12 January 2018

Weekly Focus Sweden

Strong start to 2018 amid increasing US-China tensions

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Market movers ahead

- Overall, it looks like a fairly quiet week on the news front. In the US, industrial production and more Fed speeches should not give a big change to the outlook.
- China GDP for Q4 is set to show growth of 6.7% y/y. This would leave overall growth for 2017 at 6.8% or 6.9%.
- In the euro area, we are set to get more details on December inflation with the final release. We estimate UK inflation fell back below 3% in December.
- In Scandinavia, we expect the most interesting data to be Swedish house prices (HOX), where we look for a further decline in Stockholm flats of 2.6% m/m, taking the cumulated decline to 12% since August 2017.

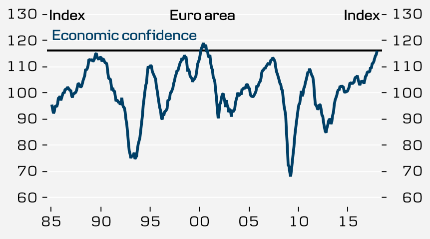
Global macro and market themes

- We are still positive on equities, as global growth remains solid, although the acceleration phase is likely to be over soon.
- Inflation remains one of the most important topics this year. Despite higher oil prices, we expect core inflation to remain subdued.
- In our view, markets have priced the ECB too aggressively, as we see the first ECB hike in Q2 19.
- Increasing tension between the US and China is a cause for concern.

Focus

- *Flash Comment: US-China relations on a concerning path – part 2*, 11 January. Tensions between the two biggest economic powers have increased recently, causing some concern that a trade confrontation is looming.

Very high confidence in the euro area



Source: EU Commission, Macrobond Financial

Highest nominal growth in China since 2012 – good for profits

Source: NBS, Macrobond Financial

Contents

Financial views

Major indices	12-Jan	3M	12M
10yr EUR swap	0.89	0.90	1.20
EUR/USD	121	116	125
ICE Brent oil	69	62	64

Source: Danske Bank

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Market movers

Global

- In the **US**, industrial production for December (due to be released on Wednesday) is the main market mover of the week. The current trend in industrial production is decent and based on ISM Manufacturing Production there is room for an uptick in growth of industrial production. Both Markit and ISM PMIs point towards decent growth, although ISM seems to indicate stronger growth than we currently expect. Note that all series are very volatile and one should not put too much weight on a single observation.

  The coming week also brings several speeches by FOMC members and we will pay particular attention to any further comments about the likelihood of another hike as early as March and a possible shift to price level targeting (for more information on this, see *Research US – The subtle push for price level targeting continues*, 3 January).

- In the **euro area**, we are due to get the final December HICP inflation figures on Wednesday. Headline inflation declined to 1.4% in December, due mainly to lower energy price inflation, while core inflation remained unchanged at 0.9%. We do not expect any revisions but instead will look for what items have weighed on service price inflation, as this HICP component will be key for core inflation to pick up. Overall, we expect core inflation to average only 1.1% in 2018, in line with the ECB's new forecasts (see also *Euro Area Research - ECB inflation gap persists in 2019*, 4 December 2017).

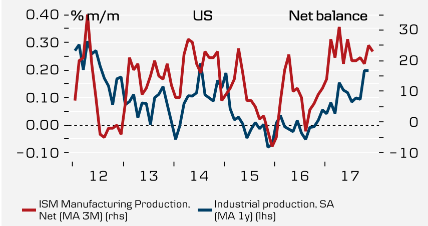
- In the **UK**, the most important data release is CPI inflation for December on Tuesday. We estimate CPI headline fell to 2.9% in December, from 3.1% in November, due mainly to a lower contribution from food prices. We estimate core inflation fell from 2.7% to 2.6% due to a decrease in service price inflation. Despite the higher oil prices, we expect overall inflation pressure to fade this year, as food prices seem to have peaked and GBP has stabilised in recent months. Underlying inflation pressure is still muted, as wage growth remains subdued.

  We are due to get the retail sales number for December on Friday, which has historically moved GBP in the case of surprises, although it is a poor indicator for actual private consumption growth.

