

Weekly Focus

Cyclical recovery good for risk assets in the medium term

Market movers ahead

- The **US** presents a thin calendar next week with the most important release being the preliminary Markit PMI manufacturing index for April due on Friday. Despite the recent turnaround, we do not expect the index to go much higher in the coming months as the manufacturing sector still struggles with (among other things) the lower activity in the oil sector and tighter credit conditions.
- In the **euro area** the main event next week is the ECB meeting on Thursday. We do not expect any policy changes but we believe Draghi will sound dovish as inflation expectations are still very low and the effective EUR is stronger. Specifically we expect Draghi to re-open the door for rates cuts.
- Also in the euro area, data for consumer confidence for April are due. We expect a further decline albeit at a slower pace than in recent months. On Friday preliminary PMI figures for April are released for the euro area, France and Germany.
- **China** property prices on Monday is only release of interest next week in Asia. Prices have grown strongly in the big cities, whereas they are still declining in tier 3 and tier 4 cities where oversupply remains a big problem. We expect this picture to be confirmed by Monday's data.

Global macro and market themes

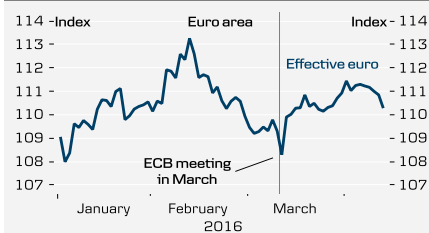
- Risk assets supported in the medium term by recovery in the US and China and easy money.
- EM assets underpinned by China recovery.
- Downward pressure on bond yields persists.
- Brexit risk and relative rates to weigh on EUR/USD short term.

We expect US Markit PMI manufacturing to increase 0.5pp



Source: Markit Economics, ISM

Dovish ECB due to a stronger effective EUR and low inflation expectations



Source: Bloomberg, Danske Bank Markets

Contents

Market movers.....	2
Global Macro and Market Themes.....	5
Scandi update	8
Latest research from Danske Bank Markets.....	10
Macroeconomic forecast	11
Financial forecast.....	12
Calendar.....	13

Financial views

Major indices			
	15-Apr	3M	12M
10yr EUR swap	0.54	0.45	0.85
EUR/USD	113	112	118
ICE Brent oil	43	43	51
	15-Apr	6M	12-24M
S&P500	2083	0-3%	5-8%

Source: Danske Bank

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Market movers

Global

- In the **US**, we have a thin calendar next week with the most important release being the preliminary Markit PMI manufacturing index for April due on Friday. ISM manufacturing rebounded significantly in March suggesting that the US manufacturing cycle has turned, supported by the weaker USD and the stabilisation in China. Despite the turnaround, we do not expect the indices to go much higher in coming months as the manufacturing sector still struggles with (among other things) the lower activity in the oil sector and tighter credit conditions. We look for an increase in Markit PMI manufacturing to 52.0 in April from 51.5 in March.

On Tuesday we get March figures on housing starts and building permits and on Wednesday we get existing homes sales. We look for the recovery of the US housing market to continue.

We have had many Fed speeches in recent weeks but only a few are scheduled next week as we enter the Fed's blackout period ahead of the FOMC meeting 26-27 April. As Yellen has already set the stage in her speech in March, we do not expect the speeches to be market movers and all we can do is wait for the next FOMC meeting.

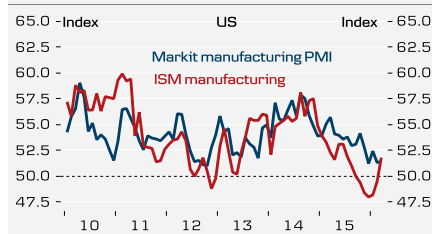
- In the **euro area**, the main event next week is the ECB meeting on Thursday. We do not expect any policy changes, but we believe Draghi will sound dovish as inflation expectations are still very low and the effective euro is stronger. Specifically we expect Draghi to re-open the door for rates cuts as the minutes (accounts) from the ECB meeting in March revealed that although Draghi ruled out further rate cuts at the press conference, the Governing Council is keeping the option alive: *'The Governing Council would not rule out future cuts in policy rates, as new shocks could change the outlook for inflation'*. Despite soft words, we expect the ECB will remain calm over the coming months and wait to see the effect of its new policy initiatives. The focus will also be on further details about the TLTRO II loans. We do not expect any details yet about the buying of corporate bonds as the first auction will not start until June.

On Tuesday, we get data for the German economic sentiment indicator ZEW expectations, which we expect to remain at the current low level as indicated by the Sentix investor confidence. Despite the additional easing from the ECB in March, investors seem worried about the economic outlook and whether the central banks have started to lose their power.

On Thursday, we also get data for consumer confidence in the euro area for April. Consumer confidence has trended downwards over the past couple of months due to increased economic uncertainty. We expect the decline continued in April but at a slower pace compared to the last months. Note that although the consumer confidence has been declining significantly in 2016, it is still high from a historical perspective.

