

Weekly Focus Sweden

Global growth losing steam

Market movers ahead

- The market will monitor incoming opinion polls ahead of the second round of the French Presidential election.
- The FOMC is set to meet on Wednesday. We do not expect major changes in monetary policy or the statement.
- We expect the US labour market report to show employment gains of 170,000 in April.
- We look for small declines in April's Chinese manufacturing PMI and the US ISM manufacturing indices due for publication next week.
- FX reserve data is due in Denmark and Norges Bank is set to meet next week. We do not expect major changes in either announcement though.

Global macro and market themes

- Markets are less worried about France, as Emmanuel Macron is the clear favourite against Marine Le Pen.
- Do not get overexcited about Trumponomics.
- With markets less worried about political uncertainty in Europe, focus may soon return to economics.
- We do not expect much action at next week's Fed meeting.
- The rising risk from North Korea is a joker.

Focus

- Tensions are rising fast between the US and North Korea and are likely to escalate further if North Korea continues with plans to carry out a nuclear test (see *Research: The rising risk from North Korea - and what it means for markets*, 27 April).

Contents

Market movers.....	2
Global Macro and Market Themes	5
Scandi update	8
Latest research from Danske Bank Markets	9
Macroeconomic forecast	10
Financial forecast	11
Calendar	12

Financial views

Major indices

	28-Apr	3M	12M
10yr EUR swap	0.78	0.75	1.25
EUR/USD	109	106	114
ICE Brent oil	52	53	61
	28-Apr	6M	12-24M
S&P500	2389	5-10%	10-15%

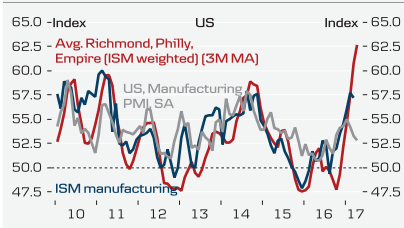
Source: Danske Bank

Follow us on Twitter



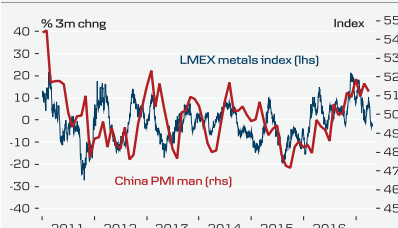
@Danske_Research

Mixed signals for ISM manufacturing



Source: Macrobond Financial

Weaker metal prices point to softer Chinese demand



Source: Macrobond Financial

Editor

Jens Nærvig Pedersen
+45 45 12 80 61
jenpe@danskebank.dk

Market movers

Global

- In the **US**, the coming week brings several important events. The first is the FOMC meeting ending on Wednesday. This meeting is one of the small meetings (no updated projections and no press conference) and we do not expect any changes in monetary policy or any major changes in the statement.

The labour market report for April is due on Friday. The report for March was surprisingly weak – also taking into account the weather effects. Our models based on PMIs point to yet another weak jobs report, with an increase in employment of around 100,000. However, given that the report for March was very weak, we expect the figures for April to reflect some correction of these numbers. Hence, we expect total jobs growth of 170,000, with manufacturing contributing 15,000 and services 140,000. Our estimate of job creation is a bit below consensus among analysts, probably because we do not expect as strong a correction of the March numbers as other analysts given that February was stronger than usual. We have taken down our estimate of jobs creation in the manufacturing sector a bit, as we have seen PMI manufacturing fall back over the past couple of months, which could be a sign of a deceleration in manufacturing activity. However, we continue to expect the services sector to deliver solid jobs growth. Also, we estimate that the unemployment rate increased to 4.6% and that average hourly earnings were up 0.2% m/m, implying a 2.6% increase y/y. Note that we are due to get ADP employment for April on Wednesday, which should give us a first impression of the shape of the labour market in April.

We also get PCE inflation for March on Monday. However, these numbers will probably not attract very much attention, as we receive PCE inflation figures for Q1 later today, from which we can implicitly calculate the monthly numbers for March.

On Monday, we also get ISM manufacturing figures for April and final PMI manufacturing figures for April. Over the past few months, we have seen a divergence between ISM, PMI and regional manufacturing indices. The preliminary PMI figures for April fell a bit back but the regional indices continued climbing higher. We estimate ISM fell further in April. Our models continue to point towards a deceleration of economic growth and, therefore, we put less weight on the regional manufacturing indices.

The coming week also brings a number of speeches by FOMC members.

- In the **euro area**, the first release of interest is the euro area unemployment rate, due to be released on Tuesday. The unemployment rate continued its decline in February, showing a figure of 9.5%, down from 9.6% in January. The strong activity indicators in March, noting in particular a strong PMI employment indicator, point towards a further decline in the unemployment rate. We estimate unemployment was 9.4% in March. Note that the German unemployment rate is due for release on Wednesday.

On Wednesday, we also get the figures for Q1 GDP growth for the euro area. Throughout Q1, we observed strong activity indicators, with the PMIs and IFO notably climbing to levels not seen since 2010. Therefore, we estimate 0.4% quarterly growth for Q1.

