

Danske Daily

Market movers today

- **The preliminary Spanish CPI data will provide the first clues to March inflation in Euroland.**
- **The US Treasury continues with the sale of T-bills (USD89bn) and 5Y bonds (USD35bn) after yesterday's 2Y auction, which drew the highest yield since 2008.**
- **A string of tier-2 data from Sweden and Euroland. These are not expected to have much of a market impact.**
- **We published our Q2 macroeconomic outlook for the Nordic economies this morning. See the *Nordic outlook*.**

Selected market news

The Asian equity markets followed the positive trend from the US markets as tensions over the possible trade war between US and China have eased. There have been talks between US Treasury Secretary Steven Mnuchin and his Chinese counterparts on how to reduce the trade gap between China and the US as well as China avoiding the tariffs on exports to the US.

Furthermore, the North Korean leaders made a surprise visit to China, which was also seen as a positive factor for the markets with the South Korean won strengthening this morning. Hence, the Nikkei jumped more than 2% this morning. The JPY weakened modestly against the dollar.

Yesterday's auction of 2Y US Treasury bond drew the highest yield since 2008 on the 2Y bonds. The bid-to-cover was in line with previous auctions but market makers had to take a larger share of the auction. Focus is now on the 5Y auction tonight.

Russia's rouble saw significant pressure yesterday as the USD/RUB spiked 1.2% within a few hours as more than half of the EU countries, the US and Ukraine announced they are expelling more than 100 Russia's diplomats in support of the UK's allegations against Russia in the nerve-agent poisoning case on the British soil. Australia and Canada have also joined the action of expelling several Russian diplomats. US President Donald Trump has also ordered for Russia's consulate in Seattle to be closed. As we have been pointing out, the major mover for the RUB in the near term remains geopolitics. In the current setup, we recommend being RUB sellers before Russia's response appears as we could easily see a tit-for-tat escalation. Yet, looking at Russian macro fundamentals, we remain RUB bullish in the long term.

Selected readings from Danske Bank

- *The Nordic outlook for Q2.*

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- *Yield Forecast Update*
- *FX Forecast Update*
- *Weekly Focus*

Senior Analyst
Sverre Holbek
+45 45148882
holb@danskebank.dk

Scandi markets

In Sweden, the National Institute of Economic Research (NIER) will publish their updated macro-forecast. The previous survey highlighted that construction workers – and to some extent consumers – have turned less optimistic. It seems to be clear that the construction boom has peaked, but forecasters remain split on speed and the extent of the slowdown of residential construction and the impact on the economy. Furthermore, business and consumer confidence surveys for March are due today.

Note that we have released our new macro forecast for the Nordic countries. See *Nordic outlook*.

Fixed income markets

Following a series of sessions where the trade war tensions has been weighing on equities and supporting fixed income, US stocks led the rebound yesterday with both S&P500 and Dow Jones reporting the biggest one-day gain since August 2015. With both US and China officials seemingly eager to strike a compromise, the fear of an escalation of the trade war is easing, which could improve risk sentiment this morning.

In the euro area, the first clues as to the price development in March are due with the Spanish HICP prints today. While the euro area aggregate is not due until after Easter (4 April), we expect the energy factor, which has been weighing on headline inflation, to have worn off in March, which should be visible in today's Spanish prints.

FX markets

As expected, EUR/SEK has rebounded sharply after dropping to a 10.05 low, although faster than expected and the cross is now trading close to our 1M 10.20 target. Tuesday offers a wide range of potential macro market movers. Focus will first and foremost be on the NIER confidence data including the housing market sentiment, which is one of the fundamental negatives for the SEK, in our view.

For EUR/DKK, the net position is in focus this week. It was DKK124.5bn yesterday, which was in line with projection based on estimated daily net payments to the government's account. It means that the net position is set to fall close to DKK100bn today and again on the Tuesday after Easter before rising back up during April. The low net position means that DKK liquidity is temporarily tight, which further keeps shorter-dated EUR/DKK FX forwards at relatively high levels with 1M forward points trading close to par.

