

19 August 2016

Weekly Focus

All eyes on Jackson Hole

Market movers ahead

- Next week in the US, we expect focus to be mainly on the annual Jackson Hole Economic Policy Symposium, where Fed Chair Janet Yellen is due to speak.
- In US, we expect an upward correction in the PMI service index for August.
- We expect the consumer confidence figures for August in the euro area to be affected negatively by the rising oil price at the beginning of August and post-Brexit vote uncertainty, although this is diminishing. However, continued solid labour market conditions and resilient business sentiment are likely to pull consumer confidence upwards slightly.
- In Sweden, we expect the strong trend in employment to continue for a few months more, despite the deceleration in growth.
- In Norway, we expect focus to be on the oil investment survey, which we believe could paint a slightly less negative picture for the oil sector.

Global macro and market themes

- Risk sentiment has been supported by positive macro momentum, lower tail risks and monetary easing.
- We see more upside potential for now but, in our view, too high earnings expectations and a potential loss of macro momentum loom.
- Bonds are still supported by QE.
- We expect EUR/USD to be range bound in coming months before moving higher.

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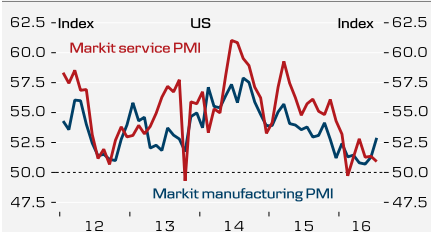
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Financial views

Major indices			
	19-Aug	3M	12M
10yr EUR swap	0.29	0.35	0.70
EUR/USD	113	112	118
ICE Brent oil	43	49	54
	19-Aug	6M	12-24M
S&P500	2187	-3 -+3%	0-5%

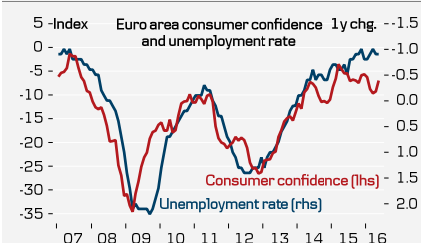
Source: Danske Bank

We expect the PMI service index to climb higher in August



Source: Markit Economics

Consumer confidence may increase due to improving labour market



Source: European Commission, Eurostat

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Market movers

Global

- Next week in the **US**, we expect focus to be mainly be on the annual Jackson Hole Economic Policy Symposium from Thursday to Saturday, with Fed Chair Janet Yellen due to speak on Friday. The headline this year is Designing resilient monetary policy frameworks for the future. Focus has turned to the level of the natural real interest rate and the possibility of a higher inflation target to increase the distance to the lower bound of the nominal interest rate. Hence, the discussions at Jackson Hole could reveal some of the views of FOMC members on these topics.

Regarding data releases, we most importantly get preliminary durable goods orders for July on Thursday. Investments have been a major drag on US GDP growth in 2016. Core capital goods (mainly investment goods) have decreased since mid-2014 but have showed signs of bottoming in recent months. Hence, it will be interesting to us to see whether we have actually reached the bottom or whether we need to see a further downward correction in investments.

On Tuesday, we get the preliminary Markit PMI manufacturing index for August. In July, the index climbed to the highest level since October 2015, indicating that the manufacturing cycle has turned since the lows in early 2016. The ISM manufacturing index tells the same story. The PMI new orders index rose in July, indicating that the total index has increased in August. We do not see the index climbing further but expect it to stay around the current level. We are due to get the preliminary Markit PMI service index for August on Thursday. The PMI service index has had very low prints lately. We do not see any justification for this and expect an upward correction in the PMI service index in August.

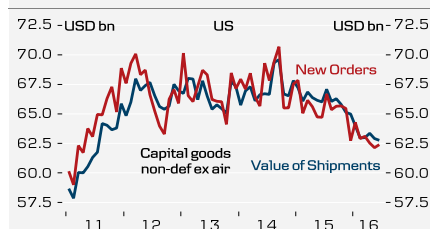
- In the **euro area**, we start with consumer confidence figures for August on Tuesday. We expect consumer sentiment to be negatively affected by the rising oil price throughout the beginning of August and the post-Brexit vote uncertainty, although this is diminishing. However, in our view, the continued solid labour market conditions and resilient business sentiment (see below) are likely to pull consumer confidence upwards slightly.

PMI figures for August are due to be released on Wednesday. The PMIs for the euro area showed resilience to the Brexit vote in July, with only a small decline. Looking at the August figure, the ZEW investor expectation showed a small improvement in line with the overall market sentiment and we therefore expect the PMI to remain around its July level in August. We also expect the German ifo expectations, released on Thursday, to remain unchanged. Overall, financial sentiment has improved recently and negative spillovers on business and economic sentiment thus seem to be limited the post-Brexit vote.

Wednesday also gives us the number for the German GDP component. German GDP growth was 0.4% q/q in Q2 and, according to the initial information from the German statistical office, positive contributions to growth came, in particular, from net exports, while private and public consumption also supported growth but it was slowed by weak investments.

