

# Weekly Focus

## Norges Bank to hike as EU decides on Brexit extension

### Market movers ahead

- On Thursday, we expect Norges Bank to raise its policy rate by 25bp to 1.00% and signal one further rate hike this year
- We expect the EU27 to accept an extension of Brexit when they meet on Thursday-Friday.
- The Fed is on hold while lowering the ‘dot’ signal for 2019 to one hike (from two).
- The Bank of England is in no hurry to raise rates in the current environment.
- Preliminary Markit PMIs for euro area, Japan and the US are due out next week. In particular, we hope to see some stabilisation in the euro area PMIs soon.
- In Sweden, Valueguard property prices are due out Monday morning.

### Weekly wrap-up

- A dramatic Brexit week ended as expected, as the House of Commons rejected May’s deal, rejected leaving the EU without a deal but supported asking the EU27 for an extension. The decision has to be taken unanimously by the EU27 leaders
- The US-China trade war summit between Trump and Xi Jinping has been delayed at least until April.
- No monetary policy change from the Bank of Japan this week.
- Euro area industrial production surprised on the upside, supporting our view that euro area activity is starting to recover some ground here in Q1 from the weak H2 18.

### Contents

Market movers	2
Weekly Wrap-Up	5
Scandi update	6
Latest research from Danske Bank	7
Macroeconomic forecast	8
Financial forecast	9
Calendar	10

### Financial views

#### Major indices

	15-Mar	3M	12M
10yr EUR swap	0.58	0.75	1.05
EUR/USD	113	113	117
ICE Brent oil	67	70	80

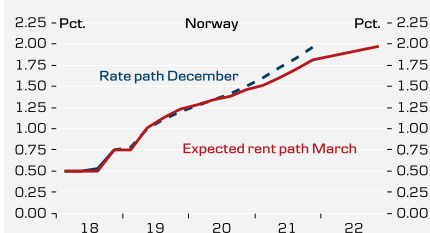
Source: Danske Bank

Follow us on *Twitter*



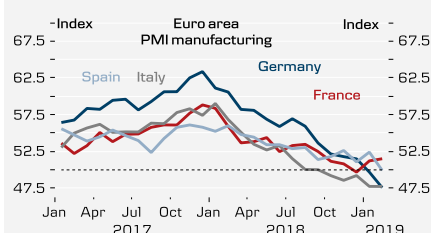
@Danske\_Research

### Norges Bank is set to hike but revise down its rate path



Source: Norges Bank, Macrobond Financial, Danske Bank

### Germany driving the euro area manufacturing slowdown



Source: Markit, Macrobond Financial

### Editor

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

# Market movers

## Global

- In the **US**, the most important event is the FOMC meeting on Wednesday, where we expect the target rate will remain unchanged at 2.25-2.50% and no major changes to the statement. The big question is what the Fed will signal about being ‘patient’. We expect the Fed to lower its ‘dot’ signal to one rate hike in 2019 (down from two). We expect them to be revised lower also for 2020 and 2021 and would not be surprised if the Fed signals ‘one and done’. That said, the Fed has begun downplaying the importance of the dots, so be careful putting too much weight on them going forward. Our current base case is two rate hikes (in June and December) based on our overall positive economic outlook, but if the Fed continues focusing on inflation expectations, a June hike seems less likely, as market-based inflation expectations are well below the historical average.

On Friday, we get Markit PMIs (preliminary) for March. We still think Markit manufacturing PMI will stabilise, so we expect the manufacturing index to come in at 54, up from 53.

- In the **euro area**, next week is all about sentiment indicators. On Friday, the euro area March flash PMIs are due out. In February, the print showed a divergence between services and manufacturing, when manufacturing PMI fell to 49.3 from 50.5 while services rose to 52.8 from 51.2 in January. This divergence supports our two-sided story of rising domestic demand, which supports the service sector, while the global slowdown continues to weight on manufacturing. In March we expect some stabilisation in the manufacturing index, which we see arriving at 49.1, while we see services PMI continuing to rebound to 53.1.

Country data reveals that Germany is the main driver of the slowdown in euro area manufacturing, since German manufacturing PMI in February fell to 47.6 from 49.7. Hence, we will monitor these prints closely on Friday, as improving activity in Germany’s industry will be an important ingredient for the euro area growth rebound we still expect to take shape in Q2.

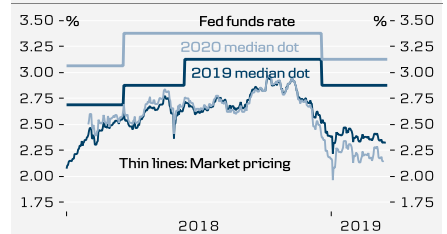
In **Germany**, Tuesday brings the March ZEW index, where we look for further signs of stabilisation in business expectations, in spite of the falling trend of the current situation.

