUR	02-Oct	0.05	-0.04	0.04	0.94	-	111.7	937.4
	+3m	0.05	-0.04	0.05	0.95	-	110.0	940.0
	+6m	0.05	-0.04	0.05	1.15	-	110.0	930.0
	+12m	0.05	-0.04	0.10	1.35	-	115.0	900.0
JPY	02-Oct	0.10	0.08	0.09	0.49	134.1	120.1	7.0
	+3m	0.10	0.15	-	-	136.4	124.0	6.9
	+6m	0.10	0.20	-	-	137.5	125.0	6.8
	+12m	0.10	0.20	-	-	146.1	127.0	6.2
GBP	02-Oct	0.50	0.58	0.95	1.82	73.8	151.4	1271.0
	+3m	0.50	0.65	1.30	2.05	72.0	153.0	1305.6
	+6m	0.75	0.83	1.50	2.20	70.0	157.0	1328.6
	+12m	1.00	1.26	1.90	2.50	72.0	160.0	1250.0
CHF	02-Oct	-0.75	-0.73	-0.70	0.20	109.2	97.8	858.4
	+3m	-0.75	-	-	-	107.0	97.3	878.5
	+6m	-0.75	-	-	-	110.0	100.0	845.5
	+12m	-0.75	-	-	-	112.0	97.4	803.6
DKK	02-Oct	0.05	-0.04	0.30	1.27	746.0	668.1	125.7
	+3m	0.05	0.02	0.20	1.20	745.5	677.7	126.1
	+6m	0.05	0.07	0.20	1.40	745.5	677.7	124.7
	+12m	0.05	0.07	0.25	1.60	745.5	648.3	120.7
SEK	02-Oct	-0.35	-0.30	-0.18	1.31	937.4	839.5	-
	+3m	-0.45	-0.40	-0.25	1.20	940.0	854.5	-
	+6m	-0.45	-0.40	-0.30	1.35	930.0	845.5	-
	+12m	-0.45	-0.35	-0.15	1.45	900.0	782.6	-
NOK	02-Oct	0.75	1.12	0.95	1.87	943.5	845.0	99.4
	+3m	0.75	1.00	1.05	1.95	940.0	854.5	100.0
	+6m	0.75	1.00	1.10	2.20	925.0	840.9	100.5
	+12m	0.75	1.00	1.20	2.40	880.0	765.2	102.3

## Equity markets

Regional		Risiko profil 3 mdr.	Pris trend 3 mdr.	Pris trend 12 mdr.	Regionale rekommendationer
USA (USD)	Stark dollar, måttlig vinsttillväxt, hög värdering.	Medium	0-5%	5-8%	Undervikt
Emerging markets (lokal valuta)	EM under press efter endringar i Kina's valutapolitikk	Hög	0-3%	0-5%	Undervikt
Japan	Reflatering, corporate governance, vinsttillväxt, rimlig värdering	Medium	0-8%	10-15%	Övervikt
Europa (ex. Norden)	Reflatering, vinsttillväxt, billig EUR, rimlig värdering	Medium	0-8%	10-15%	Övervikt
Norden	Vinsttillväxt, dyr värdering	Medium	0-%	5-10%	Övervikt

## Commodities

	02-Oct	2015				2016				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015	2016
NYMEX WTI	46	49	58	47	48	53	58	60	62	50	58
ICE Brent	48	55	63	52	52	57	62	64	65	56	62
Copper	5,095	5,808	6,043	5,380	5,300	5,500	5,700	5,800	5,900	5,633	5,725
Zinc	1,688	2,091	2,188	1,860	1,950	2,000	2,050	2,075	2,100	2,022	2,056
Nickel	10,050	14,410	13,065	10,650	11,000	11,500	12,000	12,500	13,000	12,281	12,250
Aluminium	1,566	1,813	1,787	1,625	1,700	1,775	1,850	1,900	1,950	1,731	1,869
Gold	1,109	1,219	1,193	1,125	1,110	1,115	1,120	1,125	1,130	1,162	1,123
Matif Mill Wheat	176	190	182	176	180	185	190	195	195	182	191
Rapeseed	369	360	370	374	360	370	380	385	380	366	379
CBOT Wheat	520	523	505	512	525	540	560	580	600	516	570
CBOT Corn	389	385	367	383	400	420	430	435	440	384	431
CBOT Soybeans	879	990	966	950	900	920	940	960	980	952	950

