

# Danske Daily

## Dollar descent

### Market movers today

- **In Sweden, we get the almost new activity indicator (SCB's monthly GDP proxy) for May alongside household consumption, also for May. Both are likely to show some stabilisation after the collapse in April.**
- **In the US, the initial jobless claims data will be scrutinised by markets. Atlanta Fed President Raphael Bostic is also set to speak this afternoon.**

*Holiday edition*

### Selected market news

A number of Fed speakers Wednesday and overnight raised the issue of potential economic risks from the second wave of infections and the need for further policy action. Cleveland Fed President Loretta Mester did not want to rush into forward guidance, but argued for, at a later stage, connecting future policy moves towards Fed's inflation and unemployment objectives. Atlanta Fed President Raphael Bostic called for potentially more action on monetary or fiscal policy. He also raised a potential pitfall from the policy of yield curve control, which is the need for an orderly exit strategy. Boston Fed President Eric Rosengreen argued for extending the main street lending programme.

UK Chancellor of the Exchequer announced a GBP30bn stimulus package on Wednesday, which includes tax cuts for home-buyers and the hospitality industry and vouchers on eating out in August.

EIA's weekly report on the US oil market showed a 5.6mb rise in US crude stocks, which was higher than expected. However, gasoline demand continues to recover and crude production was unchanged at 11mb/d. Hence, it does not seem as if the oil market has been hit by the latest resurgence in infections in some states in the US. Brent has traded steadily around the USD43/bbl level this week.

The USD took a broad-based dive yesterday, which continued overnight. It was particularly visible in EUR/USD. The pair moved firmly above the 1.13 level and close to the peak from early June. The move was hard to square with the development in rates and stock markets. We forecast EUR/USD to climb further to 1.15 in 3M.

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## Key figures and events

Thursday, July 9, 2020			Period	Danske Bank	Consensus	Previous
-	EUR	Euro group meeting				
1:01	GBP	RICS house price balance	Index	Jun	-0.3	-0.3
3:30	CNY	CPI	y/y	Jun	2.5%	2.4%
3:30	CNY	PPI	y/y	Jun	-3.2%	-3.7%
8:00	DKK	Current account (nsa)isa	DKK bn	May		-18.5
8:00	DEM	Trade balance	EUR bn	May		3.6
8:00	DKK	Trade balance ex ships	DKK bn	May		9.4
8:00	DKK	Exports	m/m	May		
9:30	SEK	Household consumption	m/m y/y	May		-4.8% -10.0%
14:30	USD	Initial jobless claims	1000			1427
18:00	USD	Fed's Bostic (non-voter, neutral) speaks				

Source: Bloomberg, Danske Bank

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