

Weekly Focus Sweden

December Fed hike looks like a done deal

Market movers ahead

- In the US, focus next week is on the FOMC minutes from the October meeting due on Wednesday. Here we will get more details on why the Fed flagged a clear tightening bias.
- Q3 GDP figures in Norway will be the centre of attention in the Scandi market next week. Recent key figures have not painted a particularly clear picture of the Norwegian economy in Q3 so uncertainty is high with regard to the release.
- Otherwise focus is increasingly on the IMF decision about the inclusion of China in the SDR. No formal date has been announced but November has been mentioned as the month for the decision.
- In the UK, CPI inflation in October is due on Tuesday. Although we previously argued that the bottom for inflation was reached in September, we have been caught by surprise by a drop in gasoline prices.

Global macro and market themes

- Euro risk assets getting more support
- Core euro bond yields caught between Fed hikes and ECB easing
- EUR/USD heading lower short term
- CNY to weaken but we still do not expect big devaluation

Contents

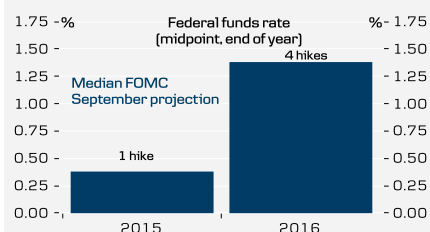
| | |
|---|----|
| Market movers..... | 2 |
| Global Macro and Market Themes | 5 |
| Scandi Update..... | 8 |
| Latest research from Danske Bank Markets..... | 9 |
| Macroeconomic forecast | 10 |
| Financial forecast | 11 |
| Calendar | 12 |

Financial views

| Major indices | | | |
|---------------|--------|------|--------|
| | 13-Nov | 3M | 12M |
| 10yr EUR swap | 0.93 | 0.85 | 1.25 |
| EUR/USD | 108 | 108 | 120 |
| ICE Brent oil | 47 | 52 | 56 |
| | 13-Nov | 6M | 12-24M |
| S&P500 | 2046 | 0.5% | 5.8% |

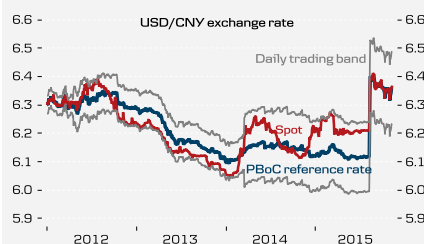
Source: Danske Bank

In line with FOMC, we expect five hikes from now until end-2016



Source: Federal Reserve, September projections

CNY has become more market based



Source: Macrobond Financial

Editors

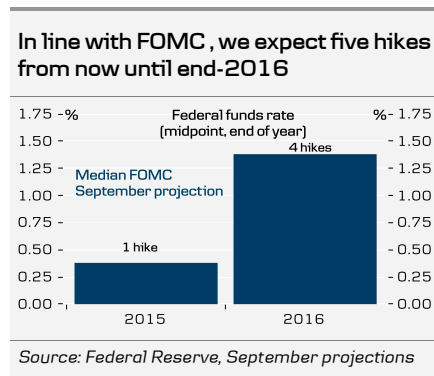
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Market movers

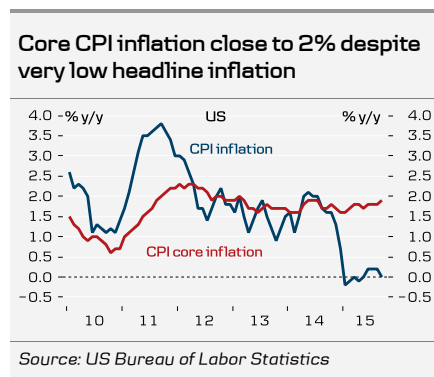
Global

- In the **US**, focus next week is on the FOMC minutes from the October meeting due on Wednesday. Here we will get more details on why the Fed flagged a clear tightening bias. The FOMC revealed that it will determine “*whether it will be appropriate to RAISE the target range at its NEXT meeting*” (our emphasis). We think that with the strong job report FOMC will consider a hike “appropriate” (see also *Flash Comment US: First Fed hike in December due to very strong job report*, 10 November) but it will be interesting to see what conditions made the FOMC flag a tightening bias before the strong job report. This could be indicative of how many further hikes to expect next year if the FOMC decides to start the normalisation at the December meeting as expected. We expect four additional hikes next year, i.e. five hikes in total from now until end-2016, in line with current median Fed projections. Currently, the market prices three hikes from now until end-2016.



Due for release on Tuesday is data for industrial production in October. The consensus is for a small increase of around 0.1% m/m. The EM turmoil seems to have stabilised, which is positive for the US manufacturing sector, which is still suffering from the strong USD.

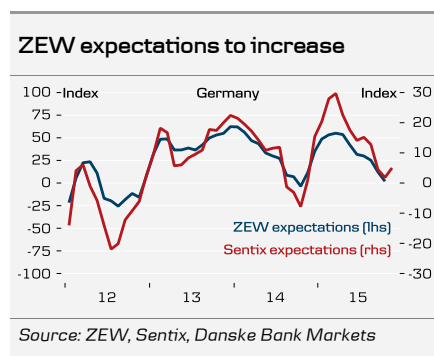
CPI inflation data for October is also due on Tuesday. Consensus looks for 0.2% m/m for both headline CPI and core CPI (0.1% y/y and 1.8% y/y, respectively). Although the FOMC is targeting PCE core inflation, CPI inflation is still an important measure of price pressure in the US.



Lastly, numbers for housing starts and building permits in October are released on Wednesday. We expect them to support our overall view that the housing market is improving.