- The key focus in **China** next week is set to be on GDP for Q4 – and thus the whole year. We look for a rise of 6.7% y/y in line with consensus. This would leave GDP for the whole year at either 6.8% or 6.9% depending on the rounding. However, what is more noteworthy is that nominal GDP growth has increased substantially. Coming from 6.5% in late 2015, nominal GDP growth is now above 11%. This is due partly to higher industrial prices due to higher demand in the construction sector and has been the main reason profit growth has increased a lot. Apart from stronger construction demand, prices have been supported by reductions in capacity as part of the supply-side reforms. Looking ahead, we look for some slowing of Chinese growth due to a cooling housing market and deleveraging efforts. Strong exports and robust consumption and service growth should keep the slowdown moderate though.

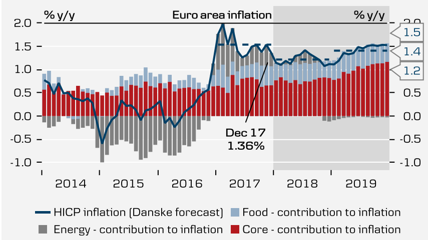
- In **Japan** there are no market movers next week.

ISM and industrial production often diverge



Sources: ISM, Federal Reserve, Macrobond Financial

Euro area core inflation remains subdued



Source: Eurostat, Macrobond Financial, Danske Bank

China: highest nominal growth since 2012

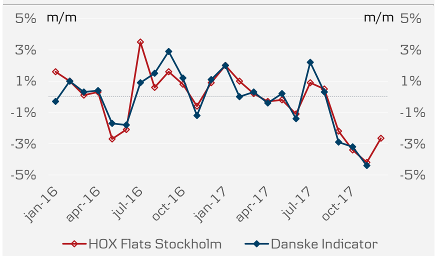
Source: Macrobond Financial, Danske Bank

Scandi

- In **Denmark**, there is nothing of note on the agenda in the coming week.
- We expect the main focus in **Sweden** this week to be the December HOX residential property price readings. Our indicator suggests another 2.6 % fall in Stockholm flat prices, which would bring the overall decline since August 2017 to around 12%. We expect other regions in Sweden gradually to approach about the same size of price correction.

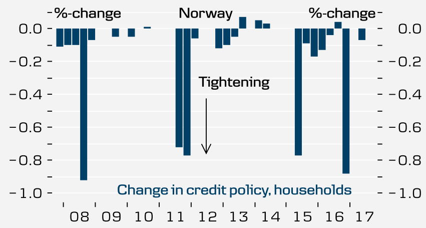
  We estimate an upward bounce in the November real private consumption indicator to around 2.5% y/y on the back of the rise seen in retail sales. The latter was apparently boosted by stronger-than-expected Black Friday sales, which could imply a backlash in December.
- In **Norway**, there are no significant releases in the coming week, with the possible exception of Norges Bank's lending survey if the banks signal further tightening of their credit practices, as this would fuel uncertainty. However, we have not had a sniff of any plans in this direction and it seems unlikely with the housing market now beginning to show signs of stabilising.

Danske indicator vs HOX Stockholm flats



Source: KTH-Valueguard, Danske Bank

No further tightening likely



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Tue	16-Jan	10:30	GBP	CPI	m/m|y/y	Dec	**0.3%|2.9%**	*0.4%|3.0%*	0.3%|3.1%
		10:30	GBP	CPI core	y/y	Dec	**2.6%**	*2.6%*	2.7%
Wed	17-Jan	11:00	EUR	HICP inflation	m/m|y/y	Dec		*0.4%|1.4%*	0.1%|1.5%
		11:00	EUR	HICP - core inflation, final	y/y	Dec		*0.9%*	0.9%
		15:15	USD	Industrial production	m/m	Dec		*0.4%*	0.2%
Thurs	18-Jan	3:00	CNY	Real GDP	q/q|y/y	4th quarter	**...|6.7%**	*1.7%|6.7%*	1.7%|6.8%
Fri	19-Jan	10:30	GBP	Retail sales ex fuels	m/m|y/y	Dec		*-0.8%|2.9%*	1.2%|1.5%
Scandi movers									
Mon	15-Jan	9:00	SEK	HOX Stockholm flats price index	m/m	Dec	**-2.6%**		-4.2%
		9:30	SEK	Household consumption	m/m|y/y	Nov	**...|2.5%**		0.1%|1.5%

