

Weekly Focus

ECB steps up with last cut in rates

Market Movers ahead

- In the US we are heading towards a light week with retail sales and Michigan consumer sentiment survey the most important data releases.
- Euro area industrial production for July is due for release and will provide initial indications as to how Q3 will turn out in terms of real activity.
- In China, consumer prices, credit and foreign trade data for August will be released next week. In Japan, minutes from the August BoJ meeting will be published.
- In Scandinavia, inflation numbers will be important. In Sweden we believe they will be very much in line with the Riksbank's forecasts without any major change. In Norway we expect inflation to have slowed from 2.6% in July to 2.3%.

Global macro and market themes

- The ECB surprised by cutting interest rates further as well as starting a programme of buying Asset Backed Securities and covered bonds. We expect the ECB measures to underpin a growth rebound later this year.
- There has been a series of very strong US data, signalling that the recovery is gaining strength. We expect the Fed to move its expectations of the first hike forward in the upcoming new projections in relation to the Fed meeting.
- Bank of Japan not as dovish as expected, government reshuffles.

Focus

- *Flash Comment: ECB eased monetary policy further – supports June easing*
- *Flash Comment Denmark: Return to negative in Denmark*
- *Flash Comment – USA: Solid ISM report supports picture of stronger job growth*
- *Monitor – US Labour Market: Job growth is strengthening*

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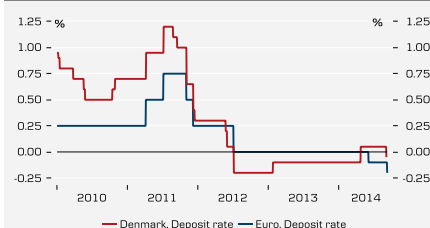
Financial views

Major indices

	05-Sep	3M	12M
10yr EUR swap	1.15	1.45	1.85
EUR/USD	129	127	125
ICE Brent oil	102	106	99
	05-Sep	6M	12-24M
S&P500	1998	5%	5%

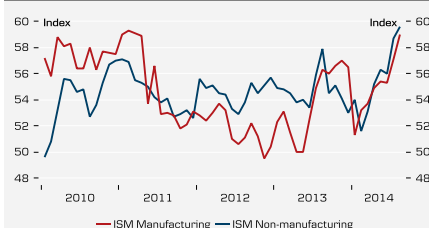
Source: Danske Bank

Nationalbanken follows ECB's cut



Source: Macrobond

Solid ISM reports from the US



Source: Macrobond

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Market movers

Global

- In the **US**, we are heading towards a light week with only a few important data releases.

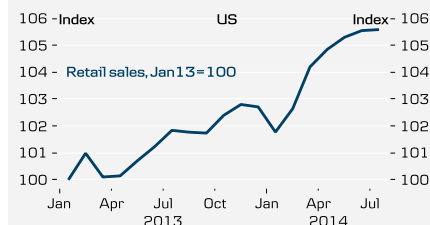
Of most interest are the retail sales figures for August. Retail sales have lost some momentum during the past couple of months but we believe this is mostly due to a 'normalisation' from the strong post-winter rebound. In August, however, we expect retail sales to gain further momentum, primarily due to exceptionally strong car sales figures that rose to the highest level in eight years. Moreover, the US labour market is performing very well (see [US Labour Market: Job growth is strengthening](#), 1 September 2014). Pulling in the other direction are retail sales for gas, mainly due to falling gasoline prices in August. All together, we expect the headline retail sales to increase by 0.6% m/m. Retail sales excluding auto and gas are expected to increase 0.4% m/m.

The preliminary version of the University of Michigan's consumer sentiment survey is expected to rise to 85 in September from 82.5 in August. As things have started to brighten in the US, consumer confidence has been rising. Falling unemployment, declining retail fuel prices as well as increasing stock prices lead us to believe that consumer optimism is likely to continue upwards. Furthermore, the Conference Board survey is well above the University Of Michigan's survey, suggesting some catch-up in the pipeline.

Euro area industrial production for July is due for release and will give some of the first information on how Q3 will turn out in terms of real activity. So far, survey data on the manufacturing sector has largely shown declines. However, when looking at PMI new orders and PMI new export orders, we saw a stabilisation in late Q2, which reflects the strengthening of the US and Chinese economies. Although our assessment of the euro area recovery's strength has been revised down since the spring as production has been curbed, we continue to believe a positive underlying trend remains, which is increasingly being driven by private consumption. We forecast July IP at 0.7% m/m with downside risk in the form of the current geopolitical situation. This reflects some improvement in Q3 as the effective exchange rate has weakened, thereby strengthening competitiveness.

- In **China**, consumer prices, credit and foreign trade data for August will be released next week. We expect the increase in consumer prices to ease slightly to 2.2% y/y in August from 2.3% y/y in July, driven mainly by lower food prices. Currently, it looks like they could continue to edge slightly lower. Hence, there is a substantial safe margin to the government's critical 3.5% threshold for inflation, meaning that inflation is not currently a major constraint on monetary policy. We expect credit to rebound markedly in August on the back of a very weak July. We expect the broad credit measure total social finance (TSF), which includes both ordinary bank loans and shadow finance, to have expanded CNY1,250bn in August having increased only CNY273bn in July. According to our calculations, this will be consistent with growth in TSF slowing to 15.7% y/y in August from 16.3% y/y in July. Should the expansion in TSF prove substantially weaker, there will be reasons to be concerned about the strength of recovery in China. We expect the foreign trade data to show that growth in exports eased to 7.8% y/y in August from 14.5% y/y in July. The foreign trade data is extremely volatile and the slowdown in August is mainly driven by the base impact from higher exports last year. Our forecast is still consistent with underlying export growth close to 10% y/y. We also expect the trade balance surplus to decline to USD39.8bn in August. However, the underlying trend is that the trade balance surplus is again increasing, supporting our case for moderate appreciation of CNY.