- In the **UK**, the most important event is the EU summit on 21-22 March, where the EU leaders have to respond to both UK’s refusal of the new Brexit deal and proposal of extending Article 50. While EU leaders are clearly annoyed by Brexit, as they also have other issues to deal with, it is probably more problematic for the UK to kick the can further down the road. However, given the size of May’s defeat, EU leaders will discuss whether they prefer to offer a long extension. The House of Commons may vote for the third time on the Brexit deal on Tuesday (not confirmed yet).

We do not expect the Bank of England to change policy or send new signals at its meeting concluding on Thursday. The Bank of England seems in no hurry to raise rates in the current environment with weaker UK data, slower growth in rest of Europe and high Brexit uncertainty. Our case for a rate hike in November 2019 is under pressure given our new call that the ECB will be on hold for at least 12 months.

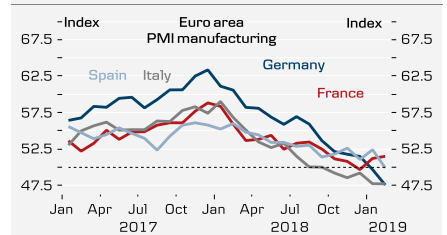
In terms of economic data releases, we have a few interesting data releases including the jobs report for January and CPI inflation in February.

### Markets think the Fed is done raising rates



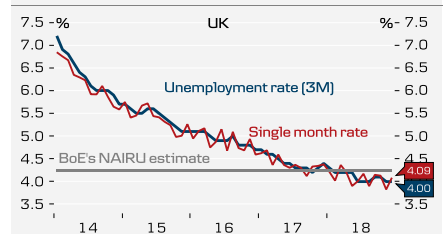
Source: Federal Reserve, Bloomberg, Macrobond Financial

### Germany driving the euro area manufacturing slowdown



Source: Markit, Macrobond Financial

### UK unemployment stabilised around 4% in 2018



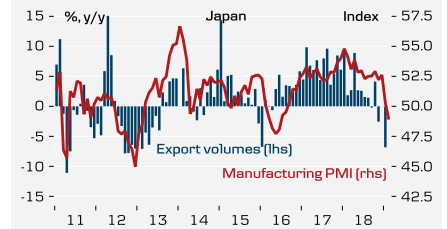
Source: ONS, Bank of England, Macrobond Financial

- There are no key market movers in **China** next week. The focus continues to be on the US-China trade talks, which are dragging out, and sources this week suggested a Xi-Trump summit will be in April at the earliest. The main hurdle now is to agree on the enforcement mechanisms in a deal, where there is disagreement. Agreeing on this may take some time but ultimately we feel quite confident a trade deal will be made in coming months as the failure to reach agreement would leave Trump with souring markets and economic uncertainty when he goes into his 2020 election campaign.
- In **Japan**, we get export figures for February on Monday. Exports declined massively in January as the slowdown in Japan's largest trading partner, China, is weighing on demand for Japanese goods. A weak manufacturing PMI, and in particular weak export orders, point to another slow month for exporters. On Friday, we will see how the manufacturing sector is currently doing when March PMIs tick in. On the same day, we get February CPI inflation. The extremely tight Japanese labour market still does not seem to add much to the underlying price pressure as Bank of Japan's preferred inflation measure (CPI excl. fresh food) stood at 0.8% in January, still far off the 2%-target.

**Scandi**

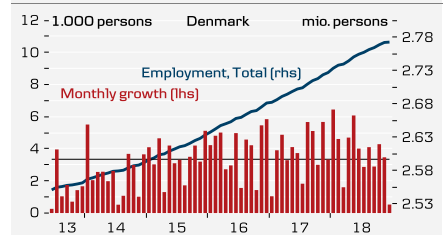
- In **Denmark**, an interesting week is in store, starting with Finance Denmark's housing market statistics for Q4 last year. We already know from Statistics Denmark how prices moved nationwide, but now we will be able to see what has been happening at a local level. On Wednesday, the Nationalbank is holding a press conference to launch two new reports: *Outlook for the Danish Economy* and *Monetary and Financial Trends*. These tend to be relatively drama-free, given that the krone is closely pegged to the euro, but it is always interesting to hear how the central bank views the state of the economy. Previously the bank's view of the Copenhagen housing market in particular, namely that it was set to overheat again, sparked extensive debate and media coverage. Thursday brings the monthly employment figures for January. The labour market looked strong for most of 2018, with an average of 3,800 jobs created per month, but December brought a slightly weaker picture, with private-sector employment increasing by a more modest 1,750, down from a monthly average of 3,400 over the year as a whole. It will therefore be exciting to see which way things headed at the beginning of 2019. Thursday also brings March data for consumer confidence, which has become increasingly entrenched at lower levels due to a less positive view of the economy. We can only guess at the underlying cause, but it could very well be the growing focus on the trade war between the US and China and European challenges such as Brexit, France's yellow vests and the populist government in Italy, which are all creating problems for the EU. We expect the indicator to climb slightly from 3.3 in February to 4.0 in March.
- Valueguard releases February Swedish property prices on Monday morning 06.00 CET. Our own Danske Bank Bopris Indicator, which is constructed to track Valueguard's index, suggests tenant-owned flat prices within Stockholm municipality dropped by 0.5% m/m. So far data seems to suggest that prices have started to move gradually lower over the past couple of months.

