17 November 2017

Weekly Focus Sweden

Market correction but continued recovery

Market Movers ahead

- Minutes from the October ECB meeting could well provide clues as to what will happen after September next year when the current QE programme is set to end.
- The minutes from the most recent FOMC meeting are less likely to be interesting.
- PMIs in the euro area are likely to show further increases although the stronger EUR weighs on businesses, and Markit PMIs for the US are expected to increase as they are catching up to ISM numbers.
- The Swedish Riksbank's financial stability report is likely to draw attention, given the turnaround in the housing market.
- Survey data could point to a rebound in oil investments in Norway next year.

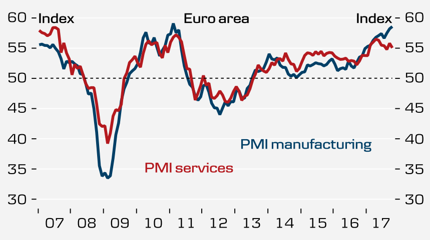
Global macro and market themes

- In the equity market, we have seen a correction from stretched levels but it should prove temporary.
- The likelihood of US tax cuts has increased and will remain a market theme for the rest of the year.
- Any dips in EUR/USD should be shallow and short-lived and we expect it to move higher again next year.
- We think risks to our outlook for yields over the next couple of months have now become more symmetric and that the downside potential for yields should not be neglected.

Focus

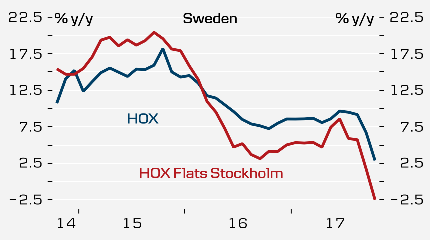
Scandi FX meltdown temporary, risks to *10 year yields more two sided now*.

Euro PMI's to edge higher



Source: Markit PMI, Macrobond Financial

Swedish house prices have turned



Source: Macrobond Financial, Danske Bank

Contents

Financial views

Major indices	17-Nov	3M	12M
10yr EUR swap	0.84	0.95	1.20
EUR/USD	118	116	125

Source: Danske Bank

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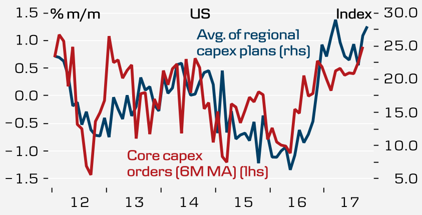
Market movers

Global

- In the **US**, Wednesday brings FOMC minutes from the October/November meeting and core capex orders for October. The last FOMC meeting revealed no new information and we do not expect much new from the minutes either – the Fed is on track to deliver another hike in December. Looking at core capex, it has been trending upwards since the spring in line with regional capex plan surveys. These suggest core capex orders growth of around 1.0% in October but the monthly changes are very volatile. Markit PMIs for November are due for release on Friday. The large gap between Markit and ISM manufacturing narrowed in October and we expect this trend to continue (driven by both variables). Hence, we estimate that Markit PMI rose to 55.6. We estimate the service index stayed around its current level of 55.3.

Regional capex plans suggest growth of 1.0% m/m in core capex orders



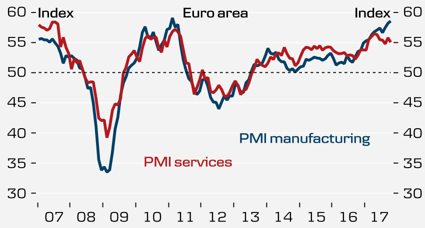
Sources: U.S. Census Bureau, Fed NY, Fed Philadelphia, Fed Kansas, Fed Dallas, Macrobond Financial

- In the **euro area,** we are awaiting the PMI figures, due for release on Thursday. Manufacturing PMI has been rising steadily throughout 2017 and reached 58.5 in October from 58.1 in September. It is now strikingly close to the 59.0 post-crisis peak reached in February 2011. Service PMIs also remain strong but after an increase in September to 55.8, Service PMI dropped to 55.0 in October. While survey expectations indicators point towards further increases with rising consumer confidence and high Ifo and ZEW expectations, we expect only a moderate increase as the euro appreciation in 2017 could have started to act as a drag on export orders. Thus, we expect manufacturing PMI to increase to 58.7 and service PMI to increase to 55.2.

  The ECB minutes from the October meeting are also due for release on Thursday. At the October meeting, the ECB extended its QE programme for another nine months in 2018 but scaled down the monthly purchases to EUR30bn (see also *ECB Review: ECB opts for 'lower-for-longer' QE extension*, 26 October). In the minutes, focus will be on the Governing Council's discussions regarding whether to put a definite end date to the QE programme, which might give insights regarding the likelihood of a possible tapering starting in Q4 18. In addition, it will be interesting to see how the governing council thinks about the economic development in its downscaling decision as the inflation outlook still remains subdued.

