

Weekly Focus Sweden

One step closer to a Brexit deal?

Market Movers ahead

- In the **US**, we believe it is likely core inflation stayed unchanged at 2.2% in October. We expect retail sales to continue painting a robust picture of US consumers.
- Growth data will be in focus in the **euro area**, where German ZEW and preliminary GDP for Q3 are due to be released.
- Italy** will return to the limelight, as Tuesday is the deadline for it to send a revised budget to the EU Commission.
- Deal or no deal is still the question relating to **Brexit** negotiations. We believe we will have to wait for December for an agreement. Unemployment and wages will also draw attention in the UK.
- In **China**, we are due to get key figures on money and credit as well as industrial production, retail sales and investment. We expect growth to weaken before it gets better from Q2 019. Japan is scheduled to release Q3 GDP data.
- In **Scandinavia**, it is time for Norwegian GDP for Q3 and inflation in Sweden and Denmark.

Weekly wrap-up

- The US midterm elections turned out as expected, with the Democrats winning the House while the Republicans strengthened their majority in the Senate. We expect this to have a limited effect on the economy and markets.
- New forecasts from the EU Commission revealed a downward revision to Italian growth and upward revision to the budget deficit, adding to the current EU-Italy standoff.
- Chinese exports were stronger than expected but it is likely this is due to front-loading of sales to the US ahead of a possible tariff increase on 1 January.
- Risk appetite recovered, sending both equities and bond yields higher.

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Financial views

Major indices

| | 09-Nov | 3M | 12M |
|---------------|--------|------|------|
| 10yr EUR swap | 0.98 | 1.10 | 1.40 |
| EUR/USD | 113 | 115 | 125 |
| ICE Brent oil | 73 | 85 | 85 |

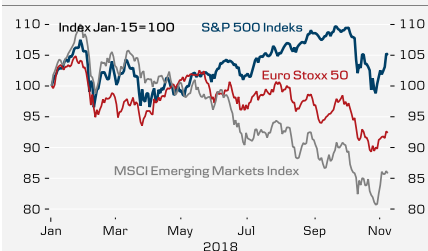
Source: Danske Bank

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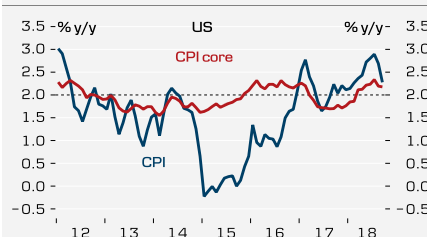
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Stock markets recovered this week



Source: Macrobond Financial

US inflation lower in recent months



Source: Macrobond Financial

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Market movers

Global

- In the **US**, we estimate CPI data for October, due for release on Wednesday, rose 0.2% in October (unchanged at 2.2% y/y).

On Thursday, we are due to get retail sales control group data for October, which is a good indicator of private consumption. On Friday, manufacturing production data is scheduled for release. Optimism remains high, suggesting both retail sales control group and manufacturing production could rise further.

We will also listen to the upcoming speeches from Fed members next week, especially Jerome Powell's speech at an event at the Dallas Fed on Thursday. However, we do not expect any news regarding rate hikes, as the Fed has been very clear on continuing the gradual rate increases without accelerating. Therefore, we still expect hikes in December, March and June, with the Fed funds rate reaching 3%, which is the Fed's estimate of the neutral rate. After this, we expect it to be more stop and go, depending on how the economy is doing.

- In the **euro area**, the revised HICP and core inflation figures for October are due out on Friday. The initial estimates were 2.1% y/y and 1.1% y/y for headline and core inflation, respectively, and we do not expect any revisions to these numbers but we will look out for the higher core inflation drivers. ZEW figures for November are due on Tuesday. Current conditions started the year at 95.2 and economic expectations started it at 20.4. In October, these had fallen to 70.1 and -24.7, respectively. In November, we expect some stabilisation of the economic expectations figure, driven not least by the latest signs that a ceasefire in the US-China trade war is becoming more likely.

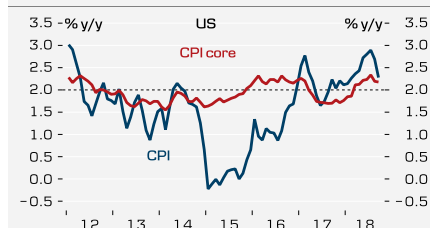
In Germany, preliminary Q3 GDP figures are due on Tuesday. We expect GDP growth to come in at 0.3% q/q. However, we see a significant downside risk to this forecast in light of both falling PMI and Ifo figures and production bottlenecks in the German car sector, which is struggling to adjust to new emissions test procedures.

On Tuesday, the deadline expires for the Italian government to send a revised budget draft to Brussels (see *Italian Politics Monitor – The gloves are off*, 23 October). As market pressure has eased somewhat in recent weeks now ratings decisions are out of the way, our base case is that the government will not comply with the Commission's request. Hence, we believe a further standoff is in store, with the Commission likely to proceed by initiating an excessive deficit procedure against the country.

- In the **UK**, focus remains on Brexit. Will we get a deal in November or not? In our view, we think we will have to wait for December and it could even slip into early January. The main obstacle is the Irish border/backstop, as 90-95% of the withdrawal agreement has been agreed. See *Brexit Monitor – Final deal unlikely before December*, 18 October.