**Looks as if exports will remain weak**



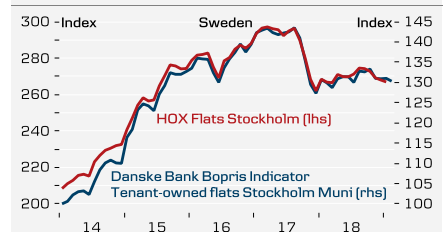
Source: Japanese Cabinet Office, Macrobond Financial

**Lowest employment growth for 5½ years in December**



Source: Finance Denmark, Macrobond Financial

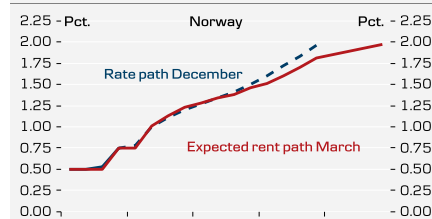
**Stockholm prices grinding lower**



Source: Valueguard, Danske Bank

- In **Norway**, we expect Norges Bank to raise its policy rate by 25bp to 1.00% at Thursday's rate-setting meeting. The Norwegian economy is now close to capacity, and there is the prospect of growth remaining above trend both this year and next, pushing capacity utilisation up further. Unemployment is continuing to fall, wage growth is picking up, and inflation is above the 2% target and rising, which all suggests that the normalisation of monetary policy should continue. We therefore expect Norges Bank to signal another rate hike this year with more to come next year. The outlook beyond 2020 is very uncertain, with a growing risk of a downturn in both the global and the domestic economy. However, with Statistics Norway projecting continued strong oil investment in both 2021 and 2022, we expect Norges Bank to signal further moderate rate increases in those years, taking the policy rate to 2% at the end of 2022. If we are right, this would be much more aggressive than current market pricing, which is coloured by global uncertainty and more cautious signals from the ECB.

**Downward revision of interest rate path expected**



Source: Macrobond Financial, Danske Bank

**Market movers ahead**

Global movers			Event	Period	Danske	Consensus	Previous	
During the week			GBP	Possible third vote on Brexit deal in the House of Commons (Tuesday has been mentioned)				
Mon	18-Mar	0:50	JPY	Exports	y/y (%)	Feb	0.0	-0.1
Tue	19-Mar	11:00	DEM	ZEW current situation	Index	Mar	13.0	15.0
		11:00	DEM	ZEW expectations	Index	Mar	-11.4	-13.4
Wed	20-Mar	19:00	USD	FOMC meeting	%		2.5%	2.5%
Thurs	21-Mar	-	EUR	EU summit				
		10:00	NOK	Norges Banks monetary policy meeting	%		1.0%	0.75%
		13:00	GBP	BoE Bank rate	%		0.8%	0.8%
Fri	22-Mar	-	EUR	EU summit				
		0:30	JPY	CPI - national	y/y	Feb	0.3%	0.2%
		1:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Mar		48.9
		10:00	EUR	PMI manufacturing, preliminary	Index	Mar	49	49.3
		10:00	EUR	PMI services, preliminary	Index	Mar	53.1	52.8
		11:30	RUB	Central Bank of Russia rate decision	%		7.8%	7.8%
		14:45	USD	Markit PMI manufacturing, preliminary	Index	Mar	54.0	53.0
		14:45	USD	Markit PMI service, preliminary	Index	Mar	56.5	56.0
Scandi movers								
Mon	18-Mar	6:00	SEK	House prices Valueguard		Feb		
		7:00	DKK	House prices (Finance Denmark)	q/qly/y	4th quarter		
Tue	19-Mar							
Wed	20-Mar	10:30	DKK	Danish Central Bank publishes Outlook for the Danish economy				
Thurs	21-Mar	8:00	DKK	Consumer confidence	Net. bal.	Mar	4	3.3
		8:00	DKK	Employment, s.a.	M	Jan		