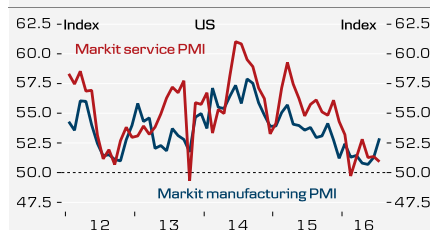
On Friday, we get figures for M3 money supply growth and loans to households and NFCs. Money supply has grown on a very consistent basis around 5.0% over the past few months. More interesting to us is the growth in loans. The loan numbers will give information about whether the ECB's monetary stimulus is effective and filtering through to households and NFCs. The numbers are very important for the ECB, as it puts increasing emphasis on the condition of credit markets.

Have core capital goods hit bottom yet?



Source: U.S. Census Bureau

We expect the PMI service index to climb higher in August



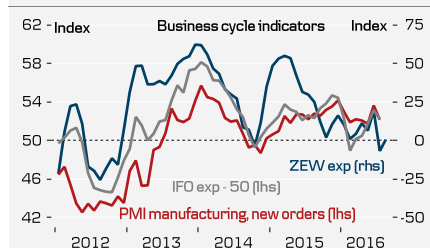
Source: Markit Economics

Consumer confidence may increase due to improving labour market



Source: European Commission, Eurostat

Business cycle indicators have been resilient to the Brexit vote



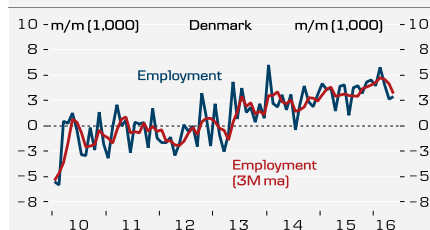
Source: Ifo, Markit PMI, ZEW

- Focus in the **UK** next week turns to CBI industrial trends and details on Q2 GDP. So far, it has mainly been companies responding negatively to Brexit and this is likely to be reflected in a dive in the CBI survey, which is still at a fairly high level. In contrast, consumers seem to be holding up still, as witnessed by the strong retail sales figures released in the past week. However, with housing taking a hit, it is likely that consumption growth will also move lower.
- There are no market movers in **Japan** next week.
- In **China**, there are no big movers next week. The next release of interest to us is PMI on 1 September.

Scandi

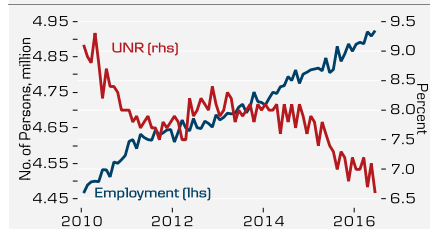
- In **Denmark**, the statistical office will release its monthly employment figures for June on Tuesday. Job growth has slowed in recent months to around 3,000 a month but this is still a fairly healthy level and we expect something similar in June. It is worth noting that as these figures are for June, they will not be directly affected by the Brexit vote. Tuesday also brings consumer confidence data for August. The indicator fell slightly in July due to growing concerns about the Danish economy, perhaps as a result of the UK referendum. The August figures should tell us more about how worried consumers are about the British decision to leave the EU. July retail sales are due to be released on Thursday.
- In **Sweden**, the week ahead will be a welcome change to the stillness of the week just gone. However, all the action is concentrated on one day, Thursday. At 09:00 CEST, the National Institute for Economic Research (KI) will publish its survey on business and consumer confidence, where we see a chance of a rebound as the Brexit discussion has matured over the past month. At 09:30 CEST, Statistics Sweden (SCB) is scheduled to publish household lending, producer prices and the labour force survey. Chief among these is undoubtedly the labour force survey, where we expect the strong trend in employment to continue for a few months more, despite the deceleration in growth.
- In **Norway**, the rise in oil prices since the start of the year has reduced the downside risk to the economy but we expect only a modest impact on oil investment – and so activity – both this year and next. The reason is quite simply that oil prices of USD50-55/bl are not high enough to trigger any great increase in exploration activity or development projects beyond those we had already expected. The August oil investment survey will probably therefore make little difference to the picture we already have of activity on the Norwegian Continental Shelf over the next 18 months. We tentatively predict a slight upward revision of oil companies' investment estimates for both 2016 and 2017 to NOK169bn and NOK156bn, respectively. This would give us little reason to revise our forecasts. Falling unemployment has led more to share our view that the Norwegian economy has bottomed but we are slightly concerned that employment also seems to have fallen since the start of the year, although the Labour Force Survey data can be volatile. The coming week brings Labour Force Survey figures for June (May-July), and unless employment has begun to pick up, it is unlikely that growth will have recovered as strongly over the summer as many are claiming. We expect unemployment to fall to 4.6%.