  Note that German revised Q3 GDP and Ifo expectations figures are due for release on Thursday and Friday, respectively.

PMI should edge slightly higher in Nov

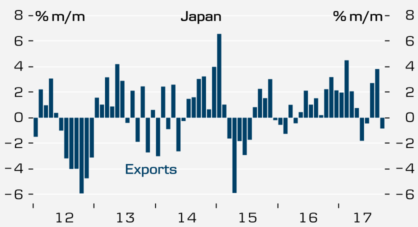


Source: Markit PMI, Macrobond Financial

- In the **UK**, we have a quiet week next week in terms of economic data releases. The biggest focus is on Chancellor Philip Hammond's autumn budget statement to parliament on Wednesday at 13:30 CET.

- In **Japan**, October exports are due on Monday. Exports came out strong in Q3 and are still the main growth driver in Japan. As long as domestic demand refuses to pick up, exports are key to maintaining the economic upturn. November PMI figures for the export-heavy manufacturing sector are due out on Friday. The manufacturing sector has looked solid for more than a year now with industrial production up 4.2% y/y and PMI just below 53.

Exports still the main growth driver in Japan



Note: Measured in volumes
Source: Bank of Japan

- There are no market movers in **China** next week.

Scandi

- In **Denmark**, Wednesday brings consumer confidence figures for November. The indicator has been falling since hitting a two-year high in July and we expect a further drop in November to 6.8. On Tuesday, Statistics Denmark is due to publish employment data for September. The number of people in work rose in August after a slight fall in July, and we expect a further improvement in September. October retail sales follow on Friday.

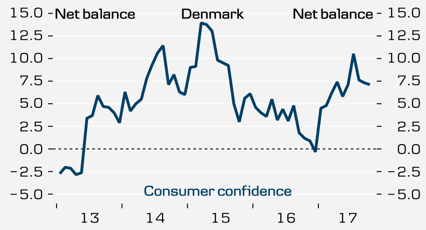
- The **Swedish** statistics agenda is empty. Markets are likely to continue to focus on property market developments.

  The Riksbank is due to release its second Financial Stability Report on 22 November, which is likely to draw some attention, especially its views on the property market and the risks associated with growth, inflation and the banking system.

  The government may also reply to the FSA's proposed 1% extra amortisation requirement on new loans that surpasses 450% of the household's gross income.

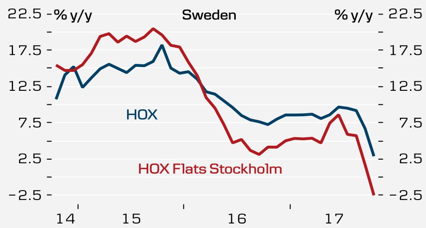
- In **Norway**, the week's most important release could turn out to be the Q4 oil investment survey. The Q4 survey is particularly important because it includes a more credible estimate of exploration activity in the coming year. We know that plans have been submitted for a number of major projects starting up next year, which will now be included in the survey. We therefore anticipate a substantial upward revision of the estimate for 2018. Either way, we expect the survey to attract slightly less attention than it has over the past three years. This is due to a combination of higher oil prices and lower production costs, which means that the downside risk to investment is now greatly reduced. On the other hand, it is probably too early to speculate about surprises to the upside – that would probably require prices to be higher than they are now for some time. The week also brings the LFS for September (August-October). We already have jobless figures from NAV for this period showing a steady decline in unemployment. If the LFS data deviate much from this picture, whether to the upside or to the downside, this can probably be written off as noise. As mentioned many times before, we prefer the NAV figures when it comes to assessing unemployment. Based on the NAV numbers, we expect a stable jobless rate of 4.1% in September.

