

Weekly Focus Sweden

Pressure points, negative rates and the fading risk rally

Market movers ahead

- In the **US**, we estimate the CPI core index rose 0.2% m/m in March, implying an inflation rate of 2.3% y/y, the highest level since mid-2012.
- Next week also brings important figures for consumption in the US. Our base case is that private consumption growth will accelerate in Q2 and Q3, following the slowdown in Q1. We expect next week's figures to show a rebound in the retail sales control group in March and a small increase in the University of Michigan consumer sentiment index.
- In the **UK**, we expect the Bank of England to maintain the Bank Rate and stock of purchased assets unchanged at 0.50% and GBP375bn, respectively. We expect both voting decisions to be unanimous, i.e. 9-0.
- In **China**, consumer prices (CPI) is expected to inch slightly higher to 2.4% y/y in March from 2.3% y/y in February and thus inflation is still running well below the People's Bank of China's inflation target at 3%. Producer prices (PPI) have been in deflation mode for a while but, in our view, this is likely to end in 2016 as commodity prices edge higher. PPI is expected to increase to -0.465% y/y in March, from -4.9% y/y in February.
- In the **Scandies**, the week ahead is all about inflation: we estimate CPI inflation remained unchanged at 0.3% y/y in Denmark in March, while we estimate CPI underlying inflation in Norway declined to 3.2% y/y, from 3.4% y/y in February. In Sweden, we expect CPI and CPIF inflation to come in at the Riksbank's forecast, while the core measures (e.g. CPIF excluding energy) will come in lower.

Global macro and market themes

- Pressure points are building in global markets, as the risk rally appears tired and exhausted.
- The downward pressure on EUR/DKK and DKK rates is likely to continue in coming months.
- Negative interest rates have shown their limitations in Japan, while the Riksbank signals that the transmission mechanism is broken.

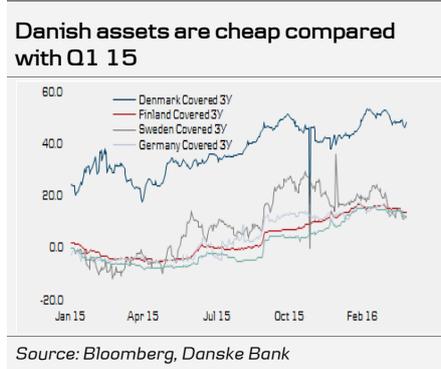
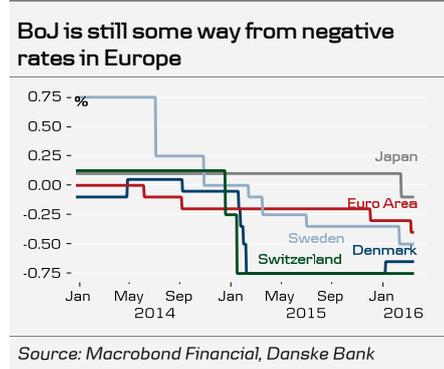
Contents	
Market movers.....	2
Global Macro and Market Themes.....	5
Scandi update.....	7
Latest research from Danske Bank Markets.....	
Macroeconomic forecast.....	9
Financial forecast.....	10
Calendar	11
	12

Financial views			
Major indices			
	08-Apr	3M	12M
10yr EUR swap	0.50	0.45	0.85
EUR/USD	114	112	118
ICE Brent oil	40	43	51
	08-Apr	6M	12-24M
S&P500	2042	0-3%	5-8%

Source: Danske Bank

Follow us on [Twitter](#) for the latest on macroeconomic and financial market developments:

 [@Danske_Research](#)



Editors

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

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

Market movers

Global

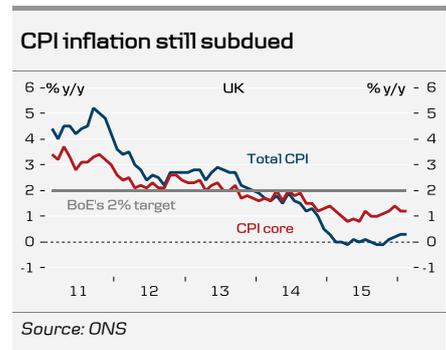
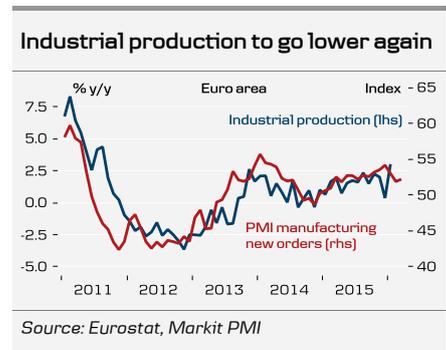
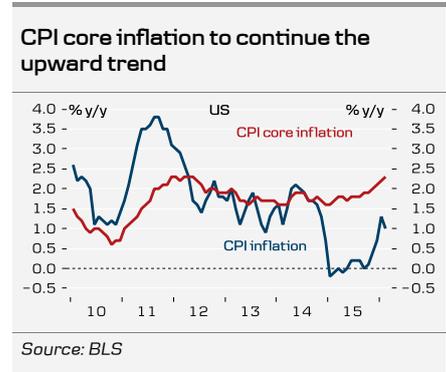
- In the **US**, several important figures are due for release next week. On Wednesday, we get data on retail sales in March, which we expect to show control group sales increased by 0.3% m/m. In line with other data, retail sales have been weak in recent months but we expect a rebound as consumers are still optimistic and employment continues to rise. Our base case is that private consumption growth will accelerate in Q2 and Q3 after the slowdown in Q1. We are due to get more information about how optimistic consumers are in the preliminary University of Michigan survey for April due on Friday. We expect a marginal increase from 91 to 92, which is a relatively high level. We also intend to keep an eye on the inflation expectations figures.