Labour market making steady progress despite slight fall m/m



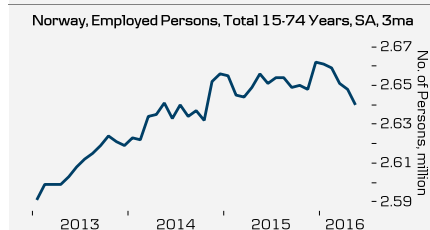
Source: Statistics Denmark

A friendly trend in Swedish labour markets



Source: Statistics Sweden, Danske Bank

Falling employment points to weak growth



Source: Macrobond Financial

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Tue	23-Aug	9:00	FRF	PMI manufacturing, preliminary	Index	Aug	49.4	49.0	48.6
		9:30	DEM	PMI manufacturing, preliminary	Index	Aug	53.6	53.7	53.8
		10:00	EUR	PMI composite, preliminary	Index	Aug		53.3	53.2
		16:00	EUR	Consumer confidence	Net bal.	Aug	-7.7	-7.7	-7.9
		16:00	USD	New home sales	1000 (m/m)	Jul		575	592.0 (3.5%)
Wed	24-Aug	16:00	USD	Existing home sales	m (m/m)	Jul		5.55	5.57 0.011
Thurs	25-Aug	10:00	DEM	IFO - business climate	Index	Aug		108.5	108.3
		10:00	DEM	IFO - expectations	Index	Aug	102.2	102.5	102.2
Fri	26-Aug	1:30	JPY	CPI - national	y/y	Jul		-0.4%	-0.4%
		8:45	FRF	GDP, preliminary	q/q y/y	2nd quarter		0.0% 1.4%	0.0% 1.4%
		10:00	EUR	Money supply (M3)	y/y	Jul	5.0%	5.0%	5.0%
Scandi movers									
Thurs	25-Aug	9:00	SEK	Manufacturing confidence	Index	Aug			103.1
		9:30	SEK	Unemployment (n.s.a. s.a.)	%	Jul	6.0% 6.8%		7.6% 6.6%

Source: Bloomberg, Danske Bank Markets

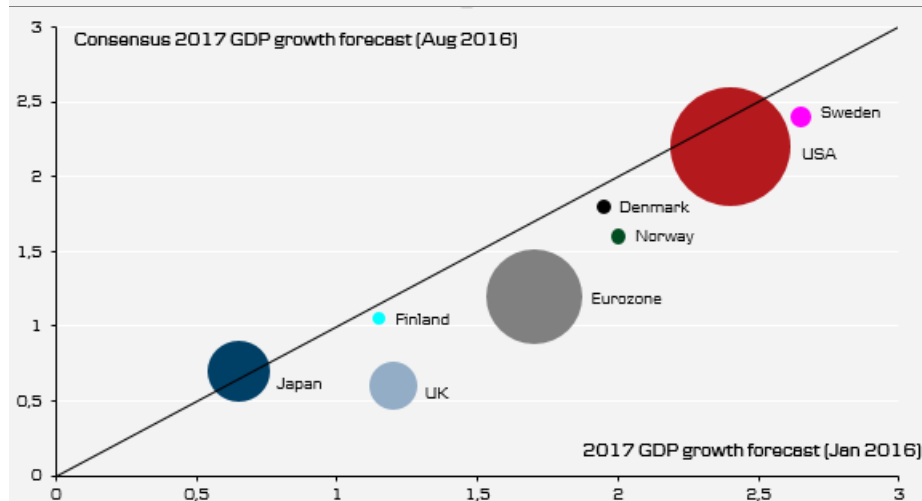
Global Macro and Market Themes

Neutral rate, fiscal stimuli and falling growth expectations

Janet Yellen's Jackson Hole speech on 26 August is the most important event next week. Her speech is particularly interesting to us given the recent market focus on the fall in the US neutral rate. **In our view, policy rates have bottomed in negative-rate countries, i.e. the eurozone, Japan, Denmark, Sweden and Switzerland.** The growing focus on the damaging side-effects of negative interest rates has convinced policymakers that enough is enough. However, we expect the major central banks to remain dovish, with the ECB extending QE in September, the Fed keeping interest rates on hold until June 2017, the Bank of England taking rates down to 0.10bp and increasing both APF and CBPS in November, the Bank of Japan expanding its annual target for asset purchases by some JPY15-20trn in September and the People's Bank of China likely to ease further in 2017. As such, we expect monetary policy to remain ultra-loose and to continue trying to do a lot of the heavy lifting in supporting demand-led growth.

However, there is growing hope among some market participants that the bandwagon is shifting from monetary to fiscal policy. We touch on this issue in *Strategy: Central Bank fatigue gives way to fiscal stimulus*, 5 August. We take a closer look at this in the table below. **Interestingly, the eurozone is the only major economic region where authorities expect fiscal easing in 2017.** Given that the EU Commission did not fine Spain and Portugal, we could see more leeway for other countries to expand their budgets. Interestingly, the Congressional Budget Office (CBO) pencils in a significant fiscal tightening in 2017. The budget has to be approved before the next President takes office. Clearly, a possible Donald Trump led administration would pursue a very aggressive fiscal policy, which could raise the fiscal deficit by more than 2% of GDP permanently.