Consumer confidence has fallen for the past three months



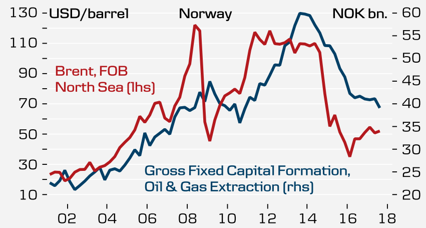
Source: Danmarks Statistik

Property prices on the radar



Source: Macrobond Financial, Danske Bank

Higher oil prices create floor for investment



Source: Macrobond, Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	20-Nov	0:50	JPY	Exports	y/y (%)	Oct		*0.2*	0.1
Wed	22-Nov	13:30	GBP	Chancellor Hammond's autumn budget statement					
		14:30	USD	Core capital goods orders, preliminary	%	Oct		*0.5%*	1.7%
		20:00	USD	FOMC minutes, November					
Thurs	23-Nov	8:00	DEM	GDP, final	q/q|y/y	3rd quarter		*0.8%|2.8%*	0.8%|2.8%
		10:00	EUR	PMI manufacturing, preliminary	Index	Nov	**58.7**	*58.2*	58.5
		10:00	EUR	PMI composite, preliminary	Index	Nov		*55.9*	56.0
		10:00	EUR	PMI services, preliminary	Index	Nov	**55.2**	*55.2*	55.0
		13:30	EUR	ECB account of the October monetary policy meetir					
Fri	24-Nov	1:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Nov			52.8
		10:00	DEM	IFO - expectations	Index	Nov		*108.8*	109.1
		15:45	USD	Markit PMI manufacturing, preliminary	Index	Nov	**55.6**	*55.0*	54.6
		15:45	USD	Markit PMI service, preliminary	Index	Nov	**55.3**		55.3
Scandi movers									
Wed	22-Nov	8:00	NOK	Unemployment (LFS)	%	Sep	**4.1 %**	*4.1%*	4.1%
		9:30	SEK	Riksbank publishes Financial Stability Report					
Thurs	23-Nov	8:00	NOK	Oil investment survey		4th quarter			

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Consolidation from stretched levels

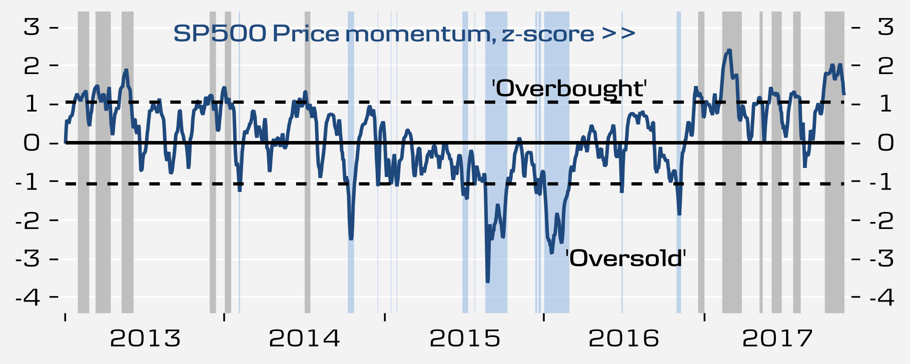
Correction should be temporary

This week we have seen some risk-off in equity markets with the S&P 500 now more than 1% lower than a week ago, as markets are correcting from stretched levels (see chart below). Looking at the S&P 500, US stocks still seem overbought and **in the short run US stocks may fall further, as investors take profit from the long rally before year-end**. In Europe, price momentum is back to neutral. The global surprise index is also high, thus limiting the scope for further increases in the index. **In our view, the market correction should still prove temporary, as fundamentals are still strong with a growing economy and low risks**. Global GDP growth was strong in Q3 and also looks promising in Q4, as optimism among businesses and consumers remains high across regions, although growth is no longer accelerating but stabilising at strong levels. Profits also seem strong in Q4, and in our view valuation is still decent. Equity volatility (VIX) has increased, but in our view, there are not many risk factors out there, at least not in the short term, which together with central banks only tightening gradually is positive for equity markets.

US tax cuts have become more likely

An important market theme for the rest of the year is whether Republicans are able to pass tax cuts in the US or not. The likelihood has increased significantly, as the Republicans think it is very important for their chances of maintaining control over Congress after the mid-term election in November next year, which also explains why more Republicans have accepted deficit-financed tax cuts (USD1,500bn over ten years). However, there are still many hurdles left (especially as there is opposition to the tax revenue raisers, which are supposed to pay for some of the tax cuts) and although **our base case is that Republicans will be able to pass something eventually**, there is still some probability that the whole thing explodes, just like with the attempt to repeal Obamacare. By ‘something’ we mean that tax cuts will be watered down compared to what is on the table right now in terms of how much they can cut taxes in percent within the USD1,500bn frame. As an example, it costs USD1,500bn to cut corporate tax rate to 20% by itself, meaning there is no room for income tax cuts without finding financing elsewhere.

Stock markets have corrected from stretched levels

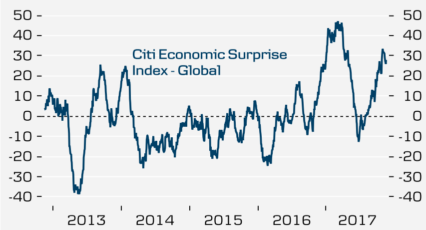


Source: Bloomberg, Danske Bank, Macrobond Financial

Key points

- In the equity market, we have seen a correction from stretched levels but it should prove temporary.
- Likelihood of US tax cuts has increased and will remain a market theme for the rest of the year.
- Any dips in EUR/USD should be shallow and short-lived and we expect it to move higher again next year.
- We think risks to our outlook for yields over the next couple of months have now become more symmetric and that the downside potential for yields should not be neglected.