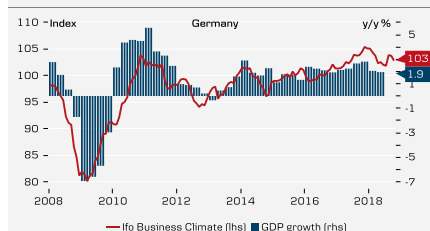
There are many interesting data releases next week. The September jobs report is due out on Tuesday. We estimate the unemployment rate (3M average) was unchanged at 4.0% and weekly earnings excluding bonuses (3M average) were 3.1% higher than a year ago. On Wednesday, we are due to get CPI inflation but this will probably not change our view that the Bank of England is on hold until May.

CPI core inflation likely to be unchanged at 2.2% in October



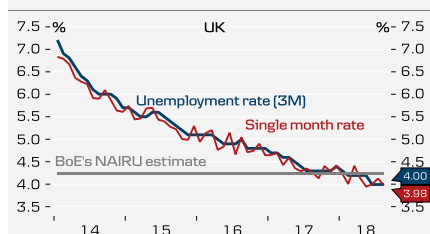
Source: BLS, Macrobond Financial

German Q3 GDP growth could surprise on the downside



Source: Macrobond Financial

Very low unemployment rate in the UK



Source: ONS, Bank of England, Macrobond Financial

- In **Japan**, we are due to get the first GDP figures for Q3 on Wednesday. Overall, Q3 was weak but, in our view, this is probably due to typhoons and an earthquake, which cut the power to three million homes and forced factories and airports to close. Exports, which have been the key growth driver over recent years, have decreased but we note that private demand is beginning to pick up. We estimate that economic activity slowed temporarily in Q3 with annualised quarter-on-quarter GDP growth of -0.3%, down from 3.0% in Q2.
- In **China**, it is time for money and credit data. Following a big decline over some time, there have been tentative signs of a turn in money growth. This is noteworthy as it is normally a quite good leading indicator with a lead of three to six months. This is likely to be due to the monetary easing through a lower reserve requirement ratio freeing up more liquidity. In contrast, credit growth has continued to be weak, leaving quite dismal signals for growth in the short term. We are also set to get data for industrial production, fixed asset investments and retail sales. These have all been soft lately and we expect them to stay this way in the short term due to the high uncertainty related to the trade war.

Scandi

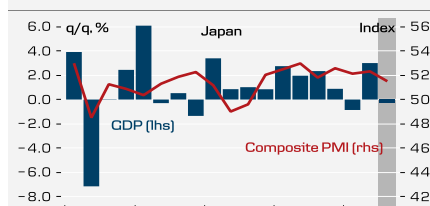
- Looking ahead to next week in **Denmark**, we have two important data releases to consider. First up is October inflation, due on Wednesday. Inflation took a sharp dip in September but we expect a slight upturn in October to 0.7% y/y (0.2% m/m). Higher PSO tariffs in October 2017 will slip out of the data, which should pull inflation lower. However, we expect a slight increase across components, including food. Food is currently the joker in the pack, as prices have fallen over the past year despite the dry summer and rising prices in the rest of Europe.

Wednesday also brings the first measure of economic growth in Q3, the so-called GDP indicator. We are looking for strong growth of 0.8%, mainly on the back of pronounced export growth in Q3. The overall picture is supported by solid increases in industrial production and VAT figures for Q3.

- **Sweden's** October inflation is the first of two outcomes ahead of the Riksbank's December meeting. As far as we can judge, this should not be an obstacle for the Riksbank's intention to start hiking rates. October is a low-volatility month for inflation, normally with very small price changes. This time, we expect core CPIF (CPIF excluding energy) to increase by 0.1% m/m/1.7% y/y as a result of small price increases within several components. However, we expect CPIF to remain unchanged over the month as energy prices have fallen and moderated the rise in the overall CPIF index. We expect CPIF to print 2.6% y/y. This means that there are no mentionable deviations from the Riksbank on either of these items (but we note that rounding up the CPIF forecast means our forecast is 2.6% y/y, one-tenth above the Riksbank's forecast, which is instead rounded down to 2.5% y/y).

Simultaneously, we expect the October seasonally adjusted unemployment rate to print 6.6%. Such an outcome should confirm the upward trend seen in the unemployment rate since the beginning of the year. This largely coincides with a slowdown in employment growth and an increase in the labour force as job seekers in the non-labour force of the working population try to get a job. As yet, it is hard to see whether this is a result of a general business cycle slowdown or a deterioration in matching job seekers to job vacancies.

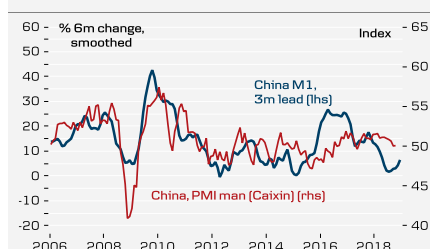
Temporary factors affect Q3



Note: Annualised changes in GDP

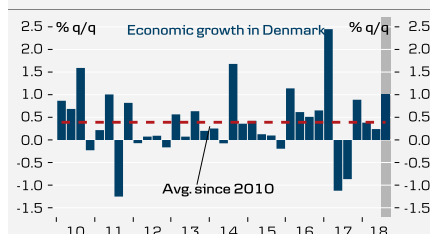
Source: Japanese Cabinet Office, IHS Markit, Danske Bank, Macrobond Financial

China: tentative signs of bottom in M1 growth



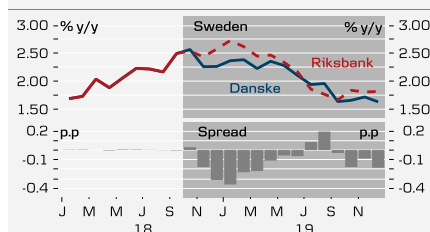
Source: Macrobond Financial, People's Bank of China