Source: Bloomberg, Danske Bank

# Weekly Wrap-Up

## Another turbulent week in Brexit land

- It was a turbulent week for the Brexit saga. Tuesday's vote on Theresa May's Brexit deal was voted down, Wednesday's vote gave a clear indication that no-deal Brexit is not on the table and Thursday's vote on Prime Minister May asking for an extension beyond 29 March was passed. This concluded a dramatic week in the House of Commons. Looking ahead, if the House of Commons votes to pass May's deal next week, it would be only a short extension; otherwise, a long extension may be on the cards. For the EU27 to approve an extension, it would have to agree the extension unanimously, so the response from the EU leaders at the EU summit on Thursday-Friday next week will be very interesting. The GBP has been trading in wait-and-see mode this week.
- A ceasefire in the US-China trade war will wait at least until April. Sources close to the trade negotiations said on Thursday that a summit between Donald Trump and Xi Jinping will take place in April at the earliest (see *Bloomberg 14 March*). According to the article, Xi's staff are no longer planning a flight to Florida after a scheduled visit to France and Italy at the end of this month.
- There was no change from the Bank of Japan (BoJ) at its policy meeting this week. It maintained its QQE with yield curve control and its forward guidance is unchanged. However, the BoJ changed somewhat its assessment of Japan's economy. It now expects the global slowdown to be temporary (as the ECB said last week) and the recent weak Japanese export figures to bounce back once a trade agreement has been reached between the US and China. Hence, the BoJ is still in wait-and-see mode.
- Euro area industrial production surprised on the upside, at 1.4% m/m in January. The component details reveal a healthy pickup in consumer goods production, pointing to strengthening domestic demand, but capital goods production also accelerated, pointing to some firming foreign demand as well. Spain, France and Italy drove the rebound, while Germany's industrial sector continues to defy the rebound. The figures support our view that euro area activity is starting to recover some ground in Q1, from the weak H2 18, as external and domestic headwinds start to fade and we still look for a rebound in Q2 GDP growth to 0.4% q/q.

## Financial market developments

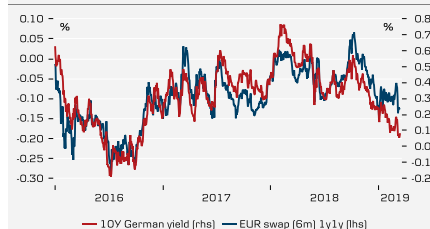
- After the change in ECB narrative we revised our yield outlook (see *Yield Outlook – ECB to keep short and long yields low through 2019*, 13 March). We had already changed our ECB rate call to no hike in our forecast horizon (12M) in *Flash Comment – ECB Review A postcard from Japan*, 7 March, and our new projection for the euro area follows similar dovish trends. We expect 10Y German yields to trade in a tight range between -0.1% and 0.25% throughout 2019. We no longer expect the market to start pricing early ECB rate hikes, even if the economy starts to recover and wage growth edges up. Given the current carry environment, long-term yields would be hard pressed to rise noticeably in 2019. The chart on the right shows the close correlation between ECB pricing (represented by a 1Y rate in 12M) and the 10Y Bund yield. On a 12M horizon, in early 2020, we expect the 10Y Bund yield to rise to 0.30% compared with our previous 12M forecast of 0.5%.
- EUR/USD edged higher this week and is now back at pre-ECB levels. We still see the ECB as a game changer and notably stress that, in our view, this makes EUR/USD more reactive to negative news. From a cyclical point of view, we expect the cross to face headwinds near term, including from a possible Fed repricing.

## Financial views

Major indices			
	15-Mar	3M	12M
10yr EUR swap	0.58	1.10	1.40
10yr US swap	2.63	3.35	3.55
ECB key rate	-0.40	-0.40	-0.20
Fed funds rate	2.50	2.50	3.00
EUR/SEK	1051	1040	1020
EUR/NOK	969	950	930
EUR/USD	113	113	117
ICE Brent oil	67	70	80

Source: Danske Bank

## Market pricing of ECB (1Y1Y swap) plays a very important role for the long end of the yield curve (10Y swap)



Source: Danske Bank

# Scandi update

## Denmark – inflation lower than expected even after hasty revision

The week’s inflation figures for February initially showed the consumer price index rising 1.0% y/y, but the next day Statistics Denmark announced a hasty revision. In a nutshell, the annual increase in rents had been set too low, pulling down the overall index. The revised inflation rate of 1.1% was still on the low side, however, with clothing prices in particular exerting downward pressure alongside rents.

The week also brought figures for exports, with exports of goods making a flying start to the year with an increase of 7.8% m/m in January. While this is extremely strong in isolation, it came on the back of a fall in December. If we compare the past three months with the three months before that, exports still climbed by a healthy 3.5%. It may seem strange that Danish exports are doing so well at a time when the rest of Europe is struggling to maintain momentum, China is taking a breather, and the EU is about to wave goodbye to the UK. Most of the explanation can be found in a booming pharmaceutical industry, which is less dependent on the vagaries of the global economy. Wind turbines are also part of the equation, as the planning and purchasing of wind farms is a long-term process which is also not directly dependent on the global economic climate.