Global surprise index is high



Source: Bloomberg, Citi, Macrobond Financial

EUR/USD still set to move higher next year

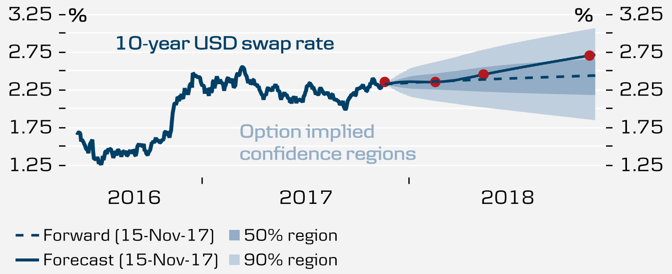
This week we have published our monthly FX forecast update, see *FX Forecast Update: Scandi meltdown will not endure the winter cold*, 16 November. The drastic deterioration of housing market sentiment has weighed heavily on the SEK over the past weeks, which has spread to the NOK. Globally, **we think EUR/USD will trade within the 1.1479-1.1880 range towards year-end but continue to stress that a 2018 rebound towards 1.25 is on the cards** and that upside risks dominate the longer-term outlook. In the near term, we could see dips in EUR/USD due to among other things the US tax reform discussed on the previous page. That said, we still stress that any dips should be shallow and short-lived, as fundamentals still provide support to the cross and as notably a reversal in debt flows is a key source of upside EUR risks over the medium-term. **We see EUR/USD at 1.16 in 1-3M but expect a move towards 1.25 in 12M.**

Risks to 10Y yields have become more two-sided

We have also published our monthly yield outlook this week, see *Yield Outlook: Risk to 10Y yields is now more two-sided*, 16 November. **Global yields have declined on the back of the low risk sentiment in global equity markets, which has pushed investors into the 'safe' global bonds.** We think the move lower underlines that – despite the ECB scaling back on bond purchases, strong global growth and Fed rate hikes – we should not expect to see a rapid further rise in either US or European long yields (10Y). That said, **we think risks to our outlook for yields over the next couple of months have now become more symmetric and that the downside potential for yields should not be neglected** (we have previously argued that the risk to rates was asymmetric on the upside given global central banks' normalisation policies), especially in the US, where the 'high yielding' US bond market stands out.

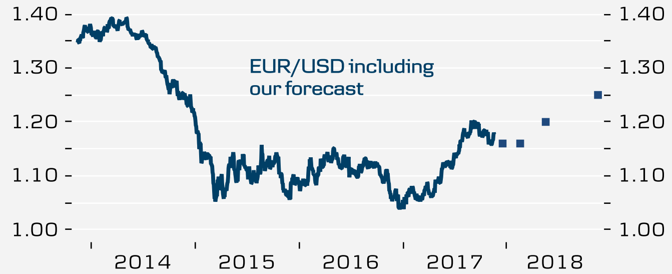
In the US, we still expect a flattening of the US curve for the 2Y10Y on a 12M horizon. The short end could be pushed higher by further Fed rate hikes, as markets have only priced in 1.5 hikes next year (against our expectation of two hikes and the Fed's signal of three hikes). The long end is kept low by investors buying 'high yield' US fixed income assets and the fact that the so-called equilibrium rate has declined, see *Strategy: Natural rate key to understand central banks*, 29 September. **In Germany, we expect a modestly steeper yield curve for the 2Y10Y in 2018.** We expect the ECB to maintain a tight grip on the short-end of the curve in 2018. However, this is not the case for the 10Y segment of the curve, which we expect to be pushed by higher US yields and a smaller QE programme. We have a 12M 0.75% forecast for 10Y Germany.