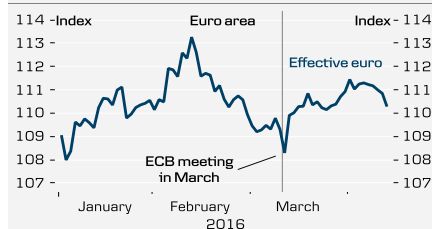
On Friday, preliminary PMI figures for April are released for the euro area, France and Germany. In line with other economic variables, the PMI figures have been on a downward trend since the beginning of the year, and we expect this tendency has continued in April. This view is supported by the fact that the details of the manufacturing PMIs for March were weak in the sense that the new orders component declined, while the overall number remained stable due to an increase in the stocks component. This means that the order-inventory balance declined, suggesting an additional decline in the manufacturing PMI figures for April. Regarding the service

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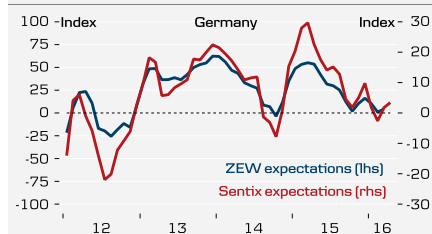
Source: Markit Economics, ISM

Dovish ECB due to a stronger effective euro and low inflation expectations



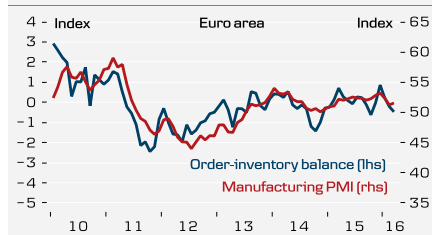
Source: Bloomberg, Danske Bank Markets

ZEW to remain at current lows



Source: ZEW, Sentix, Danske Bank Markets

PMI figures to continue declining



Source: Markit, Danske Bank Markets

PMIs, we saw a negative revision from the flash to the final estimates, which could indicate weakness in the intervening period, and thus point to a lower number for April.

- In the **UK**, everything continues to be driven by the upcoming EU in/out referendum. Chancellor of the Exchequer George Osborne is questioned by the House of Commons Treasury Committee about the cost/benefit of EU membership ahead of the EU in/out referendum on Tuesday. Also BoE Governor Carney speaks at parliament's Economic Affairs Committee on Tuesday. In terms of data releases, the most important release is the labour market report for February due on Wednesday. We expect both the unemployment rate (3M avg.) and the annual growth in average weekly earnings excluding bonuses (3M avg.) were unchanged in February at 5.1% and 2.2% y/y, respectively. We will monitor the employment figures closely as employment - in line with the overall economic activity - has probably slowed in Q1 ahead of the referendum. Retail sales in March due on Thursday is the last release before the release of the first estimate of GDP growth in Q1.
- In **China** property prices on Monday is the only release of interest next week. Prices have grown strongly in the big cities whereas they are still declining in tier 3 and tier 4 cities where oversupply is still a big problem. We expect this picture to be confirmed in the data on Monday.

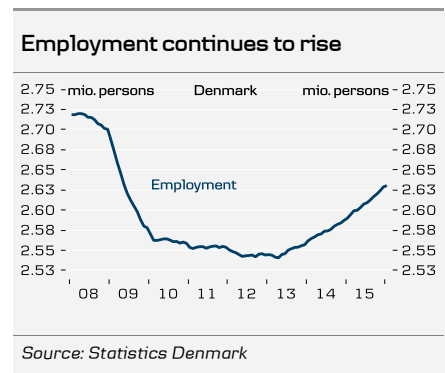
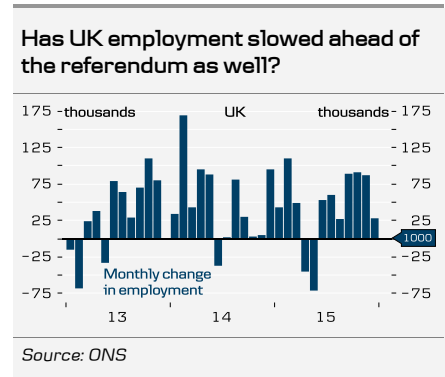
Scandi

- In **Denmark** the statistical office will release its monthly employment figures for February on Thursday. Despite the very weak GDP growth in H2 last year, there has been strong job growth, and we expect this to continue with another 2,000 people in work in February. This is slightly below the average increase in recent months, but then job growth has been somewhat stronger than the general state of the economy would indicate.

Thursday also brings consumer confidence data for April. The indicator has generally been in decline since March last year but now seems to have stabilised in what is still healthy territory. Turmoil in the financial markets has contributed to dampening consumer confidence, so the recent easing of this turmoil may have a positive impact on consumer confidence. That said, the housing market does seem to have slowed slightly, which increases the risk of consumer confidence falling further.