On Thursday, we are due to get CPI inflation figures for March. We estimate the CPI core index rose 0.2% m/m, implying an inflation rate of 2.3% y/y, the highest level since mid-2012. Although core inflation has picked up in recent months, Janet Yellen has said she wants to be sure it ‘proves durable’. While the development in the labour market is key to understanding the initial hike, inflation development is an important input for the Fed in its timing of the second hike.

Industrial and manufacturing production figures for March are due on Friday and we look forward to seeing whether the rebound in ISM is visible in the data. Note though that manufacturing production actually rose in both January and February despite the very weak ISM.

Several Fed members are due to speak next week. While Yellen’s last speech has already set the stage, as she put more weight on the downside than upside risks to her outlook, we will listen in particular to what Jerome H. Powell (voter, neutral) has to say on Thursday, as it is a long time since we heard from him previously. The Fed releases its Beige Book on Wednesday.

- In the **euro area**, the calendar for next week is extremely light in terms of data releases. In our view, one of the only interesting events is the release of euro area industrial production for February on Wednesday. We expect industrial production to fall in line with the monthly decline of 0.5% for the German figure, which was released this week. The decline in February is likely to be accompanied by a downward revision to the strong print in January as also seen in Germany. Looking ahead, we expect the euro area manufacturing sector to remain somewhat weak as indicated by the latest PMI figures.
- In the **UK**, the most important event next week is the Bank of England (BoE) meeting on Thursday. We expect the BoE to maintain the Bank Rate and stock of purchased assets unchanged at 0.50% and GBP375bn, respectively. We expect both voting decisions to be unanimous, i.e. 9-0. There are many reasons why the BoE is in no hurry to raise rates, as growth seems to have slowed ahead of the EU in/out referendum and inflation is still subdued. While the policy decisions are non-events, we look forward to hearing whether the BoE has anything to say about the current economic situation. Our main scenario is still that it will hike in Q1 17 but it depends on the election outcome. Also, CPI inflation figures for March are due on Tuesday but the importance of these figures has declined due to the upcoming referendum. Everything is currently about the upcoming referendum, so we intend to continue monitoring political news and opinion polls closely. The opinion polls continue to indicate a very close race.



- In **China**, CPI and PPI are due on Monday. CPI inflation jumped to 2.3% in February, from 1.8% in January, but is still far from the inflation target at 3%. Inflation is currently held up by a rise in food price inflation, while underlying inflation is still subdued. PPI has been in deflation for a while but we believe this is likely to end in 2016 as commodity prices edge higher. Producer prices are predominantly dependent on input costs from raw materials and, with an expected rebound in Chinese construction, we believe these prices will rise further in 2016

Credit (total social financing) and money growth may also be due next week (to be released between 10 and 15 April). Total financing has been strong for some time, although it corrected in February. However, the data is quite volatile and the overall trend has been a big credit boost for the past six months. We expect M2 growth to stay robust around 13.5%, underpinning the picture of moderate recovery.

