24 February 2017

Weekly Focus Sweden

Will we finally get some details on Trump's tax policy?

Market movers ahead

- In the **US**, Donald Trump's speech to Congress on Tuesday will be monitored closely, as a few weeks ago he promised that he would announce 'something phenomenal in terms of tax'.
- In the **UK**, the so-called 'committee stage' begins on Monday, when the House of Lords is due to discuss and vote on amendments to the EU exit legislation.
- Next week is also packed with interesting data releases: in the **US**, PCE core inflation for January, which is due on Wednesday, could be important for timing the next FOMC rate hike and in the **euro area** we expect HICP inflation to rise further in February.
- In **Scandinavia**, we also have a very busy week in terms of data releases. Most noteworthy are Swedish Q4 GDP data and Norway's NAV unemployment report. Finally, the currency reserves figures from Danmarks Nationalbank (DN) will show whether DN sold DKK in FX intervention to fend off the upward pressure on DKK in February.

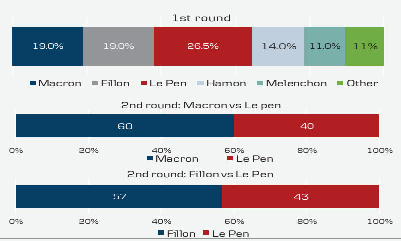
Global macro and market themes

- Holding an EU/euro referendum would be difficult for Marine Le Pen without strong parliamentary backing.
- EUR periphery spread widening if Le pen wins but ECB set to stand ready to ease financial spillover.
- In FX markets, we would expect the EUR to weaken versus other major currencies and EUR/USD to settle 2-3 figures lower.
- Nordic FX and FI markets are set to see safe-haven inflows in the case of a Le Pen win.

Focus

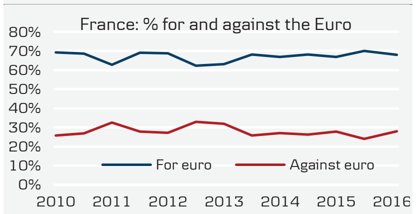
- *Le Pen - What If? Implications for Euro and Nordic market* (23 February)

Poll still shows Le Pen losing second round run-off (19-22 Feb)



Source: Ifop Fiducial, Danske Bank Markets

The French are not too euro sceptic



Source: European Commission Eurobarometer, Danske Bank Markets

Contents

Financial views

Major indices	24-Feb	3M	12M
10yr EUR swap	0.70	0.80	1.30
EUR/USD	106	105	112
ICE Brent oil	56	53	61
	24-Feb	6M	12-24M
S&P500	2364	5-10%	10-15%

Source: Danske Bank

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Market movers

Global

- In the **US**, Donald Trump is set to give a speech at a joint session in Congress. A few weeks ago, Donald Trump promised that he would announce 'something phenomenal in terms of tax' and we believe that he is likely to use this opportunity to reveal some of his thoughts on the topic.

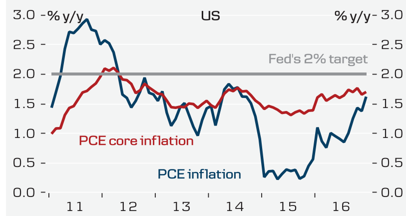
  PCE core inflation for January is due to be released on Wednesday. PCE inflation has been quite flat at around 1.7% since August with no clear trend. We estimate PCE core was 0.25% m/m and 1.7% y/y in January. However, given that CPI for January came out higher than expected, there may be upside risk to these estimates.

  Given that we have seen indications of increased investments and very high consumer confidence, there could be signs of further tightening in the labour market. This would put upward pressure on wages and hence PCE inflation, which would bring us very close to the Fed's 2% target. Higher core inflation is a trigger for future Fed hikes. As long as core inflation remains flat, the Fed can afford to stay patient for a little while longer.

  On Monday, capital goods orders data for January is due out. These figures will give us a first impression of whether investments continue to gain momentum as seen during the second half of 2016. On Wednesday, ISM manufacturing for February is due out. The preliminary manufacturing PMI showed a small decline and the same may be true for ISM given that ISM has recently been a bit higher than PMI. However, regional PMIs have been quite strong. Wednesday also brings real personal spending figures for January. The very high level of consumer confidence and strong retail sales figures seem indicative of a tailwind for consumer spending. Finally, Tuesday brings Conference board consumer confidence for February. The University of Michigan consumer confidence fell a bit in February, but this just closed the small gap between the two numbers. Hence, we are looking for a more or less unchanged Conference board index in February.

  Several speeches are due to be given by members of the FOMC, including a speech by chair Janet Yellen in Chicago on Friday. Based on the FOMC minutes, only 'a few' FOMC members seem ready to hike in March. See also our take on the minutes *here*. We still expect the Fed to hike twice this year (in June and December) although the probability of a third hike has increased. If economic data stays strong and we get more information about Trumponomics, we could see an early hike in May.

PCE core inflation remains below the 2% target

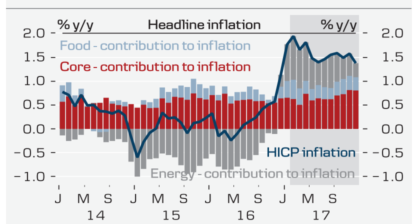


Source: US Bureau of Economic Analysis

- In the **euro area**, we face a week with many interesting data releases. Monday kicks off with M3 money supply growth and private sector loan growth for January. Loans to households increased 2.0% in December, up from 1.9% in November while loans to non-financial corporations were up 2.3% in December from 2.1% in November. We expect loan growth to the private sector in January to remain around the December levels.

  On Tuesday, the HICP inflation figures for February are released. Headline inflation has picked up significantly between November 16 and January 17 where it has risen from 0.6% to 1.8% y/y. We believe headline inflation will rise marginally and peak at 1.9% in February, before it will start declining. High energy price inflation has been the driver behind the steep increase in headline inflation in recent months, but this effect should slowly wear off after February, causing headline inflation to decline. Core

Headline inflation set to peak in February



Source: Eurostat, Danske Bank Markets

inflation remained at 0.9% in January and we do not expect any change in February's figure. As long as wage pressure remains subdued, we expect core inflation to stay low and not go significantly above the 1.0% level this year. The German inflation figures are due to be released on Wednesday.

