

Weekly Focus

Inflation pressure still missing

Market movers ahead

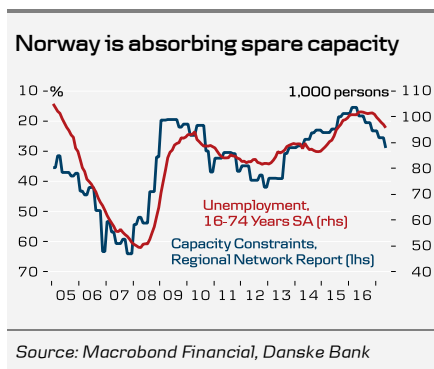
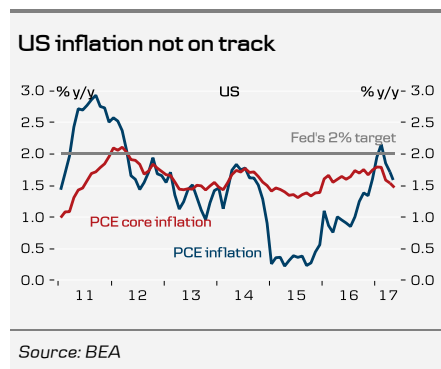
- Inflation readings for both the US and the euro area will be clearly below central bank targets, both on actual and core measures.
- European growth indicators have remained high while others have weakened, but we expect to start seeing a decline in IFO numbers this week.
- China’s official PMI may start to show more weakness.
- We are optimistic on Swedish exports this year, and hopefully that will be reflected in the upcoming trade data.
- Lower unemployment and higher consumer spending could add to the increasing optimism in Norway.

Global macro and market themes

- Supply/demand dynamics suggest the oil price may fall further near term.
- Falling inflation expectations are driven by weaker demand and the lack of a monetary policy response.
- A hard Brexit is still the most likely outcome.
- Stay tactically long USD, slightly bearish equities.
- Expect core global yields to range trade, possibly with a slight upside bias in the US

Focus

- *The NOK strengthened as Norges Bank removed the probability of a rate cut, 22 June.*




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Financial views			
Major indices			
	23-Jun	3M	12M
10yr EUR swap	0.72	0.85	1.15
EUR/USD	112	109	118
ICE Brent oil	45	53	61
	23-Jun	6M	12-24M
S&P500	2435	5-10%	10-15%

Source: Danske Bank

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Market movers

Global

- In the **US**, Friday of the coming week brings PCE inflation figures for May. PCE inflation has fallen quite substantially over the past couple of months and PCE core inflation read 1.5% y/y in April. The May print of the CPI figures indicates that headline PCE was unchanged in May (0.0% m/m), implying 1.5% y/y, which is also our estimate. We estimate core PCE increased by 0.1% m/m and 1.5% y/y. On Thursday, we are due to receive the third release of GDP figures for Q1 and we expect no revisions compared with both the first and second releases of 1.2% q/q AR. Chicago PMI for June is due on Friday. Although ISM manufacturing has been declining since the beginning of this year, the Chicago PMI has kept on rising. We expect it to start moving more in line with ISM manufacturing, so we expect a fall to 58.0. On Monday, we are set to receive core capex goods orders for May. The new orders component has levelled off recently, in line with the general cooling of the manufacturing sector. We estimate a slight increase of 0.2% m/m in goods orders in May. Finally, Conference Board consumer confidence for June and the final numbers of University of Michigan consumer confidence for June are due on Tuesday and Friday, respectively. Consumer confidence has been declining since it peaked early in the spring but is still at very high levels. Hence, we estimate Conference Board consumer confidence fell to 116.0 in June.

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

- In the **euro area**, the first release of interest is the German ifo expectation, due for release on Monday. The ifo expectation increased from 105.2 in April to 106.5 in May, which is its highest level since February 2014. We expect this figure to decline to 106.1 in June, as the German ZEW and Sentix have both declined in June, and the weakening business cycle indicators in the US and China could still weigh on the German business expectation.

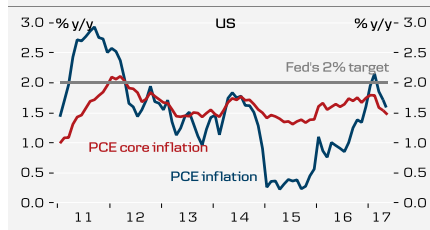
On Wednesday, we are due to get data on M3 money supply growth and loan growth for May in the euro area. While we estimate M3 continued showing around 5% yearly growth, we believe loan growth continued its upward trend. In particular, adjusted loans to NFCs increased from 1.9% in February to 2.4% in April. We estimate it increased further in May, as credit demand continued to increase.

German retail sales for May are due for release next week. Retail sales declined 0.2% m/m in April, following two months with monthly growth of 1.1% and 0.2% in February and March respectively. We estimate an increase of 0.3% in May.

Friday also brings us the German unemployment figure for May. For six consecutive months, the harmonised German unemployment rate has been 3.9% and we estimate this figure remained unchanged in May (note the non-harmonised figure should be unchanged at 5.7%).