Source: Danske Bank Markets

# Calendar

## Key Data and Events in Week 41

### During the week

Fri 02 - 03	USD	Macroprudential Monetary Policy conference by Boston Fed
Fri 09 - 11	USD	World Bank and International Monetary Fund Annual Meeting

### Monday, October 5, 2015

				Period	Danske Bank	Consensus	Previous
-	GBP	Halifax house prices	m/m 3Ms/YoY	Sep			2.7% 9.0%
3:30	JPY	Labor cash earnings	y/y	Aug		0.6%	0.9%
3:35	JPY	Markit service PMI	Index	Sep			53.7
8:30	SEK	PMI services	Index	Sep			52.4
9:15	ESP	PMI services	Index	Sep	58.0		59.6
9:30	SEK	Industrial production s.a.	m/m y/y	Aug		1.7% 0.5%	-3.0% -1.9%
9:30	SEK	Service production	m/m y/y	Aug			-1.2% 2.8%
9:30	SEK	Industrial orders	m/m y/y	Aug			0.0% 11.2%
9:45	ITL	PMI services	Index	Sep	54.0		54.6
9:50	FRF	PMI services, final	Index	Sep	51.2	51.2	51.2
9:55	DEM	PMI services, final	Index	Sep	54.3	54.3	54.3
10:00	EUR	PMI composite, final	Index	Sep		53.9	53.9
10:00	EUR	PMI services, final	Index	Sep	54.0	54.0	54.0
10:30	GBP	PMI services	Index	Sep	55.6	56.3	55.6
10:30	GBP	PMI composite	Index	Sep			55.1
10:30	EUR	Sentix Investor Confidence	Index	Oct	11.0	11.8	13.6
11:00	EUR	Retail sales	m/m y/y	Aug	0.4% ...	-0.1% 1.7%	0.4% 2.7%
11:00	NOK	Housing prices	m/m y/y	Sep	0.3% ...		
15:00	EUR	Eurogroup meeting in Luxembourg					
15:45	EUR	ECB publishes monthly asset purchases					
15:45	USD	Markit service PMI, final	Index	Sep		55.7	55.6
15:45	USD	Markit composite PMI, final	Index	Sep			55.3
16:00	USD	Fed's LMCI	m/m	Sep			2.1%
16:00	USD	ISM non-manufacturing	Index	Sep	57.0	58.0	59.0

### Tuesday, October 6, 2015

				Period	Danske Bank	Consensus	Previous
-	PLN	Polish central bank rate decision	%		1.5%	1.5%	1.5%
2:30	AUD	Trade balance	AUD m	Aug		-2400m	-2460m
5:30	AUD	Reserve Bank of Australia rate decision	%		2.0%	2.0%	2.0%
8:00	DEM	Factory orders	m/m y/y	Aug	0.3% ...	0.5% 5.6%	-1.4% -0.6%
9:00	DKK	Forced sales (s.a.)	Number	Aug			
9:00	DKK	Bankruptcies (s.a.)	Number	Sep			
9:15	CHF	CPI	m/m y/y	Sep		0.0% -1.5%	-0.2% -1.4%
9:30	EUR	EU Parliament debates migration policy					
14:30	USD	Trade balance	USD bn	Aug		-42.50b	-41.86b
15:00	EUR	Eurogroup meeting in Luxembourg					
19:00	EUR	ECB's Draghi speaks in Frankfurt					
23:30	USD	Fed's Williams (voter, dovish) speaks					