The euro area unemployment rate in January is due to be released on Thursday. The unemployment rate has decreased steadily since 2013 to the December 2016 level of 9.6%. We believe it fell further to 9.5% in January. The PMIs and especially the employment indicator in both manufacturing and services developed positively in the first months of 2017, which suggests lower unemployment in January. The German unemployment rate is due to be released on Wednesday.

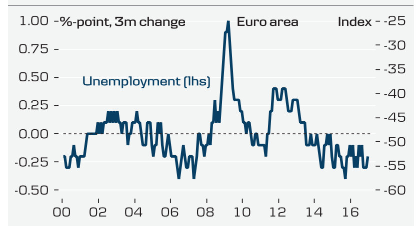
On Friday, euro area retail sales figures for January are due out. After monthly declines in both November and December 2016, we estimate an increase in January. We expect retail sales to show a monthly increase of 0.5% in January. This is supported by high consumer confidence, which rose further in January and the estimated decline in unemployment in January. The German retail sales released on Friday could give a hint as to how strong euro retail sales are likely to have been.

- In the **UK**, focus continues to be on the passing of the EU exit legislation, enabling the UK government to trigger Article 50. The bill is currently in the House of Lords and the so-called committee stage begins on Monday, where the Lords will discuss and vote on amendments. It remains our base case that the Lords will not delay the bill and the UK remains on track to trigger Article 50 by the end of March, perhaps at the EU summit in Malta on 9-10 March. If the Lords agree the amendments, the bill will go back to the House of Commons for approval and then back and forth between the two chambers until the wording is agreed upon.

  In terms of economic data releases, some important soft indicators are due. Most important are the PMIs for February. PMI manufacturing (due out on Wednesday) usually follows the equivalent index from the euro area, which was 55.5 in February, so we estimate a slight fall from 55.9 in January. As confidence and future business expectations are subdued in the service sector, we estimate that PMI services (due on Friday) fell to 53.8 from 54.5, suggesting that growth slowed a bit at the beginning of 2017. We do not have any strong views on PMI construction on Thursday. On Tuesday (01:01 CET), GfK consumer confidence data for February is due out and we see downside risk to the current level of -5, as expectations of higher inflation weigh on expected real wage growth. We estimate a fall to -6. The Lloyds Business Barometer for February is also due out.

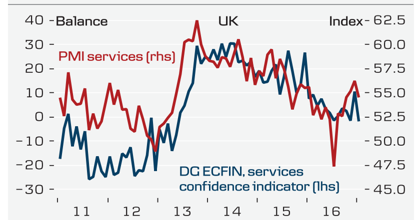
- In **China,** we are very much looking forward to the new round of PMI data for February due to be released on Wednesday. It will give more info on whether the Chinese manufacturing cycle is peaking as some indicators have suggested recently. We expect the cycle to slow down as the two main drivers behind the recovery – housing and infrastructure – are expected to grow more slowly in 2017 following tightening measures. This will lead to a gradual weakening of investment growth as signaled by investment plans. We expect PMI manufacturing from NBS to decline from 51.3 to 51.0 and the Caixin PMI manufacturing to fall from 51.0 to 50.7.

Unemployment rate to continue lower



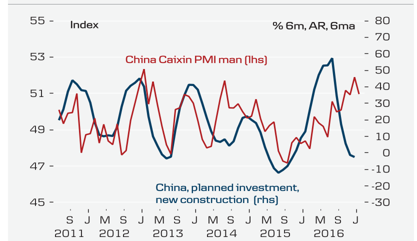
Source: Eurostat, PMI, Danske Bank Markets

We expect PMI services to fall given low confidence



Source: Markit Economics, EU

We look for lower PMI manufacturing in coming quarters



Source: Macrobond Financial

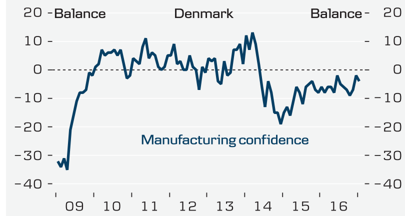
Scandi

- In **Denmark**, the week kicks off with business confidence data on Monday. Manufacturing confidence fell slightly in January after climbing strongly in December, so it will be interesting to see which way the wind blows in February. Tuesday brings foreign portfolio investments and securities statistics for January, as well as the full national accounts for Q4 16. The GDP indicator published by Statistics Denmark in mid-February showed healthy growth of 0.4% q/q, suggesting improvements in both private consumption and exports. Currency reserves data follows on Thursday. February has seen DKK climb to its highest levels against EUR since Lars Rohde began as governor of the Nationalbank in 2013, so the market will be keeping a particularly close eye on whether this has prompted the central bank to sell DKK and so expand the currency reserves. We believe that intervention remains the Nationalbank's preferred instrument for countering upward pressure on DKK. Finally, Friday brings unemployment numbers for January. We expect the jobless rate to be unchanged from December at 4.3%.

- In **Sweden**, the week ahead will be a veritable data explosion. First and foremost is of course the GDP data (Tuesday, 09:30 CET). We estimate an outcome around at or a tad above 2% y/y in calendar-adjusted terms (implying, in the absence of revisions, slightly above 0.5% q/q, seasonally and working-day adjusted). At the same time, we are also due to receive PPI data, trade balance statistics and retail sales numbers (all pertaining to January). However, before that (Monday, 09:30), we will see how household lending is developing. Later in the week (Friday, 09:30 CET) Statistics Sweden is also due to release industrial data: orders, production and deliveries.