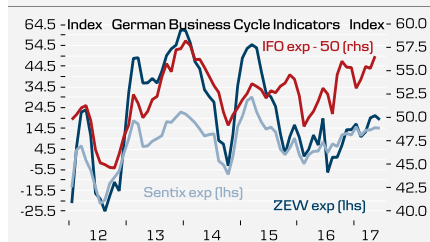
Most importantly, euro area HICP inflation figures for June are also due to be released on Friday. Headline inflation jumped to 1.9% due to Easter in April and fell back to 1.4% in May. We estimate a further decrease to 1.2% in June, mainly because the support from energy price inflation is wearing off on the back of the latest decline in the oil price. However, looking beyond energy prices, underlying price pressure is still not picking up, meaning inflation is not yet close to showing a sustained convergence to 2%. This should be reflected in core inflation, which we believe will show a minor increase to 1.0% in June and remain at this level for several months. Note that the German inflation figure is due to be released on Thursday.

PCE inflation significantly below Fed target



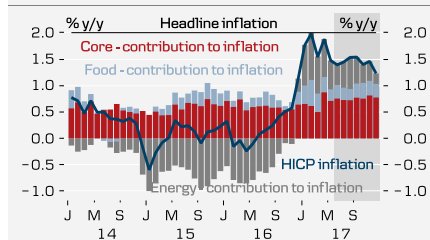
Source: BEA

Ifo declining in June



Source: Ifo, ZEW, Sentix, Danske Bank Markets

Headline inflation set to decrease over remainder of 2017



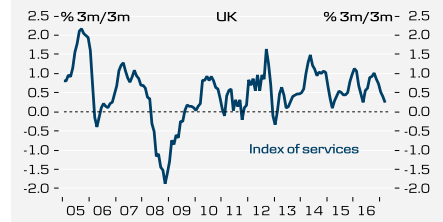
Source: Eurostat, Danske Bank Markets

- In the **UK**, focus remains on Brexit and the political situation but the coming week also brings a few important data releases. The index of services for April is due for release on Friday and it will give us a first indication of GDP growth in Q2. The growth in the index of services has been declining for some time and falling real wages will continue to be a negative drag on private consumption and, hence, service production. The fall in real wages is also evident in consumer confidence and, in our view, GfK consumer confidence for June, released on Friday, is likely to continue signalling that consumers are not very optimistic.
- The key release in **China** next week is official PMI manufacturing, where we see some downside risk. PMI was broadly flat in May but the private version of PMI from Caixin showed a big fall and most of our leading indicators show a clear loss of momentum in Chinese manufacturing. One of these indicators is electricity generation (see chart on the right). We continue to see downside risks to Chinese growth this year following the policy tightening that started in mid-2016 and was strengthened in early spring with the crackdown on shadow finance. In particular, we expect construction and infrastructure growth to slow down.

Scandi

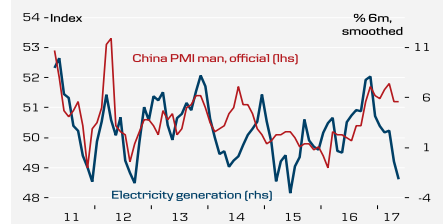
- In **Denmark**, Tuesday brings figures for retail sales in May. Consumer finances are currently enjoying strong support from rising employment, low interest rates, higher property prices and, not least, rising real wages. Therefore, there should be scope for consumers to continue loosening their purse strings. Business confidence data follow on Thursday and we are excited to see whether sentiment has bounced back in June, after falling in May. Thursday also brings foreign portfolio investments and securities statistics for May.
- In **Sweden**, the week ahead has quite a few interesting sets of data. The first out is the trade balance and PPI data (both released on Tuesday at 09:30 CEST). Given the improvement in export indicators over the past few months, we would need to see some strong export numbers to remain positive on the outlook for exports. On Thursday (at 09:30 CEST), Statistics Sweden is scheduled to publish retail sales and financial market statistics (including household credit growth) and we see little reason to expect anything but decent numbers, with the downward trend in credit growth intact.
- In **Norway**, the week's most important release is NAV unemployment for June. Unlike the Labour Force Survey data, the NAV measure has been falling steadily so far this year, which – as we keep saying – ties in better with the rest of the picture we are getting of the economy and the labour market. Unemployment has actually fallen surprisingly far and in May it was down at levels not expected by Norges Bank until after summer 2018. We see this as a clear sign that capacity utilisation is rising and that activity is normalising. We estimate an unchanged jobless rate of 2.6% in June, with gross unemployment falling by 400 people m/m. The decline in inflation over the past six months has considerably increased households' purchasing power and is probably the main reason retail sales picked up from -1% y/y in January to almost 2% in May. Lower unemployment, higher property prices and a general rise in consumer confidence, together with higher real wages, mean that the risk of a fresh downturn in consumer spending is limited. The data do tend to be volatile from month to month but we estimate moderate growth of 0.2% m/m.