Source: Bloomberg, Danske Bank

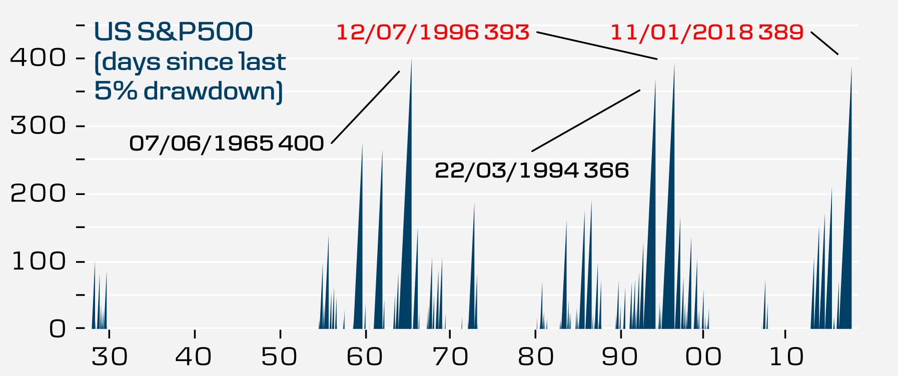
Global Macro and Market Themes

Strong start to 2018 for equities

This year has started very strongly, as S&P 500 has risen 3.5% YTD. It is now 389 days since we had a 5% drawdown, which is close to the record from the 1990s of 393 days. **One reason is that economic data remain very strong**, not least in the euro area. Economic confidence in the euro area has been higher only in 2000 during the IT bubble, industrial production rose 1% in November and the unemployment rate has fallen to 8.7% (the lowest since the crisis). The combination of high consumer and business confidence in both the US and Europe means growth is likely to be more balanced between private consumption and business investments than in the past two to three years. **While we think the acceleration phase is over, we expect global growth to stabilise at a strong level, supporting our view that equity markets should do well in 2018 too.** In our view, the main downside risk is China due to a combination of credit tightening, renewed reform push and anti-pollution measures.

Despite the strong economic cycle, the missing link is still inflation, which we expect – as in recent years – to remain an important topic this year. Based on meeting minutes from both the ECB and Federal Reserve, the persistent low inflation is the biggest puzzle for central banks right now. Normal economic wisdom says inflation should move higher as the output gap closes but inflation remains low globally. Last week new data showed that euro area HICP inflation was lower than expected in December and wage growth remains modest in the US. With Brent oil trading just below USD70/bl, the reflation theme is slowly returning to markets and inflation expectations have risen in both Europe and the US. One reason for the higher inflation expectations is that central banks have been determined to stay on course and not turned too hawkish despite their inner eagerness to tighten monetary policy at this point in the cycle. **While the higher oil price puts upward pressure on overall inflation in the short term, we believe core inflation is likely to remain subdued in both the US and Europe**, as wage growth remains modest and inflation expectations, despite increases, remain below average.

Equities have had a good start to 2018 – it has been a while since we have had a large market correction

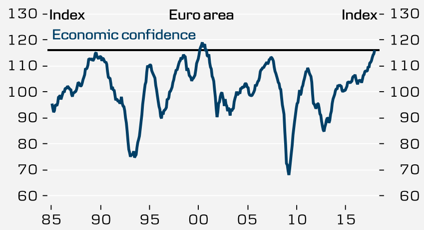


Source: Macrobond Financial

Today's key points

- We are still positive on equities, as global growth remains solid, although the acceleration phase is likely to be over soon.
- Inflation remains one of the most important topics this year. Despite higher oil prices, we expect core inflation to remain subdued.
- In our view, markets have priced the ECB too aggressively, as we expect the first ECB hike in Q2 19.
- Increasing tension between the US and China is a cause for concern.

Extremely high optimism in Europe



Source: DG ECFIN, Macrobond Financial

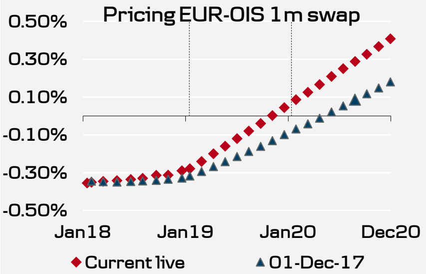
Markets have priced the ECB too aggressively – too early for EUR/USD to make the next level shift higher

Due to the strong economic data, the return of the reflation theme and a couple of hawkish comments from the ECB, we have seen a repricing of the front end of the EUR curve since December. Markets now price in the first 10bp ECB hike in early 2019 and are pricing in that the deposit rate will reach zero by the end of 2019. This is more aggressive than our own ECB forecast and we strongly doubt the ECB will be able to hike according to expectations. We expect the first ECB hike in Q2 19. Although the QE programme officially runs until September, the ECB has communicated that it does not want to make a sudden stop and we believe we are likely to see some sort of tapering in Q4 18. As the ECB forward guidance says rates will stay at present levels 'well past' the QE horizon, it simply seems to us too early for the ECB to hike in Q1 19.

