4 August 2017

Weekly Focus Sweden

Investment recovery set to boost global growth

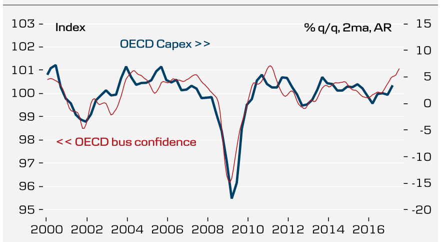
Market movers ahead

- We estimate CPI core inflation for July is unchanged at 1.7%. Inflation remaining low should keep the US Fed on a cautious path in its normalisation of monetary policy.
- German industrial production for July may indicate whether the strong momentum in Q2 has continued in Q3. High business confidence points to further solid growth.
- In China, attention is set to be on currency reserve, trade and inflation numbers. We estimate the currency reserve (which is measured in USD) has increased due to the revaluation of non-USD reserves, as the US dollar weakened considerably in July.
- The focus in Scandinavia will be on Swedish industrial production and Norwegian inflation. We expect figures for Swedish industry to show handsome growth, while inflation in Norway is likely to have fallen slightly in July, following a significant rise in June.

Global macro and market themes

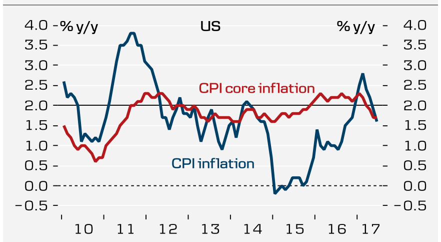
- The outlook for global investment is turning more positive. Business confidence is high, profit growth has risen substantially, real interest rates are at a historical low and political uncertainty has held back investment for several years.
- A self-reinforcing capex recovery could strengthen global growth and presents a slight upside risk to our global growth forecasts.
- The key risk factors to monitor are tensions with North Korea and the potential for a trade war if the US implements protectionist measures to shield US industry.
- We look for equities and bond yields to range trade before moving higher in 2018 on the back of a continuing recovery in the global economy.

Capex heading higher



Source: Macrobond Financial, OECD

US inflation remains low



Source: Macrobond Financial

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Financial views

Major indices	04-Aug	3M	12M
10yr EUR swap	0.87	0.85	1.15
EUR/USD	119	117	122
ICE Brent oil	52	53	61
	04-Aug	6M	12-24M
S&P500	2472	5-10%	10-15%

Source: Danske Bank

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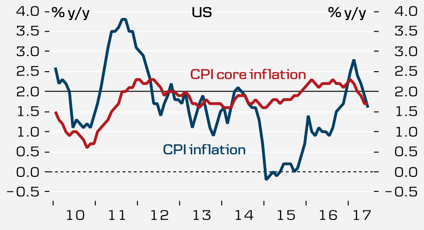
Market movers

Global

- In the **US**, we have a relatively quiet week ahead of us, with the main news release being CPI and CPI core for July on Friday. Both inflation measures have been rapidly declining since February and are currently far below the Fed's 2% target and there is no immediate compelling argument for a drastic uptick. Although the Fed continues to believe the tighter labour market will eventually drive inflation up and the US dollar has recently depreciated sharply, these are both effects that take a long time to work their way into the CPI numbers. Thus, we believe inflation will continue to hover around 0.1% m/m (both headline and core), implying both figures increased 1.7% y/y in July (in June, headline CPI read 1.6% y/y, while CPI core was 1.7%). NFIB small business optimism for July is due to be released on Tuesday. Since the end of 2016, when the index soared, it has drifted downwards and we expect this trend to continue. Hence, we expect the index to come in at 103.

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

Inflation still below Fed's target

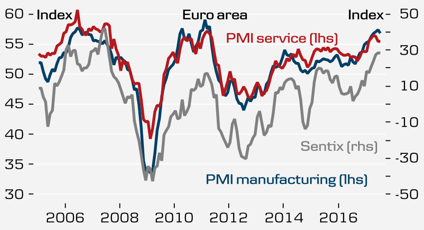


Source: BLS

- In the **euro area**, the first data release of interest is Sentix investor confidence on Monday. Sentix fell marginally from 28.4 in June to 28.3 in July but remains at a high level not seen since 2007. While business activity and economic confidence remain high, we did see declining euro area PMIs last week. Together with recent months without gains in the major stock indices, it poses the question of whether we have reached the top. A strong argument is the stronger EUR, which we expect to drag on the euro area growth outlook and become a headwind to inflation in coming years (see *Euro Area Research: Stronger EUR keeping inflation far from the ECB's target*, 27 July). Therefore, we expect a decline in Sentix to 27.6 in August.

  German industrial production for June is also due for release on Monday. The previous five months showed consecutive monthly growth in industrial production, with the figure for May showing 1.2%. We expect the reported June figure to be 0.5% monthly growth. We expect industrial production to continue showing strong figures for Q3, as in Q1 and Q2. German business confidence is high and we continue to see strong activity levels for companies, which supports growth in industrial production.

Sentix may have reached the top



Source: Sentix, Markit PMI, Danske Bank

- Next week is a quiet one in the **UK**. Given the large downward growth contribution from manufacturing and construction, there may be some focus on the industrial production and construction data for June due on Thursday. In addition, the NIESR GDP estimate for July (usually a good predictor of actual GDP growth) is also due on Thursday.

- **China** is due to release data on FX reserves, the trade balance and inflation next week. FX reserves are likely to have increased, as the USD weakened significantly in July, making reserves in other currencies worth more when measured in USD. Trade data are quite volatile and very hard to predict. However, according to PMI data for July, exports were strong. Imports tend to follow overall activity, which has rebounded somewhat lately. So, in our view, the underlying trend should have improved a bit. When it comes to inflation, we look for CPI inflation to be broadly flat at 1.5% – still far below the 3.0% target. We estimate PPI inflation fell slightly from 5.5% to 5.3%, as we believe base effects pulled it down a bit.