Scandi

- In **Denmark**, CPI data for March are due to be released on Monday. Inflation has been record low since the financial crisis and there is nothing to suggest that any rapid acceleration is around the corner. We expect the CPI to gain 0.4% m/m and 0.3% y/y. Although petrol and diesel prices climbed in March and food prices rose more than usual, this was probably not be enough to push up the annual change in consumer prices given the relatively big monthly increase in March 2015. We expect the annual rate to hold at current levels until July, when we expect it rise on the back of last summer's steep fall in fuel prices. However, ultimately, it all depends on what happens to energy prices.
- In **Sweden**, the week ahead is all about inflation (Tuesday, at 09:30 CEST). Our call is for CPI and CPIF inflation to come in at the Riksbank's forecast but for core measures (e.g. CPIF excluding energy) to come in lower. Given that some of the monetary policy board members have recently expressed a higher tolerance for deviations from forecasts, this outcome should not push the board in any particular direction but we think it is fair to mention that we see more risks on the downside for both CPIF and CPIF excluding energy, which might provoke the Riksbank into action at its upcoming meeting on 19 April (decision published on 20 April).
- In **Norway**, core inflation surprised on the upside in February, at 3.4% y/y, the highest level since the inflation target was introduced. It is mainly the weak Norwegian krone that is behind the rampant import prices, which are driving up overall consumer prices. However, domestic inflation is showing no signs of slowing down either, despite lower wage growth. In our main scenario, core inflation gradually comes down as the effects of the krone's depreciation fade, which means that inflation plays less of a role in rate setting than other factors. However, the longer this situation persists, the greater the chances of inflation popping up on the central bank's radar once again. We expect price cuts on confectionery and other Easter-related goods to drag the annual rate of core inflation down to 3.2% in March.

Chinese PPI deflation to end in 2016



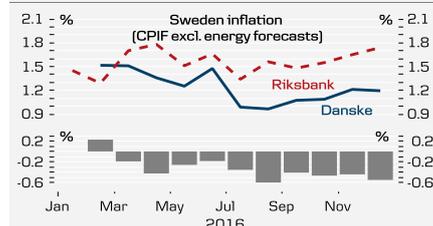
Source: Macrobond Financial

Consistently low inflation



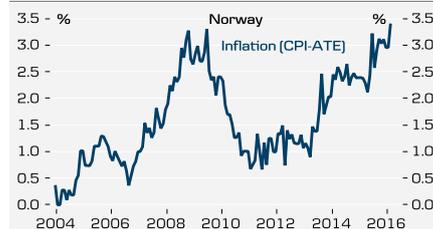
Source: Statistics Denmark

Inflation set to drift slowly downwards



Source: Macrobond Financial. Danske calculations

Highest inflation since 2001



Source: Macrobond Financial

Market movers ahead

Global movers			Event	Period	Danske	Consensus	Previous	
During the week								
Mon	11-Apr	15:25	USD	Fed's Dudley (voter, dovish) speaks				
Wed	13-Apr	14:30	USD	Retail sales control group	m/m	Mar	0.3% 0.3%	0.0%
		20:00	USD	U.S. Federal Reserve releases Beige Book				
Thurs	14-Apr	13:00	GBP	BoE announces asset purchase target	GBP bn	Apr	375	375
		14:30	USD	CPI	m/m y/y	Mar	0.3% 1.1%	0.2% 1.0%
		16:00	USD	Fed's Powell (voter, neutral) speaks				
Fri	15-Apr	4:00	CNY	Real GDP	q/q y/y	1st quarter	1.5% 6.7%	1.6% 6.8%
		16:00	USD	University of Michigan Confidence, preliminary	Index	Apr	92.0	92.0
Scandi movers								
During the week								
Mon	11-Apr	10:00	NOK	CPI	m/m y/y	Mar	0.3% 3.1%	0.5% 3.1%
Tue	12-Apr	9:30	SEK	CPI	m/m y/y	Mar	0.23% 0.53%	0.3% 0.4%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Pressure points, negative rates and the fading risk rally

Pressure points are building in financial markets after 1.5 months of risk rally. Since the G20 meeting in February, the extraordinarily dovish rhetoric from the Fed and policy easing from the People’s Bank of China (PBoC) and the ECB have supported markets, while the global industrial production cycle has stabilised. The March PMI Manufacturing for the US, Eurozone, UK, China, India, Brazil and Korea all rose versus February where only truly underperforming economies such as Japan and Russia saw PMIs falling. On the face of it, China’s FX reserves for March also rose to USD3,213bn from USD3,202bn previously. But this is due to the fall in the USD in the month. Indeed, we estimate that the PBoC intervened more in March than in February (see Chart 1). **As such, the rally in risky assets appears tired and exhausted as new catalysts (read clear policy direction beyond monetary policy) are needed for the rally to extend.**