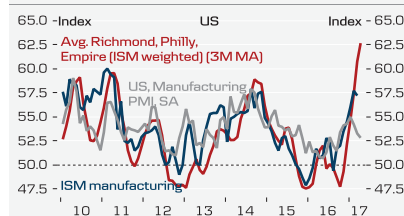
Thursday sees euro area retail sales for March released. We saw monthly increases in both January (0.1%) and February (0.7%) and several elements point to solid retail sales in March. Consumer confidence climbed from -6.2 in February to -5.0 in March, while the oil price saw a considerable decline in March, supporting higher retail sales. However, we note the solid retail figure for February means it is unlikely March was as strong. Therefore, we expect a marginal monthly decline of 0.1%. This is supported by the German figure released earlier today, which showed a monthly increase of 0.1%.

Stable wage growth



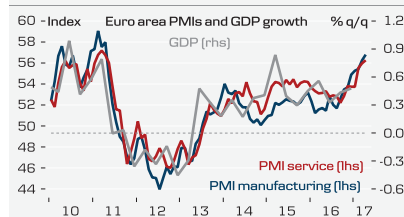
Source: US Bureau of Labor Statistics (BLS)

Mixed signals for ISM manufacturing



Source: Macrobond Financial

PMIs suggest strong Q1 growth



Source: Markit PMI, Eurostat

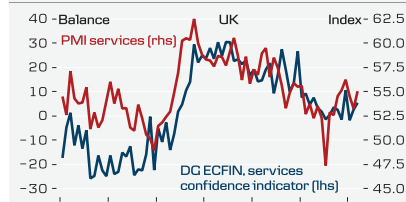
On 30 April, Italy's ruling Democratic Party (PD) will hold its leadership contest, between former Prime Minister Matteo Renzi, Governor of Apulia Michele Emiliano and the current Minister of Justice Andrea Orlando. Opinion polls indicate that Renzi should win comfortably with around 70%; however, should no candidate secure more than 50% of the vote, a run-off between the top two candidates will take place in the national assembly of the party within two weeks, with the winner proclaimed on 7 May. Although some political leaders, including Renzi, have pressed for an early parliamentary election before the scheduled May 2018, a snap vote before late September 2017 seems unlikely for now, as the current Gentiloni government is still working on drawing up a new electoral law and current deputies would otherwise forfeit eligibility to generous pensions.

- In the **UK**, focus remains on politics, not least the general election taking place on 8 June. In terms of economic data releases, we have a rather quiet week ahead of us, with the PMIs for April being the most important releases (not least after today's release of the first estimate of GDP growth in Q1, showing growth slowed to 0.3% q/q, the weakest in a year). The PMI manufacturing index is due on Tuesday and, given the increase in the corresponding index for the euro area, we expect an increase to 55.0 from 54.2. The more important PMI services index is due on Thursday and we expect it to be more or less unchanged at 55.0, as suggested by the services confidence indicator.
- The key thing to watch next week in **China** is PMI manufacturing. As argued for some time, we expect the Chinese economy to lose steam in 2017 and we could see more evidence of this in the PMI data. Global metal markets have weakened recently, giving some support to this view (China consumes 50% of global metals). We look for a small decline in NBS manufacturing PMI from 51.8 to 51.6 and in the private Caixin PMI manufacturing from 51.2 to 51.0. Why is China set to slow? The main reason is slower growth in infrastructure investment and construction since China moved the foot from the gas pedal to the brake over the past six months.

Scandi

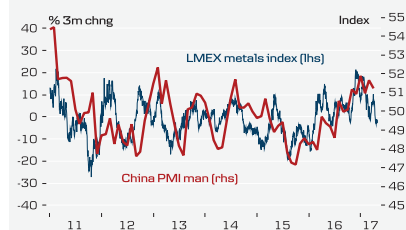
- In **Denmark**, currency reserves data are due for publication on Tuesday. The krone strengthened against the euro at the beginning of April but not to the same extent as in February and March, when it triggered intervention by the central bank, so the Nationalbank probably stayed on the sidelines in April. Housing prices for February follow on Wednesday, along with foreign portfolio investments and securities statistics for March, while Thursday offers figures for bankruptcies and reposessions in April. Rounding off the week on Friday are March data for industrial production, which has been highly volatile of late but has been trending up since spring 2016.
- In **Sweden**, the week ahead contains further information on a reinvigorated Swedish industry, with industrial production, orders and deliveries being released on Friday (at 09:30 CEST). We see little reason to expect downbeat readings, as quarterly statements, earnings reports and survey data (BCI, PMI, etc.) have largely been very optimistic. A few days earlier, on Tuesday (at 08:30 CEST), we receive April PMI data and an hour later we receive household lending growth and other financial statistics from Statistics Sweden.