Service sector struggling



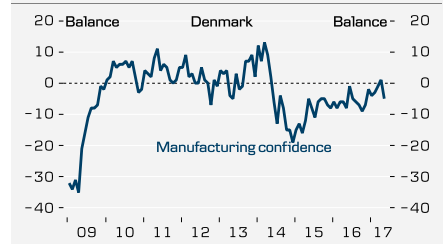
Source: ONS Database

China PMI heading lower



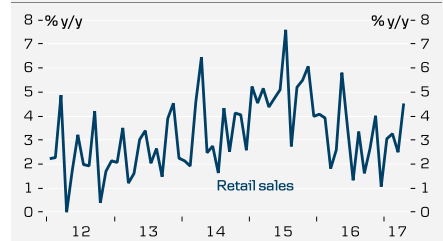
Source: Reuters EcoWin

Manufacturing confidence took a dive in May



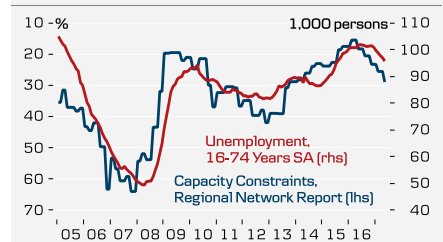
Source: Statistics Denmark

Retail trade has grown since the start of the year



Source: Statistics Sweden, Danske Bank

Capacity utilisation increasing



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers			Event	Period	Danske	Consensus	Previous		
Mon	26-Jun	10:00	DEM	IFO - expectations	Index	Jun	106.1	106.4	106.5
Tue	27-Jun	16:00	USD	Conference Board consumer confidence	Index	Jun	116.0	115.0	117.9
Thurs	29-Jun	14:00	DEM	HICP, preliminary	m/m y/y	Jun	.. 1.3%	0.0% 1.3%	-0.2% 1.4%
Fri	30-Jun	3:00	CNY	PMI manufacturing	Index	Jun		51.0	51.2
		11:00	EUR	HICP inflation, preliminary	y/y	Jun	1.2%	1.3%	1.4%
		14:30	USD	PCE core	m/m y/y	May	0.1% 1.5%	0.0% 1.4%	0.2% 1.5%
Scandi movers									
Thurs	29-Jun	9:30	SEK	Retail sales s.a.	m/m y/y	May	0.0% 1.6%	0.1% 1.6%	1.3% 4.5%
Fri	30-Jun	8:00	NOK	Retail sales, s.a.	m/m	May	0.2%	0.1%	0.2%
		9:30	SEK	Wages (blue collars/white collars)	y/y	Apr			2.2%
		10:00	NOK	Unemployment	%	Jun	2.6%	2.6%	2.6%

Source: Bloomberg, Danske Bank Markets

Global Macro and Market Themes

Oil, inflation expectations and the cycle

Low inflation expectations due to weak demand, monetary policy

The oil price grabbed the headlines again this week, reaching the lowest level since November last year. As usual, there is lot of attention on oil supply stories with increasing production out of Libya catching the headlines. We have yet to see a significant cut in the number of US rig counts (see Chart 1), while US oil production appears to be topping out (Chart 2). From the supply side there is hence nothing to suggest that the oil price should stabilise just yet. Moreover, the oil price is in our view primarily reacting to slowing global demand, particularly in China and the US. The speculative community is still long oil according to IMM data. **We could see the oil price fall further in coming weeks.**

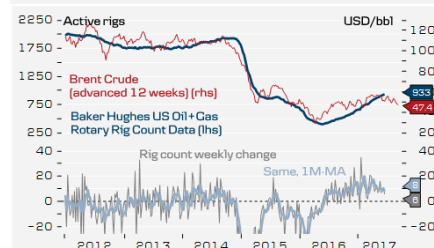
Meanwhile, longer-term inflation expectations in the US and the eurozone in the form of 5Y5Y inflation swaps continue to edge lower. Occasionally, the market tends to focus on the correlation between the oil price and longer-term inflation expectations. Theoretically, this does not make sense. The oil price can affect short-term inflation expectations given its impact on actual inflation but not longer-term inflation expectations, as the inflationary impact of oil price changes drops out of y/y inflation after one year. Instead, the correlation between the oil price and longer-term inflation expectations is either due to changes in risk premiums and risk aversion or due to common macroeconomic factors such as changes in aggregate demand or the credibility of monetary policy. **We believe in the latter, arguing that the fall in the global industrial cycle in addition to the lack of a monetary policy response from the major central banks have been the driving forces behind the fall in inflation expectations and the oil price.**

On China, there are early signs of a stabilisation in financial stress but the recent tightening should slow the economy in H2 17. The economic surprise index in the US has reached the most extreme negative level levels since mid-2011. However, the economy is not falling off a cliff and it appears that consumer spending picked up in Q2. **The weakness in the USD in 2017 should impact the US economy positively later this year (Chart 3).**

Key points

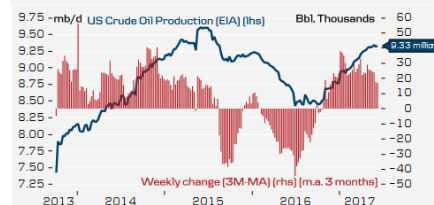
- Supply/demand dynamics suggest the oil price may fall further near term
- Falling inflation expectations are driven by weaker demand and lack of monetary policy response
- A hard Brexit is still the most likely outcome
- Stay tactically long USD, slightly bearish equities
- Expect core global yields to range trade with a possibly slight upside bias in the US

Chart 1. US rig counts are still rising...