We still expect US 10Y to move higher in the coming year



Source: Bloomberg, Danske Bank, Macrobond Financial

EUR/USD to range-trade in the coming months before moving higher again



Source: Danske Bank, Macrobond Financial

General market themes

Asset class	Main factors
Equities	
Correction from stretched levels but still positive on equities	Correction from stretched levels but we are still positive on equities due to strong global growth, low risks and only gradual tightening of monetary policy.
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	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 relatively dovish 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. The focus on Catalonia and its call for independence is a risk for Spanish government bonds.
FX	
EUR/USD – consolidating near term but upside risks in 2018	EUR/USD to remain within 1.1479-1.1880 range near term. We still see the cross moving firmly into mid-1.20s supported by valuation and debt-flow reversal in 2018.
EUR/GBP – upside risks remain but GBP to strengthen eventually	Deteriorating growth prospects and Brexit mess to keep EUR/GBP afloat near term. Downward move on Brexit clarification and valuation further out.
USD/JPY – gradually higher longer term but challenged near term	Policy normalisation at the Fed and eventually at the ECB, while the Bank of Japan is staying dovish, means support for EUR/JPY and USD/JPY alike on a 12M horizon.
EUR/SEK – range near term, gradually lower further out	Gradually lower in the longer term on fundamentals but near term SEK potential is limited by relative rates as SEK remains high-beta ECB derivative via the Riksbank.
EUR/NOK – upside risks in Q4 persist, then gradually lower	NOK headwinds near term due to positioning, oil price and rates potential but longer term we expect the NOK to rebound on valuation, growth and real-rate differentials.
Commodities	
Oil price – rising volatility	Geopolitical tensions around Saudi Arabia and Iran on the rise. Concerns about implications of unstable Venezuelan debt situation.
Metal prices – to fall back	Sentiment is turning negative again, as Chinese construction activity set to slow. Tighter supply to cap lower bound.
Gold price – range-bound	Tug of war between safe-haven demand from rising global geopolitical tensions and negative impact of hawkish Federal Reserve.
Agriculturals – trending higher	Weather-related supply concerns supporting prices.

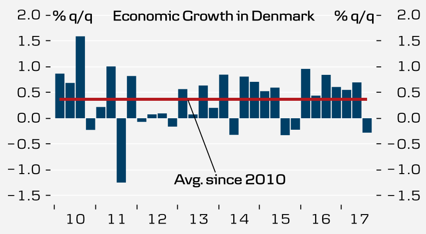
Source: Danske Bank

Scandi Update

Denmark – disappointing growth in Q3

According to Statistics Denmark's GDP indicator, output fell 0.3% in Q3. This is both a surprise and a disappointment, as we had predicted positive growth of 0.5%. It would seem that industrial production's recent sluggish performance has played a role here, but it is worth noting that the industrial production statistics – which are based on a questionnaire survey – have recently proved a very poor indicator of how manufacturers have actually been performing in the national accounts. As the GDP indicator is only a first estimate calculated from the production side, we do not yet know which components of demand pulled growth down. Going from recent data, it would appear that private consumption was pulled down sharply in September by the political wrangling over the car registration duty, but this in itself ought not to be enough to turn economic growth negative in Q3. We do not think that the economic upturn in Denmark is over. Employment is still rising, the global economy is on the up, and Danish consumers and firms are still upbeat, so the fundamentals for further growth are in place. We therefore expect a marked rebound in GDP in the coming quarters in the event that these initial figures for Q3 are not revised up.

GDP indicator shows fall in Q3

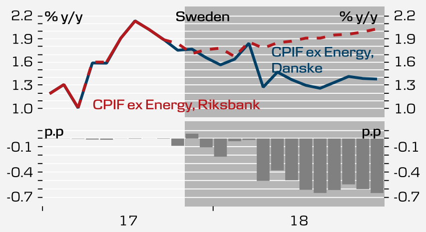


Source: Statistics Denmark

Sweden – inflation and property prices going down

Sweden's October CPIF inflation print was 1.8% y/y, a tenth below Riksbank's forecast as the downside risk we pointed to (charter package prices) did materialise. Looking forward, the next print is likely to be 0.2 percentage points higher than Riksbank's forecast, but this is entirely due to a 5% rise in petrol prices in November. It may be more informative to look at CPIF excluding Energy to gauge the underlying trend. We expect November to print just slightly above Riksbank's forecast. After that, however, core inflation will underperform Riksbank's forecast massively, especially from April and onwards, if we are correct in our call. And this is why we see no room for Riksbank rate hikes in 2018 or even in coming years.

Below target again



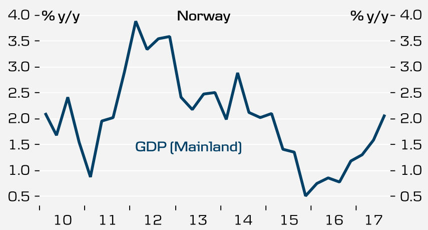
Source: Riksbank, Danske Bank

Norway – growth holding up, rotation underway

Mainland GDP climbed 0.6% q/q in Q3, which means that growth is still above trend. This should gradually translate into higher capacity utilisation and lower unemployment, which in turn will put upward pressure on interest rates. These figures will help eliminate much of the downside risk suggested by recent data. It also seems that the composition of growth is moving in line with our expectation of significant growth rotation. Private consumption and investment are now making more of a contribution, while government demand is contributing less. Employment is also climbing at 1.2% y/y, which goes to show that the key factor behind the fall in unemployment is stronger demand for labour.

The week also saw consumer confidence rise to its highest level for more than three years. Fears that falling housing prices could dampen consumer optimism and pull down spending growth have therefore been allayed, at least for now. This will probably be particularly important in reducing the probability of Norges Bank becoming more negative at its rate-setting meeting in December.