Import growth has slowed but PMI points to improvement short term

Source: Macrobond Financial

Scandi

- In **Denmark**, inflation numbers are due on Thursday. We estimate a rebound to 0.8% y/y after the surprisingly low June reading, despite a modest decline in fuel prices. The rebound is driven partly by the end of the base effect of a significant fall in phone service prices in July 2016 but there is a lot of uncertainty surrounding this. The fall in 2016 was caused by a decline in the cost of roaming in other countries but this year roaming costs within the EU have been completely abolished. As far as we can tell, the total impact on prices this year is much smaller but we cannot be sure. We are due to get foreign trade data on Wednesday. Both imports and exports rose strongly in May and we could see some reversal in June but the underlying outlook is good, as growth continues to be strong in Europe and it is hoped business investments are heading up in Denmark. Industrial production, due on Monday, has been very volatile lately and after a 2% m/m increase in May, the June figure could well show some decline.

- The **Swedish** economy is booming as evident by the Q2 GDP ‘flash estimates’ two weeks ago of 1.7% q/q and 4.0% y/y. While based on less primary data than normally, this is the number the Riksbank will bring to its next meeting (6 September) as the revised version is not due until 13 September. Next week, we are due to get hard June production data for the industrial and services sectors (both feed into Q2 GDP). Swedish services production has been on a firm uptrend for a long time and has been a potent growth driver with strong momentum in retail sales, IT, hotels and restaurants. Over the past year, the industrial sector has started to do well too, as demand from abroad has broadened and improved. According to NIER, companies in both the service and the industrial sectors see better demand and still strong employment growth for the next three to six months. PMIs remain upbeat too. While production numbers are volatile month to month, our view is that activity will continue to be strong. The following week, on 15 August, we are due to get the more important inflation numbers, with our CPIF forecast 0.3pp above that of the Riksbank.

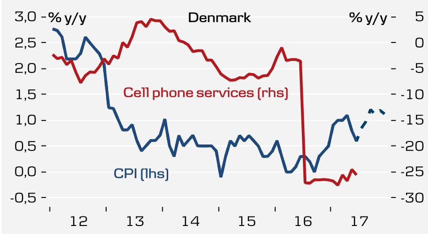
- The main event in the **Norwegian** market will be the inflation data for July, which is set to be published on Thursday. In June, core inflation (CPI-ATE) surprised on the upside, rising 1.6%. This was a bit higher than both the consensus estimate and the Norges Bank estimate in the latest monetary policy report of slightly above 1.3% y/y (Norges Bank publishes only quarterly forecasts). The higher inflation prints in June were driven to a certain degree by higher airline tickets and higher food prices.

  We might see a reversal of this effect when we are past the summer holiday season and the monthly rise in July should be smaller. In July, we also normally see a change in food prices, as July is a month when suppliers are allowed to change the prices. The weakening of the NOK might also continue to feed into prices.

  Overall, we estimate a monthly change of 0.6% m/m, which would lower the yearly rate slightly to 1.5% y/y. However, we underline that July has many uncertain items.

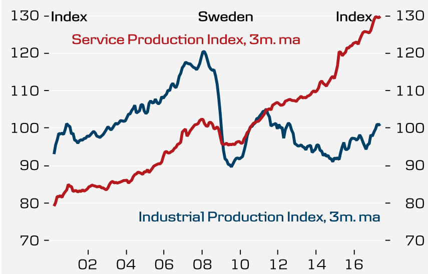
  The week also brings the credit indicator (Tuesday), where we may start to see the effect of the slowdown in the housing market. The week also brings production data from the manufacturing sector (Monday).

Watch out for roaming prices



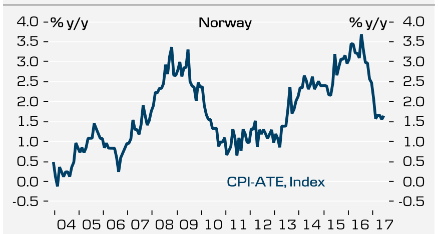
Source: Danmarks Statistik, Danske Bank

Industrial and services production on the roll



Source: Macrobond Financial

Core inflation is bottoming out



Source: SSB. Macrobond Financial

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	07-Aug	8:00	DEM	Industrial production	m/m|y/y	Jun	0.5%|...	*0.1%|3.7%*	1.2%|5.0%
Wed	09-Aug	3:30	CNY	CPI	y/y	Jul	1.5%	*1.5%*	1.5%
		3:30	CNY	PPI	y/y	Jul	5.3%	*5.6%*	5.5%
Thurs	10-Aug	-	CNY	Aggregate financing	CNY bn	Jul		*1000*	1776.2
		10:30	GBP	Manufacturing production	m/m|y/y	Jun		*-0.1%|0.6%*	-0.2%|0.4%
		14:30	USD	Initial jobless claims	1000				240
		14:30	USD	PPI	m/m|y/y	Jul		*0.1%|2.3%*	0.1%|2.0%
		16:00	USD	Fed's Dudley (voter, dovish) speaks					
Fri	11-Aug	14:30	USD	CPI core	m/m|y/y	Jul	0.1%|1.7%	*0.2%|1.7%*	0.1%|1.7%
Scandi movers									
Mon	07-Aug	8:00	NOK	Industrial production	m/m|y/y	Jun			-0.7%|0.5%
Tue	08-Aug	8:00	NOK	Credit indicator (C2)	y/y	Jun			5.4%
Wed	09-Aug								
Thurs	10-Aug	8:00	NOK	CPI	m/m|y/y	Jul			0.4%|1.9%
		8:00	NOK	PPI	m/m|y/y	Jul			-2.6%|3.2%
		8:00	NOK	Core inflation (CPI-ATE)	m/m|y/y	Jul	0.6%|1.5%		0.5%|1.6%
		9:30	SEK	Industrial production s.a.	m/m|y/y	Jun			2.1%|8.0%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Capex set to add support to global recovery

Investment growth has been the weak link in the global economy over the past three years. While private consumption was underpinned by robust real income growth - partly due to very low inflation - investments have been depressed. Political uncertainty, frequent shocks to the economy and depressed energy investments following the oil price collapse in 2014 kept corporate spending in check.