Growth expectations have fallen sharply, particularly in the eurozone*



* Consensus is based on Bloomberg consensus from private sector economists in respectively January 2016 (x-axis) and August 2016 (y-axis). The size of the circles reflects the size of the respective economies.
Source: Bloomberg, Danske Bank

Key points

- Policy rates have bottomed in negative-rate countries but more QE is in the pipeline.
- Fiscal easing in the eurozone is on the cards but fiscal tightening is likely in most other major economies.
- We expect DM interest rate curves to stay depressed with ultra-easy monetary policy and falling growth expectations.
- We expect the broad USD to weaken gradually in line with the USD smile.
- More monetary easing and hunt for yields should support equities.

Fiscal easing in eurozone but tightening elsewhere

	Change in cyclical adjusted primary balance in % of GDP		Effect on GDP growth	
	2016	2017	2016	2017
Euro area	-0.30	-0.20	0.33	0.22
China	-0.60	0.20	0.80	-0.20
US	-0.40	0.10	0.40	-0.10
UK	0.60	0.90	-0.60	-0.90
Japan	-0.41	0.45	0.41	-0.45
Brazil	-0.20	0.20	0.20	-0.20
Russia	-1.60	1.50	1.60	-1.20

Note: With the exception of the euro area, we have assumed that the fiscal multiplier is 1

Source: Euro area (EU commission), US (CBO), UK (OBR). China, Japan, Brazil and Russia estimates from the IMF

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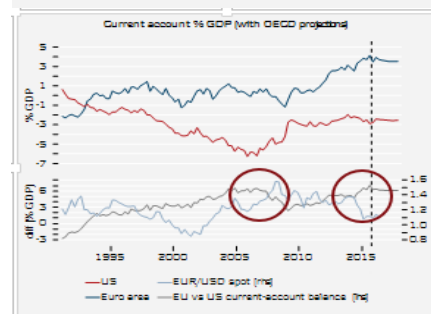
However, given that Trump is aiming for structural changes in, for example, the tax system and the usual lag in fiscal policy, it may not have a substantial impact on growth in 2017. A Clinton-led administration would be 'more of the same' and is unlikely to lead to a substantial fiscal expansion.

In Japan, the additional fiscal spending plan of JPY6trn announced earlier this month and the scrapped VAT reforms in 2017 only subtract from earlier scheduled fiscal tightening. As such, we expect fiscal policy to tighten in 2017. In the UK, Chancellor of the Exchequer Phillip Hammond has said he is prepared to take any step to support the economy but, so far, nothing concrete has been announced. We expect large emerging markets such as China, Brazil and Russia to tighten fiscal policy in 2017 relative to 2016. Even our home markets in Scandinavia are set to tighten fiscal policy in 2017.

In summary, it is too early to become overly optimistic about fiscal policy driving global growth higher. Growth expectations continue to be revised down in developed economies, particularly in Europe (see Chart 1) but also in the US. What then are the market implications? We believe developed market interest rates curves are set to remain depressed, with the short-end anchored by record-low policy rates and the long end supported by more and extended QE by major central banks. In addition, there is limited evidence that global growth and inflation are set to rise sharply. Solid but not strong US growth supports a gradually weaker USD in line with the usual 'USD smile'. This week, we changed our forecast on EUR/USD expecting range trading near term before a forceful move higher kicks in through 2017 (see *FX Forecast Update: The USD has peaked; medium-term weakness*, 16 August). The eurozone-US current account differential has reached its widest level since Q4 04, which provides fundamental support for the EUR (see Chart).

In equities, more global monetary easing and depressed global yields provide support. Markets appear stretched, particularly in the US, but there does not appear to be any immediate trigger for a sharp setback.

The eurozone-US CA differential is at its widest level since Q4 16



Source: Macrobond Financial

Global market views

Asset class	Main factors
Equities Short term (0-1 month): buy on dips Medium term (3-6 month): Underweight equities vs. cash	The hunt for yield as a theme has led equity market to bounce back after Brexit. Growth is above expectations, but still not broken out the range. Risk for setbacks are high due to stretched valuations and still fairly weak earnings, but central banks anchoring of bond yields provide a cushion for a setback. Hence our structurally underweight position in equities vs. cash, but still buy-on-dips stance on a shorter term perspective.
Bond market Core yields: Low for even longer with increased uncertainty US-euro spread: wider but not before we see Fed hikes Peripheral spreads: ECB support Credit spreads: neutral	We expect the ECB will prolong the QE programme another six months Fed on hold until 2017 QE buying and hunt for yield means further performance ECB keeping spreads contained
FX EUR/USD - 1.10-1.14 range near-term, then higher EUR/GBP - Further GBP weakness in next few months USD/JPY - Risks skewed to downside EUR/SEK - To move gradually lower over coming months EUR/NOK - risks skewed to the upside on Norges Bank easing	Valuations and CA differential support cross in the medium- to long term; short-term downside risks from EU risks BoE monetary easing and financial account flows to send cross higher BoJ easing limiting downside potential stemming from fundamentals and relative current account flows To move lower on relative fundamentals, valuation and natural domestic sellers returning post summer-Jul Global factors, oil price and Norges Bank to keep cross in range in coming months, then lower on valuation and fundamentals
Commodities Oil price - Consolidation in US oil sector leading to recovery Metal prices - Positive outlook anticipating recovery in Chinese construction Gold price - Bouncing on re-pricing of Fed and other major central banks Agriculture - Support from disruptive weather, higher oil price	OPEC has lost leverage over oil price; sliding dollar and supply disruption have added support recently Consolidation in mining industry puts a floor under prices, awaiting support from higher global economic growth Brexit risk safe haven flows and more dovish major central banks support demand for gold Attention has turned to La Niña weather risks in H2 16.