Growth accelerating



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank Markets

17/11 IMF Annual Meeting Special: In store – decent growth. Missing – wage inflation. Wanted – structural reforms

This note summarises the observations from our attendance at the IMF's annual meetings, where we met with IMF mission staff on advanced economies and emerging and frontier markets.

16/11 FX Forecast Update: Scandi meltdown will not endure the winter cold

EUR/NOK. Over the past month we have seen some of the NOK weakness that we have been calling for materialise. Recently the move has been amplified by risk-off and concerns about the Swedish housing market spreading to the NOK.

16/11 Yield Outlook - Risk to 10Y yields is now more two sided

Monthly yield outlook

14/11 Research China: The housing party is over

We now see clear signs that the Chinese housing market is slowing: October home sales growth was negative for the second month in a row and our leading indicators for housing point to further slowdown over the next 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	2016	2.0	2.3	0.3	6.0	0.0	2.8	3.8	0.3	4.2	-0.6	37.7	7.3
	2017	2.4	1.9	1.0	2.6	0.1	5.0	4.7	1.1	4.4	-0.9	35.6	8.3
	2018	2.0	2.3	0.5	4.3	0.0	2.8	3.6	1.1	4.3	-0.7	34.4	7.8
Sweden	2016	3.1	2.1	3.0	5.2	0.0	2.9	2.9	1.0	6.9	1.1	42.2	4.5
	2017	3.1	2.3	0.6	8.0	0.0	3.4	5.0	1.9	6.7	0.3	39.5	4.8
	2018	2.0	1.4	1.6	3.1	0.0	3.3	3.3	1.7	6.6	0.0	39.3	5.2
Norway	2016	1.0	1.5	2.1	-0.2	1.4	-1.8	2.3	3.6	3.0	-	-	-
	2017	2.0	2.5	1.8	3.6	0.2	1.0	4.5	2.0	2.7	-	-	-
	2018	2.3	2.4	2.1	2.0	-0.1	1.5	0.7	1.6	2.5	-	-	-

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	2016	1.8	2.0	1.8	4.5	-	3.3	4.7	0.2	10.0	-1.5	88.9	3.3
	2017	2.2	1.7	1.2	3.8	-	4.5	4.4	1.5	9.1	-1.1	88.1	3.0
	2018	1.6	1.4	1.2	4.2	-	3.2	4.2	1.2	8.4	-0.9	87.2	3.0
Germany	2016	1.9	1.9	3.7	2.9	-	2.4	3.8	0.4	4.2	0.8	68.1	8.5
	2017	2.3	2.3	1.7	4.3	-	4.1	4.8	1.7	3.7	0.9	64.8	7.8
	2018	1.9	1.9	2.0	4.4	-	3.4	5.1	1.3	3.5	1.0	61.2	7.5
France	2016	1.1	2.1	1.2	2.7	-	1.9	4.2	0.3	10.0	-3.4	96.5	-0.9
	2017	1.7	1.2	1.4	3.4	-	2.9	4.6	1.2	9.6	-2.9	96.9	-1.0
	2018	1.3	1.2	1.3	3.1	-	3.3	4.3	1.2	9.3	-2.9	96.9	-0.9
Italy	2016	1.1	1.5	0.5	3.0	-	2.6	3.3	-0.1	11.7	-2.5	132.0	2.6
	2017	1.5	1.4	0.8	2.2	-	4.8	5.6	1.3	11.3	-2.1	132.1	2.5
	2018	1.4	1.1	0.7	3.8	-	2.9	3.7	0.9	10.9	-1.8	130.8	2.5
Spain	2016	3.3	3.0	0.8	3.3	-	4.8	2.7	-0.3	19.6	-4.5	99.0	1.9
	2017	3.1	2.7	1.3	4.1	-	5.5	4.4	2.1	17.3	-3.1	98.4	1.7
	2018	2.2	2.5	1.6	3.2	-	3.1	4.1	1.2	15.7	-2.4	96.9	1.9
Finland	2016	1.9	1.8	1.2	7.2	-	1.3	4.4	0.4	8.8	-1.9	63.1	-1.4
	2017	2.8	2.0	-0.2	8.5	-	8.0	5.0	0.7	8.5	-2.1	63.0	-0.4
	2018	1.8	1.5	0.2	3.0	-	4.0	3.0	1.1	8.0	-1.1	62.4	-0.4