## Sweden – inflation grinding lower

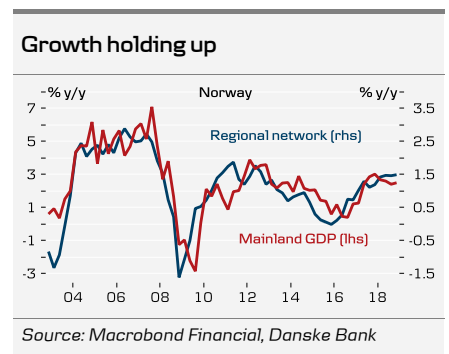
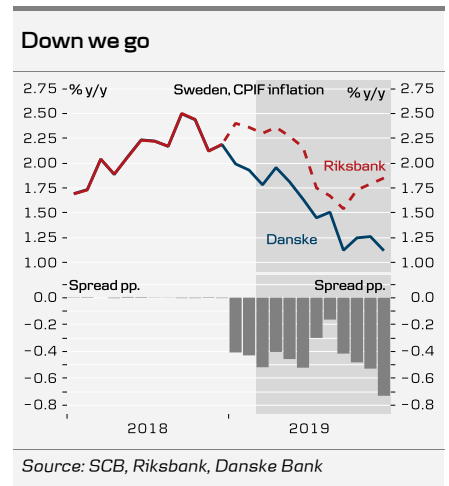
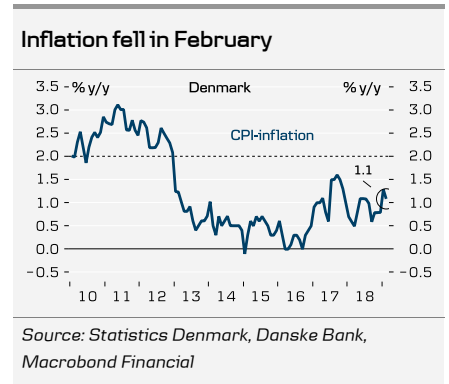
February inflation turned out spot on our CPIF and CPIF excl. Energy forecasts at 1.9% y/y and 1.4% y/y respectively. This is 0.4pp and 0.3pp below the Riksbank’s corresponding forecasts. There was nothing in these figures that suggests there is significant upside in March. Just updating our forecast with the actual outcome in February drags down CPIF and CPIF excl. Energy another 0.1 further from Riksbank’s forecasts.

In line with the above, Prospera’s quarterly survey showed broad inflation expectations moving slightly lower on all horizons, but still being very close to 2%. As inflation slows we expect these adaptive expectations to move further down.

Looking forward, it seems fair to expect the Riksbank to take a wait-and-see approach at the April meeting. It will feel squeezed by a lack of inflation and lower expectations and by the fact that most other central banks, in particular ECB, are sending softer messages. Riksbank is likely to revise down its inflation forecast, but may feel supported by GDP growth, strong labour market developments and the weak SEK. Hence, it seems unlikely that it would already at this stage – well ahead of its intended rate hike in September or October – postpone the repo rate path.

## Norway – growth to buck global trend

The results of Norges Bank’s regional network survey came out at the upper end of our expectations. The aggregated output index for the next six months of 1.46 translates into annualised growth in mainland GDP of 2.9% for the next two quarters, marginally above the central bank’s projection of 2.8% in the December monetary policy report. The survey thus suggests that growth will remain above trend despite the global slowdown. As expected, the details reveal that stronger growth in oil-related industries is the main driver, but the rest of the economy (bar retail) also looks strong. Capacity utilisation seems set to rise further, which is the best and simplest argument for continuing to normalise monetary policy. Capacity utilisation is currently at its highest since May 2013. Investment and employment are also expected to grow at about the same rate as before. Wage growth is expected to hit 3% this year, which is at the lower end of our expectations, but still 0.3pp higher than the network’s estimate for 2018 this time last year of 2.68%, and wages went on to climb 2.8%. This takes us close to Norges Bank’s projection of 3.2% wage growth this year, and in any case there is no doubt that it is on the way up.



# Latest research from Danske Bank

## *15/3 China Weekly Letter - Xi-Trump summit delayed, Q1 data a mixed bag*

Xi-Trump summit in April at the earliest, according to sources. Data for Jan/Feb was mixed but leading indicators still point to recovery. Stock markets take a breather as regulator sends warning.

## *14/3 Flash Comment China - Q1 was weak but leading indicators still point to a bottom*

Chinese data confirm that activity in Q1 was weak. However, the more forward looking indicators still support the case for a growth bottom in Q1.

## *14/3 Yield Outlook - ECB to keep short and long yields low through 2019*

Danske Bank's monthly yield outlook.

## *12/3 Norway Regional Network Survey: Strong growth outlook confirmed; Norges Bank to hike rates next week*

Norges Bank (NB) has published the February Regional Network Survey, which is its preferred gauge of economic activity.

