22 January 2016

Weekly Focus Sweden

Fed's time to react to the financial turmoil

Market movers ahead

- We expect focus to continue to be on central banks next week, with the FOMC and Bank of Japan (BoJ) meetings. In our view, the Fed is likely to be reluctant to raise rates in the current environment, with a low oil price, low inflation expectations, risk-off sentiment in US equity markets and weak key economic figures.
- We expect the BoJ to leave policy unchanged in January but we believe the probability of additional easing has increased substantially.
- In the euro area, we look for inflation to increase in January despite the latest sharp decline in the oil price. Core inflation is also set to increase but inflation is still far from the ECB's 2% inflation target.
- In both the UK and the US, the first estimate of GDP growth for Q4 15 is due to be released. In the US, we look for almost no growth, due partly to falling oil investments but also to a negative contribution from inventories. UK services should have lifted growth.
- Following the latest sharp oil price decline, Norwegian economic figures are also set to be in focus in the coming week.

Global macro and market themes

- We look for a turn in risk sentiment as central banks step in.
- China sentiment has become too negative.
- EUR/USD is range bound within 1.05-1.10 – set to turn higher later in 2016.

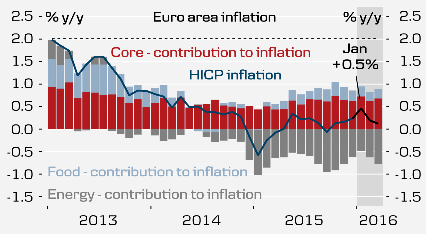
Focus

- *ECB Comment: Draghi never gives up – we expect 10bp cut in March*.
- *Flash Comment: Denmark to mirror ECB cut in March – but it's a close call*.

How will the Fed react to the latest financial turmoil?

Source: Macrobond Financial

Euro inflation still set to rise in January



Source: Eurostat, Danske Bank Markets

Contents

Financial views

Major indices	22-Jan	3M	12M
10yr EUR swap	0.77	0.95	1.35
EUR/USD	108	106	116
ICE Brent oil	31	52	46
	22-Jan	6M	12-24M
S&P500	1869	0-5%	5-8%

Source: Danske Bank

Editors

Allan von Mehren
+45 4512 8055
alvo@danskebank.dk

Las Olsen
+45 45 12 85 36
laso@danskebank.dk

Market movers

Global

- In the **US** next week, the most important event is the FOMC meeting. We expect the Fed to keep the Fed funds rate target unchanged at 0.25-0.50%, which was already widely expected before this month's financial turmoil. Instead, focus is on the accompanying statement, as there are no updated projections or press conferences in connection with this meeting. Much has happened since December when the Fed increased the Fed funds rate target for the first time since 2006: The oil price has fallen further, the US equity markets have had the worst start to a year in history, long-term market inflation expectations have declined and key economic figures have been weak. Since the December meeting, there have only been a few Fed speeches. Most notably was the speech by Bullard (voter, hawk) in which he expressed his concerns about falling inflation expectations.

  In December, the Fed signalled four further hikes this year from the so-called 'dots'. However, as most voting FOMC members, in our view, have a dovish-to-neutral stance, the 'true' signal was more skewed towards three than four hikes. Currently, we expect three hikes this year (April, September, December) but the downside risks to this have definitely increased this month. In our opinion, the Fed is likely to be reluctant to raise rates in the current environment and with very weak key economic figures. We will look for any clues on whether March is still in play or the second hike is pushed further out. The market has priced in only one full hike this year.

  The first estimate of GDP growth in Q4 15 is due on Friday. Key economic figures have disappointed and we estimate GDP grew by 0.2% q/q AR, i.e. GDP was more or less flat. Although it is broadly expected that GDP growth was weak in Q4, it is likely to fuel growing concerns about the global business cycle, which have contributed to this month's financial turmoil. Some of the weakness, however, reflects another quarter with a negative contribution from inventories. Also, falling oil investments due to the oil price collapse are likely to have weighed on total investments. Private consumption was not quite as strong as in Q2 and Q3 but our models indicate it rose 1.8% q/q AR. The most worrying spots in the economy are the negative contribution from net exports and the weak residential investments.

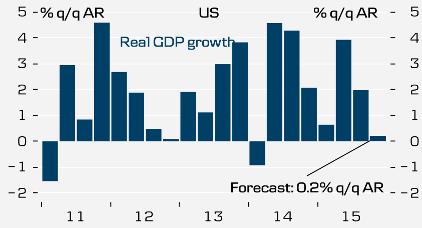
- In the **euro area**, focus is set to be on the HICP inflation print for January, due on Friday, which we expect to increase to 0.5% y/y, from 0.2% y/y in December. The higher inflation figure reflects an increase in core inflation from 0.9% y/y to 1.1% y/y, driven mainly by higher inflation in goods prices, while service price inflation should stay subdued. Energy price inflation will also have a smaller negative impact on inflation but the sharp oil price decline in January implies that energy prices will be lower in monthly terms. The January inflation figure is the one that not long ago was expected to go above 1.0% y/y as the decline in the oil price last year would lift the yearly rate. However, as the oil price is now lower than it was a year ago, the yearly rate of energy price inflation is set to stay negative.

  Euro area M3 money supply and bank lending figures are also due for release on Friday and we look for continued progress particularly in the lending figures. Improved bank lending is one of the reasons we expect euro area activity to reaccelerate in 2016, as a lack of lending is no longer a considerable headwind to stronger growth. This week, the ECB released its bank lending survey and SME's demand for credit and loans increased at the highest pace since 2007, suggesting higher bank lending also benefits the periphery countries, where SMEs are more important for the economy.

How will the Fed react to the financial turmoil this month?

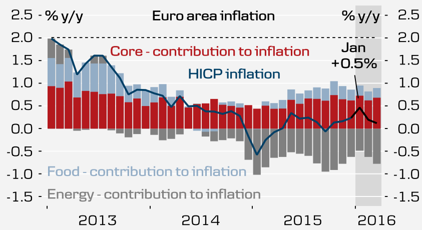
Source: Standard &Poor's

Weak GDP growth in Q4



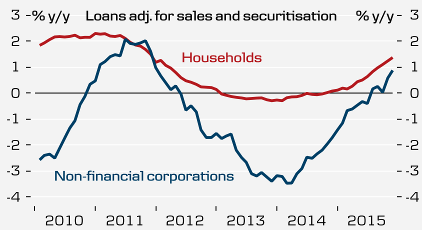
Source: BEA, Danske Bank

Euro inflation still set to rise in January



Source: Eurostat, Danske Bank Markets

Bank lending continues to improve



Source: Eurostat, Danske Bank Markets

German IFO expectations, due for release on Monday, will be followed closely to judge any impact on economic sentiment of the latest market turmoil. This week, the German manufacturing PMI declined from 53.2 to 52.1, driven mainly by weaker export orders. Overall, a downside risk to our expectation of higher euro area GDP growth is continued financial uncertainty and global weakness but our expectation of higher GDP growth is due mainly to higher domestic demand and, so far, the euro area has remained rather resilient to the weakness in emerging markets.