- In **Sweden**, we think that the probability that the Riksbank (monetary policy decision Thursday at 09.30 CEST) will expand and extend its current QE programme at its monetary policy meeting next week has fallen below 50%. The reason for our shift in opinion – we previously assessed the likelihood to be higher that the Riksbank would expand and extend the purchase programme by another SEK50bn in April – is that Deputy Governor Cecilia Skingsley expressed herself clearly that the strong economy and rising inflation giving respite for the Riksbank, suggesting it is ‘time to look further ahead’. We interpret her as saying that the acute crisis, of attaining the inflation target and of eroding confidence, which was seen in 2014 and 2015 is over. Her assessment is that it would require a clear downward revision of the Riksbank's forecasts for her to be prepared to vote for new stimulus in the form of QE.

We do not share her view that an extended QE is new stimulus but only a continuation of the current stimulus, as it is the pace of the purchases that is critical. Notwithstanding this, we believe that there are more members who see reason to ‘look



further ahead' at the next meeting, especially as the inflation rate, for once, is above the Riksbank's forecast.

The bottom line is that the Riksbank can take the finger off the trigger this time. It does not mean that we in any way preclude that Riksbank may need to both cut rates and/or expand the QE programme later this year, but we will return to this issue after the Riksbank meeting in the week ahead.

Norway: There are no market movers in the Norwegian market next week.

Market movers ahead

Global movers		Event		Period	Danske	Consensus	Previous	
During the week	Sun 17	OPC	Extraordinary OPEC meeting					
Mon	18-Apr	3:30	CNY Property prices	y/y				
Tue	19-Apr	-	GBP Osborne questioned by Treasury committee on EU					
		11:00	DEM ZEW expectations	Index	Apr	4.5	8.0	4.3
		16:35	GBP BoE governor Mark Carney speaks in parliament					
Wed	20-Apr	1:50	JPY Exports	y/y (%)	Mar		-7.1	-4.0
		10:30	GBP Unemployment rate (3M)	%	Feb	5.1%	5.1%	5.1%
		10:30	GBP Average weekly earnings ex bonuses (3M)	y/y	Feb	2.2%	2.1%	2.2%
Thurs	21-Apr	13:45	EUR ECB announces refi rate	%		0.00%	0.00%	0.00%
		13:45	EUR ECB announces deposit rate	%		-0.40%	-0.40%	-0.40%
		14:30	EUR ECB's Draghi speaks at press conference					
Fri	22-Apr	10:00	EUR PMI manufacturing, preliminary	Index	Apr	51.1	51.8	51.6
		10:00	EUR PMI services, preliminary	Index	Apr	52.8	53.3	53.1
		15:45	USD Markit manufacturing PMI, preliminary	Index	Apr	52.0	51.7	51.5
Scandi movers								
Thurs	21-Apr	9:30	SEK Riksbank, rate decision	%		-0.50%	-0.50%	-0.50%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Cyclical recovery good for risk assets in the medium term

More signs are accumulating that two of the main engines of the world economy are recovering:

1. **Chinese data for the manufacturing sector and the construction sector paints a picture of recovery** after several years of what we would characterise as quite a hard landing for these sectors. Two spots of weakness have been the main headache: first, the significant overinvestment in construction has led to a severe hangover with oversupply of houses. However, we see signs that the oversupply is coming down and that construction is ready for a gradual recovery. Second, exports are showing signs of recovery – at least judging from rising orders shown in PMI statistics.
2. US manufacturing have been in dire straits since early 2015, suffering from a strong USD, weak Chinese activity and a sharp drop in oil investments after the oil price collapsed in late 2014. However, **the latest numbers suggest that the worst could be behind us for US manufacturing.** The drag from the oil industry is likely to be ebbing as investment levels are already at a very low level by now. The USD has weakened, at the expense of the EUR and JPY. The lift to Chinese growth means this drag is also fading.

When it comes to Europe the indicators here continue to be mixed but with some signs of stabilisation in business confidence such as ifo expectations. No doubt the uncertainty over China and Emerging Markets weighed on sentiment and lately a strengthening of the euro is giving a bit of headwind for exporters. However, the euro area manufacturing cycle is not likely to be decoupled from the rest of the world for long and we expect PMIs and the German ifo to rebound in H2 16.

Key points

- Risk assets supported in medium term by recovery in the US and China and easy money.
- EM assets underpinned by Chinese recovery.
- Downward pressure on bond yields persists.
- Brexit risk and relative rates set to weigh on EUR/USD short term.
- The BoJ likely to stabilise USD/JPY through rate cut of 20bp on 28 April.