However, the scope for strengthening capital expenditure (capex) has increasingly been raised as a force that could make the global recovery more robust and resilient. Central banks such as the ECB and the Bank of England have also highlighted that stronger investment growth could increase the neutral rate for monetary policy and warrant higher rates in the future just to keep the policy stance unchanged.

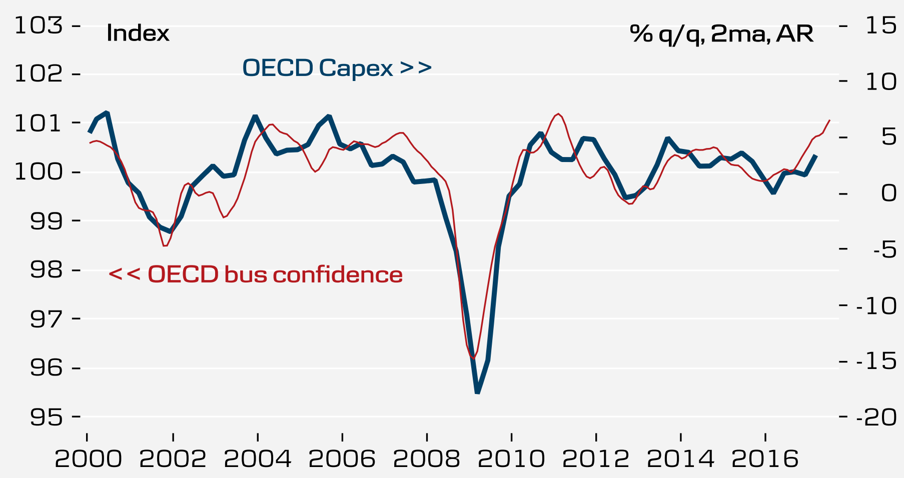
In his speech in Sintra in June, ECB president Mario Draghi said: **'There is newfound confidence in the reform process, and newfound support for European cohesion, which could help unleash pent-up demand and investment**… As the economy continues to recover, a constant policy stance will become more accommodative, and the central bank can accompany the recovery by adjusting the parameters of its policy instruments – not in order to tighten the policy stance, but to keep it broadly unchanged.' The Bank of England governor Mark Carney similarly said that 'If these [investment] intentions are realised, the global equilibrium interest rate could rise somewhat, making a given policy setting more accommodative.'

Below we look at the scope for capex growth to enter a self-reinforcing cycle that strengthens the global recovery. **Recent developments do indeed give rise for cautious optimism when it comes to investments**. Some of the important drivers for investment growth have proven to be business sentiment, profit growth, financing costs and potential

Key points

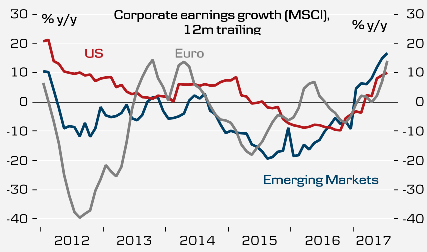
- The outlook for global investments is becoming more positive
- A self-reinforcing capex recovery could strengthen global growth and leaves upside risk to our global growth forecasts
- We look for equities and bond yields to range trade before moving higher next year
- EUR/USD to continue higher

Rising business confidence points to strong OECD capex recovery



Source: Macrobond Financial, Bloomberg, Danske Bank

Profit growth to underpin global investments



Source: Macrobond Financial, Danske Bank pent-up demand for investments following a period of depressed investments. Some of these factors are clearly correlated as stronger profit growth tends to lift business optimism. But low financing costs for example may become more stimulative if optimism is high and may not be enough to trigger investments if the outlook is uncertain and demand is weak. Hence, it could very well be that the positive effect of low yields and rates strengthens as the recovery takes hold.

Going through the above factors does indeed point to a more positive picture for investments:

First, **business confidence in the OECD area is now the highest since 2011.** As the global economy has gained steam companies have grown more optimistic. Reduced political uncertainty has probably added to the more upbeat expectations among companies in continental Europe. While Donald Trump has disappointed when it comes to the outlook for tax cuts and reduced regulation, corporate optimism is still quite high. In the Philadelphia Fed survey the index for capex expectations is now the highest in close to 30 years.

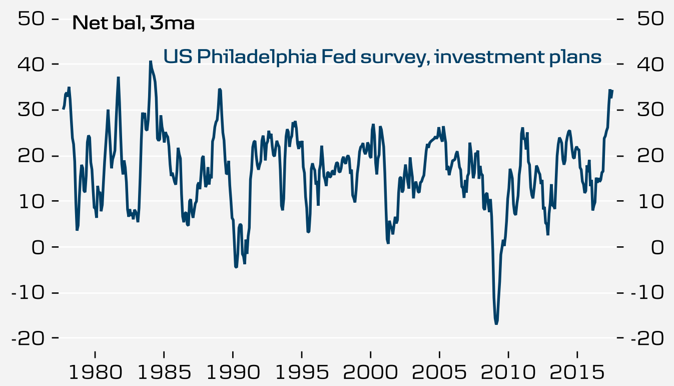
Second, profit growth picked up in late 2016 and early 2017 as the global economy gained steam and rising producer prices benefited the bottom line in many companies. When companies make money they are naturally more inclined to invest than when profits are falling.

Third, financing costs are historically low. In the euro area five-year corporate real yields are around zero (using core inflation as deflator) and in the US it is just around 1%. The average prior to the financial crisis was around 3½%.

Fourth, there may very well be pent-up demand on the investment side. Investments as a share of GDP are still below the average prior to the financial crisis. This is most pronounced in the euro area. As the outlook improves and uncertainty declines some of this pent-up demand may come through.