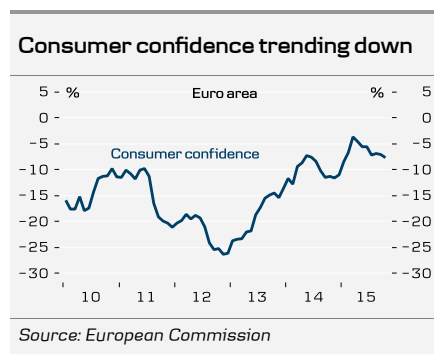
Next week also sees speeches by several Fed members. At the moment there is significant focus on the Fed and all speeches will be followed closely.

- Next week in the **euro area** is quiet in terms of data releases. On Tuesday, the German ZEW expectations figure for November is released, and we expect it to increase in line with the improvement in the Sentix investor confidence at the start of last week. Interestingly, the ZEW expectations indicator has undershot the economic indicators (IFO and PMI) recently, but we expect this to be over for now. Our forecast of an increase mainly reflects the fact that the financial stress has eased due to signs of stability in China and Draghi opening the door to a deposit rate cut.



On Friday, data for the euro area consumer confidence will be released, and we expect the falling trend to continue as the boost from the lower oil price has been factored in. Note that although the consumer confidence has been trending downwards since March 2015, the indicator is still the highest it's been for several years.

- In the **UK**, CPI inflation for October is due on Tuesday. Although we previously argued that the bottom for inflation was reached in September, we have been caught by surprise as gasoline prices have declined further despite the stabilisation of oil prices in GBP terms. Therefore, we estimate headline CPI inflation fell to -0.2% y/y in October. We think CPI core inflation was unchanged at 1.0% y/y. The very low inflation is explained by a combination of low commodity prices and the appreciation of GBP which weighs on inflation through lower import prices. Only services inflation contributes positively to inflation. We still expect CPI inflation to pick up



early next year as the base effects from the drop in oil prices in H2 14 begin to drop out.

Retail sales for October are due on Thursday. Retail sales were very strong in September which the Office for National Statistics attributed to the hosting of the Rugby World Cup. Thus, we will likely see a downward correction and we look for a decline of 0.7% m/m. Overall, retail sales should not be overinterpreted as they account for less than 6% of GDP. We are still upbeat on the outlook for private consumption due to a combination of high consumer confidence, increasing employment and positive real wage growth.

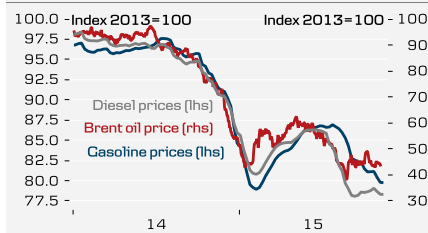
- It's a very quiet week in **China** next week with only house prices (Wednesday) released on the economic front. House prices have recovered in recent quarters on the back of stronger demand and a reduction in the downpayment for first-time house buyers.

Otherwise, the focus is increasingly on the IMF decision on the inclusion of the renminbi in the SDR. There is no formal date for the decision yet but November has been mentioned. We think it is close to a done deal that it will be accepted. The key question is whether the currency is "freely usable" but following the FX reform this year and commitment to keep the CNH and CNY close to each other, indications have been that China will be included. If so, the IMF has signalled that it will take effect from 1 October next year.

Scandi

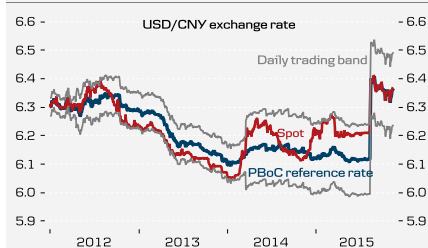
- In **Denmark** a relatively quiet week is in prospect, the only really interesting release being consumer confidence for November on Friday. The indicator has fallen every month since March, but is still relatively high, so it will be interesting to see if confidence finally bottoms out or continues the downward trend of the past seven months. With employment, real incomes and house prices all rising, we reckon the indicator will climb from 3 in October to 4 in November.
- In **Sweden**, the week ahead is mainly about labour markets as Statistics Sweden publishes the labour force survey (including unemployment rate, employment, hours worked) on Thursday (at 0930 CET). Due, *inter alia*, to strong immigration over the past year, the unemployment numbers are a bit distorted, thus we will focus more on the employment numbers, which we expect to remain strong. Also, the Swedish FSA will publish a report on risks in the Life and Pensions industry sector stemming from the low interest rate environment (Wednesday at 0800 CET), which we expect to receive market attention.

UK gasoline prices have declined despite stabilisation of oil prices



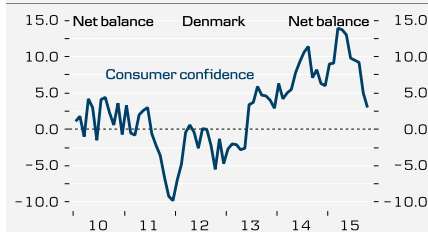
Source: UK Department of Energy & Climate Change, Energy Information Administration (EIA)

CNY has become more market based



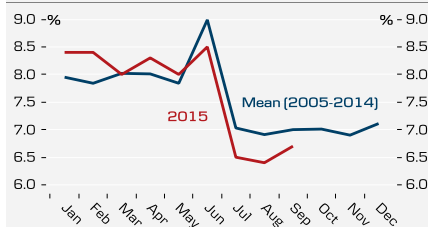
Source: People's Bank of China, Macrobond Financial