German retail sales are due for release on Wednesday and focus is likely to be on any impact of the lower oil price and continued progress in the labour market. Overall, we look for private consumption to continue to be an important driver of the euro area recovery and we expect the very low oil price to have a positive impact in Q1.

- In the **UK**, the most important release next week is the first estimate of GDP growth for Q4 15, which is due on Thursday. We think the slowdown in Q3, when GDP grew 0.4% q/q, was a temporary dip and we estimate GDP grew by 0.5% q/q in Q4, driven mainly by services. Based on the data releases so far, we estimate industrial production contributed to growth neither positively nor negatively. Construction output was once again a weak spot and is likely to have dragged Q4 GDP growth down by 0.1pp (0.05pp unrounded). There is most uncertainty about gross value added in services but PMI services have been solid suggesting growth around 0.6-0.7% q/q.

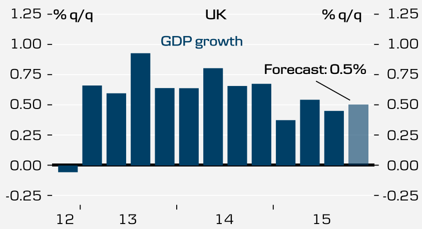
  GfK consumer confidence in January is due on Friday. Although consumer confidence usually takes a large jump in January, we expect it to stay unchanged at 2. The main reason is the financial turmoil this month. Also, consumer confidence is already at a very high level.

  Bank of England governor Mark Carney speaks on Tuesday. He is unlikely to say anything new compared with his very dovish speech this week.

- Next week is a quiet week on the data front in **China**. The main release of interest is industrial profits on Wednesday. The industrial sector is having a tough time and profit growth has been negative for 1.5 years now and is likely to stay negative in our view. We expect the stock market to follow this closely.

- In **Japan**, the data calendar is packed with key data releases in the coming week. In particular, we expect the market to focus on the Bank of Japan's (BoJ) monetary policy announcement on Friday after the ECB this week hinted that it might cut rates again in March. We expect the BoJ to leave policy unchanged in January but the probability of additional easing has increased substantially – not least as other central banks are moving in a more dovish direction and there are rising concerns that the 'shunto' spring wage negotiations may disappoint. Moreover, the near-term inflation outlook has weakened substantially due to the appreciation of the yen and the oil price decline. Suppressed price pressure for a prolonged period would delay the increase in inflation to the BoJ's target of 2% and require the BoJ once again to revise down its inflation forecast putting further pressure on the BoJ's credibility.

We estimate GDP growth rebounded to 0.5% q/q in Q4



Source: ONS, Danske Bank

Chinese industrial profits falling

Source: Bloomberg

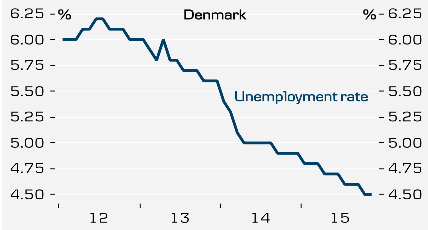
Scandi

- In **Denmark**, the statistical office is due to release jobless figures for December and manufacturing confidence for January, both on Thursday. The labour market improved overall in 2015, with unemployment falling from 4.8% in January to 4.5% in November. We expect the jobless rate to be unchanged in December. Elsewhere we expect Nationalbank to release securities statistics and foreign portfolio investments for December, also on Thursday.

- In **Sweden**, the week ahead should fill some of the void felt over the past week. Importantly, we receive some of the final pieces of the Q4 15 GDP puzzle, as producer prices (Tuesday at 09:30 CET), the labour force survey, the trade balance and retail sales (all due Thursday at 09:30 CET) are published. In general, we expect an upbeat tone, as indicators pertaining to the end of 2015 still looked benign. Talking about the devil, we are also due to receive the first few indicators for 2016 in the coming week, specifically the National Institute for Economic Research (NIER) will release both the Business (BCI) and Consumer (CCI) confidence surveys for January on Wednesday (at 09:00 CET). There is an apparent risk that the financial market turmoil will leave its mark on this set of data. Keep an eye out.

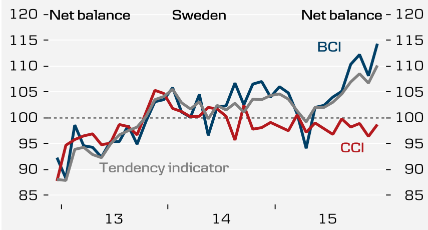
- In **Norway**, the latest dip in oil prices may mean the week's data attract particular interest. Centre stage will be the retail sales figures for December, due on Friday. Following a collapse in consumer confidence and extremely weak trade data over the summer and into Q3, retail sales grew in both October and November. On the other hand, we know that the extension of Black Friday to a whole week brought a lot of Christmas trading forward from December to November. Therefore, we expect a correction in December, with retail sales falling 0.6% m/m. However, this would still be enough for private consumption to climb around 0.5% q/q, reducing the downside risk to Q4 GDP. Elsewhere Statistics Norway will release its Q4 manufacturing tendency survey, due on Thursday. As the decline in oil investment is hitting the Norwegian economy mainly via manufacturing, this is where we need to look for signs of stabilisation. Given the fresh slide in oil prices in H2 last year, we think it is still too early for this but, with contracts for the Johan Sverdrup field now being awarded, we still see the main indicator rising from -7.6 in Q3 to -6.0 in Q4, which would be in keeping with the monthly PMI data. The week also brings January jobless data from the NAV on Friday, giving us a first hint of what might be in store in 2016. We expect registered unemployment to climb to 3.3%, due mainly to seasonal factors. However, underlying joblessness is also rising and we expect gross unemployment to increase by around 1,200 people from December to January. This would be in line with the trend in the autumn, while unemployment grew much faster (by almost 2,000 people per month) from Easter through to the summer, which suggests that the main rounds of downsizing took place in the winter and spring.

