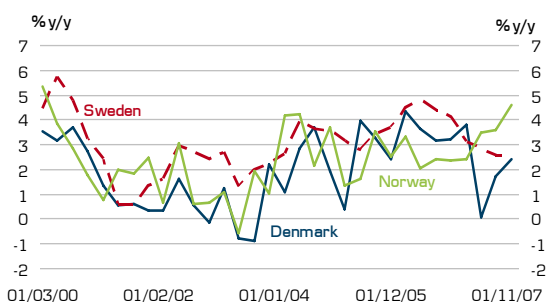


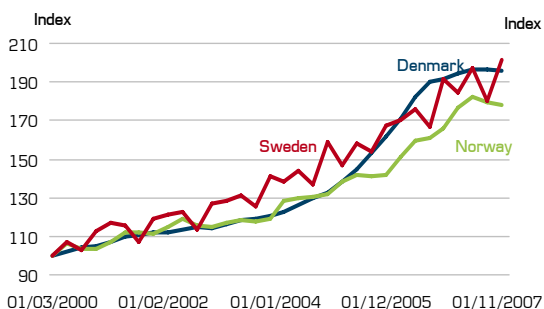
Weekly Focus

April 7 - 13, 2008

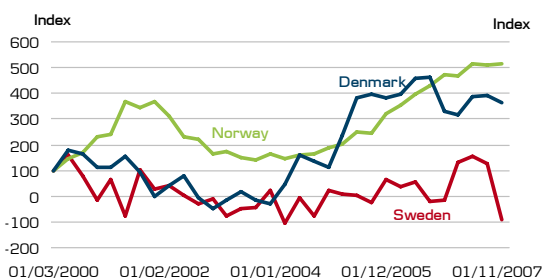
GDP-growth in Scandinavia



Housing market is braking



Sound government surpluses



Recent months have seen strong focus on lower growth in both the US and Europe, not least in the wake of the international credit crisis. But looking at Sweden, Norway and Denmark, it is still hard to see any signs that the crisis has spread to these economies. Growth has been high in recent years – and unemployment has continued to fall. The three Scandinavian countries have made strong economic progress, driven by low interest rates in global terms, favourable exports and a reform and stability-oriented economic policy.

We can still expect growth in Sweden, Norway and Denmark to be affected, but from a strong starting point. In addition, the economic policy leaves a lot of room to manoeuvre if a real crisis strikes. All three countries have sound government surpluses to draw on should economic conditions become critical. So we believe that the Scandinavian economies can weather these turbulent times without too many problems.

If there is one risk factor to which the Scandinavian countries are susceptible, it is the housing markets. House prices have been rising strongly in all three countries. But over the last couple of years this trend has reversed. The number of homes for sale is rising, and in some areas prices are falling. In our view, however, a Scandinavian sub-prime crisis is not on the cards. Mortgages have been granted on the basis of sound credit assessments, and unlike the US market the risk has not been repackaged and sold on. So we expect slower housing markets, but no actual crisis.

On Monday we will publish an updated economic forecast for the three countries.

Ansvarshavende redaktør: Chefanalytiker Steen Bocian, + 45 45 12 85 31, stbo@danskebank.dk

Internet: www.danskebank.dk/danskeanalyse

Denmark

Steen Bocian, Chief Economist, +45 45 12 85 31, stbo@danskebank.dk

Can unemployment continue to fall?

Unemployment fell by another 3,300 in February to a mere 55,400 persons. The jobless rate has now fallen for 31 consecutive months. The obvious question is: how long will this continue?

Our answer is: not much longer. We expect the continuous decline in unemployment to be replaced by minor increases by the end of the summer. Over the past years, there have been clear signs of a slowdown in economic growth, and this will inevitably spill over to unemployment – albeit usually with a certain lag. The shortage of labour in the construction sector has already declined sharply and the expectations of the construction sector have become less optimistic. As a result, confidence in both the industry and the service sectors has also declined.

The reason why unemployment will not soar is first of all that the slowdown in growth so far seems to be moderate. Moreover, the demographic pattern will lead to a fall in the labour force, as the number of people leaving the labour market for age reasons exceeds the number of young people entering it by 10,000-15,000 annually. Against this backdrop, lower employment is not necessarily matched by a similar increase in unemployment. The labour force has become more flexible, as we have been successful in attracting foreign labour from our neighbouring countries during this economic upturn, and a large number of these people are expected to leave the country if jobs in Denmark are cut back. Finally, it should be noted that the Danish economy still expects to be headed for a relatively soft landing – in spite of the turbulence in the global economy. The Danish economy still appears fairly robust, and in times of uncertainty, it should be remembered that there is scope for manoeuvre in economic policy if growth comes under stronger pressure. In 2007, Denmark recorded a surplus on its public finances, which was 7.4% ahead of the minimum requirement in the stability and growth pact.