Consumer confidence down seven months in a row



Source: Statistics Denmark

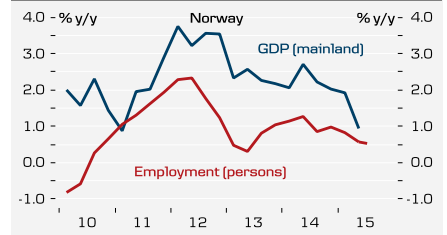
Low unemployment rate



Source: Statistics Sweden

- In **Norway** the week brings **GDP** data for Q3. It is unusually difficult to predict GDP at the moment because economic data is highly volatile, shooting in all directions. We fear a poor performance in parts of the service sector, about which we get very little information in the interim. Retail data has been weak, and although we expect the consumption of services to have fared much better, we expect private consumption to be flat. We also know that industrial production fell by more than 2% in Q3 despite picking up slightly in September. On the other hand, there have been signs of healthy activity in the construction sector, there has been moderate growth in mainland exports, and we expect the usual positive contribution from public sector consumption and investment. On balance, we reckon mainland GDP will increase by a mere 0.1% q/q, which is marginally less than Norges Bank assumed in its September monetary policy report and would therefore put very slight downward pressure on interest rates. As we say, though, there are abnormal levels of uncertainty, but the slight increase in LFS employment in Q3 does indicate that the downside risk is limited. At the same time, the quarterly foreign trade figures revealed a sharp fall in imports in Q3, which could push net exports up and so result in a much higher rate of GDP growth than we are forecasting.

Rising employment points to continued economic growth



Source: Norwegian Statistics

Market movers ahead

| Global movers | | | Event | Period | Danske | Consensus | Previous | |
|---------------|--------|-------|---|----------|-------------|------------|-------------|-------------|
| Mon | 16-Nov | 0:50 | JPY GDP, preliminary | q/q ann. | 3rd quarter | 0.0% 1.1% | -0.1% -0.2% | -0.3% -1.2% |
| | | 9:30 | EUR ECB's Constancio speaks in Frankfurt | | | | | |
| | | 11:15 | EUR ECB's Draghi speaks in Madrid | | | | | |
| Tue | 17-Nov | 9:30 | EUR ECB's Lautenschlaeger speaks in Frankfurt | | | | | |
| | | 10:30 | GBP CPI | m/m y/y | Oct | 0.0% -0.2% | 0.1% -0.1% | -0.1% -0.1% |
| | | 11:00 | DEM ZEW expectations | Index | Nov | 8.2 | 6.6 | 1.9 |
| | | 14:30 | USD CPI | m/m y/y | Oct | | 0.2% 0.1% | -0.2% 0.0% |
| | | 15:15 | USD Industrial production | m/m | Oct | | 0.1% | -0.2% |
| | | 21:30 | USD Fed's Tarullo (voter, neutral) speaks | | | | | |
| Wed | 18-Nov | 2:30 | CNY Property prices | y/y | | | | |
| | | 9:00 | EUR ECB's Mersch speaks in Frankfurt | | | | | |
| | | 14:00 | USD Fed's Dudley (voter, dovish) speaks | | | | | |
| | | 14:00 | USD Fed's Lockhart (voter, neutral) speaks | | | | | |
| | | 19:30 | EUR ECB's Lautenschlaeger speaks in Frankfurt | | | | | |
| | | 20:00 | USD FOMC minutes from meeting Oct. 27-28 | | | | | |
| Thurs | 19-Nov | - | JPY BoJ annual rise in monetary base | trn | | 80 | | 80 |
| | | 9:00 | EUR ECB's Weidmann speaks in Frankfurt | | | | | |
| | | 9:30 | EUR ECB's Praet speaks in Frankfurt | | | | | |
| | | 18:30 | USD Fed's Lockhart (voter, neutral) speaks | | | | | |
| Fri | 20-Nov | 9:15 | EUR ECB's Draghi speaks in Frankfurt | | | | | |
| | | 11:00 | EUR ECB's Praet speaks in Frankfurt | | | | | |
| | | 14:00 | EUR ECB's Constancio speaks in Frankfurt | | | | | |
| | | 15:00 | USD Fed's Bullard (non-voter, hawkish) speaks | | | | | |
| Scandi movers | | | | | | | | |
| Tue | 17-Nov | 10:00 | NOK GDP (mainland) | q/q | 3rd quarter | 0.1% | 0.1% | 0.2% |
| Wed | 18-Nov | 9:00 | DKK Auction over Danish government bonds | DKK bn | | | | |
| Thurs | 19-Nov | 9:30 | SEK Unemployment s.a. | % | Oct | | 7.3% | 7.3% |

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Euro risk assets supported by QE2 and recovery

Following a tough period from spring to autumn, things are starting to look better for euro assets. We expect four factors to give more support ahead.

- **We look for the ECB to surprise markets** at the 3 December meeting. We look for the ECB to revise down its core inflation forecast and in response cut interest rates and launch QE2 by raising monthly asset purchases to EUR75bn (see *ECB Research: ECB will finally lower its core inflation forecast*, 6 November). On Thursday, ECB president Mario Draghi hinted strongly at this by saying ‘signs of a sustained turnaround in core inflation have somewhat weakened’ and ‘downside risks stemming from global growth and trade are clearly visible’.
- **Euro soft patch ending soon.** Following a period of softness in euro data, we see signs that the euro recovery will gather pace in the first half of 2016. Real M1 growth is strong and momentum in the euro area leading indicator is bottoming out, which is normally a sign of the short-term cycle turning soon.
- **Global recovery to unfold.** We also look for China to lead a turn in the global industrial cycle (see *Strategy: The global IP cycle is bottoming out*, 6 November, and *Flash Comment China: PMI signals bottom in Chinese economy*, 2 November). China led the global industrial cycle lower in Q2 and Q3 this year and we expect it to lead the cycle higher in coming quarters. We look for a bottom in ISM soon as the inventory cycle will have run its course and consumer demand is still robust coming from strong housing and high real income growth.
- **Euro weakens on diverging monetary policy.** The divergence in monetary policy will be very visible in December, with an expected Fed hike and ECB cut. This is fuelling another round of euro weakness, giving support to euro stocks.