Unemployment has come down a long way since 2012



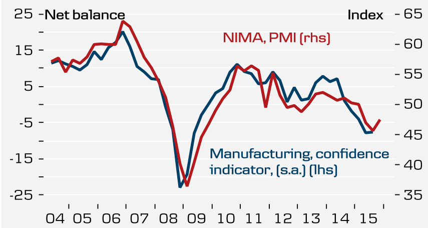
Source: Statistics Denmark

Will the market turmoil affect January data?



Source: Macrobond Financial, NIER. Danske Bank calculations

Manufacturing may be looking up



Source: NIMA, Statistics Norway

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	25-Jan	10:00	DEM	IFO - business climate	Index	Jan	**109.5**	*108.4*	108.7
Tue	26-Jan	11:45	GBP	BoE governor Mark Carney speak					
		16:00	USD	Conference Board consumer confidence	Index	Jan		*96.5*	96.5
Wed	27-Jan	16:00	USD	New home sales	1000 (m/m)	Dec		*500*	490.0 (4.3%)
		20:00	USD	FOMC meeting	%		**0.5%**	*0.5%*	0.5%
Thurs	28-Jan	10:30	GBP	GDP, first estimate	q/q|y/y	4th quarter	**0.5%|1.9%**	*0.5%|1.9%*	0.4%|2.1%
		11:00	EUR	Business climate indicator	Net bal.	Jan		*0.4*	0.4
		14:00	DEM	HICP inflation, preliminary	m/m|y/y	Jan	**...|0.4%**	*-1.0%|0.4%*	0.0%|0.2%
Fri	29-Jan	-	JPY	BoJ annual rise in monetary base			**80**		80
		7:30	FRF	GDP, preliminary	q/q|y/y	4th quarter	**0.2%|...**	*0.2%|1.2%*	0.3%|1.1%
		9:00	ESP	GDP, preliminary	q/q|y/y	4th quarter	**0.8%|...**	*0.8%|3.5%*	0.8%|3.4%
		10:00	EUR	Money supply (M3)	y/y	Dec	**5.2%**	*5.2%*	5.1%
		11:00	EUR	HICP inflation, preliminary	y/y	Jan	**0.5%**	*0.4%*	0.2%
		14:30	USD	Employment cost index	m/m	4th quarter		*0.6%*	0.6%
		14:30	USD	GDP, first release, preliminary	q/q ann.	4th quarter	**0.2%**	*0.8%*	2.0%
		15:45	USD	Chicago PMI	Index	Jan		*45.3*	42.9

Scandi movers									
Wed	27-Jan	9:00	SEK	Consumer confidence	Index	Jan		*97.0*	98.7
		9:00	SEK	Economic Tendency Survey	Index	Jan		*108.0*	110.1
Thurs	28-Jan	9:30	SEK	Retail sales s.a.	m/m|y/y	Dec	**0.0%|6.0%**	*-0.2%|4.6%*	0.4%|5.2%
		9:30	NOK	Industrial confidence		4th quarter	**-6**		-8
Fri	29-Jan	10:00	NOK	Retail sales, s.a.	m/m	Dec	**-0.6%**	*-0.5%*	0.6%
		10:00	NOK	Unemployment	%	Jan	**3.3%**	*3.4%*	3.0%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Central banks to turn oversold risk markets

The big question now is: was this the bottom in risk assets? We believe so. Although we could retest the lows in stocks again as it is unusual that markets move up in a straight line following a sell-off like this. However, **markets normally decline until central banks budge** and signal a softer policy stance. A worry in the market has been whether we could count less on central banks this time to deliver the usual 'put' by easing when panic sets in. The Fed just started hiking and the ECB disappointed in December.

However with yesterday's **surprise from the ECB, this is likely to mark a turning point** in risk sentiment in our view as stock markets technically have also become very oversold on momentum measures (see chart). **We expect the Fed to follow up next week** with a dovish message as lower oil prices and financial stress will make the Fed less confident that the inflation target will be reached in the medium term.

A turn in the oil price would clearly also help a recovery in sentiment. The decline in oil prices has fuelled fears of a US recession driven by a meltdown in the oil sector triggering financial contagion. In addition, the lower oil and commodity prices put pressure on commodity exporters such as Brazil or Russia. The developments in oil prices and central bank action are most likely also correlated. The lack of a response from central banks has probably added to the downward pressure on oil prices.

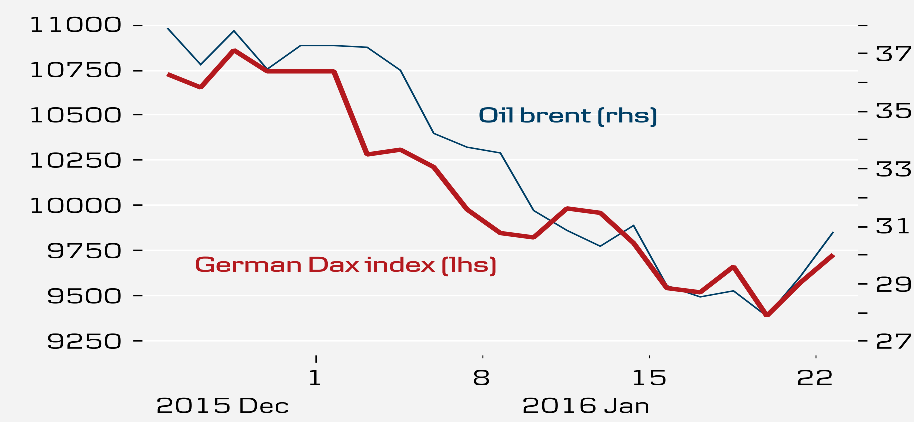
Key points

- We look for a turn in risk sentiment as central banks step in
- China sentiment has become too negative
- EUR/USD range bound in 1.05-1.10 – to turn higher later in 2016

Equity price momentum in very oversold territory

Note: Blue areas show oversold points
Source: Macrobond Financial

Has Draghi just turned the markets?



Source: Macrobond Financial

Another factor that could help turn the oil price is short covering from hedge funds that have played heavily on the doom scenario of Chinese melt down and lower commodity prices. These have made good money lately but will be tempted to cover some of their positions as central banks get into the game now.

While we look for risk appetite to recover in the short term, **the worries over the US energy sector and Emerging Markets are not likely to go away for good**, and risks still persist of an ugly scenario over the next one to two years. A wave of bankruptcies in the oil and mining sector around the world could be brewing and this risk is rising every day that the oil price stays at very low levels.