We expect to see strong growth in Q3



Source: Statistics Denmark

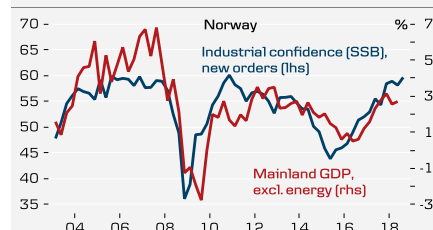
October CPIF should print spot on Riksbank's forecast



Source: Markit, Swedbank

- In **Norway**, we will probably see the figures show slightly slower GDP growth in Q3, after an unusually dry summer led to low output in both the power sector and agriculture. On top of this, consumption of goods (including electricity) was weaker than normal. Therefore, we estimate GDP growth of 0.3-0.4% q/q, well below the 0.7% we originally forecast and the 0.7% that Norges Bank projected in the September monetary policy report. However, this is, in part, probably a result of temporary factors, rather than a reflection of a wider slowdown in the economy. At first glance, the fall in private consumption is more worrying but we put this down to reduced purchasing power on the back of high power prices in the summer. This is supported by retail sales in current prices continuing to grow at almost 3% y/y despite volume growth slowing to 1%. Nevertheless, it is possible that the market's expectation of two rate hikes a year ahead will take a bit of a knock from the apparent decline in growth. However, we stress that no leading indicators are showing signs of a slowdown. Gross unemployment also fell in the quarter, despite changes to NAV's reporting procedures, and this suggests that growth is above trend.

Leading indicators on the up



Source: Macrobond Financial, Danske Bank

Market movers ahead

| Global movers | | | | Event | | Period | Danske | Consensus | Previous |
|-----------------|--------|--------|-----|---|----------|-------------|-----------|-------------|-----------|
| During the week | | Sat 10 | CNY | Money supply M2 | y/y | Oct | | 8.4% | 8.3% |
| Tue | 13-Nov | 10:30 | GBP | Unemployment rate (3M) | % | Sep | | 4.0% | 4.0% |
| | | 10:30 | GBP | Average weekly earnings ex bonuses (3M) | y/y | Sep | | 3.1% | 3.1% |
| Wed | 14-Nov | 11:00 | DEM | ZEW expectations | Index | Nov | | -25.0 | -24.7 |
| | | 0:50 | JPY | GDP, preliminary | q/q ann. | 3rd quarter | | -0.3% -0.9% | 0.7% 3.0% |
| | | 3:00 | CNY | Industrial production | y/y | Oct | | 5.8% | 5.8% |
| | | 3:00 | CNY | Retail sales | y/y | Oct | | 9.2% | 9.2% |
| | | 3:00 | CNY | Fixed assets investments | y/y | Oct | | 5.5% | 5.4% |
| | | 8:00 | DEM | GDP, preliminary | q/q y/y | 3rd quarter | | -0.1% 1.3% | 0.5% 2.0% |
| | | 10:30 | GBP | CPI core | y/y | Oct | | 2.0% | 1.9% |
| Thurs | 15-Nov | 14:30 | USD | CPI core | m/m y/y | Oct | 0.2% 2.2% | 0.2% 2.2% | 0.1% 2.2% |
| | | 0:05 | USD | Fed's Powell (voter, neutral) speaks | | | | | |
| | | 14:30 | USD | Retail sales control group | m/m | Oct | | | 0.5% |
| Fri | 16-Nov | 15:15 | USD | Industrial production | m/m | Oct | 0.2% | 0.3% | |
| Scandimovers | | | | | | | | | |
| During the week | | | | | | | | | |
| Tue | 13-Nov | 8:00 | NOK | GDP (mainland) | q/q | 3rd quarter | 0.3% | | 0.5% |
| Wed | 14-Nov | 8:00 | DKK | GDP indicator | q/q | 3rd quarter | 1.0% | | 0.3% |
| | | 9:30 | SEK | CPI excl. Energy | m/m y/y | Oct | 0.1% 1.7% | | 0.5% 1.6% |
| Thurs | 15-Nov | 9:30 | SEK | Unemployment (n.s.a. s.a.) | % | Oct | 6.1% | | 6.0% 6.5% |

Source: Bloomberg, Danske Bank

Weekly Wrap-Up

Divided congress after US-midterm elections

Main macro themes

- The *US midterm elections* are now over and the result was more or less as expected, with a divided Congress. The Democrats control the House of Representatives and the Republicans retain control of the Senate. This makes President Donald Trump a 'lame duck' in the sense that he cannot get his domestic agenda through Congress. In addition, the two parties are not very good at making politics together. **We maintain our view that the midterm elections should have only limited implications for the economy and markets, as there will be no changes to economic policy in either direction over the coming two years** and, while volatility has risen, this is what matters for markets. We believe the US expansion is set to continue in coming years.
- The European Commission published its new economic forecasts and while this does not usually draw market attention, the recent stand-off with Italy drew significant attention. The Italian growth forecast is 1.2% (versus 1.5% from government), leading to an even higher deficit, estimated at 2.9% (versus 2.4% from IT government); for 2020 the Commission sees the deficit breaching 3%. This negative assessment brings Italy one step closer to the excessive deficit procedure, ahead of the *budget revision deadline next Tuesday*.
- Foreign sales in China rose 15.6% y/y in October*, pointing to still robust sales. However, it is likely this was due to front-loading of US imports from China ahead of the possible rise in tariffs from 10% currently to 25% from 1 January 2019. That said, Trump has signalled that he may be ready for a trade war ceasefire at the Xi Jinping-Trump meeting on 1 December. This is positive for markets and the global economy, as it reduces the probability of a very negative scenario of a prolonged and worsening trade war. We now see a *60% probability of a ceasefire* but any real deal will take time to reach and is not likely until some point in 2019.