UK PMI services probably unchanged in April



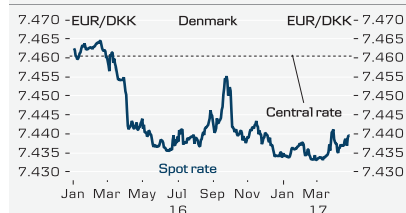
Source: DG ECFIN, Markit Economics

Weaker metal prices point to softer Chinese demand



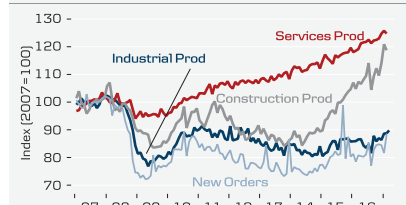
Source: Macrobond Financial

Strong DKK in February and March



Source: Statistics Denmark

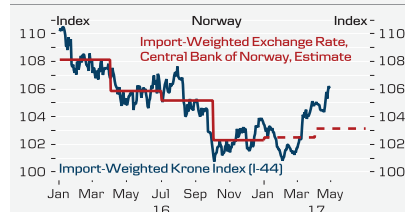
Interesting industrial data in Sweden



Source: Macrobond Financial

- In **Norway**, we do not expect any new interest rate signals from Norges Bank on Thursday. It is not long since the previous meeting in March, which included a monetary policy report with updated interest rate projections. Although the bank continued to signal a significant chance of a further rate cut, there is little to suggest that the probability has increased since the March meeting. While core inflation was more than a tenth of a point lower in March than Norges Bank assumed in the monetary policy report, the krone is about 2.5% weaker than it expected, without this seeming to be due to fundamentals. This would also suggest a reduced risk of inflation falling further than expected. Economic growth, both in Norway and globally, seems to have panned out more or less as the central bank expected, or perhaps slightly better, while interest rate expectations abroad are somewhat lower than in March. On balance, there is little reason to expect Norges Bank to put out any signals that would have an impact on interest rate expectations or defend the decline in the krone in recent weeks. There is no new monetary policy report, so there will not be any new interest rate projections at this meeting. Otherwise, we are most interested in whether the April PMI and Q1 manufacturing orders confirm the signs of an upturn in manufacturing driven by flat or slightly positive growth in oil-related industries.

NOK weaker than expected



Source: Macrobond Financial, Norges Bank, Danske Bank

Market movers ahead

Global movers			Event		Period	Danske	Consensus	Previous
During the week	Sun 30	ITL	PD will hold leadership contest					
	Sun 30	CNY	PMI manufacturing	Index	Apr		51.7	51.8
	Sun 30	CNY	PMI non-manufacturing	Index	Apr			55.1
Mon	01-May	14:30	USD	PCE core	m/m y/y		-0.1% 1.6%	0.2% 1.8%
		16:00	USD	ISM manufacturing	Index		56.5	57.2
Tue	02-May	10:30	GBP	PMI manufacturing	Index	55.0	54.0	54.2
		16:00	DKK	Currency reserves	DKK bn		464.1	464.1
Wed	03-May	11:00	EUR	GDP, preliminary	q/q y/y	1st quarter	0.5% 1.7%	0.4% 1.7%
		16:00	USD	ISM non-manufacturing	Index		56.0	55.2
		20:00	USD	FOMC meeting	%	1.0%	1.0%	1.0%
Fri	05-May	14:30	USD	Non farm payrolls	1000	170	193	98
Scandimovers								
Tue	02-May	8:00	NOK	Credit indicator (C2)	y/y			5.1%
		8:30	SEK	PMI manufacturing	Index			65.2
		9:00	NOK	PMI manufacturing	Index		54.0	54.7
Thurs	04-May	10:00	NOK	Norges Banks monetary policy meeting	%	0.50%	0.50%	0.50%
Fri	05-May	9:30	SEK	Industrial production s.a.	m/m y/y			0.2% 4.1%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

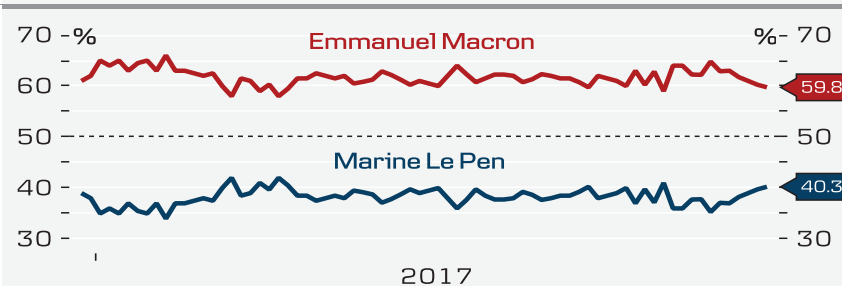
Focus on economics again (sort of) Markets relieved after first round in France

In the first round of the French presidential election, the independent Emmanuel Macron and the Front National candidate Marine Le Pen received the most votes, with 23.9% and 21.4%, respectively, and will now face each other in a second run-off on Sunday 7 May. Although Le Pen still has the chance to become the next French President, markets rallied following the election, as the markets had feared a second-round consisting of far left-wing Jean-Luc Mélenchon and Le Pen and **Macron is the clear favourite over Le Pen (approximately 60% versus 40% according to polls, see chart below)**. Also, Macron has received the endorsement of important members of both the Socialist Party and the Republican Party, whose voters still constitute a sizable share of the electorate. The main event before the voting is the TV debate between Macron and Le Pen on Wednesday 3 May. **With Macron so far ahead in the polls, markets seem less worried about France and political uncertainty in Europe than they have done for a long time.**

Don't get overexcited about Trumponomics

As there was no major news in the Trump administration's announcement on tax reform this week, the announcement was a 'marginal' rather than a 'big' one as promised by Trump. Most of what was announced was known from either Trump's economic plan stated during the election campaign or Paul Ryan's blueprint for tax reform and, in our view, this was just a smokescreen ahead of Trump's 100-day anniversary tomorrow. We still have to wait for the full budget to be released, possibly next month, to get more details on Trumponomics. Although all Republicans share the same goal to cut and simplify taxes, they disagree on the financing. While moderate Republicans do not want to make big cuts in other parts of the budget, fiscal hawks do not want to increase the government budget deficit/debt to finance this. Thus, we may see a repetition of the Republicans' failure to change Obamacare. **We still believe Trumponomics will come later and be smaller than previously pledged and feel a deal is unlikely to be reached until after Congress's August recess.** There were no comments on infrastructure in the announcement and we believe this is likely to be postponed until 2018. Based on the market reaction following the announcement, it also seems as though markets have become less optimistic about the prospects of large-scale tax reform.