Oil prices and global stocks hand in hand



Source: Macrobond Financial

Synchronised recovery in US and China manufacturing



Source: Macrobond Financial

Cyclical recovery and search for yield good for risk assets

After a decent rally in risk assets since mid-February, we may be in for a pause as we wrote last week in *Strategy: Pressure points, negative rates and the fading risk rally*, 8 April 2016. **However, if we are right that the two main engines of the world saw the bottom in Q1 and that the next six months are pointing upwards, this should be good for risk assets in the medium term.**

Easy money is also likely to be with us for a long time. Investors are looking at a dovish Fed, an ECB that struggles with a stronger EUR and the Bank of Japan (BoJ) in an even stronger fight with significant JPY appreciation. With this environment in place, bond investors are searching for yield – moving further out along the yield curve, pushing longer-term yields down. **We believe this will continue in the short term with more downward pressure on long yields.**

With tail risks coming down in the global economy following the rise in oil prices and stabilisation in China, **investors are increasingly moving out on the risk curve again** – not least as alternative returns of close to zero in, for example, German 10-year bonds. Therefore, we expect global stocks to outperform bonds in the medium term.

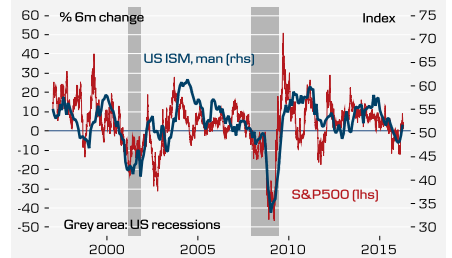
Emerging markets assets and commodity prices are also finding more support from a rise in demand from China. **We expect EM stocks to outperform developed markets in the medium term on the cyclical rebound in China.**

EUR/USD sideways before moving higher in longer term

EUR/USD has traded in a broad range over the past year between 1.05-1.15 and is now in the upper part of the range around 1.125. **We look for EUR/USD to move broadly sideways on a 3M horizon with some downward pressure short term.** The cross will face dampening factors from risks surrounding the Brexit vote and relative rates between the US and the euro area are gaining more importance as speculative positions are much more balanced, having been strongly long the USD. With only one hike priced in from the Fed this year, we see scope for some upward pressure on short-end yields in the US, which would work in favour of the USD. However, longer term, we still look for a higher EUR/USD driven by valuation and current account flows being in favour of the EUR.

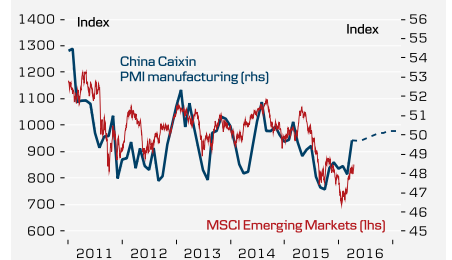
The BoJ has been severely challenged recently by a sharp appreciation of the JPY. This clearly works against the BoJ's objective to get inflation higher. With data being on the soft side and wage negotiations pointing to slowing wage growth, the BoJ is in a pinch and, in our view, will need to take action at the meeting on 28 April. **We look for a rate cut of 20bp to -0.3%. This is more than the market is pricing in and we believe that this would stabilise USD/JPY and expect it to recover gradually** as we also look for higher US short yields to help weaken the JPY in the medium term.

US manufacturing important for stocks



Source: Macrobond Financial

EM stocks underpinned by cyclical recovery in China



Source: Macrobond Financial

Very low yield levels underpin demand for assets with higher returns



Source: Macrobond Financial

Global market views

Asset class	Main factors
<p>Equities Short term: buy on dips Medium term: moderately positive</p>	<p>Fed's late dovish stance and ECB's action leads to another risk rally. Follow through in terms of easing should be expected from other central banks globally. The weakening of the USD makes the world a better place; commodities should stabilise further and it will be supportive of Chinese growth as it provides an opportunity for PBoC to ease further. EM should outperform DM in this environment and in terms of sectors, parts of the cyclical space should generally outperform defensives.</p>
<p>Bond market Core yields: downward pressure on bund yields in Q2 US-euro spread: wider ...but not before we see Fed hikes Peripheral spreads set to tighten further from here Credit spreads: neutral to tighter</p>	<p>Higher QE and new TLTRO means that the 'hunt for yield' continues, but no more rate cuts and higher US yields. We still look for policy divergence in Q4, but for now 'hunt for yield' support treasuries. QE, improving fundamentals and search for yield. But vulnerable to risk sentiment and political uncertainties. Liquidity abundance and QE in corporate bonds.</p>
<p>FX EURUSD – lower near term on relative rates, Brexit fear USD/JPY - BoJ to stabilise the cross with aggressive action EURSEK – trapped in 9.10-9.50 range near term, lower medium term EURNOK – settling in 9.30-9.50 interval now, then lower as cycle turns</p>	<p>Fundamentals support cross in the medium to long term, but downside risks short term from Fed and Brexit risks. Downward side risks remain with BoJ sidelined; lower rates and Fed hike should drive USD/JPY higher medium term. Riksbank loosening up on SEK appreciation aversion; EURSEK set to fall eventually on strong Swedish fundamentals. Limited room for more easing to be priced from Norges Bank, fundamentals point to lower EURNOK in H2 '16.</p>
<p>Commodities Oil prices – dovish Fed removes downside risk; subdued recovery in H2 Metal prices – anticipating recovery in Chinese construction Gold prices – flat near term Agriculturals – risks remain on the upside</p>	<p>Production freeze no game changer; now awaiting non-OPEC supply cuts and further USD weakening Consolidation in mining industry puts a floor under prices, awaiting support from higher global economic growth Short-term support from repricing of Fed rate hikes. Attention has turned to La Niña weather risks in H2 '16.</p>