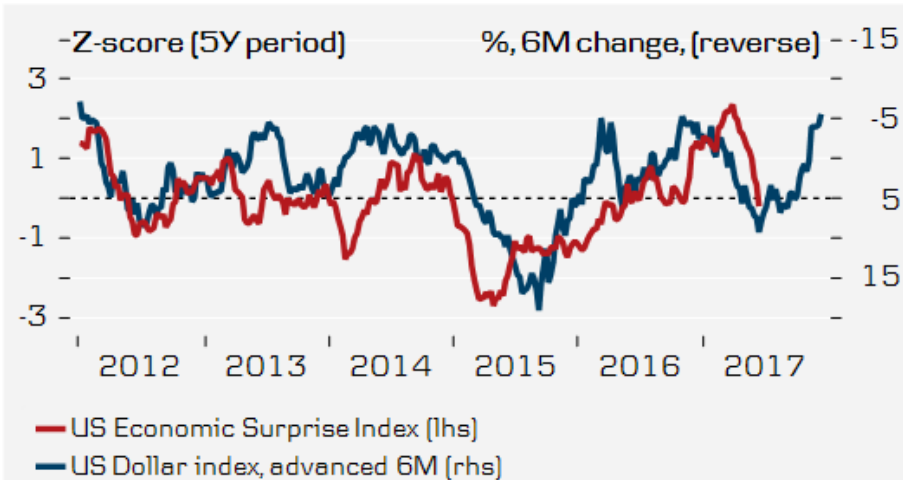
Source: Macrobond Financial, Danske Bank

Chart 2. ...but US oil production appears to be topping out



Source: Macrobond Financial, Danske Bank

Chart 3. The weaker USD should support the US economy in H2



Source: Macrobond Financial, Danske Bank

On Brexit, the situation in UK politics is increasingly chaotic. The EU will confront the UK in terms of the Brexit negotiations from a position of unity and strength, particularly given the likely strong partnership of Macron and Merkel. We still believe that a hard Brexit, where the UK leaves both the Single Market and the Custom Union, is the most likely scenario. However, the road to a 'hard Brexit' can take many forms and there is certain to be many speed-bumps along the way. The Brexit negotiations are obviously essential for the UK where there is increasing evidence of a hit to the economy through the collapse in real wages. However, we do not view the Brexit negotiations as a very destabilising factor for the eurozone neither economically nor politically.

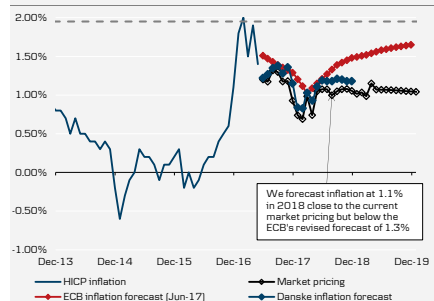
What do all the factors above imply for asset prices? **We are looking for a final dip lower in EUR/USD as the slowdown in US and China spills over to the eurozone** (see Chart 4). We stress that this is a short-term view and the bigger move will be a substantial shift higher in EUR/USD on 6M-12M when we move closer to an exit for the ECB. We expect EUR/GBP to trade in a 0.86-0.90 range near term as the market is likely to continue to price in a hard Brexit for now while the UK economy slows. Global bond yields have edged lower and the market is now very long US Treasuries. Meanwhile, the US Treasury curve has flattened substantially, less so in Germany. In the eurozone, we note the market's continuing disregard of the ECB's inflation forecasts (see Chart 5). Market expectations are now also slightly below our own low inflation forecasts. **We expect US and Germany bond yields to be range-trading over coming months with a possible slight upside bias in the US where economic expectations may be bottoming out. We expect global equities to be caught in a range, as the weaker global cycle is counterweighted by strong earnings, particularly in the eurozone.** We think we are in an interim period between two reflation periods and in this period markets will trade in a range.

Chart 4. Eurozone PMIs should fall as the global cycle has peaked.



Source: Macrobond Financial, Danske Bank

Chart 5. The markets have turned very negative on eurozone inflation



Source: Macrobond Financial, Danske Bank

Table 1: Financial Market Views

Asset class	Main factors
Equities Our short-term trading opportunity stance (0-1 month): Sell on rallies Our strategy stance (3-6M): Neutral on equities vs cash	After riding high on the Trump trade, we turned more cautious in early April. We reiterate that position in this update, with a Neutral stance on equities.
Bond market German/Scandi yields - set to stay in recent range for now, higher on 12M horizon EU curve - 2Y10Y set to steepen when long yields rise again US-euro spread to widen marginally Peripheral spreads - tightening but still some factors to watch	The ECB did not rock the boat at the June meeting and has created a "low volatility and carry friendly environment". Still low core inflation, muted wage growth and an apparent peak in the global manufacturing cycle are set to keep yields low in 2017. QE is set to be supportive for the rest of 2017 at least - too early to price 'tapering'. The ECB still keeps a tight leash on the short end of the curve and with 10Y yields stable, the curve should change little on a 3-6M horizon. Risk is skewed towards a steeper curve earlier than we forecast. The Fed raised rates by 25bp as expected by the market, and announced the initial steps for a QT programme, where the balance sheet is reduced at a very gradual pace. Hence, the impact on the Treasury market is expected to be benign. Inflation and inflation expectations are falling in the US and the market is priced for very modest hiking pace. We see risk on the upside for the latter. Economic recovery, ECB stimuli, better fundamentals, particularly in Portugal and Spain, the French elections will lead to further tightening despite the recent strong move. The EU commission and the Italian Finance minister has reached an agreement in principle on MPS, and thus a model for banking recapitalisation plans in Italy has been presented. Furthermore, the risk of early Italian election has also diminished. Hence, we are entering a summer with stable to tighter spreads between the core and periphery.
FX EUR/USD - summer slide likely, but set to test new highs in H2 EUR/GBP - range-bound for extended period USD/JPY - gradually higher longer term EUR/SEK - range near term, then gradually lower EUR/NOK - range near term, then gradually lower	Fed-ECB policy stances to halt further upside near term and drive move below 1.10 over the summer - but cross is set to test new year highs in H2. Sterling caught in undervalued territory during Brexit negotiations but rising risk of an earlier-than-expected BoE hike. BoJ not ready for exit should cap JPY upside for an extended period; Fed eagerness to tighten to support USD into the summer. Gradually lower on fundamentals and valuation this year but near-term SEK potential limited by the Riksbank. Headwinds near term due to global weakness and low oil prices but longer term NOK should rebound on valuation, growth and real-rate differentials normalising.
Commodities Oil price - range-bound, downside risk Metal prices - range-bound, downside risk Gold price - range-bound Agricultural - rising again	Downside pressure from bearish fundamentals and stronger USD. Approaching a natural floor where US producers forced to scale back on future production increases Underlying support from consolidation in mining industry, industrial cycle nearing a peak. Downside risk from slow down in global growth Tug of war between geopolitical uncertainty and stronger USD Dry weather creating supply concerns. Shrugging off negative impact from lower oil prices and higher USD