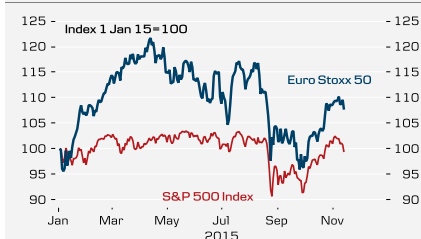
The biggest unknown and risk factor is commodity prices. If we see a continued slide, this could fuel renewed pressure on commodity exporters. Oil prices have fallen over the past month from around USD50 per barrel to below USD45 per barrel on demand concerns. Copper prices have hit fresh lows not seen since the financial crisis in 2009.

US stocks may see less tailwind and we would expect euro stocks to outperform. Fed hikes, rising wage pressures and a stronger USD give less support to equities relative to euro risk assets.

Key points

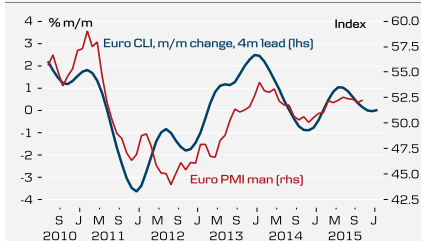
- Euro risk assets getting more support
- Core euro bond yields caught between Fed hikes and ECB easing
- EUR/USD heading lower short term
- CNY to weaken – but we still don’t expect big devaluation

More upside in EuroStoxx as euro weakens and recovery resumes



Source: Macrobond Financial, Danske Bank

Slowdown in euro area temporary – next leg is up



Source: Macrobond Financial, Danske Bank

Bond yields caught between higher US yields and ECB cut

The case for further declines in core euro bond yields is weakening as the easing from the ECB is counterweighted by higher US yields. At the same time if we are moving into an environment with a turn up in the global cycle, this will also give less support to bonds. Hence, we may be in for a consolidation phase in euro core bonds before seeing higher yields next year, when inflation bottoms and the cycle turns higher.

More expensive USD cash in FX forwards market

Over the past few weeks, we have seen a large divergence in short-end US-EU rates. This is due to a combination of the following.

- ECB deposit cut priced aggressively (11bp for December meeting - 18bp in total).
- Fed December lift-off almost fully priced (85%).
- Concerns about the availability of US cash over year-end, with uncertainty on how the US cash market will trade post-lift off with the new Fed framework (e.g. ON RRP, IOER and term deposits) in place.

In particular, in rates through FX forwards the USD-EUR rate differential has increased significantly. Since the 3M USD Libor-Euribor fixing difference has not followed suit to the same degree, the cross-currency basis spread has widened to multiple-year low levels. Note how it is not only affecting the USD against the EUR but also against other major currencies. The wide interpretation is that the price of USD cash is getting more expensive and uncertainty on how a Fed lift-off on 16 December, only two weeks before the year-end, when balance sheet limitations and reporting figures are in focus in the financial markets.

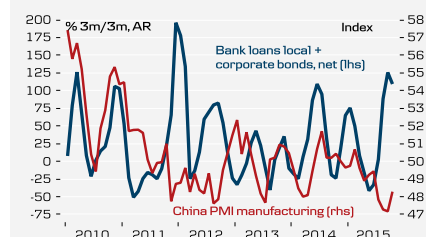
EUR/USD lower on 3M horizon

It is hard not to envision EUR/USD going lower in an environment where the Fed is hiking and the ECB easing. The main barrier is probably that the whole world expects this and is positioned accordingly. The two-year spread between US and Germany has moved sharply recently, as described above. This is clearly pointing to further downside in EUR/USD. In the medium term, we still look for a closing of the euro output gap and increase in inflation to lead to a less dovish ECB in 2016 and thus more support for the euro. Hence, we still look for a bottom in EUR/USD on a 3M horizon.

China set to ease further, CNY to weaken gradually over next 12M

This week, China's premier gave a pretty clear hint that more stimulus will be coming. According to the Chinese media, he had assured Chinese businesses at a forum that more would be done to lift growth and mentioned financing as part of this. It clearly suggests to us that China will cut interest rates further. The debt burden in Chinese companies is a concern and, by cutting interest rates, the People's Bank of China would ease this burden. Inflation is low at 1.3% y/y and hence there is plenty of room on the inflation front to ease further. In Q3, nominal GDP growth at 6.2% y/y was the lowest in 15 years and, even though we see signs of the cycle turning, we believe the government is likely to aim to do more to ease the current burden on businesses. Cutting interest rates is one tool that can be used to do this.

Chinese credit growth points to recovery – fuelled by stimulus



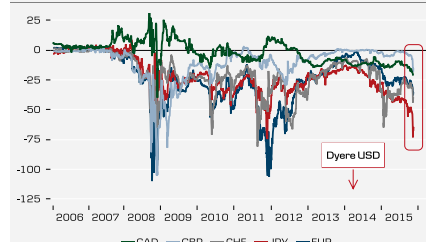
Source: Macrobond Financial, Danske Bank

German yields set to consolidate



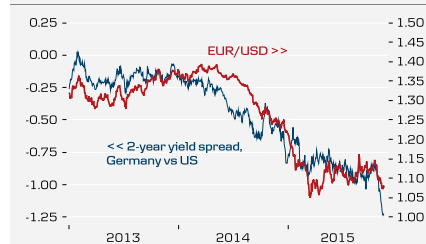
Source: Macrobond Financial, Danske Bank