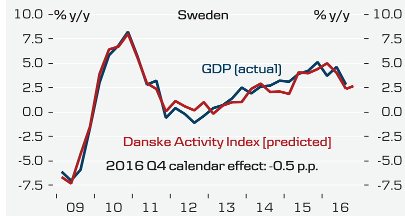
- In **Norway**, the week's big release is registered unemployment for February from the Norwegian Labour and Welfare Administration (NAV). Gross unemployment more or less levelled off in 2016 and has now fallen for two successive months, another clear indication that growth in the Norwegian economy is approaching the trend rate. The number of vacancies published by the NAV has also increased substantially over the past year, and the employment indicator in Norges Bank's regional network survey has picked up since the summer. On top of this, GDP data have shown that actual employment picked up clearly in H2 16, going completely against what the LFS had suggested. We expect this trend to continue in 2017 as the downside risk in oil-related industries eases. We therefore expect gross unemployment to fall by 200 people m/m in February, taking the jobless rate down marginally to 3.1%. The week also brings retail sales figures for January, hotly awaited after the surprise 2.1% slide in December. We reckon this was due mainly to more Christmas trading being brought forward to the Black Friday week in November, something which is not captured by seasonal adjustment. We therefore expect retail sales to climb 0.9% m/m in January, although the surprisingly weak inflation figures may have been due to lower sales, hence a certain downside risk to our prediction. Over the rest of the year, we expect retail sales to pick up gradually as inflation comes down and purchasing power increases. Also coming up during the week is the PMI for February, which we expect to confirm the tendency for gradual improvement in manufacturing.

Business confidence on the up



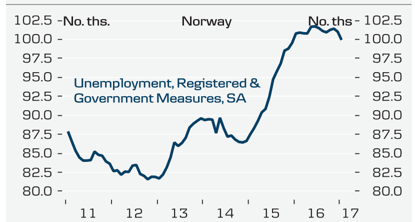
Source: Statistics Denmark

Swedish economy is normalising



Source: SCB, NIER, Macrobond Financial, Danske Bank calculations

Unemployment falling



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	27-Feb	-	GBP	House of Lords debate Article 50 bill (until Wednesday)					
		14:30	USD	Core capital goods orders, preliminary	%	Jan		*0.6%*	0.7%
Tue	28-Feb	-	USD	Donald Trump speaks to joint session of Congress					
		11:00	EUR	HICP - core inflation, preliminary	y/y	Feb	**0.9%**	*0.9%*	0.9%
Wed	01-Mar	2:00	CNY	PMI manufacturing	Index	Feb		*51.2*	51.3
		10:30	GBP	PMI manufacturing	Index	Feb	**55.5**	*55.6*	55.9
		14:30	USD	PCE core	m/m|y/y	Jan	**0.25%|1.7%**	*0.3%|1.8%*	0.1%|1.7%
		16:00	USD	ISM manufacturing	Index	Feb		*56.0*	56.0
Fri	03-Mar	10:30	GBP	PMI services	Index	Feb		*54.2*	54.5
		16:00	USD	ISM non-manufacturing	Index	Feb		*56.5*	56.5
		19:00	USD	Fed Chair Yellen (dovish) speaks					
Scandi movers									
Mon	27-Feb	9:30	SEK	Household lending	y/y	Jan			7.2%
Tue	28-Feb	9:00	DKK	GDP, preliminary	q/q|y/y	4th quarter	**0.4%**	*0.4%|...*	0.4%|...
		9:30	SEK	Retail sales s.a.	m/m|y/y	Jan	**1.0%|1.4%**	*1.4%|2.3%*	-2.9%|0.6%
		9:30	SEK	GDP	q/q|y/y	4th quarter	**0.6%|2.0%**	*0.8%|2.3%*	0.5%|2.8%
Wed	01-Mar	8:30	SEK	PMI manufacturing	Index	Feb			62.0
		9:00	NOK	PMI manufacturing	Index	Feb		*51.8*	51.4
		9:30	SEK	Riksbank publishes minutes from Feb. Meeting					
Thurs	02-Mar	16:00	DKK	Currency reserves	DKK bn	Feb		*458.0*	457.8
Fri	03-Mar	10:00	NOK	Unemployment	%	Feb		*3.1%*	3.2%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

The great Le Pen scare – how could markets react afterwards?

Long and difficult road to Frexit even if Le Pen wins

Although data from the euro area this week painted an upbeat picture, with strong manufacturing PMIs and German ifo readings, **French government bonds and the EUR remain under pressure**, as investors' remain focused on the upcoming French presidential election and the risk of a Marine Le Pen win. According to recent polls, it is still most likely that either the independent candidate Emmanuel Macron or the Republican François Fillon will become France's next president (see chart top right). However, there is a significant risk the Front National (FN) candidate Marine Le Pen, who has threatened that France will leave the EU and the euro if she is elected, will win the presidential election. Nevertheless, even if Le Pen is elected, the road to an actual 'Frexit' is long (see *Le Pen – What If? Implications for Euro and Nordic Markets*, 23 February). Whether Le Pen can or will actually hold an EU/euro referendum will depend largely on FN's performance in parliamentary elections in June and support from her chosen prime minister. In our view, it is still questionable whether the public would vote in favour of leaving the EU/euro in such a referendum.

What if? Risk-off and weaker euro if Le Pen is elected president

In terms of short-term market reactions following a Le Pen win (not a 'Frexit', which would have far more severe market implications), we expect the ECB to use its existing QE flexibility to support countries vulnerable to financial spillover, especially in the periphery, whereas support for France could be limited. We expect to see a knee-jerk market reaction with a **broad-based risk-off move** triggering EUR periphery spread widening relative to France, a Bund rally and curve flattening, although the exact spread impact would depend on the ECB response. **For the Nordic markets specifically, we are likely to see safe-haven inflows**, with NGB/SGB/DGB ASW spreads widening.

Market implications if Le Pen wins presidency (base case in brackets)