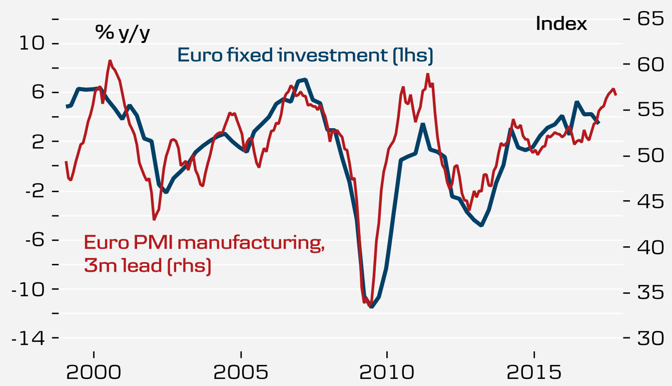
The rising potential for a self-reinforcing cycle in investments poses some upside risks to our growth outlook for the coming years. And **if it materialises it will put upward pressure on bond yields** as demand for capital increases and central bank policy normalisation may happen faster.

US Philadelphia Fed survey shows upbeat investment plans



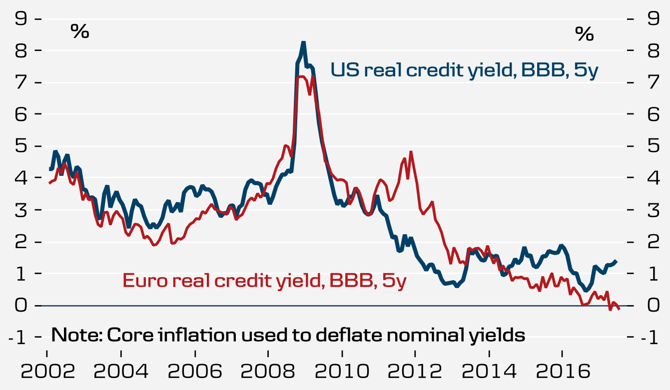
Source: Macrobond Financial, Danske Bank

Robust euro manufacturing points to stronger investments



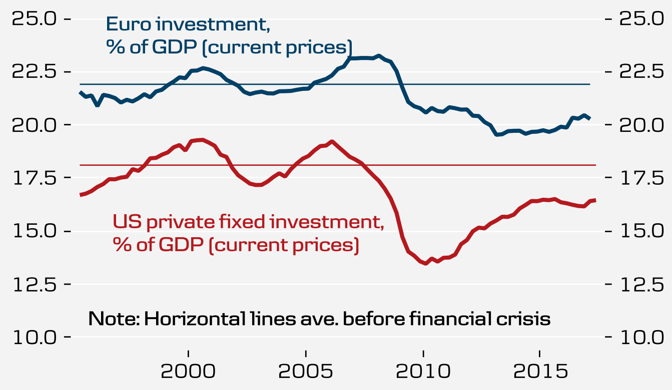
Source: Macrobond Financial, Danske Bank

Record low corporate yields underpin investments as profits rise and uncertainty fades



Source: Macrobond Financial, Danske Bank

Investments have been depressed pointing to pent up demand

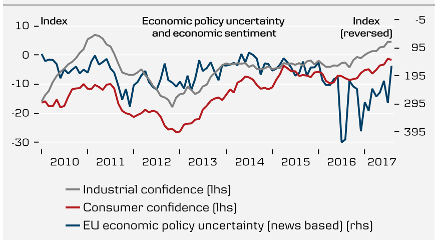


Source: Macrobond Financial, Danske Bank

Euro area growth revised higher

In *Euro Area Research: Tail winds to growth dominate EUR headwind near-term* published today, we have upgraded our euro area GDP forecast for 2017 to 2.0% from 1.7%. GDP for Q2 released this week increased by 0.6% q/q - the highest since 2011 - and we see several tailwinds lending support to the euro recovery: pent-up demand for investments (as mentioned above), fading political uncertainty, very strong sentiment and ongoing job creation. Despite a decline in real wage growth, consumer confidence has stayed very high and retail sales growth continued at a robust pace. However, in 2018 we expect the stronger euro to start to feed through to exports and we have lowered our GDP forecast to 1.5% from 1.6%.

Euro area: Very strong sentiment and fading political uncertainty



Source: Macrobond Financial

What could rock the boat? North Korea and trade

While the outlook has improved, what could rock the boat and change this more positive picture? The two main candidates for creating uncertainty are a trade war started by US protectionist measures and a further escalation of the North Korean crisis.

Recently tensions have increased between the US and China as Trump has become critical again of Chinese efforts to put pressure on North Korea to stop its nuclear ambitions. At the same time there have been many reports that Trump is preparing trade measures to protect the US from what he sees as unfair trade practices by the EU and China. Secretary of Commerce Wilbur Ross this week wrote an *opinion column* in the Wall Street Journal called "Free trade is a two-way street" in which he argued that the US was the most free trading country in the world and countries/blocs that preached free trade (China and the EU) were much more protectionist than the US. Ross said this would change under Trump. The timing of any measures is highly uncertain. It may still take some time given all the other issues that are keeping Trump busy. But it seems likely that some protectionist measures will eventually come. **Whether it triggers a trade war or not is hard to say. The risk is definitely there. But it is too early to say if it is serious enough to derail the global recovery.**

When it comes to North Korea, the regime in Pyongyang is clearly advancing much faster than expected on the technological front. The second missile test in July of an intercontinental ballistic missile was even more advanced than the first and according to experts if it had been fired at a lower angle it would have been able to reach big cities on the US east coast. The problem is significant as any military strike on North Korea could cause significant loss of life in South Korea and possibly Japan. On the other hand, Trump has been clear he will not allow North Korea to reach its goal of being able to hit the US with a nuclear warhead - a technological position that North Korea is fast approaching.