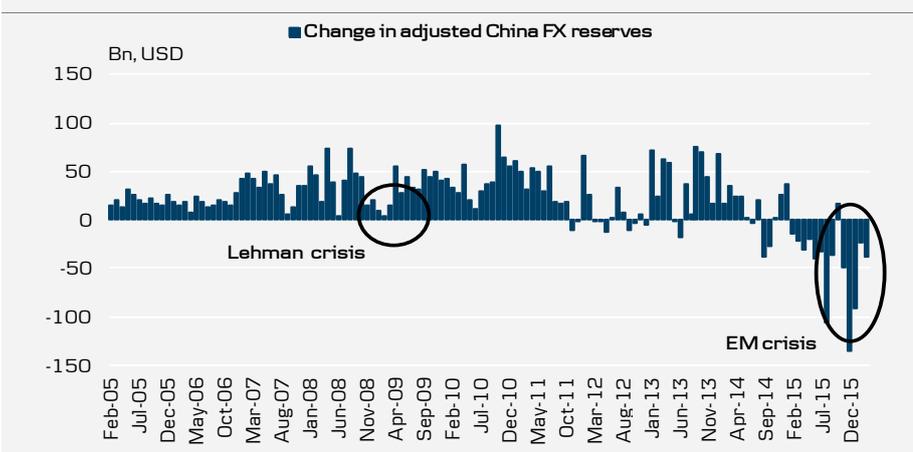
One such pressure point is in our home yard, Denmark, where EUR/DKK this week fell to its lowest level since the DKK rally in Q1 15. In our view, the current situation is reminiscent of the H2 14 experience. At that time, the combination of a swift tightening of the spread between Danish and Eurozone policy rates and a decline in liquidity in the DKK money market drove a positive carry in EUR/DKK and pushed the spot lower. This time, Danmark Nationalbank (DN) independently hiked interest rates in early January and did not follow the ECB’s rate cut in March. At the same time, liquidity in the DKK money markets has reached the lowest level since early 2015.

There are reasons to believe that the downward pressure on EUR/DKK and DKK rates will continue for a while. First, Danish FI assets are cheap compared with early 2015 (see Chart 2). Second, there are reasons to believe that the liquidity situation in Denmark will not improve substantially in coming months, unless DN starts to sell DKK in FX intervention, which would be likely to keep some upward pressure on EUR/DKK forwards (see Chart 3). Third, there are still 2.5 months to the UK’s EU referendum, which could drive a EUR risk premium versus the DKK.

Key points

- Pressure points are building in global markets as the risk rally appears exhausted.
- The downward pressure on EUR/DKK and DKK rates are likely to continue in coming months.
- Negative interest rates have shown its limitations in Japan while the Riksbank signals that the transmission mechanism is broken.
- We are in a weak USD environment as we are at the bottom of the ‘USD smile’.
- Core euro yields should fall further on ECB QE, low inflation expectations and political risks.
- We are positive on EM equities relative to DM equities.

Chart 1. China’s FX intervention rose in March



Source: IMF, Bloomberg, Danske Bank Markets

Chart 2: Danish assets are cheap versus Q1 15



Source: Bloomberg, Danske Bank Markets

The limitations of negative rates

Another pressure point is building in USD/JPY where negative interest rates have been anything else other than effective. USD/JPY has fallen 11.27% since the Bank of Japan (BoJ) enacted negative interest rates in late January. Negative rates have hit Japanese banking stocks, Nikkei and thereby USD/JPY in line with the usual correlation. Near term, it is difficult to imagine what will stop the downtrend in USD/JPY as Japanese policymakers are unlikely to follow through with actual FX intervention just yet. Like the EUR, the JPY is undervalued and Japan is running a large current account surplus, which implies that the 'natural gravity' is for a lower USD/JPY. A possible deeper rate cut into negative terrain at the BoJ's meeting in late April would be likely to have only a short-term impact on the JPY. Instead, a game changer could be a 'helicopter drop' of policies with a combination of aggressive fiscal stimulus, postponement of the planned consumption tax hike next year and more quantitative and qualitative monetary policy.

The limitations of negative rates were expressed by the Riksbank's Martin Floden this week, who said that the rate transmission is broken as repo rates no longer have an impact on lending rates. This was followed by the Riksbank's Deputy Governor Cecilia Skingsley, who said that it will require significant changes in the bank's inflation and growth profile for her to vote for more stimuli and this includes more QE.

Weaker USD, flatter EUR curves and EM equity performance

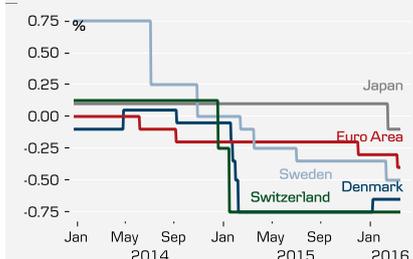
What does this mean for broader asset classes? **First, we are in a weak USD environment as we are at the bottom of the USD smile.** US data is neither too weak, which would drive safe haven flows into the US, nor too strong, which would drive return-seeking capital inflows into the country. It has peaked in line with the historical pattern seen in recent Fed rate hiking cycles and should weaken gradually throughout 2016. **Second, the downward pressure on core EUR yields should continue on the ECB's expanded QE programme, low Eurozone inflation expectations and rising political risks ahead of the UK's EU referendum.** In particular, we look for a further flattening of the 2Y10Y and 5Y10Y part of the bund curve. **Third, the weaker USD and stabilisation in commodities are supportive for EM equities relative to DM equities.**

