

Danske Daily

Market Movers Today

- The minutes from the Riksbank meeting in July are due for release and could attract additional attention as the Riksbank's statement made it clear it remains ready to act again if needed and did not contain any signs of hawkishness – thereby deviating from the latest communication among global central banks. Notably, Governor Stefan Ingves said during the press conference that he cannot see Riksbank hiking rates before the ECB.
- The ECB's Bank Lending Survey is due for release. The latest report from April showed loan growth continued to be supported by increasing demand across all loan categories supported by the general level of interest rates. Added to this, credit standards (i.e. banks' internal guidelines or loan approval criteria) for loans to enterprises eased slightly due to competitive pressure whereas banks' risk tolerance had a tightening impact.
- The German ZEW expectations are also due for release today and we estimate another modest decline in July. The lack of continued progress in the expectations component is, however, likely to reflect a very strong existing situation as reflected in the current assessment indicator, which points to staying at levels seen only in 2007 and 2011.
- In the UK, the CPI inflation figures are set to be published and we estimate a small decline in both headline and CPI core inflation. However, the risk is that if the figures surprise on the upside, it could fuel speculations about the Bank of England (BoE) tightening its monetary policy. The market is currently pricing in a 50% probability of a 25bp hike from the BoE at the meeting in November, which is one of the 'big' meetings.
- Note that we published a *Bank of Japan preview*, 17 July, ahead of the meeting ending 20 July.

Selected Market News

EUR/USD is trading above 1.15 on USD weakness, which is also reflected in lower US stocks given the US healthcare reform is effectively dead in its current form. Two more Republican senators announced their opposition to the Republican healthcare reform, arguing it does not go far enough to address the rising cost of healthcare. Senate majority leader Mitch McConnell said yesterday evening he will now seek for a vote on a simple repeal to be delayed by two years in order to give lawmakers time to seek a replacement, but such a vote is also very likely to fail.

Yesterday, the Trump administration declared reducing US trade deficits with Canada and Mexico a top priority for its renegotiation of the North American Free Trade Agreement (NAFTA). The administration also said it wants an 'appropriate' provision to deter currency manipulation by trading partners. This mention is the first in a US trade deal and appears to be aimed at future trade deals rather than at Canada and Mexico specifically, who are not considered currency manipulators.

Holiday edition

Selected readings from Danske Bank

- *Bank of Japan Preview: BoJ's accommodative policy not about to change*, 17 July
- *ECB preview: another minor hawkish twist*, 14 July

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Chief Analyst
Pernille Bomholdt Henneberg
+45 45 13 20 21
perni@danskebank.com

Key figures and events

Tuesday, July 18, 2017			Period	Danske Bank	Consensus	Previous
9:30	SEK	Riksbank publishes minutes from July 3 meeting				
10:00	EUR	ECB bank lending survey				
10:30	GBP	PPI - input	m/m y/y Jun		-1.0% 8.7%	-1.3% 11.6%
10:30	GBP	CPI	m/m y/y Jun	0.2% 2.8%	0.2% 2.9%	0.3% 2.9%
10:30	GBP	CPI core	y/y Jun	2.5%	2.6%	2.6%
11:00	DEM	ZEW current situation	Index Jul	88.2	88.0	88.0
11:00	DEM	ZEW expectations	Index Jul	18.2	18.3	18.6
14:00	HUF	Central Bank of Hungary rate decision	%	0.90%	0.90%	0.90%
14:30	USD	Import prices	m/m y/y Jun		-0.2% ...	-0.3% 2.1%
16:00	USD	NAHB Housing Market Index	Index Jul		68.0	67.0
22:00	USD	TICS international capital flow, Net inflow	USD bn May			65.8

Source: Bloomberg, Danske Bank

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