On Monday we will release an updated economic forecast for Denmark. In our most recent forecast, we expected a marked deceleration in growth – but no actual economic crisis in Denmark.

Unemployment still heading down



Key events of the week ahead

- Revised GDP data for Q4 due on Monday
- Wednesday will see the release of current account data, while the focus is on the continued rise in inflation on Thursday.
- In other words, a hectic week in terms of economic data – by Danish standards.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 07	9:30	DKK GDP, final	q/qly/y 4th quarter		1.9%[0.4%	0.4%[2.0%
Wed 09	9:30	DKK Current account	DKK bn Feb		-0.7	-1.3
Wed 09	9:30	DKK Trade Balance ex ships	DKK bn Feb		1.8	2.3
Thu 10	9:30	DKK CPI	m/mly/y Mar	0.6%[3.3%	0.6%[3.3%	1.2%[3.1%
Thu 10	9:30	DKK HICP	m/mly/y Mar	0.6%[3.4%	0.6%[3.4%	1.0%[3.3%

Sweden

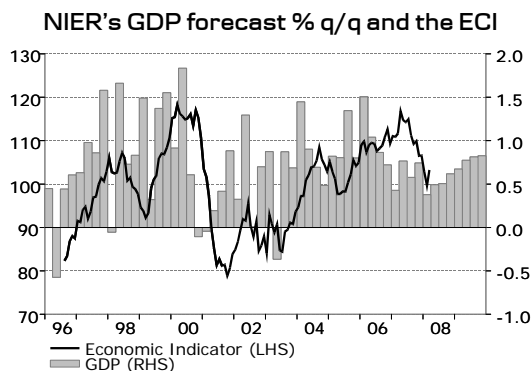
Roger Josefsson, Economist, +46 8 56880558, roger.josefsson@danskebank.se

Succumbing to the state of things

With the previous forecast only two months old, we did not expect the National Institute for Economic Research (NIER) to make any drastic changes. However, it lowered the GDP forecast by more than ½ pp for both 2008 and 2009, and now stands at 2.2% y/y and 2.7 % y/y in calendar adjusted terms. Not only that, inflation was also revised downward even more, and is now in line with its target (CPIX) already in 2009. Saving the best part for last, the NIER now believes that despite SEK 30bn worth of unfinanced fiscal policy measures in its forecast, the Riksbank will still need to cut the interest rate by a total of 50 bp before year-end 2008. In the latest forecast, from January, the NIER expected two additional hikes.

What has brought about this change in views from the NIER? - It seems there are two major changes in the NIER's forecasts: (1) lower growth both internationally and domestically. Lower growth means lower resource utilisation and thus lower inflation; and (2) a slight change of view on the functioning of the economy. Previously the NIER argued that high cost pressures due to ever-rising wage inflation and expectations would lead the economy into a classic cost-push inflation spiral, which the Riksbank had to stave off through continued hikes, despite a weakening of the economy. Now the NIER seems to agree with our long held view that the labour market will bear the brunt of higher wage costs (and lower profits) through lower employment.

With the Finance Minister Anders Borg indicating similar downwards revisions to growth, we find it interesting to see that the institutions are all increasingly adhering to our views on the Swedish economy - both in terms of economic developments and the functioning of the Swedish economy. Even though we are not expecting any major changes from the Riksbank at the upcoming meeting, the Riksbank is becoming ever more isolated in its views on future economic developments.



Key events of the week ahead

- Industrial data; new orders, production etc is paired with new data on the activity index and the AMS unemployment rate.
- In addition, there will be new data on the budget balance

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Thu 10	9:30	SEK Industrial production	m/m/y/y	Feb	0.4% 3.3%	0.2% 3.8%
Thu 10	9:30	SEK Industrial orders	m/m/y/y	Feb		-8.4% 0.7%
Thu 10	10:00	SEK Nat. labour market board, Unemployment	%	Mar	3.1%	3.3%
Fri 11	9:30	SEK Activity index	Index	Feb		122.9

Norway

Arne Lohmann Rasmussen, Senior Analyst, +45 33428532, arne.lohmann@danskebank.dk

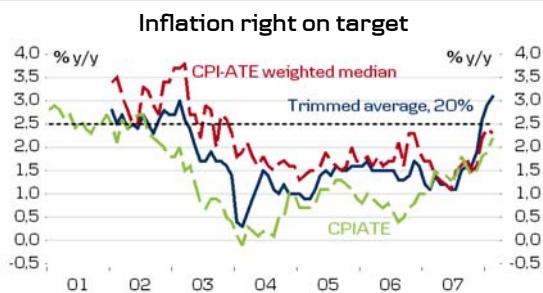
Inflation falls slightly in March ... as expected by the central bank

Last week's data confirmed that the Norwegian economy is still steaming ahead. Unemployment fell 2.3% in January to the lowest level since 1987, retail sales increased 1.7% m/m in February, and credit growth rose 14.2% in the same month. In other words, there are very few signs that the Norwegian economy has been affected by the international financial crisis and the economic slowdown in the US.