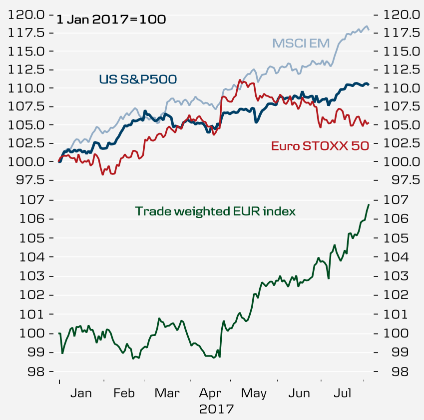
Market volatility low - yields to range trade still

With a positive global macro picture and subdued inflation risk assets have continued to perform and volatility has become very low. Euro area stocks have been the exception lately with equity prices having moved lower - partly due to the significant strengthening of the euro. **We are neutral on equities versus cash in the medium term** (3-6M) as we believe that we are in the interim period between two reflation waves in which the market will be range trading. **Longer term, though, equities are expected to outperform** as the global recovery is set to continue, barring any major shocks.

Core government bond yields are expected to range trade for the remainder of 2017 as inflation pressures are very subdued still and central banks likely to move slowly. The ECB has been challenged by the strengthening of the euro lately, and in the US lower core inflation and wage growth are putting the Fed on hold on rates until the end of the year and keeping the hiking path next year very moderate.

We look for EUR/USD to continue on an upward trend over the next year and have a target of 1.22 in 12M. Gravity is pulling the USD lower still as it has been overvalued for some time on our MEVA models and current account flows work in favour of the euro area. Stronger growth performance in the euro area is also supportive of the EUR.

Euro stocks underperforming as EUR moves higher



Source: Macrobond Financial

Global market views

Asset class	Main factors
Equities	
Our short-term trading opportunity stance (0-1 month): Buy on dips Our strategy stance (3-6M): Neutral on equities vs cash	After riding high on the Trump trade, we turned more cautious in early April. We keep a neutral stance on equities with most cyclical sectors on Neutral or Underweight and many defensives on Overweight.
Bond market	
German/Scandi yields – set to stay in recent range for now, higher on 12M horizon	Inflation 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.
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 earlier than we forecast.
US-euro spread set to widen marginally	The Fed's QT programme (balance sheet reduction) to happen at a very gradual pace and impact on the Treasury market should be benign. Yet market pricing for Fed hikes is very dovish and yields should edge higher on 12M horizon.
Peripheral spreads – tightening	Economic recovery, ECB stimuli, better fundamentals, particularly in Portugal and Spain and an improved political picture are expected to lead to further tightening.
FX	
EUR/USD – very strong move higher likely to be extended near-term	Relative growth and valuation support higher EUR/USD. Jackson Hole and ECB meeting on 8 Sep to slow the move. We forecast EUR/USD at 1.22 in 12M.
EUR/GBP – risk to the topside on EUR strength, BoE repricing	Relative growth and monetary policy support a higher EUR/GBP near-term. We forecast 0.91 in 3M before a downward move further out on Brexit, valua
USD/JPY – gradually higher longer term	BoJ sidelined in exit talk should cap JPY upside for extended period. The Fed's and the ECB's eagerness to tighten to support EUR/JPY and USD/JPY nea
EUR/SEK – range-bound near term, then gradually lower	Gradually lower medium-term on fundamentals and valuation longer term but near-term SEK potential limited by the Riksbank.
EUR/NOK – range-bound near term, then gradually lower	Headwinds near term due to low oil prices but longer term NOK should rebound on valuation, growth and real-rate differentials normalising.
Commodities	
Oil price – range-bound, downside risk	Rebound recently on better China data and robust global growth. Still range bound and now in middle of range.
Metal prices – range-bound, downside risk	Underlying support from consolidation in mining industry, better China data. China to slow again after National Congress adding downside risks in mediu
Gold price – range-bound	Tug of war between geopolitical uncertainty and stronger USD.
Agriculturals – stabilisation	Dry weather created supply concerns but prices have come down again lately.

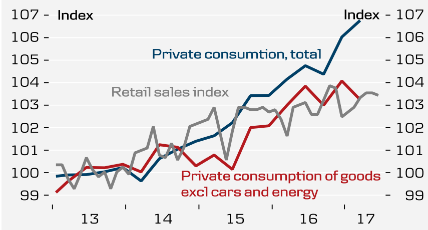
Source: Danske Bank Markets

Scandi update

Modest consumption growth in Denmark

Retail sales and figures for Dankort (Danish debit card) sales paint slightly different pictures for consumption in June, though consumption growth for Q2 overall looks set to come in at around 0.5% q/q. This is certainly quite decent and indicates the slightly higher rate of inflation has not seriously dented consumption. Consumption growth in recent quarters has been driven, in particular, by energy, which is not included in retail sales, and which means that there is a risk of reversal in total consumption despite higher retail and Dankort numbers. There is, in any case, still rather modest growth compared to previous upswings, plus household debt levels remain largely unchanged. Car sales, too, appear to be declining slightly from the very high levels going into 2017. The number of new car registrations fell by just over 3% in July, reaching their lowest level since November (seasonally adjusted), though this could conceal a greater share of larger, more expensive cars being sold than previously. Danmarks Nationalbank again had no need to intervene on behalf of the Danish krone (DKK) in July. The generally stronger euro (EUR) has not firmed against the DKK, which is being supported by strong economic fundamentals.