We continue to expect a modestly steeper EUR yield curve for the 2Y10Y in 2018. The ECB maintains a tight grip on the short end of the curve. However, this is not the case for the 10Y segment of the curve, which we expect US yields and a smaller QE programme to push higher.

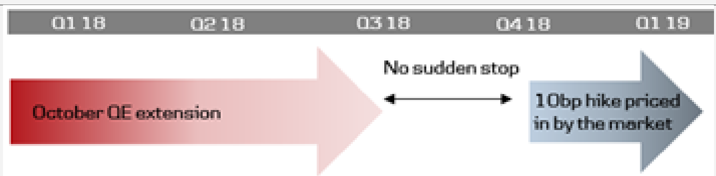
At the time of writing, EUR/USD is trading above 1.21, pushed up not only by hawkish ECB comments but also by the progress in the German coalition talks. **However, we do not buy into the 'reflation' story and hence still deem it too early for EUR/USD to make the next level shift higher.** For this to happen in Q1 would require a cyclical outperformance of the eurozone versus the US and/or upside wage/inflation surprises with neither being our base case.

First 10bp ECB hike priced for early 2019



Source: Danske Bank

ECB is priced too aggressively due to sequencing and 'well past'



Source: Danske Bank illustration

US-China relations on a concerning path

With a strong economic cycle, high optimism, low yields, strong earnings and subdued inflation, it is natural to question what could possibly go wrong. While there are not many risk factors out there (in our view, even the Italian election has become less important, as anti-establishment parties such as the Five Star Movement have said they do not want to pull Italy out of the euro), there are still a few. We have been reminded of one this week, as US President Donald Trump seems to have shifted his focus to trade since his success in passing the tax reform. Trump wants to satisfy his voter base ahead of the mid-term elections by implementing protectionist measures against China (and possibly pulling out of NAFTA if negotiations turn out unsuccessfully) despite the push back from establishment and business organisations.

Donald Trump wants to reduce US trade deficit with China

Source: Census Bureau, Macrobond Financial

On Wednesday, there was a story suggesting China was considering reducing its purchases of US Treasuries quoting unnamed Chinese officials. The Chinese government denied the story the following day. While it is hard to say whether it was just a big mistake, we think China deliberately planted the story as a friendly reminder to the US that China will retaliate if Trump implements protectionist measures against China. China owns 10% of US marketable debt and 10Y US yields rose close to 5bp on the news. For more, see *Flash Comment – US-China relations on a concerning path – part 2*, 11 January.

Financial views

Asset class	Main factors
Equities	
Positive on 3-12 month horizon.	Strong business cycle and near double digit earnings growth in most major regions. Low rates and bond yields drive demand for risk assets.
Bond market	
German/Scandi yields – set to stay in recent range for now, higher on 12M horizon	Inflation set to stay subdued despite decent growth. Stronger euro keeps euro inflation outlook down. ECB to normalise gradually only, due to lack of wage pressure and stronger euro. ECB on hold for a long time.
EU curve – 2Y10Y set to steepen when long yields rise again. Flattening of US 2Y10Y curve to continue	The ECB keeps a tight leash on the short end of the curve. With 10Y yields stable, the curve should change little on a 3-6M horizon. Risk is skewed towards a steeper curve but that is a 6M to 12M forecast.
US-euro spread - set to widen marginally	The Fed's QT programme (balance sheet reduction) is set to happen at a very gradual pace and the effect on the Treasury market should be benign. Yet, market pricing for Fed hikes is still dovish for 2019 and yields should edge higher on a 12M horizon.
Peripheral spreads – tightening but still some factors to watch	We expect economic recovery, ECB stimuli, better fundamentals, particularly in Portugal and Spain, an improved political picture and rating upgrades to lead to further tightening despite the recent strong moves. Italy is the big risk factor but it is very expensive to be short Italian bonds.
FX	
EUR/USD – rangebound near term but upside risks in 2018	EUR/USD not yet ready to make the next level shift higher, but cross moving firmly into mid-1.20s on valuation and debt-flow reversal in H2.
EUR/GBP – in range near term but GBP to strengthen eventually	We still see EUR/GBP within 0.8650-0.90 in coming months as the Brexit risk premium is likely to persist near term. Longer term, GBP should strengthen.
USD/JPY – gradually higher longer term but challenged near te	Focus on BoJ's quiet tapering and personnel changes to weigh on USD/JPY near term. Still supported by global recovery, suppressed risk premiums and Fed-BoJ divergence longer term.
EUR/SEK – risk to the topside on housing market, RB pricing	Housing market risk premium to keep SEK under pressure alongside too aggressive Riksbank market pricing. Eventually lower but not a H1 story.
EUR/NOK - set to move lower	NOK headwinds towards year fading - we expect the NOK to rebound on valuation, growth and real-rate differentials.
Commodities	
Oil price – temporary support from freezing weather in US	June review weakens impact of extension of OPEC+ output cuts. Geopolitical tensions around Saudi Arabia and Iran looming. Weaker USD.