Source: Danske Bank

Scandi update

Denmark – strong jobs growth in April

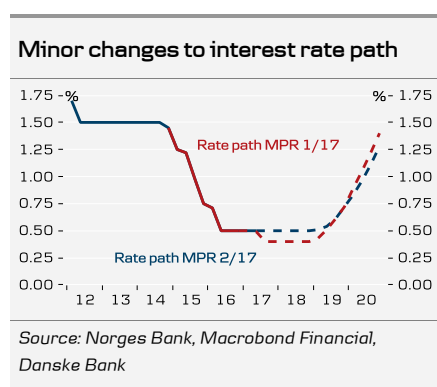
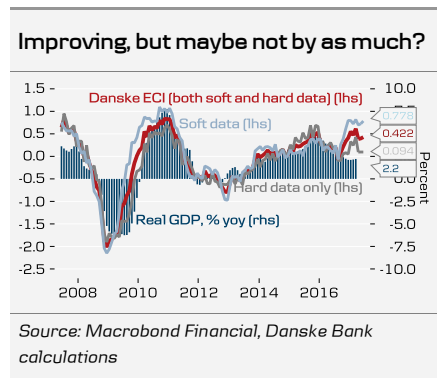
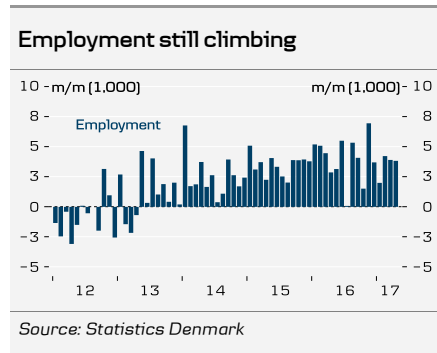
Employment figures for April showed an increase of 3,800 people m/m, mainly in the private sector, where there were improvements across the board. There was also a significant upward revision of previous months' data, with the result that jobs growth so far this year has been very strong. Elsewhere, consumer confidence climbed to 7.1 in June, slightly above our forecast of 6.5, continuing the improvement seen since the start of the year. Households are increasingly positive about the outlook for both their own finances and the Danish economy.

Sweden – I feel good...

Here we sum up recent trends in Swedish data, as we have just received business and consumer confidence from the National Institute for Economic Research (NIER). From what we can see, some kind of pattern has clearly emerged, where from time to time soft data, e.g. survey data, post large shifts in sentiment that are not materialising in hard data, e.g. actual production and sales data. Currently, survey data is very strong, pushing many forecasters into raising their forecasts for the near future. Wary of the risks, we suspect this is again something of a false dawn and believe that Swedish demand will continue to stumble along, posting around 2% y/y growth for the remainder of 2017.

Norway – unchanged rates, neutral bias

As expected, Norges Bank left interest rates alone during the week. The projections in the new monetary policy show unchanged rates ahead rather than the 40% chance of a further cut signalled back in March. As expected, stronger domestic growth and a weak Norwegian krone pushed the rate path up, while lower inflation and global rates pulled in the other direction but the net effect over the next couple of years was positive. With the low level of interest rates increasing uncertainty about the impact of rate changes, the path has been revised up less than new information would indicate. Without this discretionary adjustment, there would have been a 50% chance of a hike as early as this autumn. We are slightly more optimistic than Norges Bank about domestic growth and inflation over the next couple of years and we expect rates to start rising earlier than the central bank is projecting. Based on a simple Taylor rule approach, where interest rates are determined partly by deviation from the inflation target and partly by the output gap, our estimates point to a first hike towards the end of 2018.



Latest research from Danske Bank Markets

22/6 Norges Bank Review: 'Cautiously hawkish' - steeper FRA curve, limited NOK upside

As expected, Norges Bank (NB) this morning left the sight deposit rate unchanged at 0.50%.

20/6 China: Stress easing, but past tightening to be felt next six to nine months

Bond yields are coming off the highs in China in a sign that the stress is easing and China may be taking measures to ease the pain of regulatory tightening.

19/6 Fed's quantitative tightening details: Impact on the balance sheet and reinvestments

In connection with the FOMC meeting last week, it was stated that the Fed expects to decrease reinvestments of the principal payments received from securities held in SOMA.