Retail sales to gain further momentum



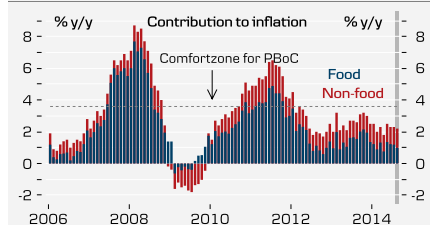
Source: Macrobond

Survey data on export was stable during early Q3



Source: Macrobond, Markit

Slight downward pressure on inflation in China



Source: Macrobond, Danske Bank Markets

- In **Japan**, minutes from the 7-8 August Bank of Japan (BoJ) meeting will be published next week. In the statement, the BoJ moved in a slightly more dovish direction by expressing some concern about the disappointing development in exports. It will be interesting if consensus on the BoJ board has started to crack. Both the BoJ's governor Hiroki Kuroda and deputy governor Kikuo Iwata are scheduled to speak next week. We believe Iwata's speech will be the most interesting as he is one of the leading doves on the board. If the BoJ is moving closer to additional easing, we would expect it to be visible in Iwata's communication. In the data calendar, the most important released next week is machinery orders and the first revision of Q2 GDP. The business capital expenditure survey for Q2 – the main new input in the first revision – was a bit weaker than expected. Hence, the sharp contraction in GDP in Q2 could prove to have been a bit sharper than reported in the first release.

Scandi

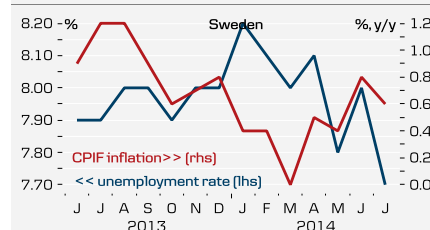
- In **Denmark**, it will be especially worth keeping an eye on August inflation, which we expect to come out at 0.1% m/m and 0.8% y/y, compared with -0.1% m/m and 0.8% y/y in July. The big joker in the pack – once again – is food prices, which have risen in recent months after falling earlier in the year. We expect this trend to have continued into August, but are by no means sure given that German food prices actually fell in August. The week also offers foreign trade data for July. We expect exports of goods, excluding ships and aircraft, to climb 3.5% m/m, both as a normalisation following the big drop in June and as a result of improvements in Denmark's export markets, as can be seen from Danske Bank's export barometer. We also forecast a trade surplus excluding ships and aircraft of DKK7bn and a current account surplus of DKK12bn for July, due – once again – to substantial net income from abroad.
- In **Sweden**, the week ahead holds two sets of data of great interest. First out is inflation, which we believe will be very much in line with the Riksbank's forecasts. Also, when the labour force survey is published we will see whether the last, very strong, outcome was a true indication of the status of the labour market or if it was a figment of the seasonal (near tectonic) shifts in the labour markets during the summer.
- The most important data in **Norway** will be the regional network report from Norges Bank – the central bank's preferred indicator for growth in the Norwegian economy. In recent quarters, the aggregate production index in the regional network has clearly been weaker than actual GDP growth and this has contributed to dampening the central bank's growth forecast. It will be interesting to see if the very strong GDP growth in Q2 has also affected the regional network. We cautiously estimate that the business expectations index for the next six months will rise from 0.89 in Q2 to around 1.5 in Q3. This would be consistent with GDP growth of around 0.75% q/q, i.e. significantly higher than assumed by Norges Bank in its June Monetary Policy Report. This will, as such, tend to raise the interest rate projection when we come to the next interest rate meeting in September. If the outcome is better than we expect, then Norges Bank may well rule out any chance of further rate cuts. Next week also brings the inflation numbers for August. Core inflation, CPI-ATE, has delivered upside surprises this year, but we nevertheless expect that the annualised rate will slow from 2.6% in July to 2.3% in August, due to base effects. The central uncertainty is, as usual, price developments for food and airline tickets. These are very volatile m/m, but have tended to exhibit 'mean reversion' around a trend line. However, we have a growing suspicion that the trend has turned upwards for both food and airline tickets. Both producer and import prices for food have long been on the rise, which could indicate an underlying upward pressure on shop prices too. We have also observed that the airlines have begun to cancel certain routes, which tends to reduce competition and underline a need for greater earnings among the airline companies. This in turn increases the upside risk on prices. Our conclusion is that the downside risk for core inflation is, despite everything, lower than a year ago, even if certain components remain volatile.

August inflation: food prices the joker in the pack



Source: Statistics Denmark

What does volatile Swedish data have in store?



Source: Macrobond. Danske Bank Markets calculations

Growth picking up



Source: Macrobond

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
During the week		Sat 06	USD	Fed's Plosser (voter, hawkish) speaks					
		Wed 10 - 15	CNY	Aggregate financing	CNY bn	Aug	1250.0	1155.0	273.1
Mon	08-Sep	-	CNY	Trade balance	USD bn	Aug	39.8	40.6	47.3
Tue	09-Sep	1:50	JPY	BoJ board minutes					
Wed	10-Sep	3:30	JPY	BoJ's Iwata speaks	m/m y/y	Aug			
Thurs	11-Sep	3:30	CNY	CPI	y/y	Aug	2.20%	2.20%	2.30%
		21:00	EUR	ECB's Draghi speaks					
Fri	12-Sep	-	EUR	Ireland's debt rating may be published by Moody's					
		11:00	EUR	Industrial production	m/m y/y	Jul	0.7% ...	0.50% ...	-0.30% 0.00%
		14:30	USD	Retail Sales	m/m	Aug	0.60%	0.30%	0.00%
		15:55	USD	University of Michigan Confidence, preliminary	Index	Sep	85.0	83.0	82.5
Scandi movers				Event		Period	Danske	Consensus	Previous
Wed	10-Sep	9:00	DKK	CPI	m/m y/y	Aug	0.10% 0.80%		-0.10% 0.80%
		10:00	NOK	Core inflation(CPI-ATE)	m/m y/y	Aug	-0.40% 2.30%		0.60% 2.60%
Thurs	11-Sep	9:30	SEK	CPI	m/m y/y	Aug	-0.20% -0.30%		-0.30% 0.00%
		9:30	SEK	Unemployment	%	Aug			7.10%

Source: Bloomberg and Danske Bank Markets

Global Macro and Market Themes

Christmas arrived early this year

Christmas arrived early this year with the ECB's package of measures to stimulate growth and lift inflation. The ECB surprised by cutting interest rates further as well as starting a programme of buying Asset Backed Securities and covered bonds – see ECB cuts policy rates further, 4 September.