Source: Danske Bank Markets

Scandi update

Denmark – solid real wage growth in Q2

In a quiet week for the Danish economy, the only release of significance was the employer federation DA's wage statistics for Q2, which showed that wages in the private sector were 2.2% higher than a year earlier. This is a pretty solid increase, especially given that consumer prices rose just 0.1% over the same period. It means that the typical Danish working family has nearly DKK900 more to spend each month. We expect this increase in real wages to give private consumption a further boost and so help to push up growth. This said, we believe that real wage growth for the year as a whole will end up slightly lower than DA's figures might suggest: we expect inflation to be just shy of 1% at the end of the year and wage growth in the labour market as a whole to be slightly lower than in the private sector in isolation.

Sweden – those lazy hazy crazy days of summer

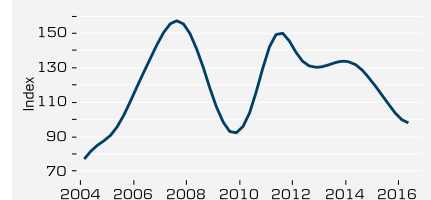
If we tell you that the most interesting thing that happened in Sweden over the past week was the publication of an economic comment (a mainly academic exercise) from the Riksbank, we hope you will understand why this paragraph is so short. The Riksbank's comment nonetheless deserves to be mentioned as it runs counter to the – hitherto – Riksbank house view. In the comment, the authors claim that measures of household indebtedness must take into consideration the idiosyncrasies of Swedish economic structures, among others the welfare system. In doing so, the comment concludes that household indebtedness might not be as bad as previously thought. Taken together with, at least temporary, difficulties in finding the amount of government bonds needed in the Riksbank QE purchases, the comment opens the way for a welcome discussion on how to expand monetary policy stimuli in the future, should it be necessary.

Norway – not yet a clean bill of health

A variety of data over the summer have confirmed our view that the Norwegian economy has bottomed out, due most likely to lower interest rates, expansionary fiscal policy and a weaker Norwegian krone giving the non-oil economy a significant stimulus. We also expect the headwinds from the oil sector to ease gradually as investment levels on the Norwegian continental shelf stabilise. However, this week brought a reminder of the difficult position manufacturing is still in, with new orders appearing to fall further. This goes to show that it is still too early to rein in monetary policy, so, unless money-market rates come down (with or without Norges Bank's help), we believe there is still reason to expect a rate cut in September.

Manufacturing still under the weather

Norway, New Orders in Manufacturing, Trend Adjusted, Index



Source: Macrobond Financial

Latest research from Danske Bank Markets

19/8 Flash Comment Russia

Russian output and demand - fragile, hovering around zero

17/8 Yield Forecast Update: Still some potential for higher yields next year

Monthly yield forecast update

16/8 FX Forecast Update: The USD has peaked, medium-term weakness

EUR/NOK: We think it is premature to rule out short-term easing from Norges Bank and expect it to address liquidity directly and/or cut rates in September.

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	2015	1.0	2.3	-0.7	1.1	-0.3	0.3	0.0	0.5	4.6	-2.1	40.2	7.0
	2016	0.7	1.9	0.5	1.1	0.1	0.7	1.7	0.4	4.3	-1.7	39.3	6.8
	2017	1.0	1.9	0.5	0.9	0.1	2.6	3.5	1.2	4.3	-1.4	39.2	6.9
Sweden	2015	4.2	2.7	2.6	7.0	0.1	5.9	5.5	0.0	7.4	-0.3	43.4	4.9
	2016	2.6	3.0	3.2	4.6	0.0	1.4	4.1	0.8	7.1	-0.4	41.5	5.0
	2017	1.4	1.6	2.0	-0.3	-0.1	2.0	2.3	0.6	7.2	-1.5	41.7	5.2
Norway	2015	1.0	2.0	1.9	-4.2	0.3	3.4	1.1	2.1	3.0	-	-	-
	2016	0.9	1.5	3.0	-1.6	0.0	0.8	0.9	3.1	3.4	-	-	-
	2017	1.9	2.2	3.1	0.9	-0.2	0.9	2.2	2.8	3.5	-	-	-