## *12/3 Flash comment Denmark - February CPI revised up due to rent error*

Rent figures revised higher by Statistics Denmark, but the increase remains historically low.

## *12/3 Postcard from China - Trade war set to end, tech war here to stay*

A week ago, we came back from a trip in China, which took us to Shanghai, Hangzhou and Hong Kong. We talked to a wide range of people at companies, research houses, academics, institutions and visited an 'Artificial Intelligence Dream Town'. Below are the main takeaways from our trip.

## *11/3 Macro Strategy Views Podcast: Brexit uncertainty to rise in coming months*

We discuss Brexit, what it implies for the UK economy and markets and the consequences for Europe.

## *11/3 Brexit Monitor: Brexit goes to overtime*

Brexit votes: We expect the Commons to support an extension

## Macroeconomic forecast

### Macro forecast, Scandinavia

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2018	1.2	2.4	0.5	5.0	0.5	2.9	0.8	2.3	3.9	0.3	33.5	5.6
	2019	2.0	1.9	0.4	0.7	2.7	1.3	1.1	2.5	3.9	0.1	33.1	6.0
	2020	1.6	2.3	0.4	3.6	2.0	2.9	1.6	2.8	3.8	-0.1	33.2	5.9
Sweden	2018	2.2	1.2	0.6	4.6	2.3	2.4	2.0	2.6	6.3	0.9	37.0	0.5
	2019	1.4	0.8	0.3	1.7	2.3	1.3	1.9	2.6	6.5	0.5	34.0	4.0
	2020	1.9	1.9	1.8	1.7	3.1	2.5	1.6	2.7	6.9	0.8	33.0	4.0
Norway	2018	2.2	2.0	1.5	0.9	-0.8	0.9	2.7	2.8	2.4	-	-	-
	2019	2.6	2.2	1.7	4.7	3.5	3.0	1.6	3.5	2.3	-	-	-
	2020	2.4	2.3	1.8	2.0	3.0	3.3	1.7	3.8	2.2	-	-	-

### Macro forecast, Euroland

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Euro area	2018	1.8	1.3	1.0	3.1	3.0	2.9	1.8	2.3	8.2	-0.6	86.9	3.8
	2019	1.3	1.2	2.3	2.7	2.8	3.5	1.4	2.2	7.8	-0.8	84.9	3.6
	2020	1.5	1.6	2.4	2.0	2.7	3.5	1.4	2.4	7.5	-0.7	82.8	3.6
Germany	2018	1.5	0.9	1.0	2.7	2.2	3.4	1.9	3.0	3.4	1.6	60.1	7.8
	2019	1.0	1.0	2.8	3.3	2.3	4.6	1.8	3.2	3.1	1.2	56.7	7.3
	2020	1.4	1.6	2.2	3.1	3.1	4.6	1.8	3.0	2.9	1.1	53.7	6.9
Finland	2018	2.3	1.4	1.4	3.2	1.5	4.2	1.1	1.9	7.4	-0.3	58.9	-1.9
	2019	1.7	1.6	0.5	1.5	2.5	2.3	1.5	2.5	7.0	0.0	57.9	-0.4
	2020	1.5	1.3	0.5	2.0	2.0	1.5	1.5	2.5	6.9	0.1	56.5	-0.2

### Macro forecast, Global

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
USA	2018	2.9	2.6	1.5	5.3	3.9	4.6	2.4	3.0	3.9	-4.0	106.0	-3.2
	2019	2.5	2.6	1.7	3.3	2.6	3.9	1.8	3.2	3.6	-4.6	107.0	-3.6
	2020	2.0	2.1	1.0	2.9	2.4	2.6	2.4	3.5	3.5	-4.6	108.0	-3.7
China	2018	6.6	8.2	-	5.0	-	-	2.2	8.5	-	-4.1	50.1	0.7
	2019	6.2	8.0	-	4.7	-	-	2.0	8.3	-	-4.5	53.9	0.7
	2020	6.2	7.8	-	4.6	-	-	2.2	8.0	-	-4.3	57.1	0.7
UK	2018	1.4	1.9	0.2	0.0	0.2	0.8	2.5	3.0	4.1	-1.3	85.0	-3.3
	2019	1.0	1.4	1.3	-0.7	1.4	2.2	1.6	3.5	3.9	-1.5	84.1	-3.2
	2020	1.3	1.5	0.6	1.7	2.0	2.0	1.5	3.8	3.8	-1.3	83.2	-3.0
Japan	2018	0.9	0.3	0.5	1.8	3.1	2.7	0.9	-	2.8	-	-	-
	2019	0.9	1.0	0.8	1.5	2.0	2.1	1.4	-	2.4	-	-	-
	2020	0.5	0.0	0.8	-0.3	2.8	1.2	2.0	-	2.4	-	-	-