Financial market developments

- Global markets have decided that a divided Washington would actually be good for risky assets. Tax cuts cannot be rolled back and new fiscal expansion is less likely, keeping longer dated yields under control. As a result, equities have been somewhat positive over the past week. European government bonds have traded mainly sideways, ahead of next Tuesday's important Italian deadline.
- EUR/USD continued its range trading over the past week and is currently at the lower end of the range after the FOMC meeting on Thursday night indicated the next policy hike in December. We expect *USD strength to remain until year-end*.
- EUR/GBP fell continually this week to 0.87 on positive Brexit news. UK Prime Minister Theresa May has a tailwind and reports suggest she may have the Brexit text ready as soon as Monday next week. We still see EUR/SEK as largely a 10.20-10.40 range-play ahead of year-end. In our view, the recent fall in EUR/SEK towards 10.30 poses an opportunity to play some (limited) upside via options as a new election looms, Riksbank pricing is vulnerable to global risk sell-offs and seasonality factors could weigh on SEK.

Financial views

Major indices

| | 09-Nov | 3M | 12M |
|----------------|--------|-------|-------|
| 10yr EUR swap | 0.98 | 1.10 | 1.40 |
| 10yr US swap | 3.26 | 3.35 | 3.55 |
| ECB key rate | -0.40 | -0.40 | -0.40 |
| Fed funds rate | 2.25 | 2.50 | 3.00 |
| EUR/SEK | 1028 | 1020 | 1010 |
| EUR/NOK | 956 | 940 | 910 |
| EUR/USD | 113 | 115 | 125 |
| ICE Brent oil | 73 | 85 | 85 |

Source: Danske Bank

Divided US congress

Senate

| | |
|-------------------------|-----------|
| Democrats | 46 |
| Republicans | 51 |
| Not called yet | 3 |
| (51 needed for control) | |

House of Representatives

| | |
|--------------------------|------------|
| Democrats | 225 |
| Republicans | 200 |
| Not called yet | 10 |
| (218 needed for control) | |

Source: Danske Bank

Forecast for Italy

| % of GDP | | 2018 | 2019 | 2020 | 2021 |
|-------------------------|-----|-------|------|-------|-------|
| Real GDP growth | Gvt | 1.2 | 1.5 | 1.6 | 1.4 |
| | EU | 1.1 | 1.2 | 1.3 | |
| Budget balance | Gvt | -1.8 | -2.4 | -2.1 | -1.8 |
| | EU | -1.9 | -2.9 | -3.1 | |
| Structural balance | Gvt | -0.9 | -1.7 | -1.7 | -1.7 |
| | EU | -1.8 | -3 | -3.5 | |
| General government debt | Gvt | 130.9 | 130 | 128.1 | 126.7 |
| | EU | 131.1 | 131 | 131.1 | |

Source: Italian government (Gvt), European Commission (EU)

Scandi update

Denmark – stronger growth indicates greater growth potential

Denmark's economy is on a stronger footing than estimated previously, according to Statistics Denmark's revised national accounts figures for 2015-17, which were released this past week. GDP was 1.3% (DKK28bn) higher in 2017 than assumed previously. Danish growth rates now look significantly more robust from an international perspective, and while they have not disappeared, productivity challenges have become less pressing. GDP growth in real terms was 2.3% in 2015 and 2.4% in 2016, not 1.6% and 2.0%, respectively, as previous figures have shown. This also shortens the gap between what the rosier labour market is telling us and what growth rates have shown thus far. Employment is record high and unemployment at a near 10-year low, and now the growth figures have caught up. The higher figures also increase expectations for underlying economic growth, with the increase in service sector productivity in particular indicating further potential going forward.

Statistics Denmark also released house price data for August. Both house and apartment prices rose by 0.7%. Therefore, house prices continued to appreciate, while apartment prices recovered from their fall in July. Taking a longer perspective, the housing market has clearly shown signs of losing steam, but the figures confirm the bottom has definitely not fallen out of the apartment market.

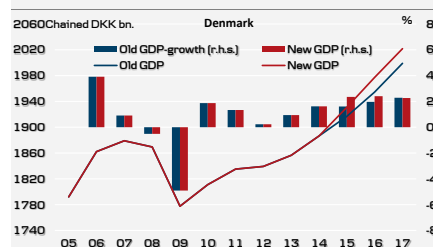
Sweden – Q3 slowdown appears to be on track

September data on manufacturing new orders, industrial and services production was slightly on the soft side relative to market expectations. These are important inputs for our GDP indicator and data so far suggests that growth remained slightly above 2% y/y in Q3. We still lack data on September consumption, which will be available later this week. Note that an outcome in this vicinity would be in line with the Riksbank's new (downwardly revised) Q3 GDP forecast at 2.3% y/y. Hence, this is nothing that would keep it from hiking the repo rate in December.

Prospera's November money market CPI inflation expectations remained in the 2.0-2.1% range on one-, two- and five-year horizons, partially lifted by rate expectations as it seems. CPIF expectations, on the other hand, which are not coloured by rate expectations, have moved slightly lower over the past three months for the one- and two-year horizons.