Macro forecast, Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-ploym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euroland	2015	1.6	1.7	1.3	2.7	-	5.1	5.9	0.0	10.9	-2.1	90.7	3.6
	2016	1.2	1.5	1.5	1.7	-	2.7	4.0	0.3	10.3	-2.0	90.2	3.7
	2017	0.7	0.9	1.2	-0.7	-	3.2	3.3	1.3	10.3	-1.8	89.8	3.6
Germany	2015	1.4	2.0	2.5	1.6	-	4.8	5.4	0.1	4.6	0.7	71.2	8.8
	2016	1.2	1.6	2.2	2.0	-	2.2	4.0	0.4	4.4	0.2	68.6	8.5
	2017	1.0	1.2	1.4	-0.3	-	3.3	3.6	1.6	4.5	0.0	66.5	8.3
France	2015	1.2	1.5	1.4	0.9	-	6.0	6.4	0.1	10.4	-3.5	95.8	-1.5
	2016	1.2	1.6	1.3	1.8	-	1.9	4.6	0.5	10.2	-3.5	96.5	-1.1
	2017	0.3	0.7	1.0	-0.8	-	3.0	3.3	1.4	10.3	-3.4	97.5	-1.0
Italy	2015	0.6	0.9	-0.7	0.6	-	4.1	5.8	0.1	11.9	-2.6	132.7	2.2
	2016	0.6	1.1	0.9	0.8	-	0.1	1.3	0.1	11.8	-2.6	132.9	2.4
	2017	0.4	0.6	0.7	-0.6	-	3.2	3.3	1.4	11.5	-2.3	132.5	2.3
Spain	2015	3.2	3.1	2.7	6.4	-	5.4	7.5	-0.6	22.1	-5.1	99.2	1.4
	2016	2.4	2.8	2.1	2.8	-	2.4	4.0	-0.2	20.3	-4.0	100.5	1.5
	2017	1.1	1.4	1.3	0.3	-	2.9	3.2	1.7	19.0	-3.5	100.0	1.3
Finland	2015	0.7	1.4	-0.9	-1.4	-	0.6	-0.4	-0.2	9.4	-2.8	63.0	0.1
	2016	0.8	1.1	0.0	2.5	-	-1.0	0.0	0.4	9.2	-2.9	65.9	0.2
	2017	0.5	0.5	-0.5	1.5	-	2.0	1.5	0.5	9.0	-2.8	68.6	0.2

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	2015	2.4	3.1	0.7	4.0	0.2	1.1	4.9	0.1	5.3	-2.6	105	-2.7
	2016	1.7	2.7	0.9	0.6	-0.2	0.3	0.9	1.4	4.8	-2.9	105	-2.9
	2017	1.9	2.3	0.8	2.3	0.0	2.4	2.8	2.5	4.6	-2.8	103	-3.3
China	2015	6.8	-	-	-	-	-	-	1.7	4.2	-0.8	41.8	2.4
	2016	6.7	-	-	-	-	-	-	2.3	4.2	-0.8	42.8	2.3
	2017	6.6	-	-	-	-	-	-	2.0	4.3	-1.0	43.5	2.5
UK	2015	2.2	2.6	1.4	3.3	0.3	4.8	5.8	0.1	5.4	-5.0	87.4	-5.2
	2016	1.1	2.3	1.2	-2.9	0.2	2.6	3.0	0.8	5.2	-3.9	88.9	-5.5
	2017	-0.4	0.5	0.2	-3.4	0.0	2.0	2.4	2.4	5.6	-2.9	88.3	-5.2