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	2016	1.5	2.7	0.8	0.7	-0.4	-0.3	1.3	1.3	4.9	-3.2	105	-2.4
	2017	2.1	2.6	0.0	4.1	-0.1	3.1	3.8	1.9	4.5	-2.9	106	-2.7
	2018	2.3	2.1	1.0	4.9	0.0	2.5	2.9	1.7	4.3	-2.7	107	-3.3
China	2016	6.7	-	-	-	-	-	-	2.0	4.1	-3.0	46.3	2.4
	2017	6.8	-	-	-	-	-	-	2.0	4.3	-3.3	49.9	2.1
	2018	6.3	-	-	-	-	-	-	2.0	4.3	-3.0	53.3	1.5
UK	2016	1.8	2.9	1.1	1.3	0.2	1.1	4.3	0.7	4.9	-2.9	88.3	-4.4
	2017	1.6	1.9	0.8	1.9	-0.1	3.0	2.9	2.5	4.6	-2.8	87.7	-4.9
	2018	1.2	1.2	0.4	1.2	0.0	2.8	2.0	2.4	4.8	-1.9	87.7	-3.3

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	10-Nov	1.25	1.38	1.83	2.35	116.1	-	839.3
	+3m	1.50	1.60	1.85	2.35	118.0	-	805.1
	+6m	1.50	1.73	1.95	2.45	122.0	-	770.5
	+12m	1.75	1.96	2.25	2.70	125.0	-	744.0
EUR	10-Nov	0.00	-0.33	-0.20	0.85	-	116.1	974.5
	+3m	0.00	-0.33	-0.10	0.95	-	118.0	950.0
	+6m	0.00	-0.33	-0.05	1.05	-	122.0	940.0
	+12m	0.00	-0.33	0.00	1.20	-	125.0	930.0
JPY	10-Nov	-0.10	-0.04	0.04	0.26	132.7	114.3	7.34
	+3m	-0.10	-	-	-	134.5	114.0	7.06
	+6m	-0.10	-	-	-	140.3	115.0	6.70
	+12m	-0.10	-	-	-	145.0	116.0	6.41
GBP	10-Nov	0.25	0.43	0.88	1.41	87.4	132.9	1115.0
	+3m	0.50	0.52	0.90	1.45	88.0	134.1	1079.5
	+6m	0.50	0.53	0.95	1.55	87.0	140.2	1080.5
	+12m	0.50	0.53	1.10	1.80	86.0	145.3	1081.4
CHF	10-Nov	-0.75	-0.73	-0.54	0.27	116.3	100.2	837.8
	+3m	-0.75	-	-	-	115.0	97.5	826.1
	+6m	-0.75	-	-	-	118.0	96.7	796.6
	+12m	-0.75	-	-	-	123.0	98.4	756.1
DKK	10-Nov	0.05	-0.31	-0.07	1.04	744.2	640.9	131.0
	+3m	0.05	-0.30	0.05	1.15	744.3	630.7	127.6
	+6m	0.05	-0.30	0.10	1.25	744.3	610.0	126.3
	+12m	0.05	-0.30	0.20	1.45	744.5	595.6	124.9
SEK	10-Nov	-0.50	-0.54	-0.24	1.18	974.5	839.3	100.0
	+3m	-0.50	-0.45	-0.25	1.30	950.0	805.1	-
	+6m	-0.50	-0.45	-0.20	1.50	940.0	770.5	-
	+12m	-0.50	-0.45	-0.05	1.75	930.0	744.0	-
NOK	10-Nov	0.50	0.80	1.07	1.93	945.7	814.5	103.0
	+3m	0.50	0.80	1.10	1.95	950.0	805.1	100.0
	+6m	0.50	0.80	1.15	2.05	920.0	754.1	102.2
	+12m	0.50	0.90	1.35	2.40	910.0	728.0	102.2

Commodities

		2017				2018				Average	
	10-Nov	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018
NYMEX WTI	57	52	48	48	52	55	57	58	59	50	57
ICE Brent	64	55	51	52	54	56	57	58	59	53	58
Copper	6,808	5,855	5,670	6,383	6,250	6,250	6,250	6,100	6,100	6,040	6,175
Zinc	3,176	2,789	2,580	2,961	2,900	2,800	2,700	2,600	2,500	2,808	2,650
Nickel	12,300	10,321	9,230	10,594	10,000	10,500	10,750	11,000	11,000	10,036	10,813
Aluminium	2,093	1,858	1,910	2,027	1,950	1,900	1,875	1,850	1,825	1,936	1,863
Gold	1,284	1,219	1,260	1,279	1,250	1,250	1,250	1,250	1,250	1,252	1,250
Matif Mill Wheat	160	170	168	164	170	167	165	163	163	168	165
Rapeseed	384	415	375	368	380	380	380	380	375	384	379
CBOT Wheat	427	429	435	455	475	500	510	520	530	449	515
CBOT Soybeans	977	1,021	944	965	975	1,000	1,025	1,050	1,050	976	1,031