Source: Danske Bank views

Scandi Update

Denmark – inflation down in December

Inflation was 1.0% in December, down three-tenths of a point on November, continuing the decline seen since the summer but remaining above the level of recent years. It was mainly lower food, power and clothing prices that pushed inflation down, while higher book and petrol prices pulled in the other direction.

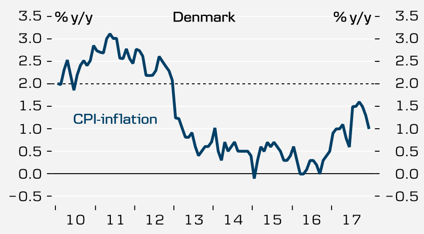
Exports of goods were largely unchanged from October to November but this comes after a couple of strong months, resulting in an overall increase of 1.6% over the autumn. Given the upswing in the global economy, there should be scope for Danish exports to strengthen further.

Statistics Denmark's nationwide housing price data for October showed apartment prices climbing 1.2% but house prices falling 1.1%. This is a relatively sharp fall in one month but it is important not to read too much into a single month's figures. We would need to see several months of falling prices before revising our view that house prices will continue to rise moderately.

Industrial production increased 2.7% from October to November. Despite this second successive month of rising industrial production, the general trend in 2017 was down.

Finally, the government announced during the week that it will no longer be looking to negotiate a major tax reform but will focus instead on resolving issues with the tax incentives for pension savings.

Inflation has fallen again in recent months



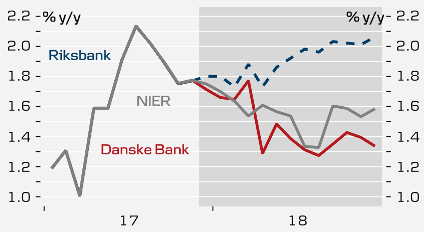
Source: Statistics Denmark

Sweden – not much news in minutes, soaring budget surplus

There was not much news in the Riksbank Minutes (December meeting) but it was generally interpreted as slightly 'bearish' that most board members continue to argue that (1) the forecast is on track and the time for the first rate hike (Q3 18) is approaching and (2) the decline in property prices is no problem. Some members argued the Riksbank is in a good position to front-run the ECB with rate hikes (actually nothing new, has been in the forecast for a long, long time). Furthermore, this is already more than discounted in money-market pricing. In our view, the Riksbank is still too optimistic about inflation and we believe there is support from NIER, which estimates a similar decline in core CPIF (CPIF excluding energy) to us, in contrast to the Riksbank's rising path (from April onwards). As energy prices are already high, we put more emphasis on core CPIF as the real driver for the inflation outlook. This said, the possibility of a July rate hike has increased, although this is not our base case.

The government borrowing requirement in December turned out to be much lower than expected, at SEK69.6bn versus the expected SEK92.3m. The Debt Office appears puzzled about the reason for this surprise but argues that it is either a 'stronger development in tax bases' or 'a change in the tax payment pattern'. Either way, since October, when the forecast was made, the borrowing requirement has been SEK33.5bn less than forecast, due mainly to unexpected tax revenues. This ended up in a SEK61.8bn surplus for 2017 as a whole, compared with the SEK28.3bn forecast. Potentially this could lead to another revision of the Debt Office's funding plan for 2018 (already revised significantly in October) but it is too early to tell, as tax revenues may be smaller than expected in coming months, reversing part of the surprising strength.