Chart 3: Net position has fallen to 2014 level



Source: Macrobond Financial

Chart 4: BoJ is still some way from negative rates in Europe



Source: Macrobond Financial, Danske Bank Markets

Global market views

Asset class	Main factors
Equities Short term: buy on dips Medium term: moderately positive	The Fed's late dovish stance and ECB's action have led to a higher 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 be supportive of Chinese growth as it provides an opportunity for the PBoC to ease further. EM should outperform DM in this environment and in terms of sectors parts of the cyclical space will generally outperform defensives.
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	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 the 'hunt for yield' supports treasuries. QE, improving fundamentals and search for yield. But vulnerable to risk sentiment and political uncertainties. Liquidity abundance and QE in corporate bonds.
FX EURUSD - support gaining traction as policy divergence fading USDJPY - heavy as long as BoJ is on the sideline, higher medium-term 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	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; EUR/SEK set to fall eventually on strong Swedish fundamentals. Limited room for more easing to be priced in from Norges Bank, fundamentals point to lower EURNOK in H2 16.
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	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.

Source: Danske Bank Markets

Scandi update

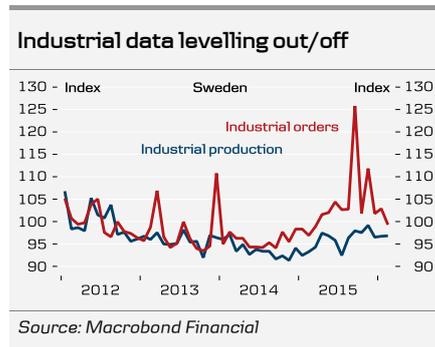
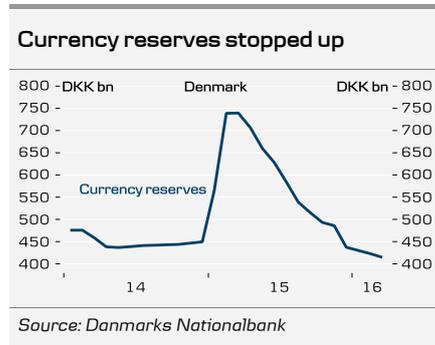
Denmark – Nationalbank did not intervene in March

The Nationalbank felt no need to intervene in the foreign exchange market last month for the first time since March 2015. The past year has seen the central bank selling off its currency holdings to prop up the Danish krone but this is no longer necessary. The reason is that the Nationalbank decided not to mirror the ECB’s rate cut on 10 March, with the result that the policy spread between the two narrowed. The krone has since strengthened and we are now approaching the point where the Nationalbank has previously started to sell kroner to avoid further appreciation.

The week also brought Statistics Denmark’s housing price data for January, showing that house prices rose 0.3% m/m and apartment prices rose 1.3% m/m. Compared with January 2015, prices climbed 6.0% and 10.3%, respectively. Although it seems that prices were flat in H2, this was mainly seasonal, as the property market is generally busier in the spring. In contrast, estate agent chain *home*’s figures for viewings reveal a sharp fall in March, although this may have something to do with the timing of Easter. Viewings are generally a good indicator of future activity – and ultimately prices – in the housing market and thus now seem to be pointing to more subdued price increases. In contrast, interest rates have fallen again slightly, which may serve to stimulate housing prices.

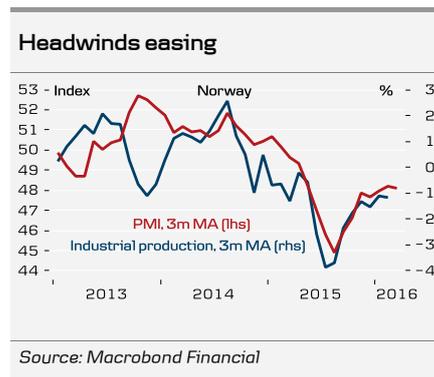
Sweden – speechless

The industrial data out during this week was weak, albeit no disaster. The weakness was widespread and we can now see that the strong industrial trends of H2 15 have flatlined, or even turned down. This rhymes well with our overall forecast of a still decent, but weakening, pace of GDP growth. Last week, we mentioned there would be a much-awaited speech by Riksbank Governor Stefan Ingves but that it risked being an anticlimax, which it was indeed. Governor Ingves said nothing to indicate a major or minor change in the inflation-targeting regime per se but rather some odd pieces that can be interpreted only as Ingves wanting to ‘remystify’ monetary policy and that he is still upset about losing the macro prudential battle with the Swedish FSA. However, Deputy Governor Cecilia Skingsley also took to the stage last week; at a meeting organised by Danske Bank, Skingsley conveyed a tolerance for some deviations from forecasts before embarking on new monetary policy measures. This echoes her previous comments but in response to a direct question, she stated that this criteria was also applicable to extending QE, something that we and more or less all other commentators have taken for granted would continue for as long as the ECB’s QE programme was active. This puts our call for extended QE in April into doubt but we still believe that further action is warranted, if at a later date perhaps.