Source: Danske Bank Markets

Scandi update

Denmark – zero inflation

The latest figures from Statistics Denmark show that consumer prices were exactly the same on average in March this year as they were in March last year. In other words, there was zero inflation over the year. The main reason is a relatively sharp fall in prices for food, furniture and books from February to March this year. Clothing prices also rose less than they normally do in March. All of these are prices that tend to be relatively volatile, so we expect this to be a one-off, with these prices now climbing again and taking inflation back into positive territory. It does, however, go to show just how extremely low inflation is at the moment.

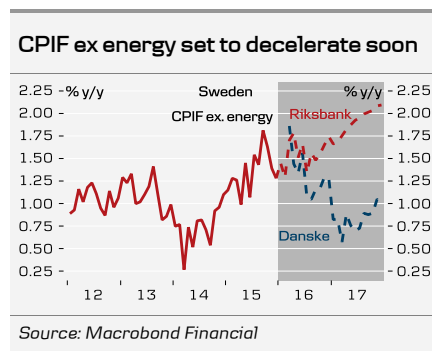
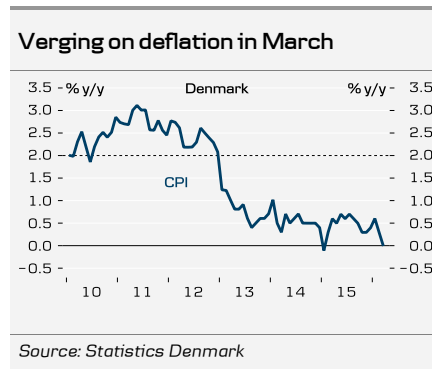
The week also brought figures for Dankort debit card purchases in March, which are tricky to interpret with the extra day in February and Easter coming so early this year. Allowing for this, however, we reckon that Dankort purchases increased by 0.8% q/q in Q1. That would point to growth in private consumption of 0.2% in Q1, which is low given the current rate of growth in real wages. As consumption was responsible for what little growth we did see last year, these latest figures do not bode particularly well for growth in 2016.

Sweden – delaying further policy actions

March inflation provided Riksbank with a respite that may last a few months – whether it will probably depends most on how oil prices develop. Or, to be more explicit, we expect that the price-raising effect from the more than two-year long weakening of the SEK (between March 2013 and August 2015) on import prices in Swedish CPI, has passed its zenith. The krona's movements impact CPI import prices with an average delay of 9-10 months relative to the KIX index. The SEK appreciation that has occurred since August last year is now beginning to appear in import prices in the form of peaking import inflation (if one can speak of a 'peak' at a mere 0.5% y/y) and we should expect a more negative trend to prevail for the remainder of the year, i.e. import prices will soon go into 'deflation' again.

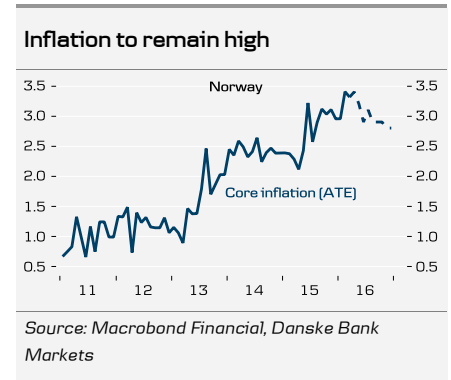
Can domestic prices (which are for the most part, services prices) offset lower import prices? The answer is: no, probably not. Domestic prices have certainly shown a clear leap upwards since the beginning of the year, but that depends largely (estimated at 0.6 percentage points) on the government's tax increases on energy, increased congestion taxes and reduced ROT subsidy in January. Subsequently, a sharp rebound in oil prices and an early Easter, which drove air fares, also served to prop up domestic inflation. What is crucial in the long term, however, is wage costs, where historically less than half of the wage growth trickles through to inflation. As we expect wage inflation to be around 2½% y/y the contribution to inflation will be negligible (circa 1¼% y/y).