In combination with very strong US data this week, the measures support risk assets and underpin our medium-term positive view on global stocks and further spread compression in periphery and credit. The EUR is taking a big hit and we look for further declines in EUR/USD over the coming quarters with a target of 1.26 on a six-month horizon.

ECB measures underpin growth rebound later this year

The renewed ECB easing strengthens the case for a growth rebound in the euro area over the coming quarters. The stimulus adds to the weakening of the euro and will facilitate stronger bank lending, one of the main obstacles so far in the euro-area recovery, see also ECB easing – will it work? #4: Impact on growth and inflation.

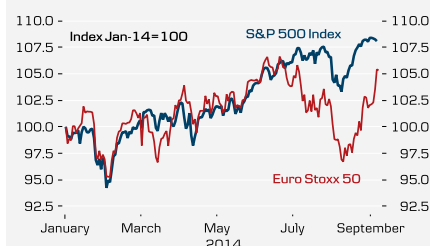
Sentiment about the euro economy has deteriorated and our view that the weakness is temporary and euro-area growth will strengthen again towards the end of the year and into 2015 gets quizzed quite a lot. Our main arguments for still believing in the euro recovery are the following.

- **Global growth.** Part of the current euro weakness is due to very weak activity in the US and China in Q1. This likely led to inventory building in the euro area that has weighed on production in Q2. US and Chinese growth has picked up again and this effect should thus be temporary. Global growth outside the euro area is expected to remain robust giving a lift to euro-area exports.
- **The EUR.** The appreciation of the EUR during 2013 and early 2014 is currently weighing on activity as the effect comes with a lag. The recent sharp weakening of the EUR will turn this headwind into a tailwind before long.
- **Purchasing power.** Inflation is currently undershooting nominal wage growth, giving rise to real wage growth of 1%. This helps consumers, which explains why we have not seen any weakness in private consumption yet.
- **Credit growth.** We expect lending conditions to improve on the back of the ECB stimulus and better balance sheets in the banks following this year's Asset Quality Review. Banks are already reporting that they see rising demand and have started to ease credit standards.
- **Financial conditions.** The decline in peripheral bond yields continues to lift sentiment in southern Europe. At the same time, lower corporate bond yields across the euro area ease financial conditions for large companies even more.
- **Fiscal policy.** The lagged effects from fiscal austerity in the past years continue to fade.

Key points

- The new ECB stimulus supports risk assets and a rebound in euro area growth into 2015
- Very strong US data intensify debate on Fed policy
- More USD strength ahead
- Bank of Japan less dovish than expected but government reshuffle weakens JPY

Euro Stoxx getting lift from ECB stimulus



Source: Macrobond Financial

German production turned higher again in June and July



Source: Macrobond Financial

- **Pent-up demand.** Consumption of durable goods and investment is still at depressed levels following the euro crisis, leaving scope for pent-up demand to be unleashed as confidence improves again.

The main unknown factor is the Ukraine crisis, which renders companies more cautious at the moment contributing to the current weakness. This is clearly hard to predict but our working assumption is that the crisis will not escalate to the extent where sanctions involve energy supplies to Europe. If it does, the slowdown will be worse and more prolonged.

This week's data on German factory orders and industrial production for July provided some support for the rebound case. Orders and production rose 4.6% m/m and 1.9% m/m, respectively.

In the UK we see increasing divergence between the manufacturing and service sector. Manufacturing PMI fell from 54.8 in July to 52.5 in August, the lowest level in a year. UK manufacturing is feeling the weakness from continental Europe now and uncertainty over the Ukraine crisis. In contrast, the service PMI for August surprised to the upside rising to 60.5 from 59.1. This is a very high level from a historical perspective and suggests that the domestic economy is still strong.

Very strong US data - recovery gains strength

The past week saw more signs that the US recovery is really gaining traction. ISM for both manufacturing and non-manufacturing surprised to the upside and shows no sign of moderation in growth. ISM non-manufacturing was particularly strong rising to the highest level since 2005.

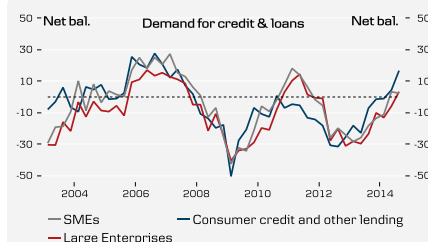
At the same time car sales for August rose strongly suggesting that the softer readings for consumer spending in June and July was merely a slight moderation following the post-winter rebound, see [US: Car sales strongest in eight years – consumer spending picking up](#), 4 September. Weekly retail sales also support this picture as they continue to be robust. In addition, lower gasoline prices and wealth increases from the bull market in stocks also help consumers.

The good news is that the recovery is broadening and starting to fire on all cylinders. Housing is gaining momentum as well and investment orders look strong going into H2. Finally, the drag from fiscal policy continues to ease.