Core CPIF forecasts compared

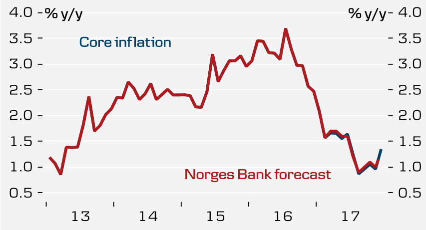


Source: Riksbank, NIER, Danske Bank

Norway – higher inflation not a sign of growing pressures

Core inflation climbed to 1.4% y/y in December, marginally above Norges Bank's forecast of 1.3% in the December monetary policy report and slightly above the consensus estimate of 1.2%. Almost needless to say, it was the volatility of food prices and airfares that pushed up inflation. Food prices fell 1.2% m/m in December, as against 3% in December 2016, as the price war for typical Christmas goods was somewhat less intense in 2017. In isolation, this pushed up core inflation almost 0.2pp. Meanwhile, airfares leapt 24.7% m/m in December, after falling 4.0% in December 2016. This also pushed up core inflation by around 0.2pp. Excluding these two components, core inflation was relatively stable from November to December and there are currently no signs of mounting inflationary pressures in the economy. Therefore, we do not expect these inflation figures to have any impact on future rate setting, either at the monetary meeting on 25 January or when the new monetary policy report is published in March. Looking further ahead, we believe core inflation will probably rise. The reason is, quite simply, that we expect the decline in the NOK in the autumn to push up imported inflation over the course of the year.

Inflation ticking up tentatively



Source: Danske Bank, Macrobond Financial

Latest research from Danske Bank

8/1 Flash Comment: EM Weekly - inflation, output and demand data in focus

Emerging markets (EM) saw a brisk year in 2017, as during the last 12 months different EM asset classes saw a double-digit growth.

11/1 Flash Comment - US-China relations on a concerning path - part 2

Tensions between the US and China continue and we cannot rule out the risk of a trade conflict this year.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Denmark	2017	2.0	1.7	0.8	1.9	-0.2	3.6	2.8	1.1	4.3	0.0	36.0	8.0
	2018	2.0	2.0	0.7	5.5	-0.2	2.7	3.4	1.2	4.1	-0.3	35.1	7.7
	2019	1.9	2.5	0.5	4.3	0.0	2.6	3.6	1.4	4.0	-0.1	33.9	7.3
Sweden	2017	2.7	2.4	0.4	7.5	-0.1	3.4	5.1	1.8	6.7	0.9	39.0	4.8
	2018	1.7	1.6	1.3	1.1	0.0	5.1	5.0	1.6	7.1	0.6	36.0	4.8
	2019	2.0	1.9	0.8	0.4	0.2	4.7	3.8	1.4	7.6	0.4	34.0	5.4
Norway	2017	1.9	2.4	1.9	3.9	-0.2	2.4	1.1	1.8	2.7	-	-	-
	2018	2.3	2.6	1.7	2.7	-0.1	2.7	1.4	2.0	2.4	-	-	-
	2019	2.2	2.3	1.9	2.5	0.0	2.2	3.0	2.0	2.3	-	-	-

Macro forecast, Euroland

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Euroland	2017	2.4	1.8	**1.1**	**4.1**	-	4.8	4.7	1.5	9.1	-1.1	88.1	3.0
	2018	2.0	1.9	**1.3**	**4.9**	-	3.7	4.9	1.2	8.4	-0.9	87.2	3.0
	2019	1.8	1.9	**1.3**	**4.2**	-	3.4	4.4	1.4	8.0	-0.8	85.2	3.0
Germany	2017	2.6	2.4	1.2	4.4	-	4.8	5.2	1.7	3.8	0.9	64.8	7.8
	2018	2.4	2.4	2.0	4.2	-	3.6	5.2	1.5	3.5	1.0	61.2	7.5
	2019	2.1	2.3	2.2	4.5	-	3.1	4.8	1.6	3.3	1.1	57.9	7.2
Finland	2017	3.1	1.8	0.3	8.9	-	8.1	3.5	0.8	8.5	-1.6	62.0	0.0
	2018	2.3	2.0	0.4	4.5	-	4.0	4.5	1.2	8.0	-1.0	61.0	-0.2
	2019	1.9	1.5	0.2	3.5	-	4.0	3.5	1.4	7.7	-0.8	60.0	0.2