Key figures and events

Tuesday, March 27, 2018				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m y/y	Feb		0.7% 2.0%	-1.0% 2.3%
6:00	DKK	Danske Bank publishes Nordic Outlook					
8:00	DKK	Business Confidence	Net balance	Mar			
9:00	ESP	HICP, preliminary	m/m y/y	Mar		1.7% 1.6%	0.1% 1.2%
9:00	SEK	Consumer confidence	Index	Mar		104.6	104.7
9:00	SEK	Economic Tendency Survey	Index	Mar			109.5
9:00	SEK	Manufacturing confidence	Index	Mar			114.0
9:15	SEK	NIER economic forecasts					
9:30	SEK	Household lending	y/y	Feb			7.0%
9:30	SEK	Trade balance	SEK bn	Feb	-1.5		-1.8
9:30	SEK	PPI	m/m y/y	Feb			0.8% 2.5%
10:00	EUR	Money supply (M3)	y/y	Feb		4.6%	4.6%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Feb		4.6%	4.6%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Feb		4.6%	4.6%
11:00	EUR	Service confidence	Net bal.	Mar		16.4	17.5
11:00	EUR	Business climate indicator	Net bal.	Mar		1.4	1.5
11:00	EUR	Industrial confidence	Net bal.	Mar		7.1	8.0
11:00	EUR	Economic confidence	Index	Mar		113.2	114.1
11:00	EUR	Consumer confidence, final	Net bal.	Mar		0.1	0.1
14:00	HUF	Central Bank of Hungary rate decision	%		0.9%	0.9%	0.9%
16:00	USD	Conference Board consumer confidence	Index	Mar		131.0	130.8

Source: Bloomberg, Danske Bank

INSERT DANISH CALENDAR BELOW (to be deleted when inserted in Markedsnyt)

Nøgletal og begivenheder

Tirsdag den 27. marts 2018				Periode	Danske Bank	Konsensus	Seneste
-	DEM	Detailsalg	m/m å/å	feb		0.7% 2.0%	-1.0% 2.3%
6:00	DKK	Danske Bank offentliggør Nordic Outlook					
8:00	DKK	Konjunkturbarometer	Nettotal	mar			
9:00	ESP	HICP, foreløbig	m/m å/å	mar		1.7% 1.6%	0.1% 1.2%
9:00	SEK	Forbrugertilliden	Indeks	mar		104.6	104.7
9:00	SEK	Økonomiske tendenser (barometer)	Indeks	mar			109.5
9:00	SEK	Erhvervstillid, fremstilling	Indeks	mar			114.0
9:15	SEK	NIER økonomiske prognose					
9:30	SEK	Udlån til husholdningerne	å/å	feb			7.0%
9:30	SEK	Handelsbalancen	mia. SEK	feb	-1.5		-1.8
9:30	SEK	PPI	m/m å/å	feb			0.8% 2.5%
10:00	EUR	Pengeudbud (M3)	å/å	feb		4.6%	4.6%
10:00	EUR	Lån til virksomheder (justeret)	%	feb		4.6%	4.6%
10:00	EUR	Lån til ikke-finansielle virksomheder (justeret)	%	feb		4.6%	4.6%
11:00	EUR	Erhvervstillid (service)	Nettotal	mar		16.4	17.5
11:00	EUR	Indikator for forretningsklima	Nettotal	mar		1.4	1.5
11:00	EUR	Erhvervstillid (industri)	Nettotal	mar		7.1	8.0
11:00	EUR	Bred tillidsindikator	Indeks	mar		113.2	114.1
11:00	EUR	Forbrugertillid, endelig	Nettotal	mar		0.1	0.1
14:00	HUF	Ungarns nationalbank rentebeslutning	%		0.9%	0.9%	0.9%
16:00	USD	Conference Board forbrugertillid	Indeks	mar		131.0	130.8

Kilde: Bloomberg, Danske Bank

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