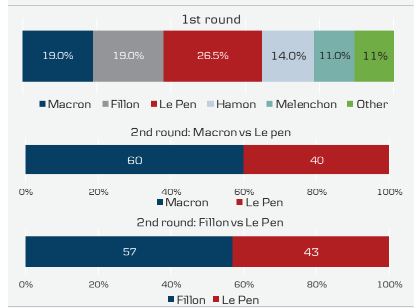
	Central bank response	FX	FI	Credit	Equities
Euro area	ECB uses QE flexibility to support periphery *(No QE tapering in 2017; QE continues also in 2018 with unchanged size)*	EUR/USD down 2-3 figures *(EUR/USD 3M: 1.05)*	Periphery spreads to widen relative to France; Bund rally and curve flattening *(FGBs to rally significantly, more modest rally in periphery)*	Nordic companies and covered bonds to outperform eurozone peers *(EUR credit spreads to remain at the current low level or moderately compress)*	Bearish European equities if FN also wins majority in parliament *(Bullish European equities otherwise)*
DK	FX interventions by DN to limit DKK strength, bar for further rate cut is very high *(No further rate cuts)*	Muted reation in EUR/DKK spot and forwards as DN to cap EUR/DKK downside around 7.4340 *(EUR/DKK 3M: 7.4350)*	DGBs and DMBs to perform vs semi-core; DKK ASW spread to widen *(Spreads on DK FI relative to Euroland to trade with stable range)*		
SE	Additonal support measures if SEK strengthens significantly, f.ex. future hikes postponed, lowering rate path *(End to QE in July; no further rate cuts)*	EUR/SEK to move lower, while USD/SEK should rise *(EUR/SEK 3M: 9.40)*	SGB ASW spreads to widen due to safe-haven inflows *(Minor move in ASW levels; SGB curve to steepen modestly)*		
NO	No further rate cuts *(Monetary policy unchanged)*	EUR/NOK to fall but USD/NOK should bounce *(EUR/NOK 3M: 8.80)*	NGB ASW spreads to widen; flattening of bond and swap curves *(Stable NGB 5Y and 10Y yields; stable ASW spreads in mid-segment, higher long end)*		

Source: Danske Bank Markets

Key points

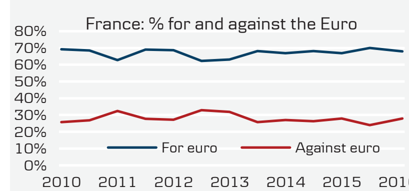
- Holding an EU/euro referendum would be difficult for Le Pen without strong parliamentary backing.
- EUR periphery spread widening if Le pen wins but ECB to stand ready to ease financial spillovers.
- Nordic FX and FI markets would see safe-haven inflows if Le Pen wins.

Poll still shows Le Pen losing second round run-off (19-22 February)



Source: Ifop Fiducial, Danske Bank Markets

The French are not too euro sceptic



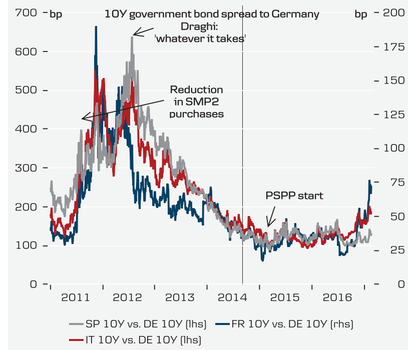
Source: European Commission Eurobarometer, Danske Bank Markets

In FX markets, we would expect the EUR to weaken versus other major currencies and EUR/USD to settle 2-3 figures lower. In our view, the GBP could be one of the top performers if Le Pen wins the election, due to an increase in the EUR risk premium and a decline in the Brexit risk premium priced on GBP. However, we remain **cautiously bullish on SEK and NOK versus EUR**. In the case of a Le Pen win, Nordic currencies such as the SEK and NOK could even strengthen further to the EUR driven by safe-haven inflows. Should the SEK strengthen too rapidly, we could see additional easing measures from the Riksbank (such as lowering the rate path or postponing future rate hikes and an end to QE in July, as we currently expect) but we do not expect a Le Pen win to trigger easier monetary policy in Norway, as Norges Bank has shifted its short-term mandate focus towards financial stability. **The reaction in EUR/DKK spot and forward markets, on the other hand, should be more muted** as Danmark's Nationalbank would use FX interventions to cap EUR/DKK downside around 7.4340, although in our view the bar for further rate cuts is very high.

While we expect European credit spreads to remain at the current low level in our base case, we think **Nordic companies and covered bonds could outperform their eurozone peers** if Le Pen wins the presidency, as exposure to France and the French economy is fairly limited.

The medium-term move in equity markets on a Le Pen win would depend on whether FN is able to secure a majority in parliamentary elections in June. In this scenario, we recommend being underweight equities as well as cyclicals and financials in Portugal, Italy, Ireland, Greece and Spain. On the other hand, should FN be unable to secure a majority despite a Le Pen win, we think the environment could be bullish for euro area equities as well as cyclicals and financials due to the possibility of more expansionary fiscal policy.

Spread impact depending on ECB response



Source: Macrobond Financial, Danske Bank Markets

Global market views

Asset class	Main factors
Equities	
Overweight stocks short and medium term	The reflation trade with cyclicals outperforming defensives is still in play as the underlying EPS and GDP growth trends are still intact.
Underweight developed markets, overweight emerging markets	
Overweight US, Japan, Nordics and Russia/Eastern Europe; underweight Europe and LatAm; neutral on China	The very communicative new president in the US is not able to offset this. In our view, his policy agenda is still about growth.
Bond market	
German/Scandi yields – set to stay low for now, higher on a 12M horizon	For now German yields are kept low by political uncertainty and a very tight repo situation. Later in the year, the political risk picture should improve and, as the economy is improving, the ECB tapering discussion should return to the market.
EU curve – set to steepen 2Y10Y	ECB to keep a tight leash at the short end of the curve. Hence, the curve 2Y10Y is set to steepen. We see no rate hike in the US before June but the risk is skewed towards three hikes this year.
US-euro spread – stable	
Peripheral spreads – tightening but clear risk factors to watch	Economic recovery and QE should mean further tightening but politics (French Presidential election), banking recapitalisation plans and a potential new move higher in eurozone yields remain clear risk factors. Periphery spreads often widen when core yields move higher.
Credit spreads – neutral	
FX	
EUR/USD – lower over coming months, then higher	USD set to remain supported by Trump and the Fed in the near term. EUR/USD to head higher beyond 3M.
EUR/GBP – higher in coming months	Short-term risk skewed on the upside on 'hard' Brexit risks. Longer term, we expect EUR/GBP to settle in the 0.83-0.88 range.
USD/JPY – short-term risks skewed on the upside	USD/JPY set to remain supported near term by relative monetary policy and risk appetite.
EUR/SEK – range near term, gradually lower medium term	Gradually lower on relative fundamentals and valuation in 2017 but near-term potential limited.
EUR/NOK – gradually lower	Cross set to move lower on valuation and growth, real rate differentials normalising. Technical picture is near-term supportive.
Commodities	
Oil price – range bound	OPEC cuts almost fully implemented, US crude stocks are still growing
Metal prices – volatile before Trump's speech, slight upside potential	Underlying support from consolidation in mining industry, recovery in global manufacturing and US fiscal spending.
Gold price – headed lower on stronger USD	Rising yields and USD keeping a lid on the gold price; support from political uncertainty.
Agriculturals – rising again	Attention has turned to *La Niña* weather risks over the winter, consolidation seen in some parts of the market.