Macron win seems highly likely, according to polls

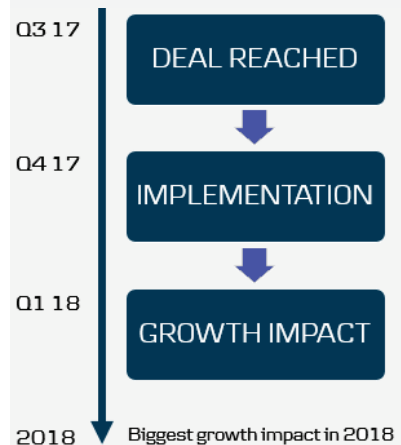


Source: Macrobond Financial

Key points

- Markets less worried about France, as Macron is clear favourite against Le Pen.
- Don't get overexcited about Trumponomics.
- With markets less worried about political uncertainty in Europe, focus may soon return to economics.
- We do not expect much action at next week's Fed meeting.
- Rising risk from North Korea is a joker.

Growth impact of Trumponomics in an optimistic scenario



Source: Danske Bank

Senior Analyst
Mikael Olai Milhøj
+45 45 12 76 07
milh@danskebank.dk

Focus on economics again (sort of)

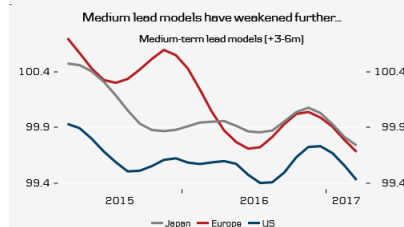
With markets less worried about political developments in Europe and a repricing of the magnitude of Trumponomics, focus may soon return to economic development, especially if the French election turns out as expected next week. While economic data have stayed very strong in Europe, with economic confidence now at the highest level since the last upturn, growth seems to be decelerating in the US and the US economic surprise index is now back to neutral after rising sharply in H2 16. **Our models still indicate growth has peaked for now** and we estimate the US ISM manufacturing index declined in April. This is not the same as saying the economic recovery is set to pause but that growth is no longer accelerating as it has over the past 6-9M. As we have pointed out previously, it is whether or not growth is accelerating that is the key driver for a bond bear market, not the level of growth. **As PMIs seem to have peaked, we expect yields to be more or less stable this year before moving higher next year** (see also *Yield Outlook: More or less stable yields in 2017 – higher yields a 2018 story*, 20 April).

The next Fed meeting takes place next week but we do not expect much action, as it is only one meeting since the Fed's previous hike (also it is one of the small meetings without updated projections and a press conference). **While consensus is that the Fed will hike at the June meeting, we are more sceptical**, because of both the weaker economic data and still too low inflation in the US and the Fed's desire to begin reducing the balance sheet soon, which we call 'quantitative tightening' (QT). We think the Fed wants to send up a trial balloon in June by announcing what conditions would trigger a change in its current reinvestment strategy in order to avoid a new round of 'taper tantrum'. We have written extensively about the QT theme this year: *Fed's Quantitative Tightening: Fixed Income Implications* (6 April), *FOMC Minutes: Quantitative tightening is moving closer* (5 April) and *Research US: Fed's regulatory hurdle for starting quantitative tightening* (13 March).

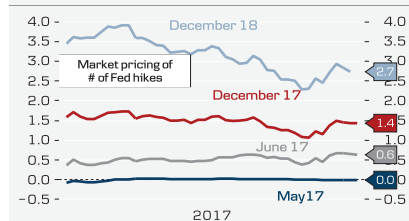
As expected, the ECB kept its policy rates and its forward guidance on rates and QE unchanged at this week's meeting. Although the ECB still argued that measures of underlying inflation remain subdued, markets reacted to the hawkish twist in the introductory statement that downside risks to growth are diminishing. **Focus in the market is very much on whether the ECB will turn more hawkish this year but we still believe the ECB will announce an extension of its EUR60bn monthly QE purchases at the September meeting.** For more details, see also *ECB Review: Less downside risk to growth but no changes to inflation*, 27 April.

EUR/USD still looks like a 1.06-1.10 range near term, as the Fed will be there to keep some downside potential intact but, in our view, there is clearly a risk that we could stand at the June meeting with an ECB that changes its forward guidance in a more hawkish direction provided the cyclical situation looks good still and provided the inflation outlook has not deteriorated markedly (beyond base effects falling out) – and EUR/USD would be more sensitive to a signal on rates than to a possible extension of QE.