Macro forecast, Global

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
USA	2017	2.2	2.7	-0.2	3.8	-0.1	3.2	3.3	2.2	4.4	-3.6	106.0	-2.4
	2018	2.4	2.2	0.0	5.1	0.0	3.6	2.6	2.5	4.0	-3.5	107.0	-3.0
	2019	2.1	1.9	0.4	4.9	0.0	3.1	3.0	2.1	3.8	-4.0	109.0	-3.1
China	2017	6.8	-	-	-	-	-	-	2.0	4.1	-3.7	47.6	1.4
	2018	6.3	-	-	-	-	-	-	2.3	4.3	-3.4	50.8	1.1
	2019	6.0	-	-	-	-	-	-	2.3	4.3	-3.4	53.9	1.2
UK	2017	1.5	1.8	0.6	2.4	-0.4	4.5	3.0	2.6	4.4	-2.4	87.0	-4.6
	2018	1.3	1.3	0.5	1.9	0.1	2.4	2.2	2.2	4.1	-2.0	87.3	-4.7
	2019	1.2	1.0	0.4	2.0	0.0	2.6	1.8	1.8	4.1	-1.8	87.4	-4.6

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 vsSEK
USD	12-Jan	1.50	1.70	2.15	2.45	120.6	-	814.3
	+3m	1.50	1.58	2.15	2.35	116.0	-	870.7
	+6m	1.75	1.75	2.25	2.40	120.0	-	825.0
	+12m	2.00	2.04	2.55	2.70	125.0	-	784.0
EUR	12-Jan	0.00	-0.33	-0.15	0.89	-	120.6	982.2
	+3m	0.00	-0.33	-0.10	0.90	-	116.0	1010.0
	+6m	0.00	-0.33	-0.05	1.00	-	120.0	990.0
	+12m	0.00	-0.33	-0.05	1.20	-	125.0	980.0
JPY	12-Jan	-0.10	-0.03	0.05	0.27	136.4	113.1	7.20
	+3m	-0.10	-	-	-	131.1	113.0	7.71
	+6m	-0.10	-	-	-	136.8	114.0	7.24
	+12m	-0.10	-	-	-	142.5	114.0	6.88
GBP	12-Jan	0.50	0.52	0.79	1.29	89.0	135.6	1103.9
	+3m	0.50	0.53	0.85	1.35	88.0	131.8	1147.7
	+6m	0.50	0.53	0.90	1.50	87.0	137.9	1137.9
	+12m	0.50	0.64	1.10	1.75	86.0	145.3	1139.5
CHF	12-Jan	-0.75	-0.74	-0.49	0.27	117.7	97.6	834.2
	+3m	-0.75	-	-	-	116.0	100.0	870.7
	+6m	-0.75	-	-	-	120.0	100.0	825.0
	+12m	-0.75	-	-	-	123.0	98.4	796.7
DKK	12-Jan	0.05	-0.31	-0.03	1.05	744.5	617.3	131.9
	+3m	0.05	-0.30	0.05	1.10	744.3	641.6	135.7
	+6m	0.05	-0.30	0.10	1.20	744.3	620.2	133.0
	+12m	0.05	-0.30	0.15	1.45	744.5	595.6	131.6
SEK	12-Jan	-0.50	-0.44	-0.14	1.20	982.2	814.3	100.0
	+3m	-0.50	-0.50	-0.05	1.15	1010.0	870.7	-
	+6m	-0.50	-0.45	-0.05	1.15	990.0	825.0	-
	+12m	-0.50	-0.45	-0.05	1.25	980.0	784.0	-
NOK	12-Jan	0.50	0.78	1.12	1.92	974.7	808.1	100.8
	+3m	0.50	0.80	1.10	2.00	940.0	810.3	107.4
	+6m	0.50	0.80	1.15	2.10	920.0	766.7	107.6
	+12m	0.75	1.10	1.35	2.45	910.0	728.0	107.7

Commodities

		2018				2019				Average	
	12-Jan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019
NYMEX WTI	58	58	58	60	60	60	60	61	61	58	61
ICE Brent	69	62	62	64	64	64	64	65	65	63	65