19/6 Yield Outlook: Range trading in 2017, but risk is skewed to the upside

Monthly yield outlook

19/6 French Election Monitor No. 6: After Macron wins majority, focus turns to reforms

President Emmanuel Macron's party La République en marche (LREM) has secured an absolute majority in the National Assembly and focus will now revert to implementation of his planned reforms.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-ploym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2016	1.3	1.9	-0.1	5.2	-0.4	1.7	2.4	0.3	4.2	-0.9	37.8	7.9
	2017	1.9	2.2	0.9	0.2	0.3	3.7	2.4	1.1	4.3	-1.1	36.4	8.3
	2018	1.7	2.1	0.8	4.1	-0.2	2.4	3.0	1.4	4.3	-0.3	35.0	8.1
Sweden	2016	3.2	2.4	2.9	5.3	0.0	3.5	3.8	1.0	6.9	0.9	41.3	5.1
	2017	1.8	1.5	0.3	4.6	-0.4	3.2	2.8	1.7	6.7	0.3	39.5	5.3
	2018	1.9	1.4	1.6	3.1	0.0	3.3	3.3	1.4	6.6	0.0	39.3	5.2
Norway	2016	0.9	1.6	2.3	0.3	0.3	3.5	-8.2	3.6	3.0	-	-	-
	2017	2.0	2.0	2.0	2.6	-0.2	3.5	0.9	2.2	2.7	-	-	-
	2018	2.3	2.3	2.0	2.8	-0.1	3.5	2.5	2.0	2.6	-	-	-

Macro forecast, Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-ploym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euroland	2016	1.7	1.9	1.8	3.5	-	2.9	4.0	0.2	10.0	-1.5	89.2	3.3
	2017	1.7	1.4	1.2	4.3	-	4.0	5.5	1.5	9.3	-1.4	90.4	3.0
	2018	1.6	1.2	1.1	3.6	-	3.6	4.0	1.1	8.7	-1.4	89.2	2.9
Germany	2016	1.8	1.8	4.0	2.1	-	2.4	3.6	0.4	4.2	0.8	68.3	8.5
	2017	1.9	1.2	2.4	2.7	-	4.1	5.0	1.7	3.8	0.5	65.8	8.0
	2018	1.9	1.4	1.9	4.4	-	4.0	4.8	1.5	3.8	0.3	63.3	7.6
France	2016	1.1	1.8	1.4	2.7	-	1.2	3.5	0.3	10.1	-3.4	96.0	-2.3
	2017	1.1	1.1	1.2	2.4	-	1.9	4.4	1.2	9.9	-3.0	96.4	-2.4
	2018	1.2	1.0	1.1	3.0	-	3.0	3.5	1.3	9.7	-3.2	96.7	-2.5
Italy	2016	1.0	1.3	0.6	3.1	-	2.6	3.1	-0.1	11.7	-2.4	132.6	2.6
	2017	1.0	0.8	0.7	3.3	-	4.3	4.8	1.6	11.5	-2.2	133.1	1.9
	2018	1.3	0.8	0.7	3.6	-	3.5	3.5	1.2	11.4	-2.3	132.5	1.7
Spain	2016	3.2	3.2	0.8	3.1	-	4.4	3.3	-0.3	19.6	-4.5	99.4	1.9
	2017	2.7	2.4	0.8	3.0	-	4.0	2.9	2.0	17.7	-3.2	99.2	1.6
	2018	2.2	2.0	1.2	4.7	-	3.6	4.6	1.0	16.1	-2.6	98.5	1.6
Finland	2016	1.4	2.0	0.5	5.2	-	0.5	2.5	0.4	8.8	-1.9	63.6	-1.1
	2017	2.8	2.0	-0.2	6.0	-	7.0	5.0	0.9	8.4	-2.1	64.0	-1.1
	2018	1.5	1.0	0.2	2.5	-	3.0	2.5	1.0	7.9	-1.8	64.2	-0.9

Macro forecast, Global

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Stock build. ²	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Unem-ploym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2016	1.6	2.7	0.8	0.7	-0.4	0.4	1.1	1.3	4.9	-3.2	106	-2.6
	2017	2.0	2.2	0.1	5.0	-0.1	2.8	4.0	2.2	4.5	-2.9	106	-2.7
	2018	1.9	1.7	1.0	4.5	0.0	2.4	3.0	1.9	4.3	-2.7	107	-3.3
China	2016	6.7	-	-	-	-	-	-	2.0	4.1	-3.0	46.3	2.4
	2017	6.3	-	-	-	-	-	-	2.0	4.3	-3.3	49.9	2.1
	2018	6.0	-	-	-	-	-	-	2.0	4.3	-3.0	53.3	1.5
UK	2016	2.0	2.8	0.8	0.9	0.5	1.0	2.7	0.7	4.9	-3.6	88.7	-5.0
	2017	1.2	1.7	0.2	0.3	0.3	1.7	2.4	2.3	5.0	-2.9	89.2	-4.9
	2018	1.0	1.0	0.4	0.7	0.0	2.8	2.0	2.6	5.3	-2.2	88.7	-3.3