The strength is also visible in a broad range of labour market indicators (see [US Labour Market: Job growth is strengthening](#), 1 September). The debate on when the Fed should change its forward guidance is intensifying and we could see a change to the 'considerable time' language already at the Fed meeting in two weeks in order to make the guidance more dependent on economic developments and give the Fed more flexibility.

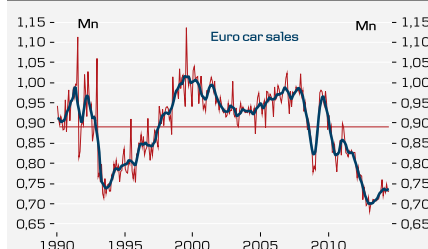
The money market is still not pricing in the risk of an earlier rate hike but we believe the market could be in for a crude awakening soon, as the Fed is going to turn more hawkish and could very well move its expectations of the first hike forward in the upcoming new projections in relation to the Fed meeting.

Demand for credit in euro area on the rise – soon supply will be too



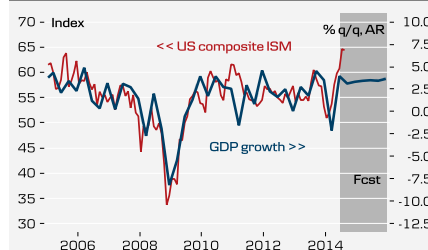
Source: Macrobond Financial

Still significant pent-up demand in euro car sales



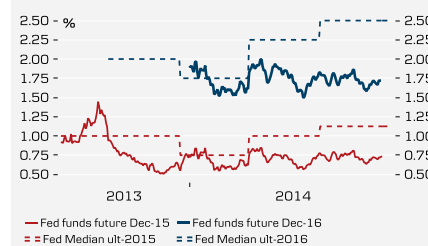
Source: Macrobond Financial

US ISM continues to point to very strong growth – no moderation yet



Source: Macrobond Financial

US money market still much too complacent on Fed hikes



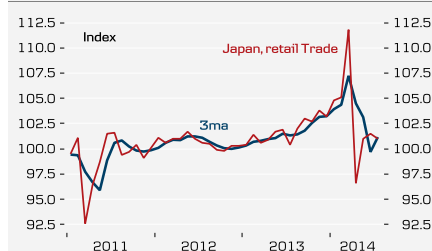
Source: Macrobond Financial

Bank of Japan not as dovish as expected, government reshuffles

Bank of Japan (BoJ) surprised a little at its policy meeting by being less dovish than expected. Actually, BoJ still regards private consumption as resilient despite so far only a subdued recovery in retail sales in the wake of the consumption tax hike. BoJ kept its outlook of seeing the economy 'recovering as trend' and did not change the wording on the risks to its outlook. It still refuses to see the tax hike as a risk but instead points to external developments. Additional easing from BoJ this year seems less likely now. BoJ will likely also see some comfort in a sharp rise in wage growth due to higher bonus payments. This is what is needed to get inflation up on a more sustained basis.

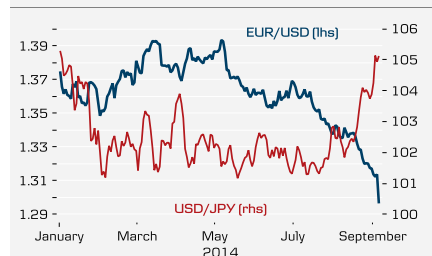
On the political front the Japanese prime minister Shinzo Abe announced a reshuffle of the government. Of most interest was the appointment of health minister Yasuhisa Shiozaki. This is important because the health ministry has supervision responsibility for the Government Pension Investment Fund (GPIF) – the world's largest pension fund. Shiozaki is a strong supporter of governance reform for GPIF including diversifying its investment portfolio away from domestic government funds. The news gave further tailwind to USD/JPY, despite the slightly less dovish BoJ. We continue to look for a weaker JPY versus USD based on clear policy divergence.

BoJ surprisingly sees private consumption as resilient.



Source: Macrobond Financial

USD strength to continue



Source: Macrobond Financial

Global market views

Asset class	Main factors
Equities Moderately positive on 3m view, positive on 12m view	Short-term political uncertainty in Russia/Ukraine affects markets. Going forward the continued recovery in US and China and to some extent Europe, stimulus from ECB and continued stimulus from other central banks and high M&A activity will lead equities higher
Bond market Core yields flat near term, higher longer term US-Euro spread: Wider 2-5y, stable longer maturities Peripheral spreads to continue gradual tightening Credit spread to tighten gradually still, but risk of higher vol	Lower long-term growth and inflation expectations and hedging flows weigh on long bond yields in short term Policy divergence drive short end spread wider, longer end spread stable as close to historical highs Added liquidity, search for yield, improving fundamentals. Volatility to pick up some-what Added liquidity, search for yield, good fundamentals. Geopolitical and idiosyncratic risk creates jitters
FX EUR/USD - more downside in short- and medium-term USD/JPY - short term range trading, higher long term EUR/SEK - lower medium-term EUR/NOK - more downside especially in the short term	EUR/USD to fall further on diverging monetary policy, growth and portfolio flows USD/JPY to break higher on likely BoJ easing in Q4, diverging monetary policy EUR/SEK likely to stabilise ahead of Swedish election on 14 September, SEK to rally thereafter on growth EUR/NOK to decline substantially in the coming months. Medium- to long-term lower at a more gradual pace.
Commodities Oil prices - lower price during 2014 Metal prices sideways Gold prices to correct lower still Agricultural risks remain on the upside	Substantial supply shock to weigh in 2014. Limited risk of supply disruptions Support from moderate recovery in China, supply side risks. Trending down as Fed tapers. Geopolitical concerns a supportive factor. Near term stabilization, extreme weather is key upside risk.