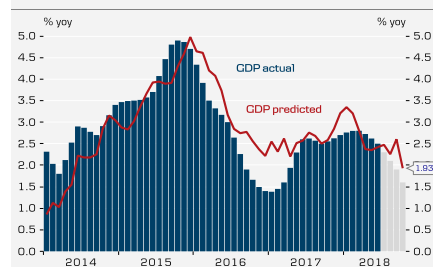
The October budget surplus turned out lower than the Debt Office's forecast (SEK3.1bn versus SEK10.3bn expected). Most of the deviation was due to withdrawals from the tax account, according to the DO. Looking at data up to September from ESV (the Budget management Authority), however, shows that the upward trend in tax revenue growth seen since the turn of the year remains intact. It also shows that even though the tax account has improved by c.SEK20bn y/y, the bulk of the overall improvement comes from core taxes (income, social and goods) – up roughly SEK60bn y/y.

Strong growth in Denmark



Source: Statistics Denmark and own calculations

Growth slowing further in Q3

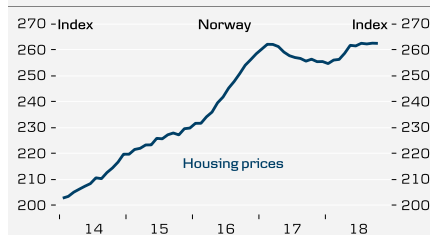


Source: Statistics Sweden, Danske Bank

Norway – housing market finally finds its equilibrium

Housing prices were unchanged m/m in October and climbed 2.4% y/y. They have thus levelled off over the past five months after a strong rebound in H1. It is mainly an increase in the number of properties on the market that is putting a damper on prices. While interest rate expectations could also be playing a role, the very high level of turnover does not support this. The stock-to-sales ratio is thus increasing from the supply side. Given the strong homebuilding activity of the past couple of years, there will be a significant supply side well into next year. With a gradual rise in interest rates, there is therefore no reason to expect any notable real increase in housing prices. On the other hand, we anticipate solid wage growth and low unemployment, so prices are unlikely to collapse either. In the September monetary policy report, Norges Bank assumes that housing prices climb 2.98% y/y in Q4, so these latest figures are marginally weaker than the central bank anticipated, but far from enough for it to stop signalling a rate hike in March.

Housing prices have levelled off



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

9/11 ECB Research: TLTRO3: Italy to be main beneficiary

Targeted longer term refinancing operations (TLTRO) - the silent measure that supports loan growth - have returned to the market's attention recently on speculation about the potential for another round/extension of TLTRO and we concur.

8/11 FOMC Review: No change to the Fed's hiking plans

As expected, the Fed stayed on hold today and made no major change to the policy signals in the statement.

8/11 China: Strong exports due to front loading ahead of potential tariff increase on 1 January

Foreign sales in China rose 15.6% y/y in October (estimate 11.7% y/y), pointing to still robust sales. However, it is likely this was due to front-loading of US imports from China ahead of the possible rise in tariffs from 10% currently to 25% from 1 January 2019

7/11 Denmark: Stronger productivity figures indicate rosier growth potential

New figures reveal Danish GDP was 1.3% (DKK28bn) higher in 2017 than previously estimated. Danish growth rates no longer look low in an international context.

7/11 US mid-term elections - Divided Congress means no changes to economic policy

With a divided Congress, we should not expect changes to economic policy and hence we maintain our view that the implications for the economy and markets should be limited. US expansion is set to continue.

5/11 German Politics Monitor: After the 'era Merkel' – what's next for Germany and Europe?

All three candidates to succeed Merkel are more conservative. There is a risk Merkel will step down as Chancellor prematurely.

4/11 Harr's View: The poor returns of 2018 and why this may change

Today, I discuss late cycle trends and performance across asset classes.

Macroeconomic forecast

Macro forecast, Scandinavia

| | Year | GDP ¹ | Private cons. ¹ | Public cons. ¹ | Fixed inv. ¹ | Ex-ports ¹ | Im-ports ¹ | Infla-tion ¹ | Wage growth ¹ | Unem-ploym ³ | Public budget ⁴ | Public debt ⁴ | Current acc. ⁴ |
|---------|------|------------------|----------------------------|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|----------------------------|--------------------------|---------------------------|
| Denmark | 2017 | 2.3 | 1.6 | 0.6 | 4.5 | 4.4 | 4.3 | 1.1 | 1.7 | 4.2 | 1.1 | 36.1 | 8.1 |
| | 2018 | 1.6 | 2.5 | 0.6 | 7.7 | 2.2 | 4.4 | 0.8 | 1.9 | 4.0 | 0.4 | 34.7 | 5.4 |
| | 2019 | 2.0 | 2.3 | 0.5 | 2.6 | 3.7 | 3.0 | 1.4 | 2.3 | 3.7 | -0.1 | 33.9 | 6.1 |
| Sweden | 2017 | 2.5 | 2.2 | 0.0 | 6.1 | 3.2 | 4.8 | 1.8 | 2.5 | 6.7 | 1.2 | 41.0 | 4.2 |
| | 2018 | 2.0 | 2.2 | 0.8 | 3.1 | 2.7 | 3.7 | 1.9 | 2.6 | 7.1 | 1.0 | 37.0 | 2.8 |
| | 2019 | 1.6 | 1.9 | 0.4 | 1.3 | 2.3 | 2.2 | 1.6 | 2.7 | 7.6 | 0.8 | 35.0 | 2.8 |
| Norway | 2017 | 1.8 | 2.3 | 2.0 | 3.5 | 0.8 | 2.2 | 1.8 | 2.3 | 2.7 | - | - | - |
| | 2018 | 2.4 | 2.3 | 1.9 | -0.4 | 0.8 | 3.3 | 2.8 | 3.0 | 2.4 | - | - | - |
| | 2019 | 2.5 | 2.5 | 1.8 | 4.4 | 2.4 | 3.0 | 1.6 | 3.5 | 2.1 | - | - | - |