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 DKK
USD	19-Aug	0.50	0.81	0.97	1.42	113.4	-	656.4
	+3m	0.50	0.76	0.95	1.50	112.0	-	664.3
	+6m	0.50	0.75	0.95	1.60	114.0	-	652.4
	+12m	0.75	0.99	1.35	1.85	118.0	-	630.3
EUR	19-Aug	0.00	-0.30	-0.21	0.29	-	113.4	744.2
	+3m	0.00	-0.30	-0.22	0.35	-	112.0	-
	+6m	0.00	-0.30	-0.15	0.50	-	114.0	743.8
	+12m	0.00	-0.30	-0.15	0.70	-	118.0	743.8
JPY	19-Aug	-0.10	-0.02	-0.06	0.07	113.5	100.1	6.56
	+3m	0.10	-	-	-	114.2	102.0	6.51
	+6m	0.10	-	-	-	118.6	104.0	6.27
	+12m	0.10	-	-	-	122.7	104.0	6.06
GBP	19-Aug	0.25	0.38	0.41	0.70	86.4	131.3	861.6
	+3m	0.10	0.19	0.35	0.65	90.0	124.4	826.7
	+6m	0.10	0.19	0.35	0.80	95.0	120.0	782.9
	+12m	0.10	0.20	0.45	1.00	90.0	131.1	826.4
CHF	19-Aug	-0.75	-0.74	-0.71	-0.31	108.4	95.6	686.7
	+3m	-0.75	-	-	-	109.0	97.3	682.6
	+6m	-0.75	-	-	-	110.0	96.5	676.1
	+12m	-0.75	-	-	-	113.0	95.8	658.2
DKK	19-Aug	0.05	-0.21	-0.03	0.56	744.2	656.4	-
	+3m	0.05	-0.20	-0.02	0.71	744.0	664.3	-
	+6m	0.05	-0.20	0.00	0.74	743.8	652.4	-
	+12m	0.05	-0.20	0.00	0.84	743.8	630.3	-
SEK	19-Aug	-0.50	-0.55	-0.46	0.62	948.2	836.3	78.5
	+3m	-0.50	-0.55	-0.50	0.50	930.0	830.4	80.0
	+6m	-0.50	-0.50	-0.50	0.60	930.0	815.8	80.0
	+12m	-0.50	-0.50	-0.50	0.70	910.0	771.2	81.7
NOK	19-Aug	0.50	1.08	1.09	1.31	927.5	818.0	80.2
	+3m	0.25	0.75	1.00	1.45	930.0	830.4	80.0
	+6m	0.25	0.75	1.00	1.55	910.0	798.2	81.7
	+12m	0.25	0.65	1.00	1.75	890.0	754.2	83.6

Equity Markets

Regional		Risk profile 3 mth	Price trend 3 mth	Price trend 12 mth	Regional recommendations
USA (USD)	Strong domestic demand, USD weakening	Medium	-3 -+3%	0-5%	Overweight
Emerging markets (local ccy)	Commodities and China stabilising	High	-3 -+3%	0-5%	Overweight
Japan (JPY)	Stronger JPY, weak earnings outlook	High	-5 -+5%	0-3%	Underweight
Europe (excl. Nordics)	ECB monetary easing, weaker GDP growth	High	-5 -+5%	0-3%	Underweight
Nordics	Earnings growth, expensive valutaion	Medium	-3 -+3%	0-5%	Overweight

Commodities

	19-Aug	2016				2017				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2016	2017
NYMEX WTI	41	34	46	49	50	52	54	56	58	45	55
ICE Brent	43	35	47	49	50	52	54	56	58	45	55
Copper	4,897	4,672	4,731	5,000	5,100	5,200	5,300	5,400	5,500	4,876	5,350
Zinc	2,205	1,687	1,930	2,150	2,150	2,150	2,150	2,100	2,100	1,979	2,125
Nickel	10,695	8,537	8,885	10,500	10,700	10,900	11,100	11,300	11,500	9,655	11,200
Aluminium	1,609	1,516	1,584	1,650	1,750	1,800	1,850	1,900	1,950	1,625	1,875
Gold	1,336	1,183	1,260	1,325	1,325	1,300	1,275	1,250	1,225	1,273	1,263
Matif Mill Wheat (€/t)	166	157	159	154	158	161	159	159	159	157	160
Rapeseed (€/t)	359	359	370	380	390	400	400	400	400	375	400
CBOT Wheat (USD/bushel)	410	466	470	450	475	500	510	520	530	465	515
CBOT Corn (USD/bushel)	331	363	391	380	390	400	410	415	420	381	411
CBOT Soybeans (USD/bushel)	1,000	881	1,059	1,175	1,175	1,175	1,150	1,125	1,100	1,072	1,138