To conclude: There is a risk that import price inflation will fall back into deflation later in the year, while domestic price pressures looks to be unchanged. What remains is 'lowflation'.



Norway – inflation still high

Core inflation edged down from 3.4% to 3.3% y/y in March, due mainly to lower prices for various Easter goods dragging down food prices. This effect was offset partly by higher airfares as a result of Easter falling in March this year. We expect both these effects to be temporary, but core inflation will remain relatively high for the next few months at least. The reason is quite simply that there is a time lag between the krone weakening and prices for imported goods in the stores starting to rise. Some of the most significant goods for inflation – such as furniture, clothing and footwear – arriving in the stores in the autumn will have been purchased back at the beginning of the year when the krone was at its weakest. Looking further ahead, though, this effect will start to fade, and lower wage growth will also gradually pull down domestic inflation. Either way, inflation is unlikely to play any major role in rate-setting for some time.



Latest research from Danske Bank Markets

15/4 Chinese data confirms signs of recovery

Chinese activity data today clearly confirms that the Chinese economy is recovering. This was signalled by the sharp rise in PMI for March and is now confirmed in investment and industrial production data.

14/4 Bank of England Review: BoE does nothing ahead of the EU in/out referendum

As expected, the Bank of England's policy decisions were non-events as it kept both the Bank Rate and stock of purchased assets unchanged at 0.50% and GBP375bn, respectively

13/4 Chinese exports in March not quite as good as they look - but still signs of recovery

Exports rose stronger than expected in March by 18.7% y/y (consensus: 14.9% y/y) – a very strong rebound from February when exports declined 20.6% y/y.

12/4 Will the ECB be forced to re-enter the currency war?

We expect the continued low inflation in the euro area to eventually trigger additional easing from the ECB, but we do not expect the ECB to address this by rate cuts.

11/4 China's PPI deflation set to end this year

Chinese inflation data today confirmed that consumer price inflation is subdued as it stayed at 2.3% y/y in March and inflation ex food prices stayed low at 1.0%.

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	2.1	0.9	0.8	-0.4	-0.9	-1.3	0.5	4.7	-2.1	40.2	7.0
	2016	0.9	1.6	0.4	0.9	0.2	0.4	1.1	0.6	4.3	-2.8	38.2	6.6
	2017	1.7	2.2	0.4	1.9	0.0	3.6	3.8	1.6	4.1	-2.0	38.8	7.0
Sweden	2015	4.1	2.6	2.5	7.3	0.1	5.9	5.4	0.0	7.4	-0.4	43.4	4.9
	2016	3.0	2.4	2.7	5.4	0.0	6.0	7.0	0.6	6.9	-1.0	42.5	5.8
	2017	2.0	1.8	2.6	3.4	-0.1	3.5	4.2	0.6	6.5	-1.2	42.7	5.5
Norway	2015	1.0	2.0	1.8	-4.1	0.5	2.6	0.5	2.1	3.0	-	-	-
	2016	1.3	1.6	3.2	-1.8	-0.6	0.7	1.3	3.0	3.3	-	-	-
	2017	2.2	1.9	3.4	0.9	0.0	1.1	2.2	2.5	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	1.6	1.7	1.3	2.6	-	5.0	5.6	0.1	10.9	-2.1	91.8	3.7
	2016	1.5	1.3	1.6	2.6	-	3.4	4.1	0.2	10.1	-1.7	90.6	3.6
	2017	1.8	1.2	1.1	3.9	-	4.3	4.5	1.3	9.5	-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	0.5	1.4	-0.9	-1.1	-	0.6	-0.4	-0.2	9.4	-2.8	63.1	0.1
	2016	0.7	0.6	0.0	2.5	-	1.5	2.0	0.4	9.6	-3.0	65.8	0.2
	2017	1.1	0.5	-0.5	3.5	-	4.0	3.5	1.0	9.4	-2.8	67.4	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	2.4	3.1	0.7	4.0	0.2	1.1	4.9	0.1	5.3	-2.5	101.7	-2.7
	2016	1.8	2.4	0.9	3.2	-0.3	2.8	3.4	1.8	4.8	-2.9	100.9	-2.5
	2017	2.4	2.4	0.8	5.0	0.0	4.9	5.0	3.0	4.5	-2.9	98.6	-2.5
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	2.3	2.8	1.5	4.1	0.2	5.1	6.3	0.1	5.4	-5.0	87.4	-5.2
	2016	1.8	2.4	0.8	0.1	0.5	1.9	3.0	24.2	5.0	-3.9	88.9	-5.5
	2017	2.1	2.3	0.0	5.1	0.0	3.0	3.2	5.7	4.8	-2.9	88.3	-5.2