Macro forecast, Euroland

| | Year | GDP ¹ | Private cons. ¹ | Public cons. ¹ | Fixed inv. ¹ | Ex-ports ¹ | Im-ports ¹ | Infla-tion ¹ | Wage growth ¹ | Unem-ploym ³ | Public budget ⁴ | Public debt ⁴ | Current acc. ⁴ |
|-----------|------|------------------|----------------------------|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|----------------------------|--------------------------|---------------------------|
| Euro area | 2017 | 2.5 | 1.7 | 1.2 | 2.9 | 5.4 | 4.0 | 1.5 | 1.6 | 9.1 | -1.0 | 86.8 | 3.5 |
| | 2018 | 1.9 | 1.4 | 1.1 | 3.1 | 3.2 | 3.0 | 1.8 | 2.2 | 8.2 | -0.7 | 86.0 | 3.4 |
| | 2019 | 1.6 | 1.7 | 2.1 | 2.0 | 3.1 | 3.9 | 1.8 | 2.3 | 7.9 | -0.6 | 85.5 | 3.4 |
| Germany | 2017 | 2.5 | 2.0 | 1.6 | 3.6 | 5.3 | 5.3 | 1.7 | 2.6 | 3.8 | 1.0 | 63.9 | 7.9 |
| | 2018 | 1.8 | 1.4 | 1.1 | 3.4 | 3.0 | 3.9 | 1.9 | 3.0 | 3.4 | 1.2 | 60.2 | 7.9 |
| | 2019 | 1.8 | 2.1 | 2.3 | 3.1 | 3.6 | 5.4 | 2.0 | 3.2 | 3.3 | 1.1 | 56.3 | 7.6 |
| Finland | 2017 | 2.8 | 1.3 | -0.5 | 4.0 | 7.5 | 3.5 | 0.8 | 0.2 | 8.6 | -0.7 | 61.3 | -0.7 |
| | 2018 | 2.7 | 2.1 | 2.0 | 4.0 | 3.2 | 3.0 | 1.2 | 2.0 | 7.6 | -0.3 | 59.3 | -0.6 |
| | 2019 | 2.0 | 1.6 | 0.5 | 3.5 | 4.0 | 3.5 | 1.5 | 2.3 | 7.3 | 0.1 | 57.7 | -0.2 |

Macro forecast, Global

| | Year | GDP ¹ | Private cons. ¹ | Public cons. ¹ | Fixed inv. ¹ | Ex-ports ¹ | Im-ports ¹ | Infla-tion ¹ | Wage growth ¹ | Unem-ploym ³ | Public budget ⁴ | Public debt ⁴ | Current acc. ⁴ |
|-------|------|------------------|----------------------------|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|----------------------------|--------------------------|---------------------------|
| USA | 2017 | 2.2 | 2.5 | -0.1 | 4.8 | 3.0 | 4.6 | 2.1 | 2.5 | 4.4 | -3.5 | 105.0 | -2.5 |
| | 2018 | 2.8 | 2.5 | 1.4 | 5.7 | 5.1 | 3.8 | 2.5 | 2.8 | 3.9 | -4.0 | 106.0 | -3.0 |
| | 2019 | 2.5 | 2.4 | 1.2 | 4.1 | 3.4 | 2.8 | 2.0 | 3.1 | 3.6 | -4.6 | 107.0 | -3.4 |
| China | 2017 | 6.9 | - | - | - | - | - | 2.0 | 9.0 | 4.1 | -3.7 | 47.6 | 1.4 |
| | 2018 | 6.6 | - | - | - | - | - | 2.3 | 8.7 | 4.3 | -3.4 | 50.8 | 1.1 |
| | 2019 | 6.4 | - | - | - | - | - | 2.3 | 8.5 | 4.3 | -3.4 | 53.9 | 1.2 |
| UK | 2017 | 1.7 | 1.9 | -0.1 | 3.3 | 5.7 | 3.2 | 2.7 | 2.2 | 4.4 | -1.8 | 87.5 | -4.1 |
| | 2018 | 1.2 | 1.6 | 0.3 | -0.1 | 0.5 | 0.6 | 2.5 | 2.5 | 4.1 | -1.8 | 85.4 | -4.4 |
| | 2019 | 1.5 | 1.6 | 0.4 | 1.1 | 1.8 | 1.8 | 1.5 | 2.9 | 3.9 | -1.7 | 85.3 | -4.0 |