US and European economies are resilient

Another reason we believe in a recovery of sentiment in the short term is, that we see Western economies as quite resilient. Although the US recovery is growing older it started from a very low point and has generally been more moderate than an average recovery. Thus it is too early for the recovery to die from old age. There is no over-investment (outside energy) or over-consumption and the output gap has only just been closed. Inflation pressures are very subdued still, so there is no risk of a sharp tightening from the Fed that could otherwise lead to recession. At the same time inventories seem to have been depleted over the past three to six months as demand growth has outpaced production growth. Finally lower oil prices are a benefit for US consumers who drive 70% of demand, which also adds to the resilience.

Key for sentiment in the US will be a turn in ISM manufacturing. Going through our indicators, a lot of them suggest that ISM should already be rebounding (see chart above). There is a risk that ISM could go a notch lower due to the recent turmoil. But otherwise **we project a US manufacturing recovery over the next six months due to a turn in the inventory cycle and robust overall consumption growth getting support from lower gasoline prices.**

The recovery in Europe is also robust in our view. Europe has seen the biggest boost from lower oil and gasoline prices as the energy sector is smaller here relative to the US. Consumption growth has been solid and is likely to stay so given the latest shot in the arm from cheaper gasoline. The recent turmoil may dent the manufacturing recovery but overall we believe it will take a lot to push the European recovery off track.

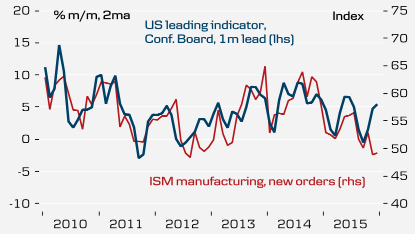
Sentiment on China is very negative – too negative in our view

While there are many reasons to be concerned over the Chinese economy, we believe the current sentiment overstates *how* bad the situation is.

First, in contrast to general belief (at least judging from headlines and client interaction) Chinese data have not deteriorated lately. If anything, there are signs of stabilisation or moderate recovery. For example import growth has recovered quite strongly towards the end of 2015, see (chart).

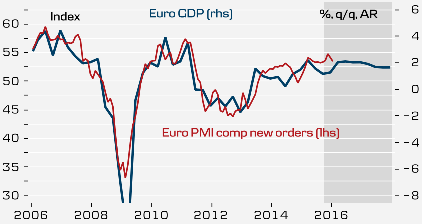
Second, we look for a moderate rise in activity this year. We believe part of the weakness in 2015 has been due to depletion of inventories. In addition, construction should recover somewhat during this year as oversupply of houses comes down and higher home sales feed through to more construction.

We look for a turn in ISM manufacturing soon



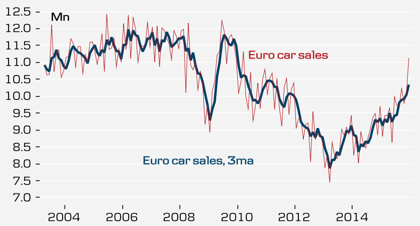
Source: Macrobond Financial

Euro PMI still robust despite dip in December



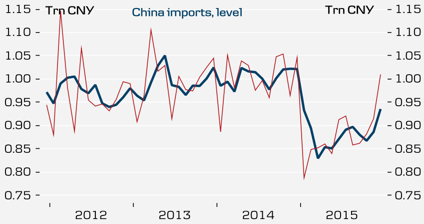
Source: Macrobond Financial

Very strong car sales in the euro area



Source: Macrobond Financial

Turn in Chinese imports points more to recovery than further slowdown



Source: Macrobond Financial

Detrimental to the sentiment around China has been the financial mismanagement and bad communication in both the stock market and currency market. This has been feeding the China bears, leading to extremely negative sentiment around China, and triggered further capital outflows and selling of Chinese equities. As a result stock markets have been hammered and led to very low P/E ratios for offshore Chinese stocks.

Our view is that the sector most important for the stock market – the industrial sector – has already been in a hard landing, but that there are tentative signs of stabilisation and gradual recovery here.

Rise in sentiment positive for Scandi and commodity FX

A turn in risk appetite is clearly positive for NOK and SEK, which are generally highly correlated with risk sentiment. Similarly CAD and AUD should benefit from a turn in sentiment and higher oil and commodity prices.

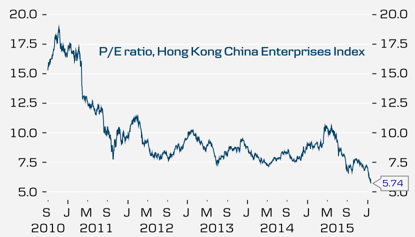
For EUR/USD our view is unchanged that we are in a range in the short term of 1.05-1.10 as both the ECB and the Fed are becoming more dovish. Also more easing from the ECB is compensated by improved risk sentiment which tends to benefit the EUR. Our medium- to long-term view of a rise in EUR/USD is still intact as well.

ECB supports peripheral spreads and steep curve

The continued signalling of an easing bias will to a larger degree **keep ECB easing expectations in the curve** together with an inversion of the Eonia forward curve. Market implied probability for a March deposit cut has moved from 50% before the meeting to around 90%, with March ECB trading at -33bp. This is thus in line with our assessment of a 10bp deposit cut being delivered in March. This will keep a **solid anchoring of 2y rates and fundamental steep curves,** with our assessment of the ECB for now preferring further deposit rate cuts to other easing measures.

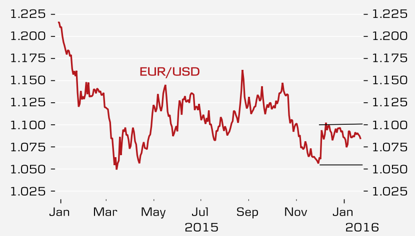
10-year core bond yields will be caught between on the one hand more ECB easing and the other hand improved risk appetite and a rise in inflation expectations from higher oil prices. The dovish stance from Draghi is giving **support to peripheral bonds** due to a turn in risk sentiment and because the market will price in a probability of an increase in the purchase programme.