USD cash getting expensive: 1Y cross-currency basis mod USD



Source: Macrobond Financial, Danske Bank

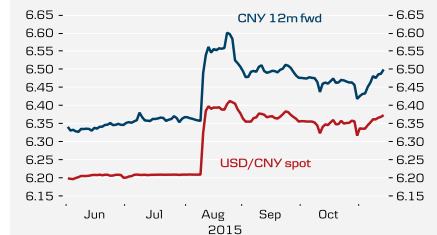
Relative yields point to lower EUR/USD in the short term



Source: Macrobond Financial, Danske Bank

With China easing further and the Fed about to raise rates, the CNY has seen more depreciation pressure lately. As the currency has become more market based, relative rates have started to matter more. We also look for a weaker CNY over the next 6-12 months but we do not expect a sharp weakening of the CNY within a short time. China is about to be approved for inclusion in the SDR and does not wish to rock the boat now. Many market participants expect China to let the CNY weaken substantially once it has been included in the SDR. While we also look for CNY to depreciate, we believe China will continue to intervene to avoid a too sharp move. If it weakens too much, it could spur fears of a big devaluation and lead to renewed capital outflows. China has no interest in this, as it would also hurt the economy. Hence, we look for only a gradual depreciation by around 4-5% over 12 months.

CNY weakening this week on hints of stimulus and looming Fed hike



Source: Macrobond Financial, Danske Bank

Global market views

| Asset class | Main factors |
|--|--|
| Equities Moderately positive on 3m horizon, positive on 12m horizon | China's economy recovers and this lifts markets. Support from Euro Area and US growth and the easing stance at ECB, BoJ, BoE and PBoC supports equity markets. However, a early FED hike will have a dampening effect on markets. |
| Bond market Core yields: Bund yields to consolidate, higher medium term US-Euro spread: Wider Peripheral spreads to tighten further from here Spreads to stay stable/tighten as central bank boost liquidity | ECB cuts counterweighted by Fed hike. 2016 recovery, higher inflation and Fed hikes Policy divergence to widen spread QE, ECB rate cuts, improving fundamentals and search for yield ECB support, but Emerging markets instability the risk |
| FX EUR/USD - lower in 3M, rebound further out USD/JPY - range near term, then slightly higher on relative rates EUR/SEK - stuck between 9.30-9.60 near term, lower medium term EUR/NOK - range trade short term, then lower | Relative rates to weigh near term, then rebound on no renewed policy divergence and strong EUR fundamentals Even with unchanged BoJ measures relative rates 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 fundamentals |
| Commodities Oil prices - downside risk near-term, recovery in 2016 Metal prices - downside risk near-term Gold prices - flat near term Agricultural risks remain on the upside | Rebalancing to support recovery next year. Geopolitical risk factor looming. Uncertainty about Chinese economy to weigh short-term. Consolidation in mining industry puts a floor under prices. Low oil price and Fed getting ready to hike keeps a lid over gold price. Trending up again, El Niño weather this year is key upside risk. |

Source: Danske Bank Markets

Scandi Update

Denmark – Mixed signals for growth

Statistics Denmark’s foreign trade figures for September revealed that goods exports fell 3.2% q/q after a further slight fall m/m. Going by exports alone, there is much to suggest that Q3 will be very weak growth-wise. On the other hand, the week’s data from Nets showed Dankort debit card transactions (excluding C2C payments) rising 1.1% m/m in October, which is a relatively strong increase and follows a healthy Q3. Increased Dankort spending suggests a rise in private consumption, boosting economic growth.

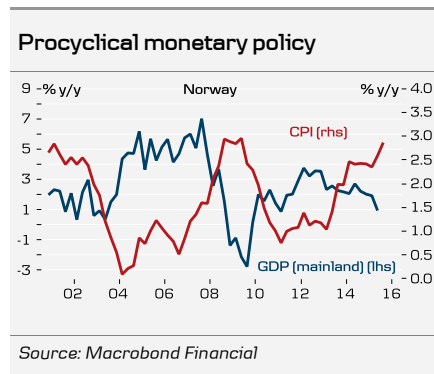
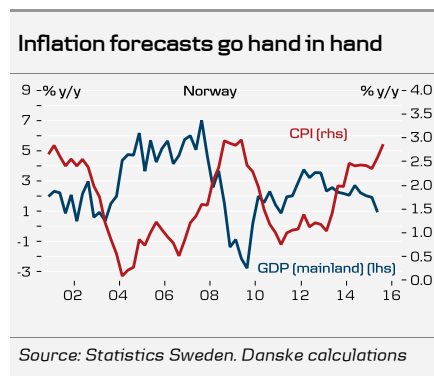
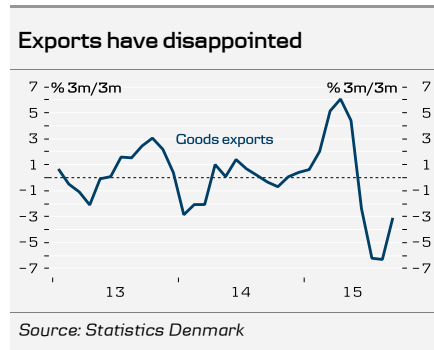
So all in all, we are left with mixed signals for growth in Q3. Although we will probably see an improvement in private consumption, the big drop in exports will be pulling in the other direction, so we do not expect to hear the champagne corks popping when the Q3 GDP data is released. Looking slightly further ahead, however, we remain upbeat: we expect exports to bounce back in 2016 and private consumption to continue to climb.

Sweden – Inflation in line with Riksbank forecast

During the past week, the main domestic event was undoubtedly the inflation numbers. Tediously, the outcome was in line with our, the Riksbank and market forecasts, which is why the reactions on financial markets were subdued. In addition, the amended budget proved to be a non-issue due to much higher costs for refugees than expected. This subject will probably resurface over the coming year as the true costs become more apparent.