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 interest rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK	Currency vs NOK	Currency vs SEK
USD	15-Mar	2.50	2.61	2.57	2.63	113.2	-	659.1	855.4	928.0
	+3m	2.50	2.95	2.75	2.80	113.0	-	660.0	840.7	920.4
	+6m	2.75	3.00	3.05	2.95	115.0	-	648.3	817.4	887.0
	+12m	3.00	3.28	3.15	2.95	117.0	-	637.2	794.9	871.8
EUR	15-Mar	-0.40	-0.31	-0.17	0.58	-	113.2	746.2	968.5	1050.6
	+3m	-0.40	-0.31	-0.15	0.75	-	113.0	745.8	950.0	1040.0
	+6m	-0.40	-0.31	-0.15	0.90	-	115.0	745.5	940.0	1020.0
	+12m	-0.40	-0.31	0.20	0.85	-	117.0	745.5	930.0	1020.0
JPY	15-Mar	-0.10	-0.08	-0.03	0.13	125.6	111.6	5.94	7.71	8.36
	+3m	-0.10	-	-	-	124.3	110.0	6.00	7.64	8.37
	+6m	-0.10	-	-	-	126.5	110.0	5.89	7.43	8.06
	+12m	-0.10	-	-	-	131.0	112.0	5.69	7.10	7.78
GBP	15-Mar	0.75	0.84	1.08	1.42	85.5	132.5	873.2	1133.3	1229.3
	+3m	0.75	0.86	1.20	1.60	84.0	134.5	887.9	1131.0	1238.1
	+6m	0.75	0.83	1.30	1.65	83.0	138.6	898.2	1132.5	1228.9
	+12m	1.00	1.07	1.70	1.70	83.0	141.0	898.2	1120.5	1228.9
CHF	15-Mar	-0.75	-0.70	-0.60	0.15	113.5	100.2	657.6	853.5	925.9
	+3m	-0.75	-	-	-	114.0	100.9	654.2	833.3	912.3
	+6m	-0.75	-	-	-	115.0	100.0	648.3	817.4	887.0
	+12m	-0.75	-	-	-	117.0	100.0	637.2	794.9	871.8
DKK	15-Mar	-0.65	-0.32	-0.09	0.69	746.2	659.1	-	129.8	140.8
	+3m	-0.65	-0.30	-0.05	0.90	745.8	660.0	-	127.4	139.4
	+6m	-0.65	-0.30	-0.05	1.05	745.5	648.3	-	126.1	136.8
	+12m	-0.65	-0.32	0.30	1.20	745.5	637.2	-	124.7	136.8
SEK	15-Mar	-0.25	-0.05	0.08	0.93	1050.6	928.0	71.0	92.2	100.0
	+3m	-0.25	-0.15	0.00	1.25	1040.0	920.4	71.7	91.3	-
	+6m	-0.25	-0.20	0.00	1.30	1020.0	887.0	73.1	92.2	-
	+12m	-0.25	-0.20	0.00	1.35	1020.0	871.8	73.1	91.2	-
NOK	15-Mar	0.75	1.36	1.63	2.03	968.5	855.4	77.0	100.0	108.5
	+3m	1.00	1.61	1.80	2.15	950.0	840.7	78.5	-	109.5
	+6m	1.00	1.69	1.95	2.35	940.0	817.4	79.3	-	108.5
	+12m	1.25	1.91	2.20	2.55	930.0	794.9	80.2	-	109.7

Commodities												
		2019				2020				Average		
	15-Mar	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020	
ICE Brent	67	65	70	75	80	80	80	80	80	72	80	