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

Financial forecast

Bond and money markets

		Key int. rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	23-Jun	1.25	1.29	1.54	2.11	111.7	-	665.7
	+3m	1.25	1.38	1.70	2.25	109.0	-	682.6
	+6m	1.50	1.60	1.85	2.35	112.0	-	664.3
	+12m	1.75	1.90	2.25	2.70	118.0	-	630.5
EUR	23-Jun	0.00	-0.33	-0.18	0.72	-	111.7	743.7
	+3m	0.00	-0.35	-0.10	0.85	-	109.0	744.0
	+6m	0.00	-0.35	-0.05	0.90	-	112.0	744.0
	+12m	0.00	-0.35	0.00	1.15	-	118.0	744.0
JPY	23-Jun	-0.10	0.00	0.04	0.24	124.3	111.3	5.98
	+3m	-0.10	-	-	-	122.1	112.0	6.09
	+6m	-0.10	-	-	-	129.9	116.0	5.73
	+12m	-0.10	-	-	-	136.9	116.0	5.44
GBP	23-Jun	0.25	0.29	0.62	1.11	87.9	127.1	846.3
	+3m	0.25	0.31	0.55	1.25	87.0	125.3	855.2
	+6m	0.25	0.31	0.55	1.35	87.0	128.7	855.2
	+12m	0.25	0.31	0.55	1.75	87.0	135.6	855.2
CHF	23-Jun	-0.75	-0.73	-0.60	0.13	108.4	97.0	686.0
	+3m	-0.75	-	-	-	110.0	100.9	676.4
	+6m	-0.75	-	-	-	112.0	100.0	664.3
	+12m	-0.75	-	-	-	115.0	97.5	647.0
DKK	23-Jun	0.05	-0.23	0.00	0.95	743.7	665.7	-
	+3m	0.05	-0.20	0.10	1.10	744.0	682.6	-
	+6m	0.05	-0.20	0.15	1.15	744.0	664.3	-
	+12m	0.05	-0.20	0.20	1.40	744.0	630.5	-
SEK	23-Jun	-0.50	-0.51	-0.33	1.02	976.2	873.7	76.2
	+3m	-0.50	-0.48	-0.35	1.10	960.0	880.7	77.5
	+6m	-0.50	-0.48	-0.35	1.30	950.0	848.2	78.3
	+12m	-0.50	-0.48	-0.25	1.50	930.0	788.1	80.0
NOK	23-Jun	0.50	0.86	1.11	1.81	947.0	847.7	78.5
	+3m	0.50	0.90	1.20	1.95	930.0	853.2	80.0
	+6m	0.50	0.90	1.25	2.00	910.0	812.5	81.8
	+12m	0.50	0.90	1.35	2.30	900.0	762.7	82.7

Equity Markets

Regional		Risk profile 3mth	Price trend 3mth	Price trend 12mth	Regional recommendations
USA (USD)	Growth boost: fisc. expansion, tax cuts, infl./growth-impulse	Medium	5-10%	10-15%	Overweight
Emerging markets (local ccy)	Hurt by stronger USD and increased protectionism	Medium	-5-0%	-5-+5%	Underweight
Japan (JPY)	Valuation and currency support	Medium	5-10%	10-15%	Overweight
Euro area (EUR)	Stronger EPS and GDP momentum	Medium	0-5%	0-5%	Underweight
UK (GBP)	Currency support, stronger infl. exp. off-set Brexit negativity	Medium	3-8%	5-10%	Neutral
Nordics (local ccy)	Currency support on earnings, continued domestic demand	Medium	3-8%	5-10%	Neutral

Commodities

	22-Jun	2017				2018				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018
NYMEX WTI	42	52	48	48	52	55	57	58	59	50	57
ICE Brent	45	55	51	50	54	56	57	58	59	52	58
Copper	5,742	5,855	5,670	5,700	5,800	5,900	6,000	6,050	6,100	5,756	6,013
Zinc	2,640	2,789	2,580	2,500	2,400	2,300	2,300	2,300	2,300	2,567	2,300
Nickel	9,005	10,321	9,230	9,500	10,000	10,500	10,750	11,000	11,000	9,763	10,813
Aluminium	1,867	1,858	1,910	1,800	1,800	1,800	1,800	1,810	1,820	1,842	1,808
Gold	1,253	1,219	1,260	1,200	1,210	1,220	1,230	1,240	1,250	1,222	1,235
Matif Mill Wheat (€/t)	176	170	168	168	170	169	167	168	168	169	168
Rapeseed (€/t)	358	415	375	390	410	410	400	400	390	397	400
CBOT Wheat (USD/bushel)	462	429	435	475	500	510	520	530	540	460	525
CBOT Soybeans (USD/bushel)	918	1,021	944	1,000	1,000	1,025	1,025	1,050	1,050	991	1,038