Source: Danske Bank

Calendar

Key Data and Events in Week 3

During the week				Period	Danske Bank	Consensus	Previous
Monday, January 15, 2018				**Period**	**Danske Bank**	**Consensus**	**Previous**
8:00	NOK	Trade balance	NOK bn	Dec			-4.2
9:00	SEK	HOX Stockholm flats price index	m/m	Dec	-2.6%		-4.2%
9:30	SEK	Household consumption	m/m|y/y	Nov	...|2.5%		0.1%|1.5%
11:00	EUR	Trade balance	EUR bn	Nov		23	19
Tuesday, January 16, 2018				**Period**	**Danske Bank**	**Consensus**	**Previous**
8:00	DEM	HICP, final	m/m|y/y	Dec		0.8%|1.6%	0.8%|1.6%
10:00	ITL	HICP, final	m/m|y/y	Dec		...|1.0%	...|1.0%
10:30	GBP	PPI - input	m/m|y/y	Dec		0.6%|5.5%	1.8%|7.3%
10:30	GBP	CPI	m/m|y/y	Dec	0.3%|2.9%	0.4%|3.0%	0.3%|3.1%
10:30	GBP	CPI core	y/y	Dec	2.6%	2.6%	2.7%
14:30	USD	Empire Manufacturing PMI	Index	Jan		18.5	18.0
Wednesday, January 17, 2018				**Period**	**Danske Bank**	**Consensus**	**Previous**
11:00	EUR	HICP inflation	m/m|y/y	Dec		0.4%|1.4%	0.1%|1.5%
11:00	EUR	HICP - core inflation, final	y/y	Dec		0.9%	0.9%
15:15	USD	Capacity utilization	%	Dec		77.3%	77.1%
15:15	USD	Industrial production	m/m	Dec		0.4%	0.2%
15:15	USD	Manufacturing production	m/m	Dec		0.3%	0.2%
16:00	CAD	Bank of Canada rate decision	%		1.25%	1.25%	1.00%
16:00	USD	NAHB Housing Market Index	Index	Jan		72.0	74.0
21:00	USD	Fed's Evans (non-voter, dovish) speaks					
22:00	USD	TICS international capital flow, Net inflow	USD bn	Nov			151.2
22:30	USD	Fed's Mester (voter, hawkish) speaks					
Thursday, January 18, 2018				**Period**	**Danske Bank**	**Consensus**	**Previous**
1:01	GBP	RICS house price balance	Index	Dec		0.0	0.0
1:30	AUD	Employment change	1000	Dec		15	61.6
2:30	CNY	Property prices	y/y				
3:00	CNY	Fixed assets investments	y/y	Dec		7.1%	7.2%
3:00	CNY	Real GDP	q/q|y/y	4th quarter	...|6.7%	1.7%|6.7%	1.7%|6.8%
3:00	CNY	Industrial production	y/y	Dec		6.1%	6.1%
3:00	CNY	Retail sales	y/y	Dec		10.2%	10.2%
5:30	JPY	Industrial production, final	m/m|y/y	Nov			0.6%|3.7%
9:15	EUR	ECB's Weidmann speaks in Frankfurt					
9:15	EUR	ECB's Coeure speaks in Frankfurt					
10:00	NOK	Norges Bank's Survey of bank lending		4th quarter			
12:00	TRY	Central Bank of Turkey rate decision	%		8.0%		8.0%
14:30	USD	Building permits	1000 (m/m)	Dec		1295	1303.0 (-1.0%)
14:30	USD	Housing starts	1000 (m/m)	Dec		1270	1297.0 (3.3%)
14:30	USD	Philly Fed index	Index	Jan		23.0	26.2
14:30	USD	Initial jobless claims	1000				261
15:30	EUR	ECB's Coeure speaks in Frankfurt					
17:00	USD	DOE U.S. crude oil inventories	K				-4948
Friday, January 19, 2018				**Period**	**Danske Bank**	**Consensus**	**Previous**
-	EUR	Moody's may publish Germany's debt rating					
-	EUR	Fitch may publish Spain's debt rating					
-	EUR	S&P may publish Greece's debt rating					
-	DKK	Fitch may publish Denmark's debt rating					
10:00	EUR	Current account	EUR bn	Nov			30.8
10:30	GBP	Retail sales ex fuels	m/m|y/y	Dec		-0.8%|2.9%	1.2%|1.5%
16:00	USD	University of Michigan Confidence, preliminary	Index	Jan		97.0	95.9

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Source: Danske Bank

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