Norway – mixed signals

The announcement of relatively heavy job losses at oil-related companies dominated the news this week, which goes to show that the downturn in the oil sector is far from over. This said, we still believe that the worst is over and that the headwinds are now easing. Industrial production climbed 0.7% m/m in February and, although this is mainly a correction of the weak January numbers, industrial production now looks set to fall by around only 1% in Q1, which is much less than in Q2 and Q3 last year, when it fell 2.5%. These figures therefore confirm the signals from the PMI that the decline is slowing.



Latest research from Danske Bank Markets

6/4 FOMC minutes: Move along, nothing to see here

As expected, the FOMC minutes from the March meeting were a non-event and contained no significant news.

5/4 Presentation: A turn in Chinese construction set to be a game changer

A presentation to be used at our conference call at 10am on the turn of the Chinese construction sector and the implications for China, commodity markets, EM and equities.

4/4 Denmark: No FX intervention in March - reserves may start to rise again soon

The Danish FX reserve was DKK412bn in March – down roughly DKK10bn since February due to repayment of foreign government debt. Danmarks Nationalbank (DN) did not need to make FX interventions in March.

4/4 Riksbank on full alert: Half time in the centralised wage negotiations

After the past weekend's centralised wage agreement in trade sectors we are halfway through the private sector negotiations.

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	0.7	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	1.5	1.7	1.3	2.6	-	4.9	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	0.0	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 SEK
USD	08-Apr	0.50	0.63	0.84	1.58	113.6	-	816.6
	+3m	0.50	0.68	0.85	1.65	112.0	-	821.4
	+6m	0.75	0.84	1.40	2.00	114.0	-	798.2
	+12m	1.00	1.14	1.65	2.25	118.0	-	771.2
EUR	08-Apr	0.00	-0.25	-0.16	0.50	-	113.6	927.6
	+3m	0.00	-0.28	-0.15	0.45	-	112.0	920.0
	+6m	0.00	-0.28	-0.10	0.65	-	114.0	910.0
	+12m	0.00	-0.28	-0.10	0.85	-	118.0	910.0
JPY	08-Apr	-0.10	-0.01	-0.13	0.12	123.6	108.8	7.5
	+3m	-0.30	-0.20	-	-	128.8	115.0	7.1
	+6m	-0.30	-0.20	-	-	134.5	118.0	6.8
	+12m	-0.30	-0.20	-	-	139.2	118.0	6.5
GBP	08-Apr	0.50	0.59	0.76	1.33	80.9	140.5	1147.3
	+3m	0.50	0.59	0.85	1.45	80.0	140.0	1150.0
	+6m	0.50	0.59	1.00	1.65	74.0	154.1	1229.7
	+12m	0.75	0.89	1.50	1.95	75.0	157.3	1213.3
CHF	08-Apr	-0.75	-0.73	-0.74	-0.17	108.8	95.7	852.7
	+3m	-0.75	-	-	-	108.0	96.4	851.9
	+6m	-0.75	-	-	-	112.0	98.2	812.5
	+12m	-0.75	-	-	-	115.0	97.5	791.3
DKK	08-Apr	0.05	-0.10	0.07	0.81	744.1	655.0	124.7
	+3m	0.05	-0.06	0.10	0.80	744.9	665.1	123.5
	+6m	0.05	-0.06	0.15	1.00	744.9	653.4	122.2
	+12m	0.05	-0.06	0.10	1.15	744.9	631.3	122.2
SEK	08-Apr	-0.50	-0.45	-0.37	1.08	927.6	816.6	-
	+3m	-0.50	-0.45	-0.35	1.15	920.0	821.4	-
	+6m	-0.50	-0.45	-0.30	1.25	910.0	798.2	-
	+12m	-0.50	-0.45	-0.30	1.40	910.0	771.2	-
NOK	08-Apr	0.50	0.99	0.81	1.41	945.4	832.2	98.1
	+3m	0.50	1.00	0.75	1.30	940.0	839.3	97.9
	+6m	0.25	0.55	0.90	1.60	930.0	815.8	97.8
	+12m	0.25	0.55	0.90	1.85	900.0	762.7	101.1