Business cycle signal continues to weaken across regions



Markets expect the Fed to hike three more times before year-end 2018



EUR/USD range-bound at 1.06-1.10 near-term before moving higher in 6M-12M



Rising risk from North Korea is a joker

Although markets may soon begin to focus on economics again, there is one major risk looming, as a dangerous game of chicken is going on between the US and North Korea. The key driver behind the escalation is North Korea advancing fast in developing an intercontinental ballistic missile that could reach the US with a nuclear warhead. The new Trump administration has been clear that it will not allow this to happen and that the 'era of strategic patience' is over. While the US is currently exercising brinkmanship, the bar for military intervention by the US is very high. A pre-emptive strike runs with a very high risk of a retaliatory response from North Korea on South Korea and/or Japan, which could lead to a significant loss of life. Nevertheless, further escalation in the conflict is still likely. A trigger would be another nuclear test by North Korea and/or continued missile tests with a rising success rate. If the US shoots down a North Korean missile, it would also provoke North Korea and increase tensions. For more details, see *The rising risk from North Korea – and what it means for markets*, 27 April.

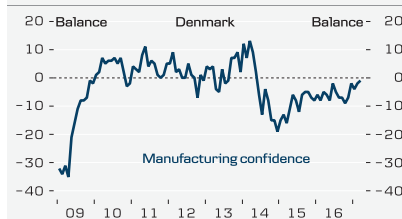
Global market views	
Asset class	Main factors
Equities Neutral positioning on stocks short and medium term DM: (UW), EM: (OW) DM: US (UW), Euro Area (OW), Japan (N), EM: China/Asia (OW), LatAm (N), Russia/Eastern Europe (OW)	The reflation trade, which has been ongoing since August/September 2016, is coming to an end, with equities hovering around all-time highs established in early March but having difficulty breaking out from there. For equities to move substantially higher, yields need to rise, as bond markets have not yet brought the promise of a normalisation of growth and inflation. However, we do not think there is big correction ahead of us, as growth data is still very upbeat. Moving forward, we think equity markets will trade largely in a range.
Bond market German/Scandi yields – set to stay low for now, higher on a 12M horizon EU curve – set to steepen 2Y10Y when long yields rise again US-euro spread – stable Peripheral spreads – tightening but clear risk factors to watch	For now, German yields are being kept low by political uncertainty, low inflation pressure and ECB purchases. The outlook for low core inflation and an apparent peak in the global manufacturing cycle are set to keep yields low in 2017. The ECB is set to keep a tight leash at the short end of the curve and with 10Y yields stable, the curve should change little on a 3-6M horizon. Economic recovery, QE and better fundamentals, particularly in Portugal and Spain, point to further tightening but politics (French presidential election), banking recapitalisation plans (Italy) and a fear of a new move higher in core eurozone yields (ECB tapering fears) remain clear risk factors. Periphery spreads often widen when core yields move higher.
FX EUR/USD – range bound near term, higher in 6-12M EUR/GBP – slightly lower post election, then range bound for extended period USD/JPY – range bound now, higher longer term EUR/SEK – range near term, then gradually lower EUR/NOK – range near term, then gradually lower	Cross set to stay in 106-110 range near term but set to edge higher longer term as the ECB gradually looks to the exit. If Theresa May stays in power post the June election, the GBP could strengthen slightly, then be range bound (0.84-0.88) during Brexit negotiations. Pair set to remain in the 108-112 range for now but set to edge higher driven by 10Y US rates longer term. Gradually lower on relative fundamentals and valuation in 2017 but near-term SEK potential limited by the Riksbank. Cross set to move lower on valuation and growth, real-rate differentials normalising but NOK vulnerable to global risk appetite.
Commodities Oil price – range bound Metal prices – range bound Gold price – range bound Agriculturals – rising again	OPEC cuts almost fully implemented, downside risks from concerns about extension of cuts and hawkish central banks. Underlying support from consolidation in mining industry, industrial cycle nearing a peak. Is the market losing patience with Donald Trump? Tug of war between higher US rates and geopolitical risks. Recent fall in lower oil only temporary.
Source: Danske Bank	

Scandi update

Denmark – business sentiment continues to rally

The week's business confidence data for April revealed that Danish manufacturers are more upbeat than for a long time, although the indicator is still far from high. There was also an improvement in the service sector, while the construction indicator fell slightly from a relatively high level. Elsewhere, the week's retail sales data for March showed an increase of 0.3% m/m, and the numbers for January and February were revised up 0.3pp. Thus, Q1 turned out better than previously indicated, supporting the view that Danish consumers are in a position to step up their spending. This was also confirmed by Dankort debit card purchases climbing 3.5% m/m in March, which is a substantial increase even allowing for spending generally being higher in March than in February.

Manufacturers increasingly upbeat

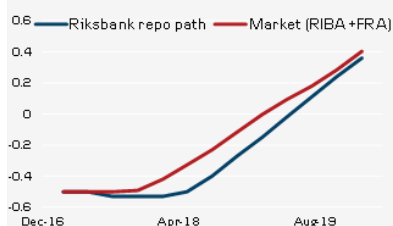


Source: Statistics Denmark

Sweden – Riksbank does it again

In Sweden, this week has been all about the Riksbank's monetary policy meeting. The labour force survey and the NIER's confidence data was also released but added little new information. The Riksbank opted to prolong its QE programme by another six months and another SEK15bn. In addition, it pushed the hiking cycle yet another quarter out, which we expected. As with the last time, the Executive board was evenly split (3-3), which is why Governor Stefan Ingves used his casting vote. Looking ahead, as we still believe that inflation will turn out even lower than the Riksbank expects, and we think the discussion on additional measures will return.