Source: Danske Bank

Calendar

Key Data and Events in Week 47

During the week				Period	Danske Bank	Consensus	Previous
Sat 18	CNY	Property prices	y/y				
Monday, November 20, 2017				Period	Danske Bank	Consensus	Previous
0:50	JPY	Exports	y/y (%)	Oct		*0.2*	0.1
0:50	JPY	Import	y/y (%)	Oct		*0.2*	0.1
0:50	JPY	Trade balance, s.a.	JPY bn	Oct		*206.7*	240.3
13:15	EUR	ECB's Lautenschlaeger speaks in Frankfurt					
15:00	EUR	ECB's Draghi speaks in Brussels					
15:15	EUR	ECB's Constancio speaks in Frankfurt					
17:00	EUR	ECB's Draghi speaks in Brussels					
Tuesday, November 21, 2017				Period	Danske Bank	Consensus	Previous
1:30	AUD	RBA November Meeting Minutes					
9:00	DKK	Employment (monthly)	1.000|m/m	Sep			2.700|0.2
14:00	HUF	Central Bank of Hungary rate decision	%		**0.9%**	*0.9%*	0.9%
16:00	USD	Existing home sales	m (m/m)	Oct		*5.4*	5.39|0.7%
16:00	EUR	ECB's Coeure speaks in Frankfurt					
Wednesday, November 22, 2017				Period	Danske Bank	Consensus	Previous
-	USD	Fed Chair Yellen (neutral) speaks					
8:00	NOK	Unemployment (LFS)	%	Sep	**4.1 %**	*4.1%*	4.1%
8:00	DKK	Consumer confidence	Net. bal.	Nov	**6.8**	*6.5*	7.1
9:30	SEK	Riksbank publishes Financial Stability Report					
13:30	GBP	Chancellor Hammond's autumn budget statement					
14:30	USD	Initial jobless claims	1000				249
14:30	USD	Core capital goods orders, preliminary	%	Oct		*0.5%*	1.7%
16:00	EUR	Consumer confidence, preliminary	Net bal.	Nov		*-0.8*	-1.0
16:00	USD	University of Michigan Confidence, final	Index	Nov		*98.2*	97.8
16:30	USD	DOE U.S. crude oil inventories	K				1854
20:00	USD	FOMC minutes, November					
Thursday, November 23, 2017				Period	Danske Bank	Consensus	Previous
8:00	DEM	GDP, final	q/q|y/y	3rd quarter		*0.8%|2.8%*	0.8%|2.8%
8:00	DEM	Private consumption	q/q	3rd quarter		*0.2%*	0.8%
8:00	DEM	Government consumption	q/q	3rd quarter		*0.2%*	0.6%
8:00	DEM	Gross fixed investments	q/q	3rd quarter		*1.4%*	1.0%
8:00	NOK	Oil investment survey		4th quarter			
8:45	FRF	Business confidence	Index	Nov		*109..0*	109.0
9:00	FRF	PMI manufacturing, preliminary	Index	Nov		*55.9*	56.1
9:00	FRF	PMI services, preliminary	Index	Nov		*57.0*	57.3
9:30	DEM	PMI manufacturing, preliminary	Index	Nov		*60.4*	60.6
9:30	DEM	PMI services, preliminary	Index	Nov		*55.0*	54.7
10:00	EUR	PMI manufacturing, preliminary	Index	Nov	**58.7**	*58.2*	58.5
10:00	EUR	PMI composite, preliminary	Index	Nov		*55.9*	56.0
10:00	EUR	PMI services, preliminary	Index	Nov	**55.2**	*55.2*	55.0
10:30	GBP	GDP, 2nd estimate	q/q|y/y	3rd quarter		*0.4%|1.5%*	0.4%|1.5%
10:30	GBP	Index of services	m/m|3m/3m	Sep		*0.2%|0.4%*	0.002|0.004
13:30	EUR	ECB account of the October monetary policy meeting					
14:30	CAD	Retail sales	m/m	Sep			-0.3%
19:15	EUR	ECB's Coeure speaks in Paris					

Source: Danske Bank

Calendar (continued)

Friday, November 24, 2017				Period	Danske Bank	*Consensus*	Previous
-	EUR	Moody's may publish Estonia's debt rating					
1:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Nov			52.8
6:00	JPY	Leading economic index, final	Index	Sep			106.6
8:00	DKK	Retail sales	m/m|y/y	Oct			0.9%|3.1%
9:30	SEK	PPI	m/m|y/y	Oct			0.4%|4.3%
10:00	DEM	IFO - business climate	Index	Nov		*116.5*	116.7
10:00	DEM	IFO - current assessment	Index	Nov		*125.0*	124.8
10:00	DEM	IFO - expectations	Index	Nov		*108.8*	109.1
15:45	USD	Markit PMI manufacturing, preliminary	Index	Nov	**55.6**	*55.0*	54.6
15:45	USD	Markit PMI service, preliminary	Index	Nov	**55.3**		55.3

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Source: Danske Bank

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Report completed: 17 November 2017, 13:25 GMT

Report first disseminated: 17 November 2017, 14:00 GMT