Source: Danske Bank Markets

## Calendar - continued

Wednesday, October 7, 2015					Period	Danske Bank	Consensus	Previous
-	CNY	Foreign exchange reserves	USD bn	Sep			3480.0	3557.4
-	JPY	BoJ monetary policy announcement	JPY trn			80	80	80
1:50	JPY	Official reserves assets	USD bn	Sep				1244.2b
5:00	JPY	BoJ press conference						
7:00	JPY	Leading economic index, preliminary	Index	Aug			103.4	105.0
8:00	DEM	Industrial production	m/mly/y	Aug			0.2% 3.3%	0.7% 0.5%
9:00	EUR	ECOFIN meeting in Luxembourg						
9:00	DKK	Industrial production	m/m	Aug		2.5%		-3.7%
9:15	SEK	NIER economic forecasts						
9:30	SEK	Household consumption	m/mly/y	Aug				-0.2% 2.9%
9:30	SEK	Budget balance	SEK bn	Sep				21.1b
10:00	NOK	Manufacturing production	m/mly/y	Aug		0.3% ...	0.3% ...	-1.6% -6.0%
10:00	NOK	Industrial production	m/mly/y	Aug				-1.5% 2.8%
10:00	NOK	Norwegian government releases 2016 fiscal budget						
10:30	GBP	Industrial production	m/mly/y	Aug		0.4% 1.9%	0.3% 1.4%	-0.4% 0.8%
10:30	GBP	Manufacturing production	m/mly/y	Aug		0.5% 0.0%	0.5% -0.1%	-0.8% -0.5%
12:00	DKK	Danish economic councils - fall report						
13:00	USD	MBA Mortgage Applications	%					-6.7%
16:30	USD	DOE U.S. crude oil inventories	K					3955k
21:00	USD	Consumer credit	USD bn	Aug			18.500b	19.097b
Thursday, October 8, 2015					Period	Danske Bank	Consensus	Previous
-	JPY	Eco Watchers Survey Outlook (Current)	Index	Sep			49.0	48.2 49.3
1:01	GBP	RICS house price balance	Index	Sep			0.6	0.5
1:50	JPY	Machine orders	m/mly/y	Aug			3.0% 3.9%	-3.6% 2.8%
7:45	CHF	Unemployment	%	Sep			3.4%	3.3%
8:00	DEM	Trade balance	EUR bn	Aug			18.9b	25.0b
9:30	SEK	Average house prices	SEK m	Sep				2.521m
13:00	GBP	BoE announces asset purchase target	GBP bn	Oct		375	375	375
13:00	GBP	BoE rate announcement	%			0.5%	0.5%	0.5%
13:00	GBP	BoE minutes						
13:10	EUR	ECB's Praet Speaks in Germany						
13:30	EUR	ECB account of the monetary policy meeting						
14:30	USD	Initial jobless claims	1000					277k
15:30	USD	Fed's Bullard (non-voter, hawkish) speaks						
19:00	USD	Fed's Kocherlakota (non-voter, dovish) speaks						
20:00	USD	minutes from FOMC Meeting 16-17 Sep						
21:30	USD	Fed's Williams (voter, dovish) speaks						
Friday, October 9, 2015					Period	Danske Bank	Consensus	Previous
-	EUR	Moody's may publish Italy's debt rating						
8:45	FRF	Industrial production	m/mly/y	Aug			0.6% 0.2%	-0.8% -0.8%
9:00	DKK	Trade balance ex ships	DKK bn	Aug		6.5b		5.2b
9:00	DKK	Exports	m/m	Aug		1.3%		
9:00	DKK	Current account (s.a.)	DKK bn	Aug		10.5b		9.3b
9:00	DKK	Current account (not s.a.)	DKK bn	Aug		13.0b		12.2b
10:00	ITL	Industrial production	m/mly/y	Aug			-0.5% ...	1.1% 2.7%
10:00	NOK	CPI	m/mly/y	Sep		0.7% 3.0%		-0.1% 2.0%
10:00	NOK	PPI	m/mly/y	Sep				-4.3% -10.0%
10:00	NOK	Core inflation(CPI-ATE)	m/mly/y	Sep			... 3.1%	-0.2% 2.9%
10:30	GBP	Construction output	m/mly/y	Aug		1.0% 1.4%	1.0% 1.4%	-1.0% -0.7%
10:30	GBP	Trade balance	GBP mio.	Aug			-1950	-3371
14:30	USD	Import prices	m/mly/y	Sep			-0.5% -11.0%	-1.8% -11.4%
14:30	CAD	Net change in full time employment	1000	Sep				54.4
15:10	USD	Fed's Lockhart (voter, dovish) speaks						
19:30	USD	Fed's Evans (voter, dovish) speaks						

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Source: Danske Bank Markets

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