Equity markets

Regional		Risiko profil 3 mdr.	Pris trend 3 mdr.	Pris trend 12 mdr.	Regionale rekommendationer
USA (USD)	Strong domestic demand, strong USD, low oil price	Medium	0-3%	5-8%	Övervikt
Emerging markets (lokal valuta)	Commodities and China stabilising	High	-3 - +3%	0-3%	Neutral
Japan	Reflation, strong earnings growth, BoJ easing, weakening JPY	High	0-3%	8-10%	Övervikt
Europa (ex. Norden)	Brexit, political uncertainty, weak growth, weak EUR	High	-3 - +3%	5-8%	Undervikt
Norden	Earnings growth, expensive valutaion	Medium	0-3%	5-8%	Övervikt

Commodities

	08-Apr	2016				2017				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2016	2017
NYMEX WTI	38	34	39	43	46	49	51	53	55	41	52
ICE Brent	40	35	40	43	46	49	51	53	55	41	52
Copper	4,651	4,667	4,900	5,000	5,100	5,200	5,300	5,400	5,500	4,917	5,350
Zinc	1,754	1,682	1,800	1,850	1,900	1,950	2,000	2,050	2,100	1,808	2,025
Nickel	8,390	8,542	8,500	9,500	###	10,700	10,900	11,100	11,300	9,261	11,000
Aluminium	1,504	1,515	1,550	1,650	1,750	1,800	1,850	1,900	1,950	1,616	1,875
Gold	1,237	1,182	1,250	1,250	1,250	1,225	1,200	1,175	1,150	1,233	1,188
Matif Mill Wheat	153	157	165	165	165	165	165	165	170	163	166
Rapeseed	368	358	380	375	375	365	355	345	345	372	353
CBOT Wheat	458	466	485	495	505	525	535	545	555	488	540
CBOT Corn	362	365	375	380	390	400	410	415	420	378	411
CBOT Soybeans	904	880	920	930	935	940	945	950	955	916	948

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 15

During the week				Period	Danske Bank	Consensus	Previous
Sun 10 - 15	CNY	Money supply M2	y/y	Mar		13.5%	13.3%
Sun 10 - 15	CNY	New Yuan loans	CNY bn.	Mar		1100	726.6
Sun 10 - 15	CNY	Aggregate financing	bn CNY	Mar		1400	780.2
Monday, April 11, 2016				Period	Danske Bank	Consensus	Previous
1:50	JPY	Machine orders	m/mly/y	Feb		-12.0% -2.4%	15.0% 8.4%
3:30	CNY	PPI	y/y	Mar		-4.6%	-4.9%
3:30	CNY	CPI	y/y	Mar		2.4%	2.3%
9:00	DKK	CPI	m/mly/y	Mar	0.4% 0.3%		0.7% 0.3%
10:00	ITL	Industrial production	m/mly/y	Feb		-0.6% ...	1.9% 3.9%
10:00	NOK	CPI	m/mly/y	Mar		0.3% 3.1%	0.5% 3.1%
10:00	NOK	PPI	m/mly/y	Mar			-2.6% -14.9%
10:00	NOK	Core inflation(CPI-ATE)	m/mly/y	Mar	0.2% 3.2%	0.3% 3.3%	1.0% 3.4%
15:25	USD	Fed's Dudley (voter, dovish) speaks					
19:00	USD	Fed's Kaplan (non-voter, unknown) speaks					
Tuesday, April 12, 2016				Period	Danske Bank	Consensus	Previous
1:50	JPY	Bank lending	y/y	Mar			2.2%
3:30	AUD	NAB Business Conditions	Index	Mar			8.0
8:00	SEK	PES unemployment	%	Mar			4.1%
8:00	DEM	HICP, final	m/mly/y	Mar		0.8% 0.1%	0.8% 0.1%
9:30	SEK	Underlying inflation CPIF	m/mly/y	Mar	0.25% 1.24%	0.4% 1.4%	0.3% 1.1%
9:30	SEK	CPI	m/mly/y	Mar	0.23% 0.53%		0.3% 0.4%
10:30	GBP	PPI - input	m/mly/y	Mar		2.0% -6.4%	0.1% -8.1%
10:30	GBP	PPI - output	m/mly/y	Mar		0.2% -1.0%	0.1% -1.1%
10:30	GBP	CPI	m/mly/y	Mar		0.3% 0.4%	0.2% 0.3%
10:30	GBP	CPI core	y/y	Mar		1.3%	1.2%
12:00	USD	NFIB small business optimism	Index	Mar		93.8	92.9
14:30	USD	Import prices	m/mly/y	Mar		1.0% -4.8%	-0.3% -6.1%
15:00	USD	Fed's Harker (non-voter, hawkish) speaks					
20:00	USD	Budget statement	USD bn	Mar		-88.5	
21:00	USD	Fed's Williams (non-voter, neutral) speaks					
22:00	USD	Fed's Lacker (non-voter, hawkish) speaks					
Wednesday, April 13, 2016				Period	Danske Bank	Consensus	Previous
-	CNY	Trade balance	USD bn	Mar		35.0	32.6
-	CNY	Imports	y/y	Mar		-10.1%	-13.8%
-	CNY	Exports	y/y	Mar		10.0%	-25.4%
1:50	JPY	PPI	m/mly/y	Mar		0.0% -3.5%	-0.2% -3.4%
1:50	JPY	Money supply M2	y/y	Mar		3.1%	3.1%
2:30	AUD	Westpac Consumer Confidence	Index (% m/m)	Apr			99.1 -2.2
8:00	SEK	Prospera inflation expectations					
8:45	FRF	HICP, final	m/mly/y	Mar		0.7% -0.1%	0.7% -0.1%
9:00	ESP	HICP, final	m/mly/y	Mar		2.0% -1.0%	2.0% -1.0%
11:00	EUR	Industrial production	m/mly/y	Feb	-0.3% ...	-0.6% 1.3%	2.1% 2.8%
13:00	USD	MBA Mortgage Applications	%				2.7%
14:30	USD	PPI	m/mly/y	Mar		0.3% 0.3%	-0.2% 0.0%
14:30	USD	PPI core	m/mly/y	Mar		0.1% 1.3%	0.0% 1.2%
14:30	USD	Retail sales control group	m/m	Mar	0.3%	0.3%	0.0%
14:30	USD	Retail sales	m/m	Mar		0.1%	-0.1%
14:30	USD	Retail sales less autos	m/m	Mar		0.4%	-0.1%
14:30	USD	Retail sales less autos and gas	m/m	Mar		0.4%	0.3%
16:00	CAD	Bank of Canada rate decision	%		0.5%	0.5%	0.5%
16:30	USD	DOE U.S. crude oil inventories	K				-4937
20:00	USD	U.S. Federal Reserve releases Beige Book					