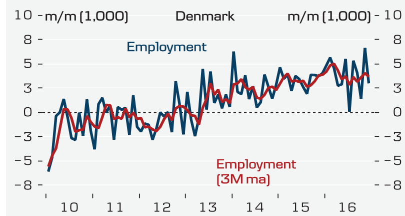
Source: Danske Bank Markets

Scandi Update

Denmark – further strong employment growth

Statistics Denmark's monthly employment figures showed that the number of people in work increased by 3,000 from November to December, mainly in services, construction and manufacturing. This means that a total of 47,600 people found work in 2016 as a whole, with job creation across the private sector but especially in services, retail and transport. The week also brought February figures for consumer confidence, which were largely unchanged after the big leap in January. Danish households are generally more positive about the outlook for both their personal finances and the economy as a whole than they were in Q4.

Employment continues to rise



Source: Statistics Denmark

Sweden – not much ado

We have been in a Riksbank lull over the past week and the little data out has mostly been second tier. The Swedish National Debt Office's (SNDO) new forecasts include a minute downward revision of the net borrowing requirement but we (and many other commentators) feel there is room for additional downward revisions, further jeopardising the remaining Riksbank QE purchases – even in the event of no prolongation of the QE programme past June (reinvestments will nonetheless continue). The other set of data out during the week, the business and consumer confidence surveys from the National Institute of Economic Research (NIER), provided no additional insights and seem to be way off developments in comparable hard data from Statistics Sweden (SCB).

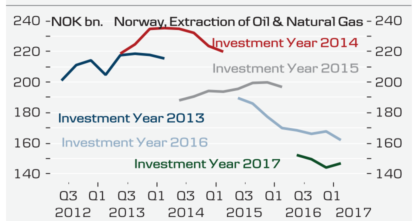
A difficult to read indicator these days

Source: NIER, SCB, Macrobond Financial. Danske Bank Markets calculations

Norway – oil investment revised up

Since oil prices began to fall in 2014, the oil industry's investment estimates have been revised down ever further. Now, though, we seem to be approaching a sea change and in the February survey the estimate for 2017 was revised up by just over NOK3bn from November. The reason for this is a combination of higher oil prices and lower breakeven prices due to cost cutting. For example, Statoil was operating with a breakeven price for its investment portfolio of USD41/bl when oil prices were below USD30/bl. Now the company has a breakeven price of USD27/bl and oil prices are back up to USD55-56/bl. This makes oil companies' investment projects more robust and means further downward revisions are less likely. Investment now looks set to fall by around 10% in 2017, which is much less than we had feared. This also reduces the downside risk to the Norwegian economy in general and supports our view that interest rates have hit bottom and that the krone could strengthen further during the year.

Oil investment has bottomed out



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank Markets

23/2 Le Pen – What If? Implications for Euro and Nordic markets

The French election is one of the biggest political events and financial risks in 2017. It is most likely that either the independent Emmanuel Macron or the Republican Francois Fillon will become France's next president.

22/2 FOMC Minutes: Only 'a few' seem ready to hike in March

As expected, we did not get much new from the FOMC minutes. The FOMC members think the economy continues to improve but that 'Trumponomics' make the outlook more uncertain.

22/2 Research Denmark: New wage settlement points to higher pay rises

While the new settlement will not exactly leave wage earners with swelling wage packets, wages seem set to rise faster than in recent years.

22/2 Flash Comment: Chinese house prices cool further

Chinese house prices cooled further in January – especially in tier-1 cities. We look for further moderation in the Chinese housing market this year as tightening measures work their way through the economy.

21/2 Research China: Don't rule out a US-China trade war just yet

Don't rule out a US-China trade war just yet

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	1.0	1.8	1.3	3.9	-0.4	0.1	1.3	0.3	4.2	-1.7	38.0	7.4
	2017	1.5	1.6	1.0	3.2	0.2	2.2	3.4	1.3	4.1	-1.3	37.2	7.3
	2018	1.8	2.0	0.5	3.7	0.1	2.7	3.4	1.5	3.9	-0.7	36.2	7.3
Sweden	2016	3.3	2.1	3.5	6.5	0.2	3.1	4.3	1.0	7.0	-0.6	42.0	4.6
	2017	1.7	1.5	2.0	1.9	-0.1	3.5	3.4	1.3	7.2	-0.7	41.8	4.5
	2018	1.9	2.0	1.3	2.1	0.1	4.1	4.4	1.4	7.1	-0.5	40.7	4.5
Norway	2016	0.8	1.5	2.3	-0.3	0.2	-1.5	1.0	3.6	3.0	-	-	-
	2017	1.8	2.0	2.0	1.0	0.0	1.3	1.9	2.2	3.0	-	-	-
	2018	2.2	2.2	2.3	2.5	0.0	1.3	2.3	2.1	3.0	-	-	-