Source: Danske Bank

# Calendar

## Key Data and Events in Week 12

During the week				Period	Danske Bank	Consensus	Previous
-	GBP	Possible third vote on Brexit deal in the House of Commons (Tuesday has been mentioned)					
Monday, March 18, 2019				Period	Danske Bank	Consensus	Previous
0:50	JPY	Exports	y/y (%)	Feb		0.0	-0.1
0:50	JPY	Import	y/y (%)	Feb		0.0	0.0
0:50	JPY	Trade balance, s.a.	JPY bn	Feb		86	-370
5:30	JPY	Industrial production, final	m/m y/y	Jan			-3.7% 0.0%
6:00	SEK	House prices Valueguard		Feb			
7:00	DKK	House prices (Finance Denmark)	q/q y/y	4th quarter			
11:00	EUR	Trade balance	EUR bn	Jan			15.6
15:00	USD	NAHB Housing Market Index	Index	Mar		63.0	62.0
15:30	USD	Fed's George (voter, hawkish) speaks					
17:30	USD	Fed's George (voter, hawkish) speaks					
Tuesday, March 19, 2019				Period	Danske Bank	Consensus	Previous
10:30	GBP	Unemployment rate (3M)	%	Jan	4.0%	4.0%	4.0%
10:30	GBP	Average weekly earnings ex bonuses (3M)	y/y	Jan	3.3%	3.4%	3.4%
11:00	DEM	ZEW current situation	Index	Mar		13.0	15.0
11:00	DEM	ZEW expectations	Index	Mar		-11.4	-13.4
11:00	EUR	Labour costs	y/y	4th quarter			2.5%
15:00	USD	Core capital goods orders, final	%	Jan			0.8%
15:30	USD	Fed's George (voter, hawkish) speaks					
Wednesday, March 20, 2019				Period	Danske Bank	Consensus	Previous
10:30	GBP	PPI - input	m/m y/y	Feb		0.6% 4.0%	-0.1% 2.9%
10:30	GBP	CPI	m/m y/y	Feb		-0.5% 1.9%	-0.8% 1.8%
10:30	GBP	CPI core	y/y	Feb		1.8%	1.9%
10:30	DKK	Danish Central Bank publishes Outlook for the Danish economy					
15:30	USD	DOE U.S. crude oil inventories	K				-3862
19:00	USD	FOMC meeting	%		2.5%	2.5%	2.5%
19:00	USD	Fed's George (voter, hawkish) speaks					
19:30	USD	Fed's George (voter, hawkish) speaks					
22:45	NZD	GDP	q/q y/y	4th quarter		0.3% 2.5%	0.3% 2.6%
Thursday, March 21, 2019				Period	Danske Bank	Consensus	Previous
-	JPY	Vernal Equinox Day					
-	EUR	EU summit					
-	JPY	Leading economic index, final	Index	Jan			95.9
1:30	AUD	Employment change	1000	Feb		15	39.1
8:00	DKK	Consumer confidence	Net. bal.	Mar	4		3.3
8:00	DKK	Employment, s.a.	M	Jan			
9:30	CHF	SNB 3-month Libor target rate	%			-0.8%	-0.8%
10:00	EUR	ECB Publishes Economic Bulletin					
10:00	NOK	Norges Banks monetary policy meeting	%		1.0%		0.75%
10:30	GBP	Retail sales ex fuels	m/m y/y	Feb		-0.4% ...	1.2% 4.1%
13:00	GBP	BoE minutes					
13:00	GBP	BoE government bond purchases (APF)	GBP bn	Mar		435	435
13:00	GBP	BoE corporate bond purchases (CBPP)	GBP bn	Mar		10	10
13:00	GBP	BoE Bank rate	%		0.8%	0.8%	0.8%
13:30	USD	Philly Fed index	Index	Mar		4.0	-4.1
13:30	USD	Initial jobless claims	1000				
16:00	EUR	Consumer confidence, preliminary	Net bal.	Mar		-7.4	-7.4
23:00	USD	Fed's George (voter, hawkish) speaks					
23:30	USD	Fed's George (voter, hawkish) speaks					

Source: Danske Bank

## Calendar (continued)

Friday, March 22, 2019				Period	Danske Bank	Consensus	Previous
-	EUR	EU summit					
0:30	JPY	CPI - national	y/y	Feb		0.3%	0.2%
0:30	JPY	CPI - national ex. fresh food	y/y	Feb		0.8%	0.8%
1:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Mar			48.9
9:15	FRF	PMI manufacturing, preliminary	Index	Mar		51.2	51.5
9:15	FRF	PMI services, preliminary	Index	Mar		50.5	50.2
9:30	DEM	PMI manufacturing, preliminary	Index	Mar		48.1	47.6
9:30	DEM	PMI services, preliminary	Index	Mar		54.9	55.3
10:00	EUR	PMI manufacturing, preliminary	Index	Mar	49	49.5	49.3
10:00	EUR	PMI composite, preliminary	Index	Mar		52.0	51.9
10:00	EUR	PMI services, preliminary	Index	Mar	53.1	52.5	52.8
10:00	EUR	Current account	EUR bn	Jan			16.2
11:30	RUB	Central Bank of Russia rate decision	%		7.8%	7.8%	7.8%
13:30	CAD	CPI	m/m y/y	Feb			...1.4%
13:30	CAD	Retail sales	m/m	Jan			-0.1%
14:45	USD	Markit PMI manufacturing, preliminary	Index	Mar	54.0	54.0	53.0
14:45	USD	Markit PMI service, preliminary	Index	Mar		56.5	56.0
15:00	USD	Existing home sales	m (m/m)	Feb		5.1	4.94 -1.2%
19:00	USD	Budget statement	USD bn	Feb		-230	8.7
20:30	USD	Fed's George (voter, hawkish) speaks					

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

## Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Mikael Olai Milhøj, 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.

Danske Bank's research reports 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 as sensitivity analysis of relevant assumptions, are stated throughout the text.

### Date of first publication

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

## General disclaimer

This research report has been prepared by Danske Bank (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 herein.

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/A, 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.

**Report completed:** 15 March 2019, 13:50 CEST

**Report first disseminated:** 15 March 2019, 13:58 CEST