P/E in Chinese offshore stocks at lows highlighting very negative sentiment



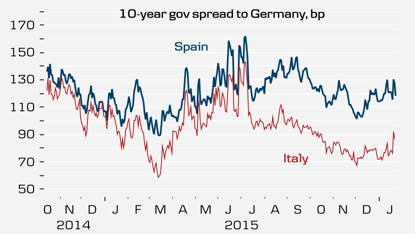
Source: Macrobond Financial

EUR/USD to stay range bound short term



Source: Macrobond Financial

Peripheral spreads to get support from the ECB



Source: Macrobond Financial

Global market views

Asset class	Main factors
Equities	
Moderately positive on 3M horizon, posive on 12M horizon	We expect market sentiment to turn on more easing from ECB and more dovish Fed. Growth resilient in US and euro The earings growth differences between Europe, Japan and the US will continue to support our overweight in Europe and Japan vs. US. Despite we find it likely with less strong growt hin Q1, we still expect sufficient growth ahead to support equities
Bond market	
Core yields: Bund yields close to bottoming out, higher medium term	ECB is to cut the depsoit rate again, but still upward pressure to long end from the US medium term
US-Euro spread: Wider	Policy divergence to widen spread further especially in short and mid segment of curve
Peripheral spreads to tighten further from here	QE, improving fundamentals and search for yield
Credit spreads to continue widening somewhat	ECB supportive, but outweighed by the Oil rout and associated turbulence
FX	
EUR/USD - rangebound near term, rebound further out	Caught in 105-110 range for now, then rebound on no renewed policy divergence and strong EUR fundamentals
USD/JPY - rangebound on a medium-term horizon	Upside from Fed hikes and BoJ on hold countered by stretched fundamentals
EUR/SEK - stuck between 9.10-9.50 near term, lower medium term	Battle between Riksbank and the market for now, further out EUR/SEK to fall on strong Swedish fundamentals
EUR/NOK - higher short term, then lower as cycle turns	Relative rates, oil and liquidity to cap downside short term, eventually lower on positioning and fundamantals
Commodities	
Oil prices - range-bound near term, subdued recovery in 2016	Price support from OPEC is gone; now awaiting non-OPEC supply cuts ahead as costs weigh on producers
Metal prices - staying low	Chinese manufacturing slowdown to cap upside; consolidation in mining industry puts a floor under prices
Gold prices - flat near term	Low oil price and Fed getting ready to hike keeps a lid over gold price
Agriculturals - risks remain on the upside	Trending up again as El Niño weather is key upside risk

Source: Danske Bank Markets

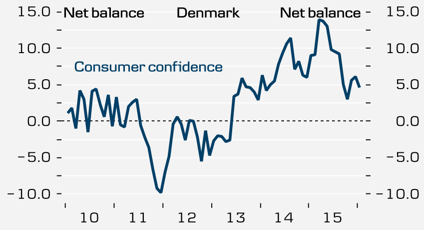
Scandi Update

Denmark – consumer confidence down in January

Statistics Denmark released consumer confidence figures during the week showing a drop from 6.1 in December to 4.6 in January. Much of the decrease can probably be put down to the financial turmoil and concern about the global economy. It is worth remembering, though, that the indicator still shows that consumers are upbeat. Although consumer confidence has historically been a good indicator of private consumption, we do not expect the fall in January to presage a slowdown in spending in 2016. For some time now, consumer spending has been dictated more by how much people earn. We therefore remain optimistic about private consumption, as we expect healthy growth in real wages in 2016.

The week's employment data showed an increase of 5,000 people from October to November, the second-biggest monthly rise since 2008. Although 2015 was a disappointment in terms of growth, the employment data goes to show that Denmark is indeed in recovery rather than crisis.

Consumer confidence still strong



Source: Statistics Denmark

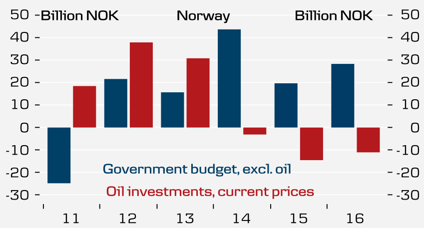
Sweden – dialogue of the deaf

We have already covered the main critique of the Riksbank's work from the *Review of Monetary Policy* released during the past week in our report '*Nominal Criticism: King is no Goodfriend of inflation nuttiness*', 19 January 2016. As the dust settles, however, what baffles us is the lack of discussion on the report's main findings – the apparent cultural flaws – where the burden weighs heavily on Governor Ingves and the Riksbank's General Council, which appoints Executive Board members. In particular, the authors note that the academic, non-pragmatic, Executive Board has spent considerable time conducting trench warfare, hurling evermore exact numerical estimates on each other instead of constructively discussing the bigger issues at hand. Indeed, responsibility for the detrimental discussion atmosphere rests mainly with the chair, Governor Ingves, even if other board members are also implicated. Implicitly and explicitly, therefore, the review also shows direct, strong criticism of an opaque recruitment process where the Riksbank's General Council seems to have become more interested in raising the Riksbank's academic credentials than constructing a diverse and representative Executive Board. These pressing matters are undoubtedly both pertinent and important if the Riksbank is to reach the higher good with which it is tasked. Why, then, has there been no ex post discussion on the responsibility of Governor Ingves and the Riksbank's General Council?

Norway – what does the collapse in oil prices mean for the Norwegian economy?

More than another USD10 has been wiped off the price of a barrel of oil so far this year. Lower oil prices are not good news for Norway, of course, and increase the downside risk to the economy. On the other hand, we should not forget that there are a number of factors that are cushioning the impact. First, work on the major new Johan Sverdrup oilfield begins this year and has already pushed up new orders in the shipyard industry. Investment in the field is estimated at around NOK50bn a year. Second, the relationship between oil prices and oil investment is not necessarily linear. A relatively large number of fields have/had breakeven prices between USD50-70, but far fewer in the USD30-50 interval. Third, fiscal policy will be highly expansionary this year, adding around 0.7pp to mainland GDP. This is more than will be lopped off by the dip in oil investment (see chart). Finally, the lower interest rates and weaker krone should further stimulate other sectors. All in all, then, growth in the mainland economy is set to hold up relatively well, despite lower oil prices, and better than we previously envisaged.

Strong fiscal stimulus



Source: Statistics Norway, Norges Bank

Latest research from Danske Bank Markets

22/1 Flash Comment: Russian rouble - what's next?

Rouble weakens on oil, one-sided market positioning.

21/1 ECB comment: Draghi never gives up - we expect 10bp cut in March

We expect the ECB to cut the deposit rate by an additional 10bp at the meeting in March.

19/1 Flash Comment UK: Higher core inflation due to volatile air fares

UK CPI inflation increased to 0.2% y/y in December from 0.1% y/y in November (Danske Bank: 0.1% y/y, consensus: 0.2% y/y).