Source: Danske Bank Markets

Scandi Update

Denmark – housing market still buoyed by low interest rates

There was a further update on the situation in the housing market last week, as Statistics Denmark published house and apartment price statistics for June. The numbers showed that house prices fell 0.9% at a national level, whereas apartment prices rose 1.0% from May to June. While house prices fell m/m, we are not overly concerned, as there has still been a solid increase in prices over the quarter: house prices appreciated 2.6% between Q1 and Q2, while apartment prices rose by 3.7% over the quarter. Compared with a year ago, house prices are now 3.2% higher, while apartment prices are 9% up. In other words, the housing market is still growing overall. Growth is being supported, in particular, by rising employment and still low interest rates. There is much to suggest that rates will not be rising anytime soon, as underlined by Thursday's ECB meeting, which delivered a surprise rate cut. Denmark's central bank quickly followed suit and cut by the same amount to maintain Denmark's fixed exchange rate policy. With Danish GDP down in Q2, the rate cut will make a positive contribution to growth at a much needed moment.

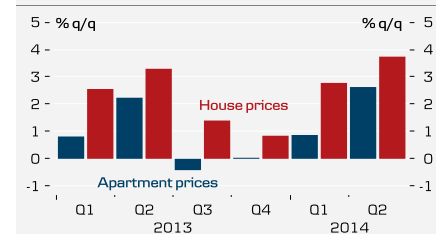
Industrial production fell by 7.0% from June to July (seasonally adjusted). The decline was mainly due to the pharmaceutical industry – as industrial production fell by a more modest 0.7% if pharmaceuticals are taken out of the equation. One should also note that Statistics Denmark is planning to revise the method of calculation, as they no longer accept the statistic as accurate. Nevertheless, the decline comes as no surprise given the level of inventory building, which means that industry does not have to produce quite as much as it otherwise would.

Sweden – surveyed

The August PMI surveys for both the manufacturing and the services sectors posted rather large drops (to 51 and 54.2, respectively). Still holding above 50 we, however, should see consecutive growth in their real economy equivalents. Thus far, production has disappointed, especially within the manufacturing sector, again casting doubts on the forecasting abilities of PMI surveys – at least for the Swedish economy. The July production data was no exception and industrial activity, in particular, does not demonstrate any sign of recovering.

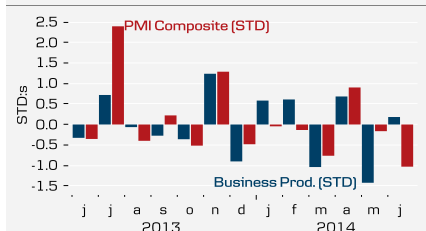
The Riksbank was every bit as uninteresting as we had hoped (feared). Whether that situation holds now that the ECB is suggesting things to come is another question. We have long proposed (not forecast) additional quantitative measures more suitable for a small open economy needing to control household indebtedness and simultaneously stimulating the exports industry and pushing inflation further north. But, as always, we shall see...

Housing market growing



Source: Statistics Denmark

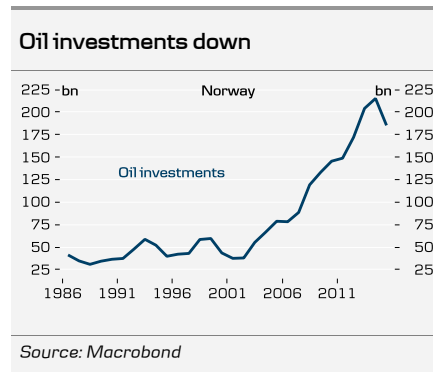
PMI has performed very poorly in 2014, even the sign is (mostly) wrong



Source: Macrobond, Danske Bank Markets calculations.

Norway – sharp fall in oil investments

Oil investment figures for Q3 were eagerly awaited after the previous data release indicated a substantial fall in oil investments next year. The upward revision from May to August was a modest NOK2.8bn, which is much lower than normal. Hence, the decline in oil investments next year looks set to be more pronounced than we had expected. Likewise, the negative growth impulses from mainland GDP will be slightly greater than expected. However, as we have previously mentioned on several occasions, this will be partially or fully offset by other factors, such as government demand, higher export growth, increased housing investment and a more accommodative lending policy. Therefore, we still expect growth to remain above trend in 2015 too despite lower oil investments. If this is the case, monetary policy will also support our view of the NOK remaining relatively strong next year, especially against EUR.



Latest research from Danske Bank Markets

5/9 Flash Comment - Euro: private consumption continued to strengthen in Q2 - we expect higher GDP growth in H2

The stagnation in euro area GDP in Q2 was confirmed by the second release today. However, the details were better than the headline figure.

4/9/14 Flash Comment: Japan: BoJ only marginally more dovish, no signs of imminent easing

As expected, Bank of Japan (BoJ) did not announce any new easing measures in connection with today's monetary meeting.

4/9/14 Flash Comment - US: Car sales strongest in eight years - consumer spending picking up

US car sales for August were surprisingly strong rising to 17.45m in August (consensus 16.6m) from 16.4m in July. It is the highest level in eight years and is yet another signal that underlying consumer spending may be picking up

4/9/14 Flash Comment - ECB cuts policy rates further

The ECB has cut the refi rate to 0.05% and the deposit rate to -0.2%.

4/9/14 Flash Comment: ECB eased monetary policy further - supports June easing

The ECB has today eased monetary policy further in two ways

3/9 Flash Comment - Japan: Government reshuffle negative for yen, possibly more focus on economic reforms

Prime Minister Shinzo Abe has this morning officially reshuffled his government. Most of the details were already leaked yesterday.

3/9 Strategy: Ireland - PMIs hitting highs as growth accelerates

Composite PMI increased in August to 61.8 from 60.2 - the highest reading since August 2000.

2/9 Flash Comment - USA: Solid ISM report supports picture of stronger job growth

The US ISM manufacturing report came in very solidly at 59.0 in August (consensus 57.0) from 57.1 in July.