Despite high growth, Norwegian inflation has been low for a number of years. However, for a long period we have held the view that 2008 would mark a turning point. The low inflation era is over in Norway, we wrote in January. That inflation is in earnest heading upwards was confirmed in February. Core inflation rose to 2.2% and headline inflation to 3.7%. March is no exception. True, we expect core inflation to decline slightly to 2.1%, but this is merely the result of a significant base effect as the monthly rise in inflation was surprisingly high in 2007. It should be noted that Norges Bank expects inflation to fall to 2.0% in March.

March is one of the months that tend to surprise. The reason is that prices of clothing and footwear have increased after the sales in January and February. We expect clothing and footwear prices to increase by 4.7%. In 2007, the March increase was 5.7%, while in 2006 it was only 2.7%. If prices behave as in 2006, core inflation may fall to 1.9%. Food prices yet again constitute a factor of uncertainty. Prices climbed 2.1% m/m in February due to global food price increases. We are not certain whether we have seen the full effect and expect further price increases in March. Headline inflation is also expected to fall slightly from 3.7% in February to 3.5% as a consequence of slightly lower electricity prices.

If we are to identify a risk to our estimate, it is slightly on the downside. An outcome of 2.0% is not unlikely. However, regardless of whether the figure comes out at 2.0% or 2.1%, it should cement that Norges Bank will hike rates on 23 April in light of the increasing optimism in the financial markets and the recent strong economic data. Actually, we are beginning to consider the likelihood of another rate hike after the summer. In our view, the Norwegian central bank underestimates the inflation trends over the summer.



Key events of the week ahead

- Core inflation is expected to fall from 2.2% to 2.1% in March due to a base effect.
- Headline inflation is expected to decline from 3.7% to 3.5% as a consequence of lower electricity prices

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 07	10:00	NOK Industrial Production, nsa.	m/m y/y	Feb	0.5% 2.4%	1.5% -1.4%
Mon 07	10:00	NOK Manufacturing Production, nsa.	m/m y/y	Feb		0.6% 2.6%
Thu 10	10:00	NOK Consumer prices	m/m y/y	Mar	0.4% 3.5%	0.5% 3.7%
Thu 10	10:00	NOK Core inflation(CPI-ATE)	m/m y/y	Mar	0.5% 2.1%	1.0% 2.2%
Thu 10	10:00	NOK Producer prices, incl oil	m/m y/y	Mar		1.8% 20.1%

Euroland

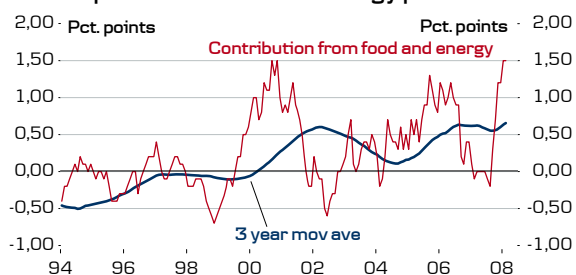
Allan von Mehren, Chief Analyst, +45 4512 80 55, alvo@danskebank.dk

Has the trade off between growth and inflation changed?

Central banks across the world are facing an important dilemma at the moment – the choice between growth and inflation. This is the case for the ECB, which is now faced with an inflation rate of 3.5% and an economy heading for 1% growth in the second half of the year. In the past week the IMF reduced its growth forecast for Euroland to 1.3% this year and 1.1% in 2009 – below our own forecast of 1.4% and 1.5%, respectively. It is interesting that one of the two international organisations that the ECB has often used as a reference (the other being OECD) is raising the warning flag on growth – and raising it quite high. The IMF even went as far as saying that the ECB now has room to ease its monetary policy stance.

The stagflationary environment poses some interesting questions about the ECB's inflation objective of below 2%. Over the last five years we have witnessed a continuous positive contribution from non-core components (food and energy) to inflation. On average these factors have contributed about 0.5% since 2002 which is why ECB has had so much trouble keeping inflation below 2%. High contributions from food and energy are normally regarded as temporary – and hence only a temporary inflation problem. But what if these factors reflect more structural issues with regard to the catching up of Emerging Markets and bottle necks within special sectors in the global economy? Then this problem might not be temporary – but rather of a more permanent character. For inflation to be below 2%, domestically-generated inflation would then have to be 0.5% lower. What should the ECB do then? Hike rates to get domestic inflation 0.5% lower with the risk of creating a recession? Clearly it cannot get oil prices or food prices down by hiking rates? At the moment it actually seems to work the other way around. With Fed cutting and ECB being on hold the dollar is getting weaker and this is leading to a higher oil price, which again keeps inflation elevated. The ECB (and other central banks) are probably having sleepless nights over this. In the short term, the ECB's choice is clear – it has to aim for inflation below 2% which it will reiterate at its policy meeting next week. But in the longer term it will have to consider what to do about an inflation objective that may prove too low to achieve in practice without forcing the economy into a state of chronic recession.