Source: Danske Bank Markets

Calendar

Monday, August 22, 2016				Period	Danske Bank	Consensus	Previous
Tuesday, August 23, 2016				Period	Danske Bank	Consensus	Previous
4:00	JPY	Nikkei Manufacturing PMI, preliminary	Index	Aug			49.3
6:30	NOK	Consumer confidence	Net. bal.	3rd quarter			-16.5
8:00	CHF	Trade balance	CHF bn	Jul			3.55
9:00	DKK	Employment (monthly)	1.000 m/m	Jun	... 3000		2648 3000
9:00	FRF	PMI manufacturing, preliminary	Index	Aug	49.4	49.0	48.6
9:00	FRF	PMI services, preliminary	Index	Aug	50.3	50.5	50.5
9:00	DKK	Consumer confidence	Net. bal.	Aug			3.1
9:30	DEM	PMI manufacturing, preliminary	Index	Aug	53.6	53.7	53.8
9:30	DEM	PMI services, preliminary	Index	Aug	54.2	54.3	54.4
10:00	EUR	PMI manufacturing, preliminary	Index	Aug	51.8	52.0	52.0
10:00	EUR	PMI composite, preliminary	Index	Aug		53.3	53.2
10:00	EUR	PMI services, preliminary	Index	Aug	52.7	53.0	52.9
13:00	TRY	Central Bank of Turkey rate decision	%		7.50%	7.50%	7.50%
14:00	HUF	Central Bank of Hungary rate decision	%		0.90%	0.90%	0.90%
15:45	USD	Markit manufacturing PMI, preliminary	Index	Aug		53.0	52.9
16:00	EUR	Consumer confidence	Net bal.	Aug	-7.7	-7.7	-7.9
16:00	USD	New home sales	1000 (m/m)	Jul		575	592.0 (3.5%)
Wednesday, August 24, 2016				Period	Danske Bank	Consensus	Previous
0:45	NZD	Trade balance	NZD M	Jul		-325	127
7:00	JPY	Leading economic index, final	Index	Jun			98.4
8:00	DEM	GDP, revised	q/q y/y	2nd quarter	0.4% ...	0.4% 1.8%	0.4% 1.8%
8:00	DEM	Private consumption	q/q	2nd quarter		0.3%	0.4%
8:00	DEM	Government consumption	q/q	2nd quarter		0.6%	0.5%
8:00	DEM	Gross fixed investments	q/q	2nd quarter		-1.3%	1.8%
10:00	NOK	Unemployment (LFS)	%	Jun			4.7%
13:00	USD	MBA Mortgage Applications	%				-4.0%
15:00	USD	FHFA house price index	m/m	Jun		0.3%	0.2%
16:00	USD	Existing home sales	m (m/m)	Jul		5.55	5.57 0.011
16:30	USD	DOE U.S. crude oil inventories	K				-2508
Thursday, August 25, 2016				Period	Danske Bank	Consensus	Previous
-	USD	Jackson Hole Economic Policy Symposium					
8:45	FRF	Business confidence	Index	Aug		103.0	102.0
9:00	DKK	Retail sales	m m y/y	Jul			0.2% 1.8%
9:00	ESP	GDP, revised	q/q y/y	2nd quarter		0.7% 3.2%	0.7% 3.2%
9:00	SEK	Consumer confidence	Index	Aug			95.2
9:00	SEK	Economic Tendency Survey	Index	Aug			102.2
9:00	SEK	Manufacturing confidence	Index	Aug			103.1
9:30	SEK	Household lending	y/y	Jul			7.7%
9:30	SEK	Unemployment (n.s.a. s.a.)	%	Jul	6.0% 6.8%		7.6% 6.6%
9:30	SEK	PPI	m m y/y	Jul			1.5% -1.9%
10:00	DEM	IFO - business climate	Index	Aug		108.5	108.3
10:00	DEM	IFO - current assessment	Index	Aug	115.2	115.0	114.7
10:00	DEM	IFO - expectations	Index	Aug	102.2	102.5	102.2
14:30	USD	Capital goods orders, non-defense ex air, preliminary	%	Jul		0.1%	0.4%
14:30	USD	Initial jobless claims	1000				262
14:30	USD	Durable goods orders, preliminary	m/m	Jul		3.5%	-3.9%
15:45	USD	Markit service PMI, preliminary	Index	Aug		52.1	51.4
15:45	USD	Markit composite PMI, preliminary	Index	Aug			51.8

Source: Danske Bank Markets

Calendar — continued

Friday, August 26, 2016			Period	Danske Bank	Consensus	Previous
-	USD	Fed Chair Yellen speaks at Jackson Hole				
0:30	USD	Fed's George (voter, hawkish) speaks				
1:30	JPY	CPI - national ex. fresh food	y/y Jul		-0.4%	-0.4%
1:30	JPY	CPI - national ex. fresh food and energy	y/y Jul		0.4%	0.5%
1:30	JPY	CPI- Tokyo	y/y Aug		-0.4%	-0.4%
1:30	JPY	CPI - Tokyo ex fresh food	y/y Aug		-0.4%	-0.4%
1:30	JPY	CPI - national	y/y Jul		-0.4%	-0.4%
8:00	DEM	GfK consumer confidence	Net. Bal. Sep		10	10
8:45	FRF	Consumer confidence	Index Aug			96.0
8:45	FRF	GDP, preliminary	q/q y/y 2nd quarter		0.0% 1.4%	0.0% 1.4%
10:00	EUR	Money supply (M3)	y/y Jul	5.0%	5.0%	5.0%
10:00	EUR	Loans to households (adj. for sales and sec.)	Jul			
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	Jul			
10:00	NOK	Wage index manufacturing	q/q 2nd quarter			0.7%
10:30	GBP	GDP, second estimate	q/q y/y 2nd quarter		0.6% 2.2%	0.6% 2.2%
10:30	GBP	Index of services	m/m 3m/3m Jun		-0.01% 0.04%	-0.01% 0.03%
14:30	USD	GDP, second release	q/q ann. 2nd quarter		1.1%	1.2%
14:30	USD	Advance goods trade balance	USD bn Jul		-62.3	-64.5
14:30	USD	GDP price deflator, second release	q/q 2nd quarter		2.2%	2.2%
14:30	USD	Personal consumption	q/q 2nd quarter		4.1%	4.2%
14:30	USD	PCE core	q/q 2nd quarter			1.7%
16:00	USD	University of Michigan Confidence, final	Index Aug		90.6	90.4

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Source: Danske Bank Markets

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