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	1.7	1.8	1.9	2.6	-	2.3	2.8	0.2	10.0	-1.8	91.6	3.7
	2017	1.5	1.1	1.2	2.4	-	3.0	2.9	1.6	9.4	-1.5	90.6	3.5
	2018	1.5	1.0	1.1	3.6	-	3.6	4.0	1.2	8.9	-1.5	89.6	3.3
Germany	2016	1.8	1.7	4.3	2.0	-	2.2	3.1	0.4	4.2	0.6	68.1	9.0
	2017	1.8	1.3	2.2	2.1	-	3.2	3.5	1.8	3.9	0.4	65.7	8.7
	2018	1.9	1.4	1.9	4.1	-	4.0	4.8	1.5	3.8	0.3	63.1	8.5
France	2016	1.1	1.7	1.5	2.8	-	0.8	3.5	0.3	10.1	-3.3	96.4	-2.1
	2017	1.0	0.8	1.2	2.1	-	2.8	3.6	1.2	10.0	-2.9	96.8	-2.3
	2018	1.2	1.0	1.1	3.0	-	3.0	3.5	1.3	9.8	-3.1	97.4	-2.6
Italy	2016	0.9	1.4	0.6	2.0	-	1.3	1.7	-0.1	11.6	-2.4	133.0	2.8
	2017	1.0	0.7	0.6	2.1	-	3.3	3.3	1.2	11.5	-2.4	133.1	2.5
	2018	1.3	0.8	0.7	3.6	-	3.5	3.5	1.2	11.4	-2.5	133.1	2.1
Spain	2016	3.2	3.0	1.3	3.6	-	4.0	3.0	-0.3	19.7	-4.6	99.5	1.7
	2017	2.3	2.1	1.4	2.9	-	2.6	2.1	1.8	18.3	-3.8	99.9	1.5
	2018	2.3	2.0	1.3	4.7	-	3.6	4.6	1.1	17.1	-3.2	100.0	1.5
Finland	2016	1.6	2.2	0.2	3.0	-	0.8	1.5	0.4	8.8	-2.5	65.0	-0.7
	2017	1.3	0.8	0.0	3.5	-	3.0	2.5	1.3	8.3	-2.4	66.5	-0.7
	2018	1.3	1.0	0.2	2.5	-	3.5	3.0	1.5	8.0	-2.2	67.0	-0.7

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	1.6	2.6	0.8	0.4	-0.4	0.7	0.7	1.3	4.9	-2.6	105	-2.7
	2017	2.2	2.2	0.6	2.8	0.1	3.2	2.3	2.4	4.7	-2.9	105	-2.9
	2018	2.8	2.0	2.9	6.1	0.0	3.0	3.0	2.5	4.4	-2.8	103	-3.3
China	2016	6.7	-	-	-	-	-	-	2.0	4.1	-3.0	46.3	2.4
	2017	6.6	-	-	-	-	-	-	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	2.0	2.8	0.8	0.9	0.5	1.0	2.7	0.7	4.9	-3.6	88.7	-5.0
	2017	1.2	1.7	0.2	0.3	0.3	1.7	2.4	2.3	5.0	-2.9	89.2	-4.9
	2018	1.0	1.0	0.4	0.7	0.0	2.8	2.0	2.6	5.3	-2.2	88.7	-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	24-Feb	0.75	1.05	1.54	2.35	105.8	-	898.2
	+3m	0.75	1.19	1.50	2.40	105.0	-	895.2
	+6m	1.00	1.28	1.75	2.50	108.0	-	861.1
	+12m	1.25	1.54	2.15	2.90	112.0	-	821.4
EUR	24-Feb	0.00	-0.33	-0.16	0.70	-	105.8	950.6
	+3m	0.00	-0.35	-0.10	0.80	-	105.0	940.0
	+6m	0.00	-0.35	-0.10	1.00	-	108.0	930.0
	+12m	0.00	-0.35	0.00	1.30	-	112.0	920.0
JPY	24-Feb	-0.10	-0.03	0.04	0.26	119.3	112.7	7.97
	+3m	-0.10	-	-	-	123.9	118.0	7.59
	+6m	-0.10	-	-	-	127.4	118.0	7.30
	+12m	-0.10	-	-	-	132.2	118.0	6.96
GBP	24-Feb	0.25	0.35	0.59	1.21	84.4	125.5	1126.7
	+3m	0.25	0.35	0.60	1.30	87.0	120.7	1080.5
	+6m	0.25	0.35	0.60	1.55	86.0	125.6	1081.4
	+12m	0.25	0.36	0.60	1.85	86.0	130.2	1069.8
CHF	24-Feb	-0.75	-0.73	-0.72	0.06	106.5	100.6	892.5
	+3m	-0.75	-	-	-	107.0	101.9	878.5
	+6m	-0.75	-	-	-	110.0	101.9	845.5
	+12m	-0.75	-	-	-	113.0	100.9	814.2
DKK	24-Feb	0.05	-0.25	-0.01	0.95	743.4	702.4	127.9
	+3m	0.05	-0.20	0.10	1.05	743.5	708.1	126.4
	+6m	0.05	-0.20	0.10	1.25	744.0	688.9	125.0
	+12m	0.05	-0.20	0.20	1.55	744.0	664.3	123.7
SEK	24-Feb	-0.50	-0.49	-0.32	1.08	950.6	898.2	100.0
	+3m	-0.50	-0.50	-0.40	1.25	940.0	895.2	-
	+6m	-0.50	-0.50	-0.40	1.30	930.0	861.1	-
	+12m	-0.50	-0.50	-0.20	1.60	920.0	821.4	-
NOK	24-Feb	0.50	1.06	1.28	1.93	881.9	833.3	107.8
	+3m	0.50	1.00	1.30	2.05	880.0	838.1	106.8
	+6m	0.50	1.00	1.35	2.25	870.0	805.6	106.9
	+12m	0.50	1.00	1.60	2.55	870.0	776.8	105.7

Equity markets

Regional		Risiko profil 3 mdr.	Pris trend 3 mdr.	Pris trend 12 mdr.	Regionale rekommen-dationer
USA (USD)	Growth boost: fisc. expansion, tax cuts, infl./growth-impulse	Medium	5-10%	10-15%	Overweight
Emerging markets (local ccy)	Hurt by stronger USD and increased protectionism	Medium	-5-0%	-5-+5%	Underweight
Japan (JPY)	Valuation and currency support	Medium	5-10%	10-15%	Overweight
Euro area (EUR)	Political uncertainty ahead due to French election	Medium	0-5%	0-5%	Underweight
UK (GBP)	Currency support, stronger infl. exp. off-set Brexit negativity	Medium	3-8%	5-10%	Neutral
Nordics (local ccy)	Currency support on earnings, continued domestis demand	Medium	3-8%	5-10%	Neutral