Riksbank's new repo rate path vs market pricing



Source: Riksbank, Danske Bank Markets' calculations

Norway – labour market tightening

The Norwegian labour market seems to be tightening. Both unemployment measures have been trending down since the autumn, although much of the decline in the LFS measure is likely to be exaggerating the true picture. Either way, we have little faith in the explanation that joblessness in the LFS is falling due to a reduction in employment. As we have said several times now, all other measures of employment are showing job creation; the LFS is very much out on a limb. We think this is due to noise in the LFS data, which is survey-based, and so we anticipate a positive correction to both employment and the labour supply in the LFS during the course of the year. The first hint of this came during the week, with the February numbers showing employment up 9,000 m/m and the labour supply up 12,000 m/m. Meanwhile, the NAV's data for April showed an unchanged jobless rate of 2.8%, with gross unemployment down 700 m/m to its lowest since September 2015. This suggests that unemployment is continuing to fall into Q2, which could be a sign that economic growth is above trend and capacity utilisation is rising.

LFS under-reporting employment



Source: Macrobond Financial, Danske Bank Markets

Latest research from Danske Bank Markets

28/4 Research Italy: Renzi's planned political comeback at PD leadership contest

On 30 April, Italy's ruling Democratic Party (PD) will hold its leadership contest, which Matteo Renzi should win comfortably with around 70%, according to opinion polls.

27/4 ECB Review: Less downside risk to growth, but no changes to inflation

The ECB kept policy rates, the QE programme and its forward guidance unchanged at today's meeting - in line with our expectations.

27/4 Research: The rising risk from North Korea - and what it means for markets

Tensions are rising fast between the US and North Korea and are likely to escalate further if North Korea continues with plans to make a nuclear test.

27/4 Riksbank Comment - Split executive board adds stimulus

The monetary policy report reveals that the majority of the board is concerned about the long-term outlook for (domestic) inflation.

25/4 Flash Comment: CBR rate decision preview - cutting further

We expect the CBR to cut the key rate by 25bp to 9.50% on 28 April, as inflation approaches its target and inflation expectations fall further.

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	1.3	1.9	-0.1	5.2	-0.4	1.7	2.4	0.3	4.2	-0.9	37.8	8.1
	2017	1.7	2.0	0.1	4.2	0.0	4.4	4.8	1.2	4.3	-1.2	36.7	7.8
	2018	1.7	2.1	0.8	3.5	0.0	2.7	3.4	1.5	4.2	-0.6	35.1	7.7
Sweden	2016	3.3	2.2	3.1	5.9	0.1	3.4	3.7	1.0	6.9	0.7	42.1	4.7
	2017	1.8	1.3	1.3	2.2	-0.5	3.7	2.0	1.3	7.0	0.2	39.9	5.0
	2018	1.9	1.4	2.0	2.1	0.1	3.6	3.6	1.2	6.9	0.0	39.3	5.0
Norway	2016	0.8	1.6	2.3	0.5	0.3	-1.2	0.3	3.6	3.0	-	-	-
	2017	1.8	2.1	1.7	1.3	0.0	1.4	1.2	2.3	2.8	-	-	-
	2018	2.2	2.3	1.6	2.0	0.0	1.6	2.2	1.5	2.7	-	-	-

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	1.9	1.8	2.5	-	2.7	3.4	0.2	10.0	-1.7	91.5	3.6
	2017	1.6	1.4	1.2	1.8	-	3.8	3.9	1.5	9.4	-1.4	90.4	3.2
	2018	1.6	1.1	1.1	3.6	-	3.6	4.0	1.2	8.8	-1.4	89.2	3.1
Germany	2016	1.8	1.8	4.0	2.1	-	2.4	3.6	0.4	4.2	0.6	68.2	8.7
	2017	1.9	1.3	2.5	2.4	-	3.9	5.0	1.7	3.8	0.4	65.5	8.3
	2018	1.9	1.4	1.9	4.3	-	4.0	4.8	1.5	3.8	0.4	62.9	8.0
France	2016	1.1	1.8	1.4	2.8	-	1.2	3.6	0.3	10.0	-3.3	96.4	-2.1
	2017	1.1	1.2	1.2	1.9	-	3.3	3.8	1.3	9.9	-2.9	96.8	-2.3
	2018	1.2	1.0	1.1	3.0	-	3.0	3.5	1.3	9.7	-3.1	97.4	-2.6
Italy	2016	1.0	1.3	0.6	3.1	-	2.6	3.1	-0.1	11.7	-2.3	132.8	2.7
	2017	1.0	0.8	0.7	3.3	-	4.3	4.8	1.4	11.5	-2.4	133.3	2.1
	2018	1.3	0.8	0.7	3.6	-	3.5	3.5	1.2	11.4	-2.6	133.2	1.8
Spain	2016	3.2	3.2	0.8	3.1	-	4.4	3.3	-0.3	19.6	-4.7	99.7	1.8
	2017	2.5	2.3	0.8	2.7	-	3.8	2.9	1.9	17.7	-3.5	100.0	1.7
	2018	2.2	2.0	1.2	4.7	-	3.6	4.6	1.0	16.1	-2.9	99.7	1.6
Finland	2016	1.4	2.0	0.5	5.2	-	0.5	2.5	0.4	8.8	-1.9	63.6	-1.1
	2017	1.5	1.0	-0.1	3.5	-	3.0	2.5	1.2	8.3	-2.3	64.7	-1.1
	2018	1.5	1.0	0.2	2.5	-	4.0	3.0	1.4	8.0	-2.0	65.0	-0.9