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 DKK
USD	15-Apr	0.50	0.63	0.88	1.63	112.7	-	660.5
	+3m	0.50	0.68	0.85	1.65	112.0	-	664.5
	+6m	0.75	0.84	1.40	2.00	114.0	-	652.9
	+12m	1.00	1.14	1.65	2.25	118.0	-	630.7
EUR	15-Apr	0.00	-0.25	-0.16	0.54	-	112.7	744.0
	+3m	0.00	-0.28	-0.15	0.45	-	112.0	744.3
	+6m	0.00	-0.28	-0.10	0.65	-	114.0	744.3
	+12m	0.00	-0.28	-0.10	0.85	-	118.0	744.3
JPY	15-Apr	-0.10	-0.01	-0.11	0.10	123.2	109.3	6.04
	+3m	-0.30	-0.20	-	-	125.4	112.0	5.93
	+6m	-0.30	-0.20	-	-	134.5	118.0	5.53
	+12m	-0.30	-0.20	-	-	139.2	118.0	5.35
GBP	15-Apr	0.50	0.59	0.81	1.43	79.5	141.8	936.3
	+3m	0.50	0.59	0.85	1.45	76.0	147.4	979.3
	+6m	0.50	0.59	1.00	1.65	74.0	154.1	1005.7
	+12m	0.75	0.89	1.50	1.95	75.0	157.3	992.3
CHF	15-Apr	-0.75	-0.72	-0.75	-0.18	109.0	96.8	682.6
	+3m	-0.75	-	-	-	108.0	96.4	689.1
	+6m	-0.75	-	-	-	112.0	98.2	664.5
	+12m	-0.75	-	-	-	115.0	97.5	647.2
DKK	15-Apr	0.05	-0.10	0.07	0.85	744.0	660.5	-
	+3m	0.05	-0.06	0.10	0.80	744.3	664.5	-
	+6m	0.05	-0.06	0.15	1.00	744.3	652.9	-
	+12m	0.05	-0.06	0.10	1.15	744.3	630.7	-
SEK	15-Apr	-0.50	-0.41	-0.32	1.13	917.7	814.6	81.1
	+3m	-0.50	-0.45	-0.35	1.15	910.0	812.5	81.8
	+6m	-0.50	-0.45	-0.30	1.25	900.0	789.5	82.7
	+12m	-0.50	-0.45	-0.30	1.40	890.0	754.2	83.6
NOK	15-Apr	0.50	1.01	0.88	1.46	928.3	824.1	80.1
	+3m	0.50	1.00	0.75	1.30	940.0	839.3	79.2
	+6m	0.25	0.55	0.90	1.60	930.0	815.8	80.0
	+12m	0.25	0.55	0.90	1.85	900.0	762.7	82.7

Equity Markets

Regional		Risk profile 3mth	Price trend 3mth	Price trend 12mth	Regional recommendations
USA (USD)	Strong domestic demand, strong USD, low oil price	Medium	0-3%	5-8%	Overweight
Emerging markets (local ccy)	Commodities and China stabilising	High	-3 - +3%	0-3%	Neutral
Japan (JPY)	Reflation, strong earnings growth, BoJ easing, weakening JP	High	0-3%	8-10%	Overweight
Europe (excl. Nordics)	Brexit, political uncertainty, weak growth, weak EUR	High	-3 - +3%	5-8%	Underweight
Nordics	Earnings growth, expensive valuations	Medium	0-3%	5-8%	Overweight

Commodities

	15-Apr	2016				2017				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2016	2017
NYMEX WTI	41	34	39	43	46	49	51	53	55	41	52
ICE Brent	43	35	40	43	46	49	51	53	55	41	52
Copper	4,831	4,667	4,900	5,000	5,100	5,200	5,300	5,400	5,500	4,917	5,350
Zinc	1,866	1,682	1,800	1,850	1,900	1,950	2,000	2,050	2,100	1,808	2,025
Nickel	8,995	8,542	8,500	9,500	10,500	10,700	10,900	11,100	11,300	9,261	11,000
Aluminium	1,560	1,515	1,550	1,650	1,750	1,800	1,850	1,900	1,950	1,616	1,875
Gold	1,230	1,182	1,250	1,250	1,250	1,225	1,200	1,175	1,150	1,233	1,188
Matif Mill Wheat (€/t)	153	157	165	165	165	165	165	165	170	163	166
Rapeseed (€/t)	371	358	380	375	375	365	355	345	345	372	353
CBOT Wheat (US\$/bushel)	458	466	485	495	505	525	535	545	555	488	540
CBOT Corn (US\$/bushel)	373	365	375	380	390	400	410	415	420	378	411
CBOT Soybeans (US\$/bushel)	950	880	920	930	935	940	945	950	955	916	948

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 16

During the week

Sun 17 OPC Extraordinary OPEC meeting

Monday, April 18, 2016

				Period	Danske Bank	Consensus	Previous
0:45	NZD	CPI	q/q/y/y	1st quarter		0.1% 0.4%	-0.5% 0.1%
1:01	GBP	Rightmove House Prices	m/m/y/y	Apr			1.3% 7.6%
3:30	CNY	Property prices	y/y				
14:30	USD	Fed's Dudley (voter, dovish) speaks					
16:00	USD	NAHB Housing Market Index	Index	Apr		59.0	58.0
18:30	USD	Fed's Kashkari (non-voter, dovish) speaks					