1/9 Monitor - US Labour Market: Job growth is strengthening

We look for a positive surprise in Friday's job report with a solid increase in nonfarm payrolls of 260,000 (consensus 225,000). We also expect a drop in the unemployment rate of 0.1 percentage point to 6.1% (same as consensus).

1/9 Flash Comment - China: official manufacturing PMI confirms loss of momentum

China's official manufacturing PMI released by China's National Bureau of Statistics

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	2013	0.4	0.0	0.8	0.7	0.2	1.2	1.7	0.8	5.8	-0.8	44.5	7.3
	2014	1.5	1.1	1.7	2.2	0.0	2.8	2.3	0.7	5.5	-1.0	43.3	6.8
	2015	2.0	1.5	0.5	2.8	0.0	3.4	2.6	1.2	5.3	-2.3	44.1	6.1
Sweden	2013	1.6	2.0	2.0	-1.1	0.1	-0.4	-0.8	0.0	8.0	-1.2	40.5	6.8
	2014	2.3	2.3	1.0	7.7	0.0	3.8	5.6	-0.2	8.0	-1.6	41.2	6.0
	2015	2.8	2.5	1.4	6.9	-0.1	5.5	6.4	1.2	7.9	-1.3	40.8	5.5
Norway	2013	2.0	2.2	1.8	8.5	0.0	-3.3	2.7	2.1	3.5	-	-	-
	2014	2.4	2.0	2.0	0.6	-0.2	0.7	1.9	2.2	3.5	-	-	-
	2015	2.2	2.3	2.0	-1.3	0.1	1.0	4.5	2.2	3.6	-	-	-

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	2013	-0.4	-0.6	0.1	-2.8	-0.1	1.5	0.4	1.4	11.9	-3.0	95.4	2.6
	2014	1.0	1.0	0.8	1.5	0.1	3.2	3.5	0.6	11.6	-2.5	95.9	2.9
	2015	1.8	1.5	0.1	3.3	0.0	4.6	4.3	1.0	11.2	-2.2	95.2	2.9
Germany	2013	0.5	1.0	0.4	-0.7	0.2	1.1	1.6	1.6	5.3	0.0	78.4	7.4
	2014	1.9	1.4	0.6	5.0	-0.1	4.1	5.5	1.0	5.1	0.0	76.0	7.3
	2015	2.8	1.8	0.6	6.2	0.0	5.2	4.8	1.3	5.1	-0.1	73.6	7.0
France	2013	0.4	0.4	1.9	-0.8	0.0	2.4	1.9	1.0	10.3	-4.3	93.5	-1.9
	2014	0.6	0.4	1.4	-1.4	0.0	2.9	3.5	0.7	10.4	-3.9	95.6	-1.8
	2015	1.5	1.4	0.0	3.5	0.0	4.5	4.3	1.0	10.2	-3.4	96.6	-2.0
Italy	2013	-1.8	-2.6	-0.8	-4.6	-0.6	0.0	-2.9	1.3	12.2	-3.0	132.6	0.9
	2014	0.0	0.1	0.6	-1.1	0.3	3.3	1.9	0.2	12.6	-2.6	135.2	1.5
	2015	1.6	1.1	0.3	3.0	0.0	4.4	3.7	0.8	12.1	-2.2	133.9	1.5
Spain	2013	-1.2	-2.1	-2.3	-5.1	0.0	4.9	0.4	1.5	26.1	-7.1	93.9	0.8
	2014	1.2	1.6	1.9	1.0	0.0	3.8	5.0	0.0	25.2	-5.6	100.2	1.4
	2015	2.0	1.6	-0.1	3.8	0.0	4.8	4.2	0.6	24.0	-6.1	103.3	1.5
Finland	2013	-1.4	-0.8	0.8	-4.6	-	0.3	-1.8	1.5	8.2	-2.1	57.0	-1.1
	2014	-0.2	0.1	0.3	-2.5	-	1.0	0.0	1.0	8.5	-1.8	59.0	-0.7
	2015	1.5	0.5	0.0	2.5	-	4.0	2.5	1.2	8.4	-1.5	61.0	-0.5

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	2013	1.9	2.0	-0.6	4.5	-0.4	2.7	1.4	1.1	7.4	-4.1	72.0	-2.3
	2014	2.2	3.0	0.0	3.7	-0.3	3.8	4.2	1.5	6.3	-2.9	74.0	-2.2
	2015	3.4	3.5	1.0	7.3	0.0	7.8	8.6	1.9	5.9	-2.6	73.0	-2.9
Japan	2013	1.5	2.0	2.0	0.2	-0.3	1.6	3.4	0.2	4.0	-8.4	243.0	0.7
	2014	1.1	-0.3	0.7	5.6	-0.4	7.3	6.8	2.7	3.6	-7.2	244.0	1.2
	2015	0.6	-1.1	0.8	2.0	0.4	5.5	2.2	2.1	3.4	-6.4	245.0	1.3
China	2013	7.7	-	-	-	-	-	-	2.6	4.3	-1.9	22.8	2.0
	2014	7.5	-	-	-	-	-	-	2.6	4.3	-2.2	21.3	2.2
	2015	7.3	-	-	-	-	-	-	3.1	4.2	-2.0	30.0	2.6
UK	2013	1.7	2.2	0.7	-0.8	0.3	0.5	0.2	2.6	7.6	-4.5	89.7	-3.3
	2014	3.1	2.5	0.6	8.9	-0.2	0.5	-0.5	1.7	6.5	-3.5	94.9	-2.7
	2015	2.7	2.4	-0.5	8.7	0.0	4.7	4.4	1.8	6.0	-1.9	96.6	-2.2