19/1 Chinese data in line with stabilisation – not hard landing

Chinese data this morning was a touch weaker than expected but nothing that points to an overall hard landing.

19/1 Yield Forecast Update: China, oil and central banks set the direction for yields

Monthly yield forecast update

18/1 FX Forecast Update: Living with lower oil and a weaker China

The NOK development continues to be heavily tied to how the economy is doing and thereby the oil price. A key part of the Norwegian transition phase is a weaker currency.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Denmark	2015	1.2	2.2	1.0	0.2	-0.4	-0.7	-1.2	0.5	4.7	-2.0	40.0	7.2
	2016	1.5	2.3	0.6	2.1	0.3	1.7	2.8	0.9	4.4	-2.2	37.6	7.2
	2017	1.8	2.2	0.1	2.7	0.0	4.2	4.2	1.8	4.1	-1.4	38.1	7.2
Sweden	2015	3.7	2.4	2.1	7.3	0.0	5.0	4.6	0.0	7.4	-1.1	44.5	7.0
	2016	3.3	2.1	3.6	4.3	0.0	5.5	5.2	0.8	7.2	-1.3	44.8	7.3
	2017	2.5	1.6	2.5	3.1	0.0	4.6	4.0	0.9	7.1	-1.1	45.0	6.9
Norway	2015	1.4	2.3	2.5	-3.2	0.1	4.1	1.1	2.2	3.0	-	-	-
	2016	1.5	1.6	3.1	-1.4	-0.3	2.5	1.6	2.7	3.3	-	-	-
	2017	2.0	2.0	2.6	1.0	0.0	1.0	2.2	2.4	3.3	-	-	-

Macro forecast, Euroland

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Euroland	2015	1.5	1.7	1.5	2.1	-	4.9	5.2	0.1	10.9	-2.1	91.8	3.7
	2016	1.8	1.3	1.5	2.3	-	4.2	4.2	0.5	10.0	-1.7	90.6	3.6
	2017	1.9	1.2	1.1	4.3	-	4.3	4.5	1.6	9.2	-1.5	89.5	3.4
Germany	2015	1.5	1.9	2.5	1.7	-	5.2	5.6	0.1	4.6	0.9	71.5	8.7
	2016	2.3	1.6	2.1	4.3	-	4.6	5.0	0.5	4.5	0.5	68.2	8.6
	2017	2.3	1.6	1.0	6.1	-	4.5	5.3	1.7	4.5	0.4	65.0	8.4
France	2015	1.1	1.5	1.5	-0.2	-	5.6	5.7	0.1	10.6	-3.8	96.4	-1.3
	2016	1.1	1.0	0.9	2.2	-	3.4	4.3	0.4	10.6	-3.4	97.1	-1.6
	2017	1.4	1.0	0.8	4.0	-	3.5	4.1	1.3	10.3	-3.0	97.3	-2.2
Italy	2015	0.7	0.9	0.3	0.6	-	4.0	5.4	0.1	11.9	-2.6	133.1	2.2
	2016	1.3	1.0	0.4	2.7	-	3.5	3.9	0.8	10.6	-2.2	132.0	1.9
	2017	1.4	0.8	0.4	4.1	-	4.2	4.1	1.5	10.0	-1.5	129.5	1.9
Spain	2015	3.2	3.0	2.4	6.3	-	6.0	7.8	-0.6	22.2	-4.5	100.4	1.4
	2016	2.8	2.5	0.9	6.2	-	5.4	6.4	0.0	20.5	-3.5	101.4	1.3
	2017	2.4	1.8	0.4	6.1	-	4.2	4.9	1.3	19.0	-2.5	100.4	1.4
Finland	2015	0.0	1.1	0.0	-2.5	-	-1.0	-1.5	-0.2	9.4	-3.4	62.7	0.2
	2016	0.6	0.4	-0.2	2.0	-	2.0	2.0	1.0	9.8	-3.1	65.0	0.2
	2017	1.1	0.5	-0.5	3.5	-	4.0	3.5	1.2	9.5	-2.8	67.0	0.5

Macro forecast, Global

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
USA	2015	2.5	3.1	0.8	4.3	0.2	1.4	5.2	0.2	5.3	-4.1	101.0	-2.3
	2016	2.5	2.8	1.0	4.5	-0.2	3.9	4.2	1.6	4.8	-2.9	104.0	-2.5
	2017	2.4	2.2	0.8	5.0	0.0	4.9	5.0	2.4	4.5	-2.6	103.0	-2.6
China	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
	2017	6.6	-	-	-	-	-	-	2.0	4.3	-1.0	43.5	2.5
UK	2015	2.2	2.9	1.6	4.5	-0.4	5.3	5.7	0.0	5.4	-3.9	87.1	-4.5
	2016	2.4	3.1	0.8	4.4	-0.2	3.1	3.6	0.7	5.1	-2.5	86.5	-4.0
	2017	2.3	2.6	0.1	4.3	0.0	4.1	4.2	1.9	4.8	-1.3	84.8	-3.5

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	22-Jan	0.50	0.62	0.92	1.91	108.3	-	857.8
	+3m	0.50	0.80	1.25	2.25	106.0	-	877.4
	+6m	0.75	0.97	1.45	2.60	110.0	-	836.4
	+12m	1.25	1.52	1.85	2.85	116.0	-	775.9
EUR	22-Jan	0.05	-0.15	-0.14	0.77	-	108.3	928.8
	+3m	0.05	-0.15	-0.05	0.95	-	106.0	930.0
	+6m	0.05	-0.15	0.00	1.05	-	110.0	920.0
	+12m	0.05	-0.15	0.00	1.35	-	116.0	900.0
JPY	22-Jan	0.10	0.08	0.09	0.39	127.8	118.0	7.3
	+3m	0.10	0.15	-	-	127.2	120.0	7.3
	+6m	0.10	0.20	-	-	132.0	120.0	7.0
	+12m	0.10	0.20	-	-	139.2	120.0	6.5
GBP	22-Jan	0.50	0.59	0.86	1.69	76.1	142.3	1221.1
	+3m	0.50	0.75	1.10	2.00	73.0	145.2	1274.0
	+6m	0.75	0.93	1.40	2.15	71.0	154.9	1295.8
	+12m	1.25	1.32	1.90	2.40	75.0	154.7	1200.0
CHF	22-Jan	-0.75	-0.75	-0.78	0.03	109.4	101.0	849.2
	+3m	-0.75	-	-	-	108.0	101.9	861.1
	+6m	-0.75	-	-	-	111.0	100.9	828.8
	+12m	-0.75	-	-	-	115.0	99.1	782.6
DKK	22-Jan	0.05	-0.06	0.15	1.12	746.2	689.2	124.5
	+3m	0.05	-0.01	0.15	1.30	745.5	703.3	124.7
	+6m	0.05	-0.01	0.20	1.35	745.5	677.7	123.4
	+12m	0.05	-0.01	0.20	1.60	745.5	642.7	120.7
SEK	22-Jan	-0.35	-0.28	-0.26	1.30	928.8	857.8	-
	+3m	-0.45	-0.40	-0.40	1.35	930.0	877.4	-
	+6m	-0.45	-0.40	-0.40	1.45	920.0	836.4	-
	+12m	-0.45	-0.35	-0.40	1.65	900.0	775.9	-
NOK	22-Jan	0.75	1.18	0.89	1.65	953.0	880.2	97.5
	+3m	0.75	1.05	1.05	1.90	960.0	905.7	96.9
	+6m	0.75	1.00	1.10	2.00	930.0	845.5	98.9
	+12m	0.75	1.00	1.10	2.30	900.0	775.9	100.0