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

Financial forecast

Bond and money markets

| | | Key int. rate | 3m interest rate | 2-yr swap yield | 10-yr swap yield | Currency vs EUR | Currency vs USD | Currency vs SEK |
|-----|--------|------------------|------------------|-----------------|------------------|--------------------|--------------------|--------------------|
| USD | 09-Nov | 2.25 | 2.60 | 3.14 | 3.26 | 113.4 | - | 906.6 |
| | +3m | 2.50 | 2.86 | 3.20 | 3.35 | 115.0 | - | 887.0 |
| | +6m | 2.75 | 3.07 | 3.40 | 3.55 | 118.0 | - | 855.9 |
| | +12m | 3.00 | 3.37 | 3.50 | 3.55 | 125.0 | - | 808.0 |
| EUR | 09-Nov | -0.40 | -0.32 | -0.12 | 0.98 | - | 113.4 | 1027.9 |
| | +3m | -0.40 | -0.33 | -0.05 | 1.10 | - | 115.0 | 1020.0 |
| | +6m | -0.40 | -0.33 | 0.05 | 1.30 | - | 118.0 | 1010.0 |
| | +12m | -0.40 | -0.26 | 0.15 | 1.40 | - | 125.0 | 1010.0 |
| JPY | 09-Nov | -0.10 | -0.10 | 0.04 | 0.31 | 129.0 | 113.8 | 7.97 |
| | +3m | -0.10 | - | - | - | 130.0 | 113.0 | 7.85 |
| | +6m | -0.10 | - | - | - | 134.5 | 114.0 | 7.51 |
| | +12m | -0.10 | - | - | - | 143.8 | 115.0 | 7.03 |
| GBP | 09-Nov | 0.75 | 0.85 | 1.23 | 1.69 | 87.1 | 130.1 | 1179.9 |
| | +3m | 0.75 | 0.82 | 1.30 | 1.85 | 84.0 | 136.9 | 1214.3 |
| | +6m | 0.75 | 1.02 | 1.40 | 2.00 | 83.0 | 142.2 | 1216.9 |
| | +12m | 1.00 | 1.07 | 1.60 | 2.20 | 83.0 | 150.6 | 1216.9 |
| CHF | 09-Nov | -0.75 | -0.75 | -0.50 | 0.52 | 114.3 | 100.8 | 899.4 |
| | +3m | -0.75 | - | - | - | 113.0 | 98.3 | 902.7 |
| | +6m | -0.75 | - | - | - | 116.0 | 98.3 | 870.7 |
| | +12m | -0.75 | - | - | - | 120.0 | 96.0 | 841.7 |
| DKK | 09-Nov | -0.65 | -0.30 | 0.01 | 1.12 | 745.9 | 657.9 | 137.8 |
| | +3m | -0.65 | -0.30 | 0.05 | 1.25 | 745.3 | 648.0 | 136.9 |
| | +6m | -0.65 | -0.30 | 0.15 | 1.45 | 745.5 | 631.8 | 135.5 |
| | +12m | -0.65 | -0.23 | 0.25 | 1.55 | 745.5 | 596.4 | 135.5 |
| SEK | 09-Nov | -0.50 | -0.47 | 0.05 | 1.29 | 1027.9 | 906.6 | 100.0 |
| | +3m | -0.25 | -0.25 | 0.25 | 1.40 | 1020.0 | 887.0 | - |
| | +6m | -0.25 | -0.15 | 0.40 | 1.40 | 1010.0 | 855.9 | - |
| | +12m | 0.00 | 0.00 | 0.65 | 1.50 | 1010.0 | 808.0 | - |
| NOK | 09-Nov | 0.75 | 1.17 | 1.60 | 2.34 | 955.7 | 842.9 | 107.6 |
| | +3m | 0.75 | 1.30 | 1.65 | 2.55 | 940.0 | 817.4 | 108.5 |
| | +6m | 1.00 | 1.40 | 1.95 | 2.70 | 920.0 | 779.7 | 109.8 |
| | +12m | 1.25 | 1.65 | 2.20 | 2.80 | 910.0 | 728.0 | 111.0 |

Commodities

| | 09-Nov | 2018 | | | | 2019 | | | | Average | |
|-----------|--------|------|----|----|----|------|----|----|----|---------|------|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | 2018 | 2019 |
| ICE Brent | 71 | 67 | 75 | 76 | 85 | 87 | 87 | 85 | 80 | 76 | 85 |

