

Danske Daily

Market Movers Today

- Today focus will be on inflation with the Swedish print for June being a very uncertain story. There are several sources of uncertainty, which, in our view, basically are just a lot of noise. However, we have a forecast of 0.2 percentage points under the Riksbank's new CPIF (DB 1.5%, RB 1.7%) and CPIF excluding energy projections. Our forecasts are in the lower end of the range, with consensus being in line with the Riksbank. Hence, if we are right, rates could go a little lower and EUR/SEK bounce higher, maybe towards 9.70. Negative contributions from clothing and food, whereas recreation and transportation will add to inflation, we think.
- The German, French and Spanish HICP inflation figures are the final versions and should all be unchanged from the flash estimates already released. In the US, PPI inflation is expected to be down by 0.6 percentage points, but PPI core inflation should only be 0.1 percentage points lower than in May.
- Comments from Fed members will also remain in focus with Chair Janet Yellen's semi-annual testimony continuing in the Senate followed by speeches from Evans and Brainard.

Selected Market News

USD/CAD fell sharply yesterday as Bank of Canada (BoC) hiked its key policy rate by 25bp despite the hike being priced fully in advance. Instead the focus of the market was likely that BoC disregarded recent headwinds towards its inflation target. Subsequently, CAD rates rose and the market is priced for another 25bp hike this year.

There were no significant news in Fed Chair Janet Yellen's testimony yesterday. The market's focus was likely on comments regarding recent low inflation numbers and on the timing of the start of quantitative tightening. On the former, she said it was due to a drop in a few certain price categories. On the latter, she repeated it may start this year and could start soon disregarding the importance of the timing. EUR/USD fell slightly on the testimony.

Oil prices dropped back on the weekly EIA inventory report despite the report confirming the large inventory draw reported by API on Tuesday. Instead the market likely focused on EIA estimating a further rise in US crude production, while the before mentioned rise in USD also weighed on oil prices.

China's exports in June rose supporting the notion from recent activity indicators that short-term downside risks to Chinese economy are abating. The numbers likely contributed to positive sentiment in Asian markets and the copper market this morning.

The monthly WASDE report from USDA put a damper on the recent sharp rally in US wheat prices. The market has grown concerned recently on a likely drop in US wheat output this which has been the main factor behind the price rise. However, dropped backed slightly on the report.

Holiday edition

Selected readings from Danske Bank

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Senior Analyst

Jens Nærvig Pedersen
+45 4512 8061
jenpe@danskebank.dk

Key figures and events

Thursday, July 13, 2017				Period	Danske Bank	Consensus	Previous
-	CNY	Trade balance	USD bn	Jun		43.0	40.8
1:01	GBP	RICS house price balance	Index	Jun		0.2	0.2
8:00	DEM	HICP, final	m/m/y/y	Jun	... 1.5%	0.2% 1.5%	0.2% 1.5%
8:45	FRF	HICP, final	m/m/y/y	Jun	... 0.8%	0.0% 0.8%	0.0% 0.8%
9:00	ESP	HICP, final	m/m/y/y	Jun	... 1.6%	0.0% 1.6%	0.0% 1.6%
9:30	SEK	Underlying inflation CPIF	m/m/y/y	Jun	-0.2% 1.5%	-0.1% 1.7%	0.1% 1.9%
9:30	SEK	CPI	m/m/y/y	Jun	-0.2% 1.4%	-0.1% 1.6%	0.1% 1.7%
14:30	USD	Initial jobless claims	1000				248
14:30	USD	PPI	m/m/y/y	Jun		0.0% 1.8%	0.0% 2.4%
14:30	USD	PPI core	m/m/y/y	Jun		0.2% 2.0%	0.3% 2.1%
16:00	USD	Fed Chair Yellen semi-annual testimony to Senate					
17:30	USD	Fed's Evans (voter, dovish) speaks					
19:00	USD	Fed's Brainard (voter, dovish) speaks					
20:00	USD	Budget statement	USD bn	Jun		-23.0	

Source: Bloomberg, Danske Bank

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