Norway – Temporarily high inflation

Core inflation held at 3.0% y/y for a second month in row in October, due mainly to a rise in imported inflation following the depreciation of the krone. We expect lower wage growth and slightly higher productivity growth to gradually bring down domestic inflation, with the result that overall inflation should fall once the krone bottoms out. The current situation does, however, illustrate the difficulties inherent in inflation targeting in a small open economy. The credibility of the target nevertheless appears to be intact, with inflation expectations heading southwards.



Latest research from Danske Bank Markets

11/11 Flash Comment UK: Lowest single month unemployment rate since May 2008 indicates tighter labour market

The UK labour market report released today was somewhat mixed.

11/11 Flash Comment: China - mixed hard data for October, Premier Li hints at more stimulus

Key takeaways: while PMIs have pointed to a cyclical bottom, the hard data today for October production points merely to stabilisation but not yet a recovery.

10/11 Flash Comment US: Doves also appear ready to fly in December

Recent *comments* and speeches from FOMC members suggest that the doves are ‘ready to fly’ as well, as they seem to support – or at least accept – the first Fed hike since 2006 at the next FOMC meeting in December.

6/11 Flash Comment US: First Fed hike in December due to very strong job report

Today’s labour market report was very strong and, therefore, we now expect the Fed to deliver a 25bp rate hike at the December meeting.

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 | 2014 | 1.1 | 0.8 | 0.2 | 4.0 | 0.4 | 2.6 | 3.8 | 0.6 | 5.0 | 1.8 | 45.1 | 7.8 |
| | 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 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 | 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 | 11.0 | -2.1 | 91.8 | 2.6 |
| | 2016 | 1.7 | 1.1 | 0.7 | 3.7 | 0.0 | 4.2 | 4.1 | 1.2 | 10.4 | -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 | 1.3 | 1.8 | 1.8 | 1.5 | 0.0 | 5.3 | 5.5 | 0.2 | 4.7 | 0.6 | 71.5 | 7.9 |
| | 2016 | 2.1 | 1.6 | 0.8 | 4.7 | 0.0 | 4.7 | 5.0 | 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 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 | 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 | 0.8 | 4.1 | 0.1 | 1.6 | 5.1 | 0.1 | 5.3 | -2.9 | 104.0 | -2.5 |
| | 2016 | 2.5 | 2.8 | 1.0 | 4.2 | -0.2 | 4.1 | 4.1 | 1.9 | 4.6 | -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 | 2.9 | 2.7 | 1.9 | 7.5 | 0.3 | 1.8 | 2.8 | 1.5 | 6.2 | -5.7 | 89.4 | -5.1 |
| | 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 | 13-Nov | 0.25 | 0.36 | 0.97 | 2.19 | 107.6 | - | 866.5 |
| | +3m | 0.25 | 0.52 | 1.10 | 2.25 | 108.0 | - | 870.4 |
| | +6m | 0.50 | 0.69 | 1.35 | 2.50 | 112.0 | - | 830.4 |
| | +12m | 1.00 | 1.25 | 1.75 | 2.75 | 120.0 | - | 750.0 |
| EUR | 13-Nov | 0.05 | -0.08 | -0.07 | 0.93 | - | 107.6 | 932.1 |
| | +3m | 0.05 | -0.04 | 0.00 | 0.85 | - | 108.0 | 940.0 |
| | +6m | 0.05 | -0.04 | 0.05 | 1.05 | - | 112.0 | 930.0 |
| | +12m | 0.05 | -0.04 | 0.05 | 1.25 | - | 120.0 | 900.0 |
| JPY | 13-Nov | 0.10 | 0.08 | 0.10 | 0.47 | 132.1 | 122.8 | 7.1 |
| | +3m | 0.10 | 0.15 | - | - | 131.8 | 122.0 | 7.1 |
| | +6m | 0.10 | 0.20 | - | - | 137.8 | 123.0 | 6.8 |
| | +12m | 0.10 | 0.20 | - | - | 147.6 | 123.0 | 6.1 |
| GBP | 13-Nov | 0.50 | 0.58 | 1.02 | 1.97 | 70.7 | 152.2 | 1318.9 |
| | +3m | 0.75 | 0.76 | 1.25 | 2.00 | 72.0 | 150.0 | 1305.6 |
| | +6m | 0.75 | 0.94 | 1.50 | 2.20 | 71.0 | 158.0 | 1309.9 |
| | +12m | 1.25 | 1.32 | 1.90 | 2.50 | 73.0 | 164.0 | 1232.9 |
| CHF | 13-Nov | -0.75 | -0.78 | -0.92 | 0.06 | 108.0 | 100.4 | 863.2 |
| | +3m | -0.75 | - | - | - | 107.0 | 99.1 | 878.5 |
| | +6m | -0.75 | - | - | - | 110.0 | 98.2 | 845.5 |
| | +12m | -0.75 | - | - | - | 112.0 | 93.3 | 803.6 |
| DKK | 13-Nov | 0.05 | -0.16 | 0.13 | 1.28 | 746.0 | 693.4 | 124.9 |
| | +3m | 0.05 | -0.05 | 0.25 | 1.20 | 745.5 | 690.3 | 126.1 |
| | +6m | 0.05 | -0.10 | 0.25 | 1.35 | 745.5 | 665.6 | 124.7 |
| | +12m | 0.05 | -0.10 | 0.30 | 1.50 | 745.5 | 621.3 | 120.7 |
| SEK | 13-Nov | -0.35 | -0.35 | -0.22 | 1.46 | 932.1 | 866.5 | - |
| | +3m | -0.45 | -0.40 | -0.25 | 1.20 | 940.0 | 870.4 | - |
| | +6m | -0.45 | -0.40 | -0.30 | 1.30 | 930.0 | 830.4 | - |
| | +12m | -0.45 | -0.35 | -0.15 | 1.50 | 900.0 | 750.0 | - |
| NOK | 13-Nov | 0.75 | 1.16 | 0.97 | 1.96 | 935.7 | 869.7 | 99.6 |
| | +3m | 0.75 | 1.00 | 1.05 | 1.90 | 940.0 | 870.4 | 100.0 |
| | +6m | 0.75 | 1.00 | 1.10 | 2.10 | 925.0 | 825.9 | 100.5 |
| | +12m | 0.75 | 1.00 | 1.20 | 2.30 | 880.0 | 733.3 | 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 ändringar i Kina's valutapolitik | 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