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 vs SEK
USD	28-Apr	1.00	1.17	1.57	2.26	108.7	-	883.9
	+3m	1.00	1.53	1.60	2.35	106.0	-	886.8
	+6m	1.25	1.64	1.75	2.55	109.0	-	853.2
	+12m	1.75	2.01	2.15	2.80	114.0	-	807.0
EUR	28-Apr	0.00	-0.33	-0.15	0.78	-	108.7	961.1
	+3m	0.00	-0.35	-0.10	0.75	-	106.0	940.0
	+6m	0.00	-0.35	-0.10	0.90	-	109.0	930.0
	+12m	0.00	-0.35	0.00	1.25	-	114.0	920.0
JPY	28-Apr	-0.10	0.00	0.03	0.22	121.0	111.2	7.95
	+3m	-0.10	-	-	-	118.7	112.0	7.92
	+6m	-0.10	-	-	-	124.3	114.0	7.48
	+12m	-0.10	-	-	-	132.2	116.0	6.96
GBP	28-Apr	0.25	0.32	0.55	1.13	84.3	129.0	1140.7
	+3m	0.25	0.35	0.60	1.20	86.0	123.3	1093.0
	+6m	0.25	0.35	0.60	1.35	86.0	126.7	1081.4
	+12m	0.25	0.36	0.60	1.65	86.0	132.6	1069.8
CHF	28-Apr	-0.75	-0.73	-0.63	0.13	108.2	99.5	888.7
	+3m	-0.75	-	-	-	108.0	101.9	870.4
	+6m	-0.75	-	-	-	110.0	100.9	845.5
	+12m	-0.75	-	-	-	115.0	100.9	800.0
DKK	28-Apr	0.05	-0.24	0.02	1.04	743.8	684.1	129.2
	+3m	0.05	-0.25	0.05	1.00	744.0	701.9	126.3
	+6m	0.05	-0.25	0.05	1.15	744.0	682.6	125.0
	+12m	0.05	-0.25	0.15	1.50	744.0	652.6	123.7
SEK	28-Apr	-0.50	-0.48	-0.29	1.07	961.1	883.9	100.0
	+3m	-0.50	-0.48	-0.47	0.95	940.0	886.8	-
	+6m	-0.50	-0.48	-0.45	0.90	930.0	853.2	-
	+12m	-0.50	-0.48	-0.45	1.40	920.0	807.0	-
NOK	28-Apr	0.50	0.96	1.19	1.91	930.7	855.9	103.3
	+3m	0.50	0.90	1.20	1.95	890.0	839.6	105.6
	+6m	0.50	0.90	1.30	2.15	870.0	798.2	106.9
	+12m	0.50	0.90	1.35	2.55	870.0	763.2	105.7

Equity markets

Regional		Risiko profil 3 mdr.	Pris trend 3 mdr.	Pris trend 12 mdr.	Regionale rekommendation
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 domestic demand	Medium	3-8%	5-10%	Neutral

Commodities

	28-Apr	2017				2018				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018
NYMEX WTI	49	52	53	54	58	58	60	61	61	54	60
ICE Brent	52	55	54	54	58	58	60	61	61	55	60
Copper	5,719	5,855	5,700	5,900	6,000	6,025	6,050	6,075	6,100	5,864	6,063
Zinc	2,638	2,789	2,600	2,500	2,400	2,300	2,300	2,300	2,300	2,572	2,300
Nickel	9,445	10,321	10,000	11,000	11,500	11,600	11,700	11,800	11,900	10,705	11,750
Aluminium	1,926	1,858	1,800	1,800	1,800	1,800	1,800	1,810	1,820	1,815	1,808
Gold	1,266	1,219	1,200	1,150	1,160	1,170	1,180	1,190	1,200	1,182	1,185
Matif Mill Wheat	168	170	165	164	170	169	167	168	168	167	168
Rapeseed	401	415	400	435	430	425	415	415	410	420	416
CBOT Wheat	416	429	425	475	500	510	520	530	540	457	525
CBOT Soybeans	945	1,021	1,000	1,050	1,050	1,075	1,075	1,100	1,100	1,030	1,088