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	05-Sep	0.25	0.23	0.76	2.57	129.5	-	575.1
	+3m	0.25	0.25	0.95	2.95	127	-	587.0
	+6m	0.25	0.48	1.45	3.25	126	-	591.4
	+12m	0.75	1.06	2.10	3.60	125	-	596.2
EUR	05-Sep	0.05	0.15	0.20	1.15	-	129.5	744.6
	+3m	0.05	0.15	0.25	1.45	-	127	745.5
	+6m	0.05	0.10	0.25	1.55	-	126	745.2
	+12m	0.05	0.10	0.25	1.85	-	125	745.2
JPY	05-Sep	0.10	0.13	0.18	0.64	136.3	105.2	5.46
	+3m	0.10	0.15	0.20	0.75	133	105	5.61
	+6m	0.10	0.20	0.20	0.80	139	110	5.36
	+12m	0.10	0.20	0.25	0.85	143	114	5.21
GBP	05-Sep	0.50	0.56	1.22	2.49	79.4	163.1	938.2
	+3m	0.50	0.65	1.60	2.95	78.0	171	956
	+6m	0.75	0.81	1.80	3.15	77.0	169	968
	+12m	1.25	1.34	2.30	3.45	76.0	166	981
CHF	05-Sep	0.00	0.02	0.01	0.86	120.6	93.2	617.3
	+3m	0.00	0.05	0.05	0.95	122	96	611.1
	+6m	0.00	0.05	0.05	1.05	123	98	605.9
	+12m	0.00	0.05	0.05	1.25	124	99	601.0
DKK	05-Sep	0.20	0.33	0.47	1.44	744.6	575.1	-
	+3m	0.20	0.33	0.49	1.75	745.5	587	-
	+6m	0.20	0.28	0.50	1.85	745.2	591	-
	+12m	0.20	0.28	0.50	2.15	745.2	596	-
SEK	05-Sep	0.25	0.50	0.52	1.66	916.5	707.9	81.2
	+3m	0.25	0.50	0.65	2.05	910	717	81.9
	+6m	0.25	0.50	0.65	2.20	900	714	82.8
	+12m	0.25	0.50	0.70	2.30	880	704	84.7
NOK	05-Sep	1.50	1.72	1.82	2.60	811.9	627.1	91.7
	+3m	1.50	1.75	2.10	3.00	795	626	93.8
	+6m	1.50	1.75	2.35	3.05	785	623	94.9
	+12m	1.50	2.10	2.55	3.35	775	620	96.2

Equity Markets

Regional		Risk profile 3 mth.	Price trend 3 mth.	Price trend 12 mth.	Regional recommendations
USA	Expensive on valuation and earnings already above t	Medium	5%	5%	Mild underweight
Emerging markets (USD)	China and OECD-demand has stabilized	Medium	5%	10%	Overweight
Europe (ex. Nordics) (EUR)	Attractive valuation, but struggling recovery	Medium	5%	5%-10%	Neutral
Nordics	Strong cyclical profile	Medium	5%	10%	Overweight

Commodities

	05-Sep	2014				2015				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014	2015
NYMEX WTI	95	99	103	102	98	96	95	95	95	100	95
ICE Brent	102	108	110	106	102	100	99	99	99	106	99
Copper	6,930	6,996	6,768	7,150	7,350	7,500	7,650	7,800	7,950	7,066	7,725
Zinc	2,398	2,024	2,080	2,400	2,450	2,500	2,550	2,600	2,650	2,239	2,575
Nickel	19,395	14,723	18,529	19,250	19,500	19,750	20,000	20,250	20,500	18,001	20,125
Aluminium	2,105	1,754	1,839	2,000	2,050	2,100	2,150	2,200	2,250	1,911	2,175
Gold	1,264	1,292	1,291	1,275	1,250	1,240	1,230	1,220	1,210	1,277	1,225
Matif Mill Wheat (€/t)	171	201	200	173	177	183	186	187	189	188	186
Rapeseed (€/t)	323	383	372	340	352	364	370	373	376	362	371
CBOT Wheat (US\$/bushel)	533	618	651	575	585	595	605	610	615	607	606
CBOT Corn (US\$/bushel)	339	453	478	360	370	380	390	395	400	415	391
CBOT Soybeans (US\$/bushel)	1,069	1,358	1,470	1,100	1,120	1,140	1,160	1,170	1,180	1,262	1,163

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 37

During the week				Period	Danske Bank	Consensus	Previous
Fri 05 - 08	GBP	Halifax house prices	m/m 3M	Aug		0.1% 9.8%	1.4% 10.2%
Sat 06	EUR	Meeting between EU and Russia					
Sat 06	USD	Fed's Plosser (voter, hawkish) speaks					
Wed 10 - 15	CNY	Aggregate financing	CNY bn	Aug	1250.0	1155.0	273.1
Wed 10 - 15	CNY	Money supply M2	y/y	Aug		13.40%	13.50%
Wed 10 - 15	CNY	New Yuan loans	CNY bn.	Aug	800	700	385.2

Monday, September 8, 2014

				Period	Danske Bank	Consensus	Previous
-	CNY	Trade balance	USD bn	Aug	39.8	40.6	47.3
-	CNY	Import	y/y	Aug	2.50%	3.00%	-1.60%
-	CNY	Export	y/y	Aug	7.80%	9.00%	14.50%
1:50	JPY	GDP deflator, final	y/y	2nd quarter		2.00%	2.00%
1:50	JPY	GDP, final	q/q ann.	2nd quarter		-1.80% -7.00%	-1.70% -6.80%
1:50	JPY	Bank lending	y/y	Aug			2.20%
7:00	JPY	Eco Watchers Survey Outlook (Current)	Index	Aug			51.5 51.3
7:45	CHF	Unemployment	%	Aug			3.20%
8:00	DEM	Current account	EUR bn	Jul			15
8:00	DEM	Trade balance	EUR bn	Jul			16.6
8:00	DEM	Labour costs	q/q y/y	2nd quarter			0.40% 1.10%
9:00	ESP	House price index	q/q y/y	2nd quarter			-0.30% -1.60%
9:00	DKK	Current account	DKK bn	Jul	12.0		10.5
9:00	DKK	Trade balance ex ships and aircraft (s.a.)	DKK bn	Jul	7		6.2
9:00	DKK	Goods export ex ships and aircraft (s.a.)	m/m	Jul	3.5%		-3.7%
9:15	CHF	CPI	m/m y/y	Aug		-0.10% 0.00%	-0.40% 0.00%
9:15	CHF	Retail sales	y/y	Jul			3.40%
10:30	EUR	Sentix Investor Confidence	Index	Sep	3.5		2.7
21:00	USD	Consumer credit	USD bn	Jul		17.3	17.3