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 endringer 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	Vinsttllväxt, dyr värdering	Medium	0-%	5-10%	Övervikt

Commodities

		2015				2016				Average	
	22-Jan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2015	2016
NYMEX WTI	31	49	58	47	44	39	43	50	56	49	47
ICE Brent	31	55	63	52	47	42	46	52	58	54	50
Copper	4,430	5,808	6,043	5,380	5,000	5,300	5,500	5,700	5,900	5,558	5,600
Zinc	1,507	2,091	2,188	1,860	1,700	1,800	1,900	2,000	2,100	1,960	1,950
Nickel	8,740	14,410	13,065	10,650	9,800	10,000	11,000	12,000	13,000	11,981	11,500
Aluminium	1,482	1,813	1,787	1,625	1,525	1,600	1,700	1,800	1,900	1,688	1,750
Gold	1,097	1,219	1,193	1,125	1,075	1,075	1,100	1,115	1,130	1,153	1,105
Matif Mill Wheat	164	190	182	176	185	180	180	180	180	183	180
Rapeseed	357	360	370	374	380	370	370	380	390	371	378
CBOT Wheat	473	523	505	512	510	510	530	540	550	513	533
CBOT Corn	367	385	367	383	375	375	400	410	420	377	401
CBOT Soybeans	882	990	966	950	875	875	900	925	950	945	913

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 4

During the week				Period	Danske Bank	*Consensus*	Previous
Monday, January 25, 2016				Period	Danske Bank	*Consensus*	Previous
0:50	JPY	Exports	y/y (%)	Dec		*-7.0*	-3.3
0:50	JPY	Import	y/y (%)	Dec		*-16.4*	-10.2
0:50	JPY	Trade balance, s.a.	JPY bn	Dec		*84.2*	-3.3
1:30	AUD	NAB Business Conditions	Index	Dec			10.0
6:00	JPY	Leading economic index, final	Index	Nov			103.9
10:00	DEM	IFO - business climate	Index	Jan	**109.5**	*108.4*	108.7
10:00	DEM	IFO - current assessment	Index	Jan	**114.0**	*112.6*	112.8
10:00	DEM	IFO - expectations	Index	Jan	**103.0**	*104.1*	104.7
18:30	EUR	ECB's Lautenschlaeger speaks in Brussels					
19:00	EUR	ECB's Draghi speaks in Frankfurt					
Tuesday, January 26, 2016				Period	Danske Bank	*Consensus*	Previous
8:00	CHF	Trade balance	CHF bn	Dec			3.14
9:30	SEK	PPI	m/m|y/y	Dec			-0.1%|-1.5%
11:45	GBP	BoE governor Mark Carney speak					
14:00	HUF	Central Bank of Hungary rate decision	%		**1.35%**	*1.35%*	1.35%
15:00	USD	S&P Case Shiller House prices	Index	Nov			182.8
15:45	USD	Markit service PMI, preliminary	Index	Jan		*53.9*	54.3
15:45	USD	Markit composite PMI, preliminary	Index	Jan			54.0
16:00	USD	Conference Board consumer confidence	Index	Jan		*96.5*	96.5
Wednesday, January 27, 2016				Period	Danske Bank	*Consensus*	Previous
-	DEM	Retail sales	m/m|y/y	Dec	**0.6%|...**	*0.4%|1.9%*	0.4%|2.3%
1:30	AUD	CPI	q/q|y/y	4th quarter		*0.3%|1.6%*	0.5%|1.5%
2:30	CNY	Industrial profits	y/y	Dec			-1.4%
6:00	JPY	Small business confidence	Index	Jan		*48.5*	48.3
8:00	GBP	Nationwide house prices	m/m|y/y	Jan		*0.6%|4.8%*	0.8%|4.5%
8:00	DEM	GfK consumer confidence	Net. Bal.	Feb		*9.3*	9.4
8:45	FRF	Consumer confidence	Index	Jan		*96.0*	96.0
9:00	SEK	Consumer confidence	Index	Jan		*97.0*	98.7
9:00	SEK	Economic Tendency Survey	Index	Jan		*108.0*	110.1
9:00	SEK	Manufacturing confidence	Index	Jan		*110.0*	114.3
9:30	SEK	NIER economic forecasts					
10:00	ITL	Business confidence	Index	Jan			104.1
12:00	EUR	ECB's Mersch speaks in Munich					
13:00	USD	MBA Mortgage Applications	%				9.0%
14:00	EUR	ECB's Lautenschlaeger speaks in Frankfurt					
16:00	USD	New home sales	1000 (m/m)	Dec		*500*	490.0 (4.3%)
16:30	USD	DOE U.S. crude oil inventories	K				3979
20:00	USD	FOMC meeting	%		**0.5%**	*0.5%*	0.5%
21:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%			*2.5%*	2.5%
22:45	NZD	Trade balance	NZD M	Dec		*-131*	-779
14:30	CAD	Retail sales	m/m	Oct			-0.5%
14:30	CAD	GDP	m/m|y/y	Oct			-0.5%|0.0%