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 18

During the week				Period	Danske Bank	Consensus	Previous
Sun 30	CNY	PMI manufacturing	Index	Apr		51.7	51.8
Sun 30	CNY	PMI non-manufacturing	Index	Apr			55.1
Monday, May 1, 2017				Period	Danske Bank	Consensus	Previous
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Apr			52.8
14:30	USD	PCE core	m/mly/y	Mar		-0.1% 1.6%	0.2% 1.8%
14:30	USD	Personal spending	m/m	Mar		0.2%	0.1%
14:30	USD	PCE headline	m/mly/y	Mar		-0.2% ...	0.1% 2.1%
15:30	CAD	RBC manufacturing PMI	Index	Apr			55.5
15:45	USD	Markit PMI manufacturing, final	Index	Apr			52.8
16:00	USD	Construction spending	m/m	Mar		0.4%	0.8%
16:00	USD	ISM manufacturing	Index	Apr		56.5	57.2
Tuesday, May 2, 2017				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Apr		17.15	16.53
2:30	JPY	Markit PMI services	Index	Apr			52.9
3:45	CNY	Caixin PMI manufacturing	Index	Apr		51.4	51.2
6:30	AUD	Reserve Bank of Australia rate decision	%			1.5%	1.5%
8:00	NOK	Credit indicator (C2)	y/y	Mar			5.1%
8:30	SEK	PMI manufacturing	Index	Apr			65.2
9:00	NOK	PMI manufacturing	Index	Apr			54.7
9:15	ESP	PMI manufacturing	Index	Apr			53.9
9:30	SEK	Household lending	y/y	Mar			7.2%
9:45	ITL	PMI manufacturing	Index	Apr			55.7
9:50	FRF	PMI manufacturing, final	Index	Apr			55.1
9:55	DEM	PMI manufacturing, final	Index	Apr			58.2
10:00	EUR	PMI manufacturing, final	Index	Apr			56.8
10:30	GBP	PMI manufacturing	Index	Apr			54.2
11:00	EUR	Unemployment	%	Mar			9.5%
16:00	DKK	Currency reserves	DKK bn	Apr			464.1
Wednesday, May 3, 2017				Period	Danske Bank	Consensus	Previous
9:00	DKK	House prices	m/mly/y	Feb			
9:00	DKK	CB's securities statistics		Mar			
9:00	DKK	Foreign portfolio investments		Mar			
9:55	DEM	Unemployment	%	Apr			5.8%
10:30	GBP	PMI construction	Index	Apr			52.2
11:00	EUR	PPI	m/mly/y	Mar			4.5% 0.0%
11:00	EUR	GDP, preliminary	q/qly/y	1st quarter			0.4% 1.7%
14:15	USD	ADP employment	1000	Apr		183	263
15:45	USD	Markit PMI service, final	Index	Apr			52.5
16:00	USD	ISM non-manufacturing	Index	Apr		56.0	55.2
16:30	USD	DOE U.S. crude oil inventories	K				-3641
20:00	USD	FOMC meeting	%			1.0%	1.0%

Source: Danske Bank Markets

Calendar (continued)

Thursday, May 4, 2017					Period	Danske Bank	Consensus	Previous
3:45	CNY	Caixin PMI service	Index	Apr				52.2
8:30	SEK	PMI services	Index	Apr				61.3
9:00	DKK	Forced sales (s.a.)	Number	Apr				
9:00	DKK	Bankruptcies (s.a.)	Number	Apr				
9:15	ESP	PMI services	Index	Apr				57.4
9:45	ITL	PMI services	Index	Apr				52.9
9:50	FRF	PMI services, final	Index	Apr				57.7
9:55	DEM	PMI services, final	Index	Apr				54.7
10:00	NOK	Norges Banks monetary policy meeting	%					0.5%
10:00	EUR	PMI composite, final	Index	Apr				56.7
10:00	EUR	PMI services, final	Index	Apr				56.2
10:30	GBP	Broad money M4	m/mly/y	Mar				-0.3% 5.7%
10:30	GBP	Mortgage approvals	1000	Mar				68.3
10:30	GBP	PMI services	Index	Apr				55.0
11:00	EUR	Retail sales	m/mly/y	Mar				0.7% 1.8%
14:30	USD	Initial jobless claims	1000					
14:30	USD	Unit labour cost, preliminary	q/q	1st quarter			2.5%	1.7%
14:30	USD	Trade balance	USD bn	Mar			-45.2	-43.6
16:00	USD	Core capital goods orders, final	%	Mar				
Friday, May 5, 2017					Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Italy's debt rating						
-	EUR	Moody's may publish Portugal's debt rating						
3:30	AUD	RBA Statement of Monetary Policy						
9:00	DKK	Industrial production	m/m	Mar				0.8%
9:00	CHF	SNB balance sheet, intervention	CHF bn	Apr				683.2
9:30	SEK	Industrial production s.a.	m/mly/y	Mar				0.2% 4.1%
9:30	SEK	Service production	m/mly/y	Mar				-0.7% 5.3%
9:30	SEK	Industrial orders	m/mly/y	Mar				7.9% 12.0%
14:30	USD	Unemployment	%	Apr			4.6%	4.5%
14:30	USD	Average hourly earnings, non-farm	m/mly/y	Apr			0.3% 2.7%	0.2% 2.7%
14:30	USD	Non farm payrolls	1000	Apr			193	98
14:30	CAD	Net change in full time employment	1000	Apr				18.4
18:45	USD	Fed's Williams (non-voter, neutral) speaks						
19:30	USD	Fed's Rosengren (non-voter, hawk) speaks						
19:30	USD	Fed's Evans (voter, dovish) speaks						
19:30	USD	Fed's Evans (voter, dovish) speaks						
21:00	USD	Consumer credit	USD bn	Mar			14.0	15.2

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

For further information, call [+45] 45 12 85 22.

Source: Danske Bank Markets

Disclosures

This research report has been prepared by Danske Bank Markets, a division of Danske Bank A/S ('Danske Bank'). The author of the research report is Jens Nærvig Pedersen, Senior Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank on request.

The research reports of Danske Bank are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from and do not report to other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

Risk warning

Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Expected updates

None.

Date of first publication

See the front page of this research report for the date of first publication.

General disclaimer

This research has been prepared by Danske Bank Markets (a division of Danske Bank A/S). It is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that Danske Bank considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and Danske Bank, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgement as of the date hereof. These opinions are subject to change, and Danske Bank does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom or the United States.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank's prior written consent.

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.