Tuesday, September 9, 2014

				Period	Danske Bank	Consensus	Previous
-	EUR	ECB's Liikanen speaks					
1:50	JPY	BoJ board minutes					
1:50	JPY	Money supply M2	y/y	Aug		2.90%	3.00%
1:50	JPY	Tertiary industry index	m/m	Jul		0.30%	-0.10%
3:30	AUD	NAB Business Conditions	Index	Aug			8.0
7:00	JPY	Consumer confidence	Index	Aug			41.5
10:30	GBP	Industrial production	m/m y/y	Jul		0.30% 1.40%	0.30% 1.20%
10:30	GBP	Manufacturing production	m/m y/y	Jul		0.20% 2.10%	0.30% 1.90%
10:30	GBP	Trade balance	GBP bn	Jul			-2459
13:30	USD	NFIB small business optimism	Index	Aug		95.7	95.7
16:00	USD	Fed's Tarullo testifies to Senates Banking Committee					

Wednesday, September 10, 2014

				Period	Danske Bank	Consensus	Previous
1:50	JPY	Domestic CGPI	m/m y/y	Aug		0.10% 4.20%	0.30% 4.30%
1:50	JPY	Machine orders	m/m y/y	Jul		4.20% 0.70%	8.80% -3.00%
2:30	AUD	Westpac Consumer Confidence	Index [% m/m]	Sep			98.5 3.80%]
3:30	JPY	BoJ's Iwata speaks	m/m y/y	Aug			
8:45	FRF	Industrial production	m/m y/y	Jul	-0.5% ...		1.30% -0.40%
9:00	DKK	CPI	m/m y/y	Aug	0.10% 0.80%		-0.10% 0.80%
10:00	NOK	Consumer prices	m/m y/y	Aug			0.70% 2.20%
10:00	NOK	Producer prices	m/m y/y	Aug			-0.50% -1.70%
10:00	NOK	Core inflation(CPI-ATE)	m/m y/y	Aug	-0.40% 2.30%		0.60% 2.60%
13:00	USD	MBA Mortgage Applications	%				0.20%
23:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%		3.50%		3.50%

Source: Danske Bank Markets

Calendar - continued

Thursday, September 11, 2014					Period	Danske Bank	Consensus	Previous
1:01	GBP	RICS House Price Balance	Index	Aug			47%	49%
1:50	JPY	BSI Large all industry	q/q	3rd quarter				-14.6
3:30	CNY	CPI	y/y	Aug	2.20%	2.20%	2.30%	
3:30	AUD	Employment change	1000	Aug		20.0	-0.3	
3:30	CNY	PPI	y/y	Aug		-1.10%	-0.90%	
8:00	SEK	PES Unemployment	%	Aug			4.30%	
8:00	DEM	HICP, final	m/m/y/y	Aug	0.00% 0.80%	0.00% 0.80%	0.00% 0.80%	
8:45	FRF	HICP	m/m/y/y	Aug	... 0.4%		-0.40% 0.60%	
9:30	SEK	CPI	m/m/y/y	Aug	-0.20% -0.30%		-0.30% 0.00%	
9:30	SEK	Unemployment	%	Aug			7.10%	
9:30	SEK	Unemployment s.a.	%	Aug			7.70%	
9:30	SEK	Underlying inflation CPIX	m/m/y/y	Aug	-0.10% 0.40%		-0.20% 0.60%	
10:00	EUR	ECB monthly report						
14:30	USD	Initial jobless claims	1000					
20:00	USD	Budget statement	USD bn	Aug		-132.5		
21:00	EUR	ECB's Draghi speaks						
Friday, September 12, 2014					Period	Danske Bank	Consensus	Previous
-	EUR	Ireland's debt rating may be published by Moody's						
-	EUR	Ecofin meeting in Milan						
-	EUR	Greece sovereign debt rating may be published by Moody's						
6:30	JPY	Industrial production, final	m/m/y/y	Jul			0.20% -0.90%	
8:05	JPY	BoJ Kuroda speaks						
9:00	ESP	HICP	m/m/y/y	Aug	... -0.5%		-1.50% -0.50%	
10:00	ITL	Industrial production	m/m/y/y	Jul	-0.5% ...		0.90% 0.40%	
11:00	ITL	HICP, final	m/m/y/y	Aug	... -0.20%		... -0.20%	
11:00	EUR	Industrial production	m/m/y/y	Jul	0.7% ...	0.50% ...	-0.30% 0.00%	
12:00	EUR	ECB announces 3-year LTRO repayment						
14:30	USD	Retail sales less autos	m/m	Aug	0.10%	0.20%	0.10%	
14:30	USD	Retail sales less autos and gas	m/m	Aug	0.40%		0.10%	
14:30	USD	Retail Sales	m/m	Aug	0.60%	0.30%	0.00%	
14:30	USD	Import prices	m/m/y/y	Aug		-0.80% ...	-0.20% 0.80%	
15:55	USD	University of Michigan Confidence, preliminary	Index	Sep	85.0	83.0	82.5	

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Source: Danske Bank Markets

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