Source: Danske Bank

Calendar

Key Data and Events in Week 46

| During the week | | | | Period | Danske Bank | Consensus | Previous |
|------------------------------|-----|---|----------|-------------|-------------|-------------|-------------|
| Sat 10 | CNY | Money supply M2 | y/y | Oct | | 8.4% | 8.3% |
| Monday, November 12, 2018 | | | | Period | Danske Bank | Consensus | Previous |
| - | USD | Veterans' Day (Exchange open) | | | | | |
| 8:00 | DKK | CPI | m/m y/y | Oct | ... 0.7% | 0.1% 0.7% | -0.3% 0.6% |
| Tuesday, November 13, 2018 | | | | Period | Danske Bank | Consensus | Previous |
| 8:00 | DEM | HICP, final | m/m y/y | Oct | | 0.1% 2.4% | 0.1% 2.4% |
| 8:00 | NOK | GDP (total) | q/q | 3rd quarter | | 0.6% | 0.4% |
| 8:00 | NOK | GDP (mainland) | q/q | 3rd quarter | 0.3% | | 0.5% |
| 10:30 | GBP | Unemployment rate (3M) | % | Sep | | 4.0% | 4.0% |
| 10:30 | GBP | Average weekly earnings ex bonuses (3M) | y/y | Sep | | 3.1% | 3.1% |
| 11:00 | DEM | ZEW current situation | Index | Nov | | 65.0 | 70.1 |
| 11:00 | DEM | ZEW expectations | Index | Nov | | -25.0 | -24.7 |
| 12:00 | USD | NFIB small business optimism | Index | Oct | | 108.0 | 107.9 |
| 16:00 | USD | Fed's Kashkari (non-voter, dovish) speaks | | | | | |
| 20:00 | USD | Budget statement | USD bn | Oct | | -116.5 | 119.1 |
| Wednesday, November 14, 2018 | | | | Period | Danske Bank | Consensus | Previous |
| 0:50 | JPY | GDP deflator, preliminary | y/y | 3rd quarter | | -0.1% | 0.1% |
| 0:50 | JPY | GDP, preliminary | q/q ann. | 3rd quarter | | -0.3% -0.9% | 0.7% 3.0% |
| 3:00 | CNY | Industrial production | y/y | Oct | | 5.8% | 5.8% |
| 3:00 | CNY | Retail sales | y/y | Oct | | 9.2% | 9.2% |
| 3:00 | CNY | Fixed assets investments | y/y | Oct | | 5.5% | 5.4% |
| 5:30 | JPY | Industrial production, final | m/m y/y | Sep | | | -1.1% -2.9% |
| 8:00 | DEM | GDP, preliminary | q/q y/y | 3rd quarter | | -0.1% 1.3% | 0.5% 2.0% |
| 8:00 | DKK | GDP indicator | q/q | 3rd quarter | 1.0% | | 0.3% |
| 8:45 | FRF | HICP, final | m/m y/y | Oct | | 0.1% 2.5% | 0.1% 2.5% |
| 9:00 | ESP | HICP, final | m/m y/y | Oct | | 0.7% 2.3% | 0.7% 2.3% |
| 9:30 | SEK | Underlying inflation CPIF | m/m y/y | Oct | 0.0% 2.6% | 0.0% 2.6% | 0.5% 2.5% |
| 9:30 | SEK | Capacity utilization, industry | % | 3rd quarter | | | 90.9% |
| 9:30 | SEK | CPIF excl. Energy | m/m y/y | Oct | 0.1% 1.7% | | 0.5% 1.6% |
| 9:30 | SEK | CPI | m/m y/y | Oct | 0.0% 2.4% | 0.0% 2.4% | 0.5% 2.3% |
| 10:30 | GBP | PPI - input | m/m y/y | Oct | | 0.7% 9.8% | 1.3% 10.3% |
| 10:30 | GBP | CPI | m/m y/y | Oct | 0.0% 2.3% | 0.2% 2.5% | 0.1% 2.4% |
| 10:30 | GBP | CPI core | y/y | Oct | | 2.0% | 1.9% |
| 11:00 | EUR | Industrial production | m/m y/y | Sep | | -0.2% 0.5% | 1.0% 0.9% |
| 11:00 | EUR | GDP, preliminary | q/q y/y | 3rd quarter | 0.3% .. | 0.2% 1.7% | 0.2% 1.7% |
| 11:00 | EUR | Employment, preliminary | q/q y/y | 3rd quarter | | | 0.4% 1.5% |
| 14:30 | USD | CPI headline | m/m y/y | Oct | | 0.3% 2.5% | 0.1% 2.3% |
| 14:30 | USD | CPI core | m/m y/y | Oct | 0.2% 2.2% | 0.2% 2.2% | 0.1% 2.2% |

Source: Danske Bank

Calendar (continued)

| Thursday, November 15, 2018 | | | | Period | Danske Bank | Consensus | Previous |
|-----------------------------|-----|---|---------|--------|-------------|-----------|------------|
| 0:05 | USD | Fed's Powell (voter, neutral) speaks | | | | | |
| 1:30 | AUD | Employment change | 1000 | Oct | | 20 | 5.6 |
| 8:00 | NOK | Trade balance | NOK bn | Oct | | | 21.1 |
| 9:30 | SEK | Unemployment (n.s.a. s.a.) | % | Oct | 6.1% | | 6.0% 6.5% |
| 10:30 | GBP | Retail sales ex fuels | m/m y/y | Oct | | 0.2% 3.3% | -0.8% 3.2% |
| 11:00 | EUR | Trade balance | EUR bn | Sep | | | 16.6 |
| 14:30 | USD | Initial jobless claims | 1000 | | | | |
| 14:30 | USD | Import prices | m/m y/y | Oct | | 0.0% ... | 0.5% 3.5% |
| 14:30 | USD | Empire Manufacturing PMI | Index | Nov | | 19.5 | 21.1 |
| 14:30 | USD | Philly Fed index | Index | Nov | | 20.0 | 22.2 |
| 14:30 | USD | Retail sales control group | m/m | Oct | | | 0.5% |
| 17:00 | USD | DOE U.S. crude oil inventories | K | | | | 5783 |
| 21:00 | USD | Fed's Kashkari (non-voter, dovish) speaks | | | | | |
| Friday, November 16, 2018 | | | | Period | Danske Bank | Consensus | Previous |
| - | EUR | S&P may publish Netherlands's debt rating | | | | | |
| - | EUR | Moody's may publish Austria's debt rating | | | | | |
| 11:00 | EUR | HICP inflation | m/m y/y | Oct | | 0.2% 2.2% | 0.5% 2.1% |
| 11:00 | EUR | HICP - core inflation, final | y/y | Oct | 1.1% | 1.1% | 1.1% |
| 11:00 | ITL | HICP, final | m/m y/y | Oct | | ... 1.7% | ... 1.7% |
| 15:15 | USD | Capacity utilization | % | Oct | | 78.2% | 78.1% |
| 15:15 | USD | Industrial production | m/m | Oct | | 0.2% | 0.3% |
| 15:15 | USD | Manufacturing production | m/m | Oct | | 0.3% | 0.2% |
| 17:30 | USD | Fed's Evans (non-voter, dovish) speaks | | | | | |
| 22:00 | USD | TICS international capital flow, Net inflow | USD bn | Sep | | | 108.2 |

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