Source: Danske Bank Markets

Calendar

Key Data and Events in Week 26

During the week				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m y/y	May	0.3% ...	0.4% 4.3%	-0.2% -0.9%
Sun 25	USD	Fed's Dudley (voter, dovish) speaks					
Monday, June 26, 2017				Period	Danske Bank	Consensus	Previous
-	EUR	ECB forum in Sintra					
6:20	USD	Fed's Williams (non-voter, neutral) speaks					
7:00	JPY	Leading economic index, final	Index	Apr			104.5
10:00	DEM	IFO - business climate	Index	Jun	114.4	114.4	114.6
10:00	DEM	IFO - current assessment	Index	Jun	123.2	123.3	123.2
10:00	DEM	IFO - expectations	Index	Jun	106.1	106.4	106.5
14:30	USD	Core capital goods orders, preliminary	%	May	0.2%	0.3%	0.1%
Tuesday, June 27, 2017				Period	Danske Bank	Consensus	Previous
-	EUR	ECB forum in Sintra					
3:30	CNY	Industrial profits	y/y	May			14.0%
9:00	DKK	Retail sales	m/m y/y	May			0.3% -0.8%
9:30	USD	Fed's Williams (non-voter, neutral) speaks					
9:30	SEK	PPI	m/m y/y	May			-0.3% 7.2%
9:30	SEK	Trade balance	SEK bn	May	-2.5		-2.6
16:00	USD	Conference Board consumer confidence	Index	Jun	116.0	115.0	117.9
17:00	USD	Fed's Harker (voter, hawkish) speaks					
23:30	USD	Fed's Kashkari (voter, dovish) speaks					
Wednesday, June 28, 2017				Period	Danske Bank	Consensus	Previous
-	EUR	ECB forum in Sintra					
8:45	FRF	Consumer confidence	Index	Jun		104.0	102.0
9:30	USD	Fed's Williams (non-voter, neutral) speaks					
10:00	EUR	Money supply (M3)	y/y	May	5.0%	4.9%	4.9%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	May		4.9%	4.9%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	May		4.9%	4.9%
11:00	ITL	HICP, preliminary	m/m y/y	Jun	.. 1.4%		-0.1% 1.6%
14:30	USD	Advance goods trade balance	USD bn	May		-65.5	-67.1
16:00	USD	Pending home sales	m/m y/y	May		1.1% ...	-1.3% -5.4%
16:30	USD	DOE U.S. crude oil inventories	K				-2451
Thursday, June 29, 2017				Period	Danske Bank	Consensus	Previous
1:50	JPY	Retail trade	m/m y/y	May		-1.0% 2.8%	1.4% 3.2%
8:00	DEM	GfK consumer confidence	Net. Bal.	Jul		10.5	10.4
9:00	ESP	HICP, preliminary	m/m y/y	Jun	.. 1.4%	-0.2% 1.5%	0.0% 2.0%
9:00	DKK	CB's securities statistics		May			
9:00	DKK	Foreign portfolio investments		May			
9:00	DKK	Confidence indicator, industry, s.a.	Net balance	Jun			1
9:30	SEK	Retail sales s.a.	m/m y/y	May	0.0% 1.6%	0.1% 1.6%	1.3% 4.5%
9:30	SEK	Household lending	y/y	May			7.1%
10:30	GBP	Mortgage approvals	1000	May		63.6	64.6
10:30	GBP	Broad money M4	m/m y/y	May			1.2% 8.2%
11:00	EUR	Business climate indicator	Net bal.	Jun		1.0	0.9
11:00	EUR	Industrial confidence	Net bal.	Jun		2.6	2.8
11:00	EUR	Economic confidence	Index	Jun		109.4	109.2
11:00	EUR	Consumer confidence, final	Net bal.	Jun			
11:00	EUR	Service confidence	Net bal.	Jun		13.0	13.0
14:00	DEM	HICP, preliminary	m/m y/y	Jun	.. 1.3%	0.0% 1.3%	-0.2% 1.4%
14:30	USD	GDP, third release	q/q AR	1st quarter		0.012	0.012
14:30	USD	Initial jobless claims	1000				
19:00	USD	Fed's Bullard (non-voter, dove) speaks					

Source: Danske Bank Markets

Calendar (continued)

Friday, June 30, 2017			Period	Danske Bank	Consensus	Previous
-	EUR	Moody's may publish Spain's debt rating				
-	EUR	Moody's may publish Belgium's debt rating				
1:01	GBP	GfK consumer confidence	Index		-7.0	-5.0
1:30	JPY	CPI - national ex. fresh food	y/y		0.4%	0.3%
1:30	JPY	Unemployment rate	%		2.8%	2.8%
1:30	JPY	Job-to-applicant ratio			1.48	1.48
1:30	JPY	CPI - national	y/y		0.5%	0.4%
1:50	JPY	Industrial production, preliminary	m/m y/y		-3.0% 6.8%	4.0% 5.7%
3:00	CNY	PMI manufacturing	Index		51.0	51.2
3:00	CNY	PMI non-manufacturing	Index			54.5
8:00	NOK	Retail sales, s.a.	m/m	0.2%	0.1%	0.2%
8:00	NOK	Credit indicator (C2)	y/y		5.2%	5.1%
8:45	FRF	Household consumption	m/m y/y			0.5% -0.5%
8:45	FRF	HICP, preliminary	m/m y/y	.. 0.8%	0.0% 0.7%	0.0% 0.9%
9:00	DKK	GDP, final	q/q y/y			0.6% ...
9:00	CHF	KOF leading indicator	Index		102.2	101.6
9:30	SEK	Wages (blue collars/white collars)	y/y			2.2%
9:55	DEM	Unemployment	%	5.7%	5.7%	5.7%
10:00	NOK	Norges Bank's daily FX purchases	m		-850	-850
10:00	NOK	Unemployment	%	2.6%	2.6%	2.6%
10:30	GBP	GDP, final	q/q y/y		0.2% 2.0%	0.2% 2.0%
10:30	GBP	Index of services	m/m 3m/3m		0.2% 0.2%	0.2% 0.2%
11:00	EUR	HICP inflation, preliminary	y/y	1.2%	1.3%	1.4%
11:00	EUR	HICP - core inflation, preliminary	y/y	1.0%	1.0%	0.9%
14:30	USD	PCE headline	m/m y/y	0.0% 1.5%	-0.1% 1.5%	0.2% 1.7%
14:30	USD	PCE core	m/m y/y	0.1% 1.5%	0.0% 1.4%	0.2% 1.5%
14:30	USD	Personal spending	m/m		0.1%	0.4%
14:30	CAD	GDP	m/m y/y			0.5% 3.2%
15:45	USD	Chicago PMI	Index	58.0	58.0	59.4
16:00	USD	University of Michigan Confidence, final	Index		94.5	94.5

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Source: Danske Bank Markets

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