Commodities

		2017				2018				Average	
	24-Feb	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018
NYMEX WTI	54	51	53	57	59	60	60	61	61	55	61
ICE Brent	56	53	55	57	59	60	60	61	61	56	61
Copper	5,859	5,850	5,900	5,950	6,000	6,025	6,050	6,075	6,100	5,925	6,063
Zinc	2,790	2,700	2,400	2,200	2,200	2,225	2,250	2,275	2,300	2,375	2,263
Nickel	10,580	10,500	11,000	11,400	11,500	11,600	11,700	11,800	11,900	11,100	11,750
Aluminium	1,867	1,770	1,760	1,770	1,780	1,790	1,800	1,810	1,820	1,770	1,805
Gold	1,254	1,150	1,100	1,140	1,160	1,170	1,180	1,190	1,200	1,138	1,185
Matif Mill Wheat	172	170	164	168	170	170	169	168	168	168	169
Rapeseed	413	430	440	440	430	425	425	425	425	435	425
CBOT Wheat	437	435	465	500	510	520	530	540	550	478	535
CBOT Soybeans	1,015	1,050	1,100	1,100	1,100	1,125	1,125	1,150	1,150	1,088	1,138

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 9

During the week				Period	Danske Bank	Consensus	Previous
Monday, February 27, 2017				Period	Danske Bank	Consensus	Previous
-	GBP	House of Lords debate Article 50 bill (until Wednesday)					
8:00	NOK	Wage index manufacturing	q/q	4th quarter			0.9%
9:00	ESP	HICP, preliminary	m/m|y/y	Feb	...|3.3%	-0.2%|3.1%	-1.0%|2.9%
9:00	DKK	Confidence indicator, industry, s.a.	Net balance	Feb			-4
9:30	SEK	Household lending	y/y	Jan			7.2%
10:00	EUR	Money supply (M3)	y/y	Jan	5.0%	4.9%	5.0%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Jan			
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Jan			
11:00	EUR	Service confidence	Net bal.	Feb		13.3	12.9
11:00	EUR	Business climate indicator	Net bal.	Feb		0.8	0.8
11:00	EUR	Industrial confidence	Net bal.	Feb		1.0	0.8
11:00	EUR	Economic confidence	Index	Feb		108.0	107.9
11:00	EUR	Consumer confidence	Net bal.	Feb		-6.2	-6.2
14:30	USD	Core capital goods orders, preliminary	%	Jan		0.6%	0.7%
16:00	USD	Pending home sales	m/m|y/y	Jan		0.9%|...	1.6%|-2.0%
17:00	USD	Fed's Kaplan (voter, dovish) speaks					
Tuesday, February 28, 2017				Period	Danske Bank	Consensus	Previous
-	USD	Donald Trump speaks to joint session of Congress					
-	GBP	House of Lords debate Article 50 bill					
0:50	JPY	Industrial production, preliminary	m/m|y/y	Jan		0.4%|4.4%	0.7%|3.2%
0:50	JPY	Retail trade	m/m|y/y	Jan		0.3%|1.0%	-1.6%|0.7%
1:01	GBP	GfK consumer confidence	Index	Feb	-6.0	-6.0	-5.0
8:00	NOK	Credit indicator (C2)	y/y	Jan			4.8%
8:45	FRF	Household consumption	m/m|y/y	Jan		0.7%|1.7%	-0.8%|1.5%
8:45	FRF	HICP, preliminary	m/m|y/y	Feb	...|1.7%	0.4%|1.8%	-0.3%|1.6%
8:45	FRF	GDP, preliminary	q/q|y/y	4th quarter	0.4%|...	0.4%|1.1%	0.4%|1.1%
9:00	CHF	KOF leading indicator	Index	Feb		102.0	101.7
9:00	DKK	GDP, preliminary	q/q|y/y	4th quarter	0.4%	0.4%|...	0.4%|...
9:00	DKK	CB's securities statistics		Jan			
9:00	DKK	Foriegn portfolio investments		Jan			
9:30	SEK	Retail sales s.a.	m/m|y/y	Jan	1.0%|1.4%	1.4%|2.3%	-2.9%|0.6%
9:30	SEK	GDP	q/q|y/y	4th quarter	0.6%|2.0%	0.8%|2.3%	0.5%|2.8%
9:30	SEK	PPI	m/m|y/y	Jan			2.1%|6.5%
9:30	SEK	Wages (blue collars/white collars)	y/y	Dec			2.2%
9:30	SEK	Trade balance	SEK bn	Jan	2.5		1
10:00	NOK	Norges Bank's daily FX purchases	m	Mar		-1000	-1000
11:00	EUR	HICP - core inflation, preliminary	y/y	Feb	0.9%	0.9%	0.9%
11:00	EUR	HICP inflation, preliminary	y/y	Feb	1.9%	1.9%	1.8%
11:00	ITL	HICP, preliminary	m/m|y/y	Feb	...|1.5%	-0.2%|1.3%	-1.7%|1.0%
14:00	HUF	Central Bank of Hungary rate decision	%		0.90%	0.90%	0.90%
14:30	USD	PCE core	q/q AR	4th quarter			0.013
14:30	USD	Advance goods trade balance	USD bn	Jan		-66.0	-64.4
14:30	USD	GDP, second release	q/q AR	4th quarter		2.1%	1.9%
15:45	USD	Chicago PMI	Index	Feb		53.0	50.3
16:00	USD	Conference Board consumer confidence	Index	Feb	110.9	111.0	111.8
21:30	USD	Fed's Williams (non-voter, neutral) speaks					