Source: Danske Bank Markets

Calendar — continued

Thursday, January 28, 2016				Period	Danske Bank	Consensus	Previous
0:50	JPY	Large retailers' sales	y/y	Dec		0.2%	-1.6%
0:50	JPY	Retail trade	m/m|y/y	Dec		1.0%|0.2%	-2.5%|-1.1%
9:00	DKK	Confidence indicator, industry, s.a.	Net balance	Jan			-7
9:00	DKK	Gross unemployment s.a.	K (%)	Dec	4.5%	4.5%	119 (4.5%)
9:00	ESP	Unemployment rate	%	4th quarter		21.2%	21.2%
9:00	ESP	Retail sales	y/y	Dec		2.6%	3.3%
9:30	SEK	Unemployment (n.s.a.|s.a.)	%	Dec	6.0%|6.6%	6.4%	6.2%|6.8%
9:30	SEK	Retail sales s.a.	m/m|y/y	Dec	0.0%|6.0%	-0.2%|4.6%	0.4%|5.2%
9:30	SEK	Trade balance	SEK bn	Dec	-2.5	0.0	-5.2
9:30	NOK	Industrial confidence		4th quarter	-6		-8
10:30	GBP	GDP, first estimate	q/q|y/y	4th quarter	0.5%|1.9%	0.5%|1.9%	0.4%|2.1%
10:30	GBP	Index of services	m/m|3m/3m	Nov		0.2%|0.6%	0.1%|0.5%
11:00	EUR	Business climate indicator	Net bal.	Jan		0.4	0.4
11:00	EUR	Industrial confidence	Net bal.	Jan		-2.4	-2.0
11:00	EUR	Economic confidence	Index	Jan		106.5	106.8
11:00	EUR	Consumer confidence, final	Net bal.	Jan		-6.3	-6.3
11:00	EUR	Service confidence	Net bal.	Jan		13.0	13.1
14:00	DEM	HICP inflation, preliminary	m/m|y/y	Jan	...|0.4%	-1.0%|0.4%	0.0%|0.2%
14:30	USD	Initial jobless claims	1000			281	293
14:30	USD	Durable goods orders, preliminary	m/m	Dec		-0.7%	0.0%
16:00	USD	Pending home sales	m/m|y/y	Dec		1.0%|4.8%	-0.9%|5.1%

Friday, January 29, 2016				Period	Danske Bank	Consensus	Previous
-	EUR	Moody's may publish ESM's debt rating					
-	EUR	Fitch may publish Spain's debt rating					
-	JPY	BoJ annual rise in monetary base			80		80
0:30	JPY	Unemployment rate	%	Dec		3.3%	3.3%
0:30	JPY	Job-to-applicant ratio		Dec		1.26	1.25
0:30	JPY	CPI - national	y/y	Dec		0.2%	0.3%
0:30	JPY	CPI - national ex. fresh food	y/y	Dec		0.1%	0.1%
0:30	JPY	CPI - national ex. fresh food and energy	y/y	Dec		0.9%	0.9%
0:30	JPY	CPI- Tokyo	y/y	Jan		0.0%	0.0%
0:30	JPY	CPI - Tokyo ex fresh food	y/y	Jan		0.1%	0.1%
0:30	JPY	Household spending	y/y	Dec		-2.5%	-2.9%
0:50	JPY	Industrial production, preliminary	m/m|y/y	Dec		-0.3%|-0.6%	-0.9%|1.7%
1:05	GBP	GfK consumer confidence	Index	Jan	2.0	1.0	2.0
6:00	JPY	Housing starts	y/y	Dec		0.5%	1.7%
7:30	FRF	GDP, preliminary	q/q|y/y	4th quarter	0.2%|...	0.2%|1.2%	0.3%|1.1%
8:45	FRF	Household consumption	m/m|y/y	Dec		0.7%|1.0%	-1.1%|1.0%
8:45	FRF	HICP inflation, preliminary	m/m|y/y	Jan	...|0.5%	-1.0%|0.4%	0.2%|0.3%
9:00	DKK	CB's securities statistics		Dec			
9:00	DKK	Foriegn portfolio investments		Dec			
9:00	ESP	HICP inflation, preliminary	m/m|y/y	Jan	...|0.0%	-2.0%|0.0%	-0.4%|-0.1%
9:00	ESP	GDP, preliminary	q/q|y/y	4th quarter	0.8%|...	0.8%|3.5%	0.8%|3.4%
9:30	SEK	Wages (blue collars/white collars)	y/y	Nov			2.5%
9:30	SEK	Household lending	y/y	Dec	7.2%	7.3%	7.3%
10:00	NOK	Retail sales, s.a.	m/m	Dec	-0.6%	-0.5%	0.6%
10:00	NOK	Credit indicator (C2)	y/y	Dec	5.3%	5.3%	5.4%
10:00	NOK	Norges Bank's daily FX purchases	m	Feb	-500		-500
10:00	NOK	Unemployment	%	Jan	3.3%	3.4%	3.0%
10:00	EUR	Money supply (M3)	y/y	Dec	5.2%	5.2%	5.1%
11:00	EUR	HICP inflation, preliminary	y/y	Jan	0.5%	0.4%	0.2%
11:00	EUR	HICP - core inflation, preliminary	%	Jan	1.1%	0.9%	0.9%
11:30	RUB	Central Bank of Russia rate decision	%		11.0%	11.0%	11.0%
14:30	USD	Employment cost index	m/m	4th quarter		0.6%	0.6%
14:30	CAD	GDP	m/m|y/y	Nov			0.0%|-0.2%
14:30	USD	Personal consumption, preliminary	q/q	4th quarter	1.8%	2.0%	3.0%
14:30	USD	PCE core, preliminary	q/q	4th quarter		1.2%	1.4%
14:30	USD	GDP price deflator, first release, preliminary	q/q	4th quarter		0.8%	1.3%
14:30	USD	GDP, first release, preliminary	q/q ann.	4th quarter	0.2%	0.8%	2.0%
15:45	USD	Chicago PMI	Index	Jan		45.3	42.9
16:00	USD	University of Michigan Confidence, final	Index	Jan		93.0	93.3
21:30	USD	Fed's Williams (non-voter, neutral) speaks					

The editors do not guarantee the accurateness of figures, hours or dates stated above
For furher information, call (+45) 45 12 85 22.

Source: Danske Bank Markets

Disclosures

This research report has been prepared by Danske Bank Markets, a division of Danske Bank A/S ('Danske Bank'). The authors of the research report are Allan von Mehren, Chief Analyst and Las Olsen, Chief Economist.

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 on request.

Risk warning

Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Date of first publication

See the front page of this research report for the date of first 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.