Just modest upswing, especially when excluding energy

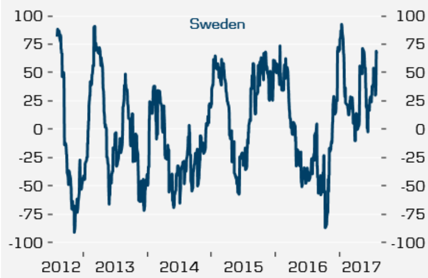


Source: Statistics Denmark

Sweden - Strong macro data over the summer

Real macro data have tended to come in better than expected over the summer, topped by impressive 4.0% yoy growth in the second quarter. Meanwhile, soft indicators suggest good times ahead. Labour market data has continued on a solid note. Hence, the macroeconomic backdrop has if anything improved further. The ever-so-important inflation readings have been on the high side as well, with the last three CPIF prints being been between 1.9 and 2.0%. We have updated our forecasts, and it now runs 0.3-0.4pp above the Riksbank in the near term. The SEK has rebounded over the summer with KIX now trading 1.5% below the Riksbank forecast. EUR/SEK has turned lower, but the trade-weighted appreciation is mainly attributable to the sharp drop in USD/SEK. The 10-year bond has risen some 30bp (!!) since June and is now yielding 0.70%. While higher inflation readings and re-anchored inflation expectations are nothing but very good news for the Riksbank it is worth remembering the words of Mr Flodén (the last minutes): ”*The more the market prices in an earlier repo rate increase than in our forecast, the more likely it will become that the repo rate will instead be raised even later.*”

Economic surprise index



Source: Macrobond Financial

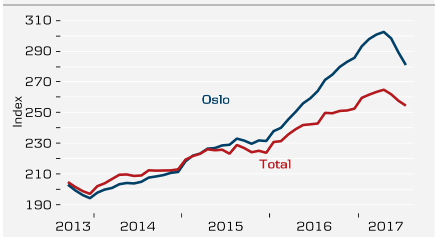
Norway – weakness in housing market continued in July

The main event in the Norwegian market was the housing data for July. It showed that the weakness in the housing market in Q2 continued in July. Prices fell 1.2% m/m and 0.2% if seasonally adjusted. House prices are still up 4.8% y/y, but this was the third month in a row with falling prices m/m.

The price falls were particularly notable in Oslo, where prices were down -2.8% non-seasonally adjusted in July. Oslo prices are still up 6.4% y/y, but down 7.1% over the last three months.

Turnover is lower than normal in July so we should not put too much weight on the numbers. But there is little doubt that the weakness in Norwegian house prices (from a very high level) has continued - especially in Oslo. This will, everything else equal, add to the view that the Norges Bank is in no hurry at all to tighten monetary policy.

House prices under pressure in Oslo



Source: Real Estate Norway, Macrobond Financial

Latest research from Danske Bank Markets

4/8 Euro Area Research: Growth tailwinds dominate headwind from EUR near term

Strong growth, falling unemployment and higher core inflation should be what the ECB hoped for ahead of its QE decision – but the stronger euro is the 'party pooper'

3/8 Bank of England Review: More dovish but still too optimistic on growth

The Bank of England maintained the Bank Rate at 0.25% and kept targets for bond purchases as expected.

3/8 China leading indicators: Summer rebound – but still slowdown ahead

The latest round of PMI data for July as well as rising commodity prices points to a mid-year rebound in Chinese activity.

2/8 Denmark: Fourth consecutive month with no FX intervention

Danmarks Nationalbank (DN) stayed side-lined in the FX market in July for the fourth consecutive month.

31/7 China Summer Recap: Resilient growth and rising tensions with US

Chinese growth data have proved resilient lately, as the construction sector has stayed strong. We still look for a moderate slowdown but the downside risks have diminished for this year.

27/7 Euro Area Research: Stronger EUR keeping inflation far from the ECB's target

Euro appreciation is a headwind to inflation and a downward revision to the ECB's forecast should keep inflation far below the target.

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	1.7	2.1	0.4	5.6	-0.2	2.5	3.5	0.2	4.2	-0.9	37.8	7.9
	2017	1.9	2.2	0.9	0.2	0.3	3.7	2.4	1.0	4.3	-1.1	36.4	8.3
	2018	1.7	2.1	0.8	4.1	-0.2	2.4	3.0	1.2	4.3	-0.3	35.0	8.1
Sweden	2016	3.2	2.4	2.9	5.3	0.0	3.5	3.8	1.0	6.9	0.9	41.3	5.1
	2017	1.8	1.5	0.3	4.6	-0.4	3.2	2.8	1.8	6.7	0.3	39.5	5.3
	2018	1.9	1.4	1.6	3.1	0.0	3.3	3.3	1.4	6.6	0.0	39.3	5.2
Norway	2016	0.9	1.6	2.3	0.3	0.3	-0.5	0.8	3.6	3.0	-	-	-
	2017	2.0	2.0	2.0	2.6	-0.2	1.4	2.6	2.2	2.7	-	-	-
	2018	2.3	2.3	2.0	2.8	-0.1	1.2	2.0	2.0	2.6	-	-	-