Source: Danske Bank Markets

Calendar – continued

Wednesday, March 1, 2017				Period	Danske Bank	Consensus	Previous
-	USD	Total vechicle sales	m	Feb		*17.6*	17.48
-	GBP	House of Lords debate Article 50 bill					
0:50	USD	Fed's Bullard (non-voter, dove) speaks					
1:30	AUD	GDP	q/q|y/y	4th quarter		*0.7%|1.9%*	-0.5%|1.8%
1:30	JPY	Nikkei Manufacturing PMI	Index	Feb			53.5
2:00	CNY	PMI manufacturing	Index	Feb		*51.2*	51.3
2:00	CNY	PMI non-manufacturing	Index	Feb			54.6
2:45	CNY	Caixin PMI manufacturing	Index	Feb		*50.8*	51.0
3:00	USD	Donald Trump speaks to joint session of Congress					
8:30	SEK	PMI manufacturing	Index	Feb			62.0
9:00	NOK	PMI manufacturing	Index	Feb		*51.8*	51.4
9:15	ESP	PMI manufacturing	Index	Feb		*55.8*	55.6
9:30	SEK	Riksbank publishes minutes from Feb. Meeting					
9:45	ITL	PMI manufacturing	Index	Feb			53.0
9:50	FRF	PMI manufacturing, final	Index	Feb		*52.3*	52.3
9:55	DEM	PMI manufacturing, final	Index	Feb		*57.0*	57.0
9:55	DEM	Unemployment	%	Feb		*5.9%*	5.9%
10:00	EUR	PMI manufacturing, final	Index	Feb		*55.5*	55.5
10:30	GBP	PMI manufacturing	Index	Feb	**55.5**	*55.6*	55.9
10:30	GBP	Mortgage approvals	1000	Jan		*68.5*	67.9
10:30	GBP	Broad money M4	m/m|y/y	Jan			-0.5%|6.2%
12:00	EUR	Portugal, GDP, final	q/q|y/y	4th quarter			0.6%|1.9%
14:00	DEM	HICP, preliminary	m/m|y/y	Feb	**...|2.1%**	*0.6%|2.1%*	-0.8%|1.9%
14:30	USD	Personal spending	m/m	Jan		*0.3%*	0.5%
14:30	USD	PCE headline	m/m|y/y	Jan		*0.5%|2.0%*	0.2%|1.6%
14:30	USD	PCE core	m/m|y/y	Jan	**0.25%|1.7%**	*0.3%|1.8%*	0.1%|1.7%
15:30	CAD	RBC manufacturing PMI	Index	Feb			53.5
15:45	USD	Markit PMI manufacturing	Index	Feb			54.3
16:00	USD	Construction spending	m/m	Jan		*0.7%*	-0.2%
16:00	USD	ISM manufacturing	Index	Feb		*56.0*	56.0
16:00	CAD	Bank of Canada rate decision	%		**0.5%**	*0.5%*	0.5%
16:30	USD	DOE U.S. crude oil inventories	K				
19:00	USD	Fed's Kaplan (voter, dovish) speaks					
Thursday, March 2, 2017				**Period**	**Danske Bank**	***Consensus***	**Previous**
7:45	CHF	GDP	q/q|y/y	4th quarter		*0.4%|1.3%*	0.0%|1.3%
8:00	NOK	Retail sales, s.a.	m/m	Jan		*1.1%*	-2.1%
9:00	ESP	GDP, final	q/q|y/y	4th quarter		*0.7%|3.0%*	0.7%|3.0%
9:30	SEK	Current account	SEK bn	4th quarter			56.7
10:30	GBP	PMI construction	Index	Feb		*52.0*	52.2
11:00	EUR	PPI	m/m|y/y	Jan		*3.2%|0.4%*	1.6%|0.7%
11:00	EUR	Unemployment	%	Jan	**9.5%**	*9.6%*	9.6%
14:30	USD	Initial jobless claims	1000				244
14:30	CAD	GDP	m/m|y/y	Dec		*0.3%|...*	0.4%|1.6%
16:00	DKK	Currency reserves	DKK bn	Feb		*458.0*	457.8

Source: Danske Bank Markets

Calendar — continued

Friday, March 3, 2017				Period	Danske Bank	*Consensus*	Previous
-	EUR	Fitch may publish France's debt rating					
-	EUR	Fitch may publish Malta's debt rating					
-	EUR	Moody's may publish Belgium's debt rating					
0:30	JPY	CPI - national ex. fresh food	y/y	Jan		*0.0%*	-0.2%
0:30	JPY	Unemployment rate	%	Jan		*3.0%*	3.1%
0:30	JPY	Job-to-applicant ratio		Jan		*1.44*	1.43
0:30	JPY	CPI - national	y/y	Jan		*0.4%*	0.3%
1:00	USD	Fed's Mester (non-voter, hawkish) speaks					
1:30	JPY	Markit PMI services	Index	Feb			51.9
2:45	CNY	Caixin PMI service	Index	Feb			53.1
6:00	JPY	Consumer confidence	Index	Feb		*43.5*	43.2
8:00	DEM	Retail sales	m/m|y/y	Jan		*-0.1%|...*	0.0%|-1.1%
8:30	SEK	PMI services	Index	Feb			61.1
9:00	DKK	Gross unemployment s.a.	K (%)	Jan	**4.3%**	*4.3%*	115 (4.3%)
9:15	ESP	PMI services	Index	Feb		*55.0*	54.2
9:30	SEK	Industrial production s.a.	m/m|y/y	Jan		*2.1%|1.5%*	-1.8%|-0.9%
9:30	SEK	Service production	m/m|y/y	Jan			1.2%|4.1%
9:30	SEK	Industrial orders	m/m|y/y	Jan			-0.5%|4.7%
9:45	ITL	PMI services	Index	Feb			52.4
9:50	FRF	PMI services, final	Index	Feb		*56.7*	56.7
9:55	DEM	PMI services, final	Index	Feb		*54.4*	54.4
10:00	ITL	GDP, final	q/q|y/y	4th quarter	**0.2%|...**	*1.1%|...*	0.2%|1.1%
10:00	NOK	Unemployment	%	Feb		*3.1%*	3.2%
10:00	EUR	PMI composite, final	Index	Feb		*56.0*	56.0
10:00	EUR	PMI services, final	Index	Feb		*55.6*	55.6
10:30	GBP	PMI services	Index	Feb		*54.2*	54.5
11:00	EUR	Retail sales	m/m|y/y	Jan	**0.5%|...**	*0.2%|...*	-0.3%|1.1%
11:00	NOK	Housing prices		Feb			
15:45	USD	Markit PMI service	Index	Feb			53.9
16:00	USD	ISM non-manufacturing	Index	Feb		*56.5*	56.5
16:15	USD	Fed's Lacker (non-voter, hawkish) speaks					
16:15	USD	Fed's Evans (voter, dovish) speaks					
18:00	USD	Fed's S.Fischer (voter, neutral) speaks					
19:00	USD	Fed Chair Yellen (dovish) speaks					

The editors do not guarantee the accurateness of figures, hours or dates stated above

For furher information, call (+45) 45 12 85 22.

Source: Danske Bank Markets

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