

Danske Daily

Market Movers Today

- Focus will be on US data with the release of the CPI inflation figure. We expect headline inflation to decline to 1.6% y/y in June from 1.9% y/y in May while core inflation is set to remain unchanged at 1.7% y/y. The Fed has recently had little focused on inflation being below target as it has strong belief in the Phillips curve i.e. the tight labour market should be enough to push wage growth and inflation higher eventually.
- US retail sales figures for June are also due for release today. We expect a pick-up in the sales figure and growth of 0.3% m/m (control group) after it was flat on the month in May. In relation to this release the market will also keep an eye on latest consumer confidence data from University of Michigan to gauge consumer sentiment.
- The oil market will look to the weekly US oil rig count for signs that US oil producers are responding negatively to recent slide in oil prices.

Selected Market News

It was reported yesterday that ECB president Mario Draghi may be speaking at the Jackson Hole conference on monetary policy in August. Last time he spoke at the conference was in 2014 – a speech that since has been regarded as the first step towards the ECB's bond purchase programme which started in 2015. Hence, the market immediately started to speculate whether he will use the opportunity this time to signal an end to bond purchases ahead of the ECB meeting in September. The news was sufficient to counter the move lower in EUR/USD which followed comments from the ECB's Rimsevics about the ECB maintaining a large balance sheet for 'a few years'.

The second day of Fed Chairwoman Janet Yellen's testimony before congress did not reveal any new hints on monetary policy. She expressed scepticism on the question of whether President Trump's 3% growth objective was achievable. She also acknowledged the theory of whether excessive use of opioids among prime-age workers had contributed to falling labour participations. Overall, the market did move on second leg of her testimony.

In commodity markets, the aluminium market stood out yesterday as prices jumped as much as 2.9%. The aluminium market balance has been in deficit throughout 2017 and news that China may cut back production added to concerns the market will continue to stay tight. Wheat prices continued to fall back yesterday, as fears of lower supply out of the US harvest eased further.

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

Friday, July 14, 2017			Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Belgium's debt rating				
6:30	JPY	Industrial production, final	m/m y/y	May		-3.3% 6.8%
8:00	NOK	Trade balance	NOK bn	Jun		7.8
10:00	ITL	HICP, final	m/m y/y	Jun	... 1.2%	... 1.2%
11:00	EUR	Trade balance	EUR bn	May		20.1
12:00	EUR	Ireland, GDP	q/q y/y	1st quarter		2.5% 7.2%
14:30	USD	Retail sales control group	m/m	Jun	0.3%	0.3%
14:30	USD	CPI headline	m/m y/y	Jun	0.1% 1.6%	0.1% 1.7%
14:30	USD	CPI core	m/m y/y	Jun	0.2% 1.7%	0.1% 1.7%
15:15	USD	Capacity utilization	%	Jun		76.6%
15:15	USD	Industrial production	m/m	Jun		0.3%
15:15	USD	Manufacturing production	m/m	Jun		-0.4%
15:30	USD	Fed's Kaplan (voter, dovish) speaks				
16:00	USD	University of Michigan Confidence, preliminary	Index	Jul		95.0

Source: Bloomberg, Danske Bank

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