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	4.1	-	3.3	4.6	0.2	10.0	-1.5	89.2	3.5
	2017	2.0	1.5	1.1	2.4	-	4.3	3.9	1.5	9.1	-1.4	90.4	3.0
	2018	1.5	1.3	1.1	3.8	-	3.3	4.0	1.1	8.5	-1.4	89.2	2.9
Germany	2016	1.8	1.9	4.0	2.0	-	2.5	3.7	0.4	4.2	0.8	68.3	8.5
	2017	2.0	1.3	1.6	3.2	-	4.3	4.3	1.6	3.8	0.5	65.8	8.0
	2018	1.7	1.4	1.9	4.3	-	3.7	4.9	1.4	3.8	0.3	63.3	7.6
France	2016	1.1	2.1	1.2	2.7	-	1.9	4.2	0.3	10.0	-3.4	96.0	-2.3
	2017	1.6	1.1	1.2	2.9	-	3.4	3.7	1.1	9.9	-3.0	96.4	-2.4
	2018	1.2	1.0	1.1	2.9	-	3.5	3.5	1.2	9.7	-3.2	96.7	-2.5
Italy	2016	1.0	1.3	0.6	3.1	-	2.6	3.1	-0.1	11.7	-2.4	132.6	2.6
	2017	1.4	1.2	1.0	2.1	-	4.1	5.8	1.3	11.2	-2.1	133.1	1.9
	2018	1.3	1.0	0.7	3.7	-	3.4	3.6	1.0	10.8	-2.2	132.5	1.7
Spain	2016	3.2	3.2	0.8	3.1	-	4.4	3.3	-0.3	19.6	-4.5	99.4	1.9
	2017	3.0	2.2	0.8	4.2	-	8.1	6.6	2.0	17.3	-3.1	99.2	1.6
	2018	2.0	2.0	1.2	4.1	-	3.7	4.9	1.0	16.0	-2.6	98.5	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	2.8	2.0	-0.2	6.0	-	7.0	5.0	0.9	8.4	-2.1	64.0	-1.1
	2018	1.5	1.0	0.2	2.5	-	3.0	2.5	1.0	7.9	-1.8	64.2	-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	2.7	0.8	0.7	-0.4	0.4	1.1	1.3	4.9	-3.2	106	-2.6
	2017	2.0	2.2	0.1	5.0	-0.1	2.8	4.0	2.2	4.5	-2.9	106	-2.7
	2018	1.9	1.7	1.0	4.5	0.0	2.4	3.0	1.9	4.3	-2.7	107	-3.3
China	2016	6.7	-	-	-	-	-	-	2.0	4.1	-3.0	46.3	2.4
	2017	6.3	-	-	-	-	-	-	2.0	4.3	-3.3	49.9	2.1
	2018	6.0	-	-	-	-	-	-	2.0	4.3	-3.0	53.3	1.5
UK	2016	1.8	2.8	0.8	0.5	0.2	1.8	2.8	0.7	4.9	-3.0	89.3	-5.0
	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	04-Aug	1.25	1.31	1.59	2.20	118.8	-	808.6
	+3m	1.25	1.38	1.70	2.25	117.0	-	812.0
	+6m	1.50	1.60	1.85	2.35	118.0	-	796.6
	+12m	1.75	1.90	2.25	2.70	122.0	-	762.3
EUR	04-Aug	0.00	-0.33	-0.16	0.87	-	118.8	960.8
	+3m	0.00	-0.35	-0.10	0.85	-	117.0	950.0
	+6m	0.00	-0.35	-0.05	0.90	-	118.0	940.0
	+12m	0.00	-0.35	0.00	1.15	-	122.0	930.0
JPY	04-Aug	-0.10	-0.02	0.04	0.25	130.8	110.1	7.35
	+3m	-0.10	-	-	-	133.4	114.0	7.12
	+6m	-0.10	-	-	-	136.9	116.0	6.87
	+12m	-0.10	-	-	-	141.5	116.0	6.57
GBP	04-Aug	0.25	0.29	0.59	1.22	90.3	131.6	1064.2
	+3m	0.25	0.31	0.55	1.25	88.0	133.0	1079.5
	+6m	0.25	0.31	0.55	1.35	87.0	135.6	1080.5
	+12m	0.25	0.31	0.55	1.75	87.0	140.2	1069.0
CHF	04-Aug	-0.75	-0.73	-0.55	0.27	115.0	96.8	835.7
	+3m	-0.75	-	-	-	111.0	94.9	855.9
	+6m	-0.75	-	-	-	113.0	95.8	831.9
	+12m	-0.75	-	-	-	116.0	95.1	801.7
DKK	04-Aug	0.05	-0.25	0.02	1.10	743.8	626.0	129.2
	+3m	0.05	-0.20	0.10	1.10	744.0	635.9	127.7
	+6m	0.05	-0.20	0.15	1.15	744.0	630.5	126.3
	+12m	0.05	-0.20	0.20	1.40	744.0	609.8	125.0
SEK	04-Aug	-0.50	-0.44	-0.23	1.22	960.8	808.6	100.0
	+3m	-0.50	-0.48	-0.35	1.10	950.0	812.0	-
	+6m	-0.50	-0.48	-0.35	1.30	940.0	796.6	-
	+12m	-0.50	-0.48	-0.25	1.50	930.0	762.3	-
NOK	04-Aug	0.50	0.80	1.10	1.96	937.2	788.8	102.5
	+3m	0.50	0.90	1.20	1.95	930.0	794.9	102.2
	+6m	0.50	0.90	1.25	2.00	910.0	771.2	103.3
	+12m	0.50	0.90	1.35	2.30	900.0	737.7	103.3

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%	Underweight
Emerging markets (local ccy)	Hurt by stronger USD and increased protectionism	Medium	-5-0%	-5-+5%	Overweight
Japan (JPY)	Valuation and currency support	Medium	5-10%	10-15%	Neutral
Euro area (EUR)	Stronger EPS and GDP momentum	Medium	0-5%	0-5%	Overweight
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%	Overweight

Commodities

		2017				2018				Average	
	04-Aug	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018
NYMEX WTI	49	52	48	48	52	55	57	58	59	50	57
ICE Brent	52	55	51	50	54	56	57	58	59	52	58
Copper	6,352	5,855	5,670	5,700	5,800	5,900	6,000	6,050	6,100	5,756	6,013
Zinc	2,792	2,789	2,580	2,500	2,400	2,300	2,300	2,300	2,300	2,567	2,300
Nickel	10,380	10,321	9,230	9,500	10,000	10,500	10,750	11,000	11,000	9,763	10,813
Aluminium	1,916	1,858	1,910	1,800	1,800	1,800	1,800	1,810	1,820	1,842	1,808
Gold	1,269	1,219	1,260	1,200	1,210	1,220	1,230	1,240	1,250	1,222	1,235
Matif Mill Wheat	164	170	168	168	170	169	167	168	168	169	168
Rapeseed	366	415	375	390	410	410	400	400	390	397	400
CBOT Wheat	457	429	435	475	500	510	520	530	540	460	525
CBOT Soybeans	950	1,021	944	1,000	1,000	1,025	1,025	1,050	1,050	991	1,038