Source: Danske Bank Markets

Calendar – continued

Thursday, April 14, 2016					Period	Danske Bank	Consensus	Previous
1:01	GBP	RICS house price balance	Index	Mar			0.5	0.5
3:30	AUD	Employment change	1000	Mar			18.5	0.3
10:00	ITL	HICP, final	m/m/y/y	Mar			... -0.3%	... -0.3%
11:00	EUR	HICP inflation	m/m/y/y	Mar			1.2% -0.1%	0.2% -0.2%
11:00	EUR	HICP - core inflation, final	y/y	Mar			1.0%	1.0%
13:00	GBP	BoE announces asset purchase target	GBP bn	Apr		375		375
13:00	GBP	BoE rate announcement	%			0.5%	0.5%	0.5%
13:00	GBP	BoE minutes						
14:30	USD	CPI	m/m/y/y	Mar		0.3% 1.1%	0.2% 1.0%	-0.2% 1.0%
14:30	USD	CPI - core	m/m/y/y	Mar		0.2% 2.3%	0.2% 2.3%	0.3% 2.3%
14:30	USD	Initial jobless claims	1000					
16:00	USD	Fed's Powell (voter, neutral) speaks						
16:00	USD	Fed's Lockhart (non.voter, neutral) speaks						
Friday, April 15, 2016					Period	Danske Bank	Consensus	Previous
4:00	CNY	Industrial production	y/y	Mar			6.0%	
4:00	CNY	Retail sales	y/y	Mar			10.4%	
4:00	CNY	Real GDP	q/q/y/y	1st quarter			1.5% 6.7%	1.6% 6.8%
4:00	CNY	Fixed assets investments	y/y	Mar			10.4%	10.2%
6:30	JPY	Industrial production	m/m/y/y	Feb				-6.2% -1.5%
10:00	NOK	Trade balance	NOK bn	Mar				9.5
10:30	GBP	Construction output	m/m/y/y	Feb			0.0% 0.7%	-0.2% -0.8%
11:00	EUR	Trade balance	EUR bn	Feb			21.8	21.2
14:30	USD	Empire Manufacturing PMI	Index	Apr			2.0	0.6
15:15	USD	Capacity utilization	%	Mar			75.3%	75.4%
15:15	USD	Industrial production	m/m	Mar			-0.1%	-0.5%
15:15	USD	Manufacturing production	m/m	Mar			0.1%	0.2%
16:00	USD	University of Michigan Confidence, preliminary	Index	Apr		92.0	92.0	91.0
18:30	USD	Fed's Evans (non-voter, dovish) speaks						
22:00	USD	TICS international capital flow, Net inflow	USD bn	Feb				118.4

The editors do not guarantee the accurateness of figures, hours or dates stated above

For further 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, Senior Analyst.

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, and may not be redistributed to, 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 was created by Danske Bank A/S is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, 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.