| | 11-Nov | 2015 | | | | 2016 | | | | Average | |
|------------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|---------|--------|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | 2015 | 2016 |
| NYMEX WTI | 43 | 49 | 58 | 47 | 45 | 47 | 52 | 57 | 62 | 50 | 55 |
| ICE Brent | 47 | 55 | 63 | 52 | 48 | 51 | 56 | 61 | 66 | 55 | 59 |
| Copper | 4,924 | 5,808 | 6,043 | 5,380 | 5,000 | 5,300 | 5,500 | 5,700 | 5,900 | 5,558 | 5,600 |
| Zinc | 1,591 | 2,091 | 2,188 | 1,860 | 1,700 | 1,800 | 1,900 | 2,000 | 2,100 | 1,960 | 1,950 |
| Nickel | 9,495 | 14,410 | 13,065 | 10,650 | 9,800 | 10,000 | 11,000 | 12,000 | 13,000 | 11,981 | 11,500 |
| Aluminium | 1,511 | 1,813 | 1,787 | 1,625 | 1,525 | 1,600 | 1,700 | 1,800 | 1,900 | 1,688 | 1,750 |
| Gold | 1,087 | 1,219 | 1,193 | 1,125 | 1,075 | 1,075 | 1,100 | 1,115 | 1,130 | 1,153 | 1,105 |
| Matif Mill Wheat | 183 | 190 | 182 | 176 | 185 | 180 | 180 | 180 | 180 | 183 | 180 |
| Rapeseed | 375 | 360 | 370 | 374 | 380 | 370 | 370 | 380 | 390 | 371 | 378 |
| CBOT Wheat | 496 | 523 | 505 | 512 | 510 | 510 | 530 | 540 | 550 | 513 | 533 |
| CBOT Corn | 361 | 385 | 367 | 383 | 375 | 375 | 400 | 410 | 420 | 377 | 401 |
| CBOT Soybeans | 865 | 990 | 966 | 950 | 875 | 875 | 900 | 925 | 950 | 945 | 913 |

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 47

During the week

| | | | | Period | Danske Bank | Consensus | Previous |
|--------|-----|--------------|-----|-------------|-------------|-----------|----------|
| Sun 15 | NZD | Retail sales | q/q | 3rd quarter | | 1.4% | 0.0% |

Monday, November 16, 2015

| | | | | Period | Danske Bank | Consensus | Previous |
|-------|-----|--------------------------------------|----------|-------------|-------------|-------------|-------------|
| 0:50 | JPY | GDP deflator, preliminary | y/y | 3rd quarter | | 1.7% | 1.5% |
| 0:50 | JPY | GDP, preliminary | q/q ann. | 3rd quarter | 0.0% 1.1% | -0.1% -0.2% | -0.3% -1.2% |
| 1:01 | GBP | Rightmove House Prices | m/m y/y | Nov | | | 0.6% 5.6% |
| 9:30 | EUR | ECB's Constancio speaks in Frankfurt | | | | | |
| 10:00 | NOK | Trade balance | NOK bn | Oct | | | 15.5 |
| 11:00 | EUR | CPI | m/m y/y | Oct | 0.1% 0.0% | 0.1% 0.0% | 0.2% 0.0% |
| 11:00 | EUR | CPI - core, final | % | Oct | 1.0% | 1.0% | 1.0% |
| 11:15 | EUR | ECB's Draghi speaks in Madrid | | | | | |
| 14:30 | USD | Empire Manufacturing PMI | Index | Nov | | -5.3 | -11.4 |
| 17:00 | EUR | ECB's Coeure speaks in Paris | | | | | |

Tuesday, November 17, 2015

| | | | | Period | Danske Bank | Consensus | Previous |
|-------|-----|---|---------|-------------|-------------|-------------|-------------|
| 9:30 | EUR | ECB's Lautenschlaeger speaks in Frankfurt | | | | | |
| 10:00 | NOK | GDP (mainland) | q/q | 3rd quarter | 0.1% | 0.1% | 0.2% |
| 10:00 | NOK | GDP (total) | q/q | 3rd quarter | | 0.6% | -0.1% |
| 10:30 | GBP | PPI - input | m/m y/y | Oct | | 0.2% -12.0% | 0.6% -13.3% |
| 10:30 | GBP | PPI - output | m/m y/y | Oct | | -0.1% -1.4% | -0.1% -1.8% |
| 10:30 | GBP | CPI | m/m y/y | Oct | 0.0% -0.2% | 0.1% -0.1% | -0.1% -0.1% |
| 10:30 | GBP | CPI core | y/y | Oct | 1.0% | 1.0% | 1.0% |
| 11:00 | DEM | ZEW current situation | Index | Nov | | 56.0 | 55.2 |
| 11:00 | DEM | ZEW expectations | Index | Nov | 8.2 | 6.6 | 1.9 |
| 14:00 | HUF | Central Bank of Hungary rate decision | % | | 1.35% | 1.35% | 1.35% |
| 14:30 | USD | CPI | m/m y/y | Oct | | 0.2% 0.1% | -0.2% 0.0% |
| 14:30 | USD | CPI - core | m/m y/y | Oct | | 0.2% 1.9% | 0.2% 1.9% |
| 15:15 | USD | Capacity utilization | % | Oct | | 77.5% | 77.5% |
| 15:15 | USD | Industrial production | m/m | Oct | | 0.1% | -0.2% |
| 15:15 | USD | Manufacturing production | m/m | Oct | | 0.2% | -0.1% |
| 16:00 | USD | NAHB Housing Market Index | Index | Nov | | 64.0 | 64.0 |
| 21:30 | USD | Fed's Tarullo (voter, neutral) speaks | | | | | |
| 22:00 | USD | TICS international capital flow, Net inflow | USD bn | Sep | | | -9.2 |

