

Danske Daily

There's a lot more the Fed can do

Market movers today

- **In Norway, GDP-figures for May will be published this morning. Besides the strong recovery in private consumption, the significant drop in unemployment during May points to a solid pick-up in growth. At this point, we should see some improvement in productivity growth as well. As a result, we expect mainland GDP to rise 4.5% m/m in May, which is marginally above consensus.**
- **EIA's weekly oil inventory report due today is set to shed light on the latest developments in the US oil market. Yesterday, API reported that crude stock rose 2mb last week.**

Holiday edition

Selected market news

Fed vice-chair Richard Clarida on Tuesday said: *"We have a lot of accommodation in place. There is more that we can do. There is more that we will do if we need to"*. Cleveland Fed president Loretta Mester said: *"If we don't get further fiscal support, things won't come back as well as they could"*.

EU and UK Brexit negotiators held informal talks on Tuesday. UK Prime Minister Boris Johnson warned Germany's Prime Minister Angela Merkel that the UK is ready to continue without a trade deal if the EU does not compromise, while the UK remains committed to working hard to find an agreement.

Advisors to the US Secretary of State Michael Pompeo are said to have aired the idea of undermining the HKD peg in order to push back on China's recent moves to limit Hong Kong's political freedom. One way would be to limit the availability of Hong Kong banks to buy USD. HKD spot and FX forwards did not move on the news.

Latest COVID-19 related news includes Brazil President Jair Bolsonaro testing positive for COVID-19. He said yesterday that he feels perfectly well. The US has given the WHO a one-year notice before it is set to leave on 6 July 2021.

The rally in risky assets took a pause yesterday and it extended to the Asian session overnight. It further halted the past week's downward trend in broad USD, which took EUR/USD back below 1.13 level. Industrial metal prices are continuing higher unscathed, though. In particular, the price of copper has rallied sharply close to USD6,200/MT.

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Key figures and events

Wednesday, July 8, 2020			Period	Danske Bank	Consensus	Previous
6:00	SEK	Maklarstatistik Swedish housing price data				
7:45	CHF	Unemployment	%	Jun	3.6%	3.4%
8:00	NOK	GDP (mainland)	m/m	May	4.5%	-4.7%
9:00	SEK	NIER economic forecasts				
16:30	USD	DOE U.S. crude oil inventories	K			-7195
18:15	USD	Fed's Bostic (non-voter, neutral) speaks				
21:00	USD	Consumer credit	USD bn	May	-15.0	-68.8

Source: Bloomberg, Danske Bank

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