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 32

During the week				Period	Danske Bank	*Consensus*	Previous

Monday, August 7, 2017				Period	Danske Bank	*Consensus*	Previous
-	CNY	Foreign exchange reserves	USD bn	Jul		*3074.9*	3056.8
7:00	JPY	Leading economic index, preliminary	Index	Jun		*106.2*	104.6
8:00	NOK	Manufacturing production	m/m|y/y	Jun			-0.3%|0.0%
8:00	NOK	Industrial production	m/m|y/y	Jun			-0.7%|0.5%
8:00	DEM	Industrial production	m/m|y/y	Jun	**0.5%|...**	*0.1%|3.7%*	1.2%|5.0%
9:00	DKK	Industrial production	m/m	Jun			2.0%
9:00	CHF	SNB balance sheet, intervention	CHF bn	Jul			693.5
9:15	CHF	CPI	m/m|y/y	Jul			-0.1%|0.2%
9:30	SEK	Budget balance	SEK bn	Jul			-13
10:30	EUR	Sentix Investor Confidence	Index	Aug	**27.6**	*27.6*	28.3
16:00	USD	Fed's LMCI	m/m	Jul			1.5
17:45	USD	Fed's Bullard (non-voter, dove) speaks					
19:25	USD	Fed's Kashkari (voter, dovish) speaks					
21:00	USD	Consumer credit	USD bn	Jun		*16.0*	18.4

Tuesday, August 8, 2017				Period	Danske Bank	*Consensus*	Previous
-	CNY	Trade balance	USD bn	Jul		*45.2*	42.8
7:45	CHF	Unemployment	%	Jul			3.2%
8:00	NOK	Credit indicator (C2)	y/y	Jun			5.4%
8:00	DEM	Trade balance	EUR bn	Jun		*24*	22
12:00	USD	NFIB small business optimism	Index	Jul	**103.0**	*103.8*	103.6

Wednesday, August 9, 2017				Period	Danske Bank	*Consensus*	Previous
3:30	CNY	CPI	y/y	Jul	**1.5%**	*1.5%*	1.5%
3:30	CNY	PPI	y/y	Jul	**5.3%**	*5.6%*	5.5%
9:00	DKK	Current account (nsa|sa)	DKK bn	Jun			...|16.2
9:00	DKK	Trade balance ex ships	DKK bn	Jun			-48
9:00	DKK	Exports	m/m	Jun			
14:30	USD	Unit labour cost, preliminary	q/q	2nd quarter		*1.0%*	2.2%
16:30	USD	DOE U.S. crude oil inventories	K				
23:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%		**1.75%**	*1.75%*	1.75%

Source: Danske Bank Markets

Calendar (continued)

Thursday, August 10, 2017				Period	Danske Bank	*Consensus*	Previous
-	CNY	Money supply M2	y/y	Jul		*9.4%*	9.4%
-	CNY	Aggregate financing	CNY bn	Jul		*1000*	1776.2
1:01	GBP	RICS house price balance	Index	Jul		*0.1*	0.1
8:00	NOK	CPI	m/m|y/y	Jul			0.4%|1.9%
8:00	NOK	PPI	m/m|y/y	Jul			-2.6%|3.2%
8:00	NOK	Core inflation (CPI-ATE)	m/m|y/y	Jul	**0.6%|1.5%**		0.5%|1.6%
8:45	FRF	Industrial production	m/m|y/y	Jun		*-0.6%|3.9%*	1.9%|3.2%
9:00	DKK	CPI	m/m|y/y	Jul	**...|0.8%**		-0.1%|0.6%
9:30	SEK	Average house prices	SEK m	Jul			2.948
9:30	SEK	Industrial production s.a.	m/m|y/y	Jun			2.1%|8.0%
9:30	SEK	Service production	m/m|y/y	Jun			0.7%|4.5%
9:30	SEK	Industrial orders	m/m|y/y	Jun			1.3%|7.6%
10:30	GBP	Trade balance	GBP mio.	Jun		*-2400*	-3073
10:30	GBP	Construction output	m/m|y/y	Jun		*1.1%|1.7%*	-1.2%|-0.3%
10:30	GBP	Industrial production	m/m|y/y	Jun		*0.1%|-0.2%*	-0.1%|-0.2%
10:30	GBP	Manufacturing production	m/m|y/y	Jun		*-0.1%|0.6%*	-0.2%|0.4%
14:00	GBP	NIESR GDP estimate	q/q	Jul			0.3%
14:30	USD	Initial jobless claims	1000				240
14:30	USD	PPI	m/m|y/y	Jul		*0.1%|2.3%*	0.1%|2.0%
14:30	USD	PPI core	m/m|y/y	Jul		*0.2%|2.1%*	0.1%|1.9%
16:00	USD	Fed's Dudley (voter, dovish) speaks					
20:00	USD	Budget statement	USD bn	Jul			-90.2
Friday, August 11, 2017				**Period**	**Danske Bank**	***Consensus***	**Previous**
-	EUR	Fitch may publish Finland's debt rating					
8:00	DEM	HICP, final	m/m|y/y	Jul	**...|1.5%**	*0.4%|1.5%*	0.4%|1.5%
8:45	FRF	HICP, final	m/m|y/y	Jul	**...|0.8%**	*-0.4%|0.8%*	-0.4%|0.8%
9:00	DKK	Gross unemployment s.a.	K (%)	Jun			116 (4.3%)
9:00	ESP	HICP, final	m/m|y/y	Jul	**...|1.7%**	*-1.2%|1.7%*	-1.2%|1.7%
10:00	ITL	HICP, final	m/m|y/y	Jul	**...|1.2%**	*...|1.2%*	...|1.2%
14:30	USD	CPI headline	m/m|y/y	Jul	**0.1%|1.7%**	*0.2%|1.8%*	0.0%|1.6%
14:30	USD	CPI core	m/m|y/y	Jul	**0.1%|1.7%**	*0.2%|1.7%*	0.1%|1.7%
15:40	USD	Fed's Kaplan (voter, dovish) speaks					
17:30	USD	Fed's Kashkari (voter, dovish) speaks					

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Source: Danske Bank Markets

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Date of first publication

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