Wednesday, November 18, 2015

| | | | | Period | Danske Bank | Consensus | Previous |
|-------|-----|---|------------|--------|-------------|-----------|----------------|
| 2:30 | CNY | Property prices | y/y | | | | |
| 9:00 | EUR | ECB's Mersch speaks in Frankfurt | | | | | |
| 9:00 | DKK | Auction over Danish government bonds | DKK bn | | | | |
| 13:00 | USD | MBA Mortgage Applications | % | | | | -1.3% |
| 14:00 | USD | Fed's Dudley (voter, dovish) speaks | | | | | |
| 14:00 | USD | Fed's Mester (non-voter, hawkish) speaks | | | | | |
| 14:00 | USD | Fed's Lockhart (voter, neutral) speaks | | | | | |
| 14:30 | USD | Building permits | 1000 (m/m) | Oct | | 1140 | 1105.0 (-4.8%) |
| 14:30 | USD | Housing starts | 1000 (m/m) | Oct | | 1160 | 1206.0 (6.5%) |
| 16:30 | USD | DOE U.S. crude oil inventories | K | | | | 4224 |
| 19:30 | EUR | ECB's Lautenschlaeger speaks in Frankfurt | | | | | |
| 20:00 | USD | FOMC minutes from meeting Oct. 27-28 | | | | | |

Source: Danske Bank Markets

Calendar - continued

| Thursday, November 19, 2015 | | | | Period | Danske Bank | Consensus | Previous |
|-----------------------------|-----|--|-----------|--------|-------------|------------|------------|
| - | JPY | BoJ annual rise in monetary base | trn | | 80 | | 80 |
| - | JPY | BoJ monetary policy announcement | | | | | |
| 0:50 | JPY | Exports | y/y (%) | Oct | | -2.0 | 0.5 |
| 0:50 | JPY | Import | y/y (%) | Oct | | -8.9 | -11.0 |
| 0:50 | JPY | Trade balance, s.a. | JPY bn | Oct | | -377.4 | -355.7 |
| 4:00 | JPY | Kuroda press conference | | | | | |
| 5:30 | JPY | All industry activity index | m/m | Sep | | 0.2% | -0.2% |
| 8:00 | CHF | Trade balance | CHF bn | Oct | | | 3.05 |
| 9:00 | EUR | ECB's Weidmann speaks in Frankfurt | | | | | |
| 9:00 | EUR | ECB's Coeure speaks in Frankfurt | | | | | |
| 9:30 | SEK | Unemployment | % | Oct | | 6.7% | 6.7% |
| 9:30 | SEK | Unemployment s.a. | % | Oct | | 7.3% | 7.3% |
| 9:30 | EUR | ECB's Praet speaks in Frankfurt | | | | | |
| 10:00 | EUR | Current account | EUR bn | Sep | | | 17.7 |
| 10:30 | GBP | Retail sales | m/m y/y | Oct | -0.7% 4.1% | -0.3% 4.5% | 1.9% 6.5% |
| 10:30 | GBP | Retail sales ex fuels | m/m y/y | Oct | -0.7% 3.5% | -0.7% 3.8% | 1.7% 5.9% |
| 13:30 | EUR | ECB account of the monetary policy meeting | | | | | |
| 14:30 | USD | Initial jobless claims | 1000 | | | | 276 |
| 18:30 | CHF | SNB's Andrea Maechler Speaks in Geneva | | | | | |
| 18:30 | USD | Fed's Lockhart (voter, neutral) speaks | | | | | |
| Friday, November 20, 2015 | | | | Period | Danske Bank | Consensus | Previous |
| - | EUR | S&P may publish Netherlands's debt rating | | | | | |
| - | EUR | Moody's may publish Greece's debt rating | | | | | |
| - | EUR | Fitch may publish Estonia's debt rating | | | | | |
| - | EUR | Moody's may publish Estonia's debt rating | | | | | |
| 9:00 | DKK | Consumer confidence | Net. bal. | Nov | | 4 | 3 |
| 9:00 | DKK | Retail sales | m/m y/y | Oct | | | -0.1% 1.9% |
| 9:15 | EUR | ECB's Coeure speaks in Frankfurt | | | | | |
| 9:15 | EUR | ECB's Draghi speaks in Frankfurt | | | | | |
| 11:00 | EUR | ECB's Praet speaks in Frankfurt | | | | | |
| 14:00 | EUR | ECB's Constancio speaks in Frankfurt | | | | | |
| 14:30 | CAD | CPI | m/m y/y | Oct | | | -0.2% 1.0% |
| 14:30 | CAD | Retail sales | m/m | Sep | | | 0.5% |
| 15:00 | USD | Fed's Bullard (non-voter, hawkish) speaks | | | | | |
| 16:00 | EUR | Consumer confidence, preliminary | Net bal. | Nov | -7.9 | -7.4 | -7.7 |

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Source: Danske Bank Markets

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