Tuesday, April 19, 2016

				Period	Danske Bank	Consensus	Previous
-	GBP	Osborne questioned by Treasury committee on EU Vote					
1:00	USD	Fed's Rosengren (voter, dovish) speaks					
10:00	EUR	Current account	EUR bn	Feb			25.4
11:00	DEM	ZEW current situation	Index	Apr	50.3	50.3	50.7
11:00	DEM	ZEW expectations	Index	Apr	4.5	8.0	4.3
14:30	USD	Building permits	1000 (m/m)	Mar		1200	1177.0 (-2.2%)
14:30	USD	Housing starts	1000 (m/m)	Mar		1170	1178.0 (5.2%)
16:35	GBP	BoE governor Mark Carney speaks in parliament					

Wednesday, April 20, 2016

				Period	Danske Bank	Consensus	Previous
1:50	JPY	Exports	y/y (%)	Mar		-7.1	-4.0
1:50	JPY	Import	y/y (%)	Mar		-16.5	-14.2
1:50	JPY	Trade balance, s.a.	JPY bn	Mar		450.0	166.1
10:30	GBP	Unemployment rate (3M)	%	Feb	5.1%	5.1%	5.1%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Feb	2.2%	2.1%	2.2%
10:30	GBP	Average weekly earnings (3M)	y/y	Feb		2.3%	2.1%
13:00	USD	MBA Mortgage Applications	%				10.0%
13:00	TRY	Central Bank of Turkey rate decision	%		7.50%	7.50%	7.50%
16:00	USD	Existing home sales	m (m/m)	Mar		5.27	5.08 -0.071
16:30	USD	DOE U.S. crude oil inventories	K				6634

Thursday, April 21, 2016

				Period	Danske Bank	Consensus	Previous
3:30	AUD	NAB Business Confidence	Index	1st quarter			4.0
8:00	CHF	Trade balance	CHF bn	Mar			4.07
8:45	FRF	Business confidence	Index	Apr		100.0	100.0
9:00	DKK	Employment (monthly)	1.000 m/m	Feb	... 2000		2630 1500
9:00	DKK	Retail sales	m/m/y/y	Mar			-0.7% 1.9%
9:00	DKK	Consumer confidence	Net. bal.	Apr	4.0	4.0	3.6
9:30	SEK	Riksbank, rate decision	%		-0.50%	-0.50%	-0.50%
10:30	GBP	Retail sales	m/m/y/y	Mar		-0.1% 4.4%	-0.4% 3.8%
10:30	GBP	Retail sales ex fuels	m/m/y/y	Mar		-0.2% 3.7%	-0.2% 4.1%
13:45	EUR	ECB announces refi rate	%		0.00%	0.00%	0.00%
13:45	EUR	ECB announces deposit rate	%		-0.40%	-0.40%	-0.40%
14:30	EUR	ECB's Draghi speaks at press conference					
14:30	USD	Initial jobless claims	1000				253
15:00	USD	FHFA house price index	m/m	Feb		0.4%	0.5%
16:00	EUR	Consumer confidence	Net bal.	Apr	-10.5	-9.4	-9.7

Friday, April 22, 2016

				Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish France's debt rating					
-	EUR	Fitch may publish Italy's debt rating					
-	EUR	Fitch may publish Cyprus's debt rating					
4:00	JPY	Nikkei Manufacturing PMI, preliminary	Index	Apr		49.5	49.1
6:30	JPY	Tertiary industry index	m/m	Feb		-0.5%	1.5%
9:00	EUR	Eurogroup meeting in Amsterdam					
9:00	FRF	PMI manufacturing, preliminary	Index	Apr	49.1	49.9	49.6
9:00	FRF	PMI services, preliminary	Index	Apr	49.7	50.1	49.9
9:30	DEM	PMI manufacturing, preliminary	Index	Apr	50.3	51.0	50.7
9:30	DEM	PMI services, preliminary	Index	Apr	54.9	55.2	55.1
10:00	EUR	PMI manufacturing, preliminary	Index	Apr	51.1	51.8	51.6
10:00	EUR	PMI composite, preliminary	Index	Apr		53.3	53.1
10:00	EUR	PMI services, preliminary	Index	Apr	52.8	53.3	53.1
14:30	CAD	CPI	m/m/y/y	Mar		... 1.1%	-0.2% 1.4%
14:30	CAD	Retail sales	m/m	Feb		-0.8%	2.1%
15:45	USD	Markit manufacturing PMI, preliminary	Index	Apr	52.0	51.7	51.5

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Source: Danske Bank Markets

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