Is impact from food and energy permanent?



This weeks events

- ECB meeting Thursday will be the main event. It will probably stay hawkish with inflation at 3.5% but also mention downside risks to growth
- German industrial production is released Monday. It has been very strong but we expect it to fall soon as demand from both exports and consumption is weakening

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 07	8:45	FRF Trade Balance	EUR bn	Feb	-3.5	-3.4
Mon 07	12:00	DEM Industrial production	m/mly/y	Feb	0.0% 5.3%	1.8% 6.9%
Wed 09	8:00	DEM Trade balance	EUR bn	Feb	15.8	17.1
Wed 09	11:00	EUR GDP, s.a.	q/qly/y	4th quarter	0.4% 2.2%	0.4% 2.2%
Thu 10	8:45	FRF Industrial production	m/mly/y	Feb	0.2% 1.3%	0.5% 2.7%
Thu 10	10:00	ITL Industrial production	m/mly/y	Feb	-0.4% 1.1%	1.3% 0.5%
Thu 10	13:45	EUR ECB rate announcement	%	4.0	4.0	4.0
Fri 11	9:00	ESP CPI	m/mly/y	Mar		0.2% 4.4%
Fri 11	9:00	ESP CPI, core	m/mly/y	Mar		0.3% 3.3%
Fri 11	9:00	ESP HICP	m/mly/y	Mar		0.1% 4.4%

UK

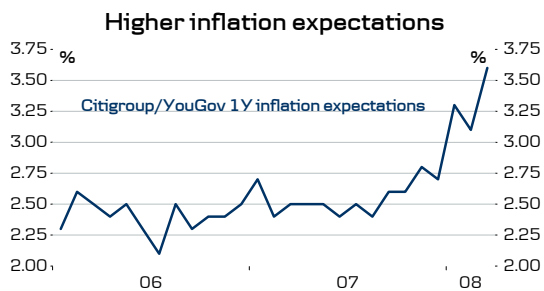
John Hydeskov, Senior Analyst, +45 45 12 84 97, johy@danskebank.dk,

BoE missed the train this time – it has to get on at the next station

The Bank of England (BoE) recently revealed that financial institutions are planning to restrict lending to both households and businesses. This means that the credit squeeze, which has sent the UK economy into a dive towards its lowest growth for 16 years, has intensified. UK banks now forecast a slightly bigger reduction in home loans in Q2 after the supply of home loans fell in Q1. This leads to lower earnings for the banks, a continued decline in housing prices, reduced private consumption and lower investment, and at the end of the day, it could result in lower economic growth. This does not require much arithmetic of the BoE. The question is how many times the central bank wants to go through the calculations?

Inflation expectations have risen lately (see graph) and now clearly surpass the BoE's target of 2% and the 1-3% band that the bank considers comfortable. The higher inflation expectations are primarily based on a combination of high food and energy prices and the most recent GBP weakening. This means that, according to the rules, BoE Governor Mervyn King may have to write a letter to Chancellor Alistair Darling, explaining why the central bank has not been able to maintain price stability. In other words, the BoE may have missed the train this time round and therefore will try to get on at the next station.

However, according to Monetary Policy Committee member Paul Tucker, the limited availability of credit constitutes "a meaningful downwards threat to inflation" and in this connection something "good" may result from the financial crisis. We expect the BoE to finally realise that it cannot do anything about the rising prices in the short term, that inflation will fall back to an acceptable level and that the BoE can after all ease monetary policy to support the economy. We expect a 25bp cut to 5.00% on 10 April and subsequently 25bp cuts at the meetings following inflation reports, which will be in May, August and November.



Key events of the week ahead

- 9 April: Both the industrial and manufacturing output data are expected to bounce back in February after a very weak January performance.
- 10 April: Trade balance expected to remain deeply in the red
- 10 April: The market is divided over what will be outcome of the Bank of England's rate decision. We expect a 25bp rate cut to 5.00%

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Fri 04 - 11	-	GBP HBOS House Prices	m/m/q/y	Mar	-0.2% 2.4%	-0.3% 4.2%
Wed 09	1:01	GBP Nationwide consumer confidence	Index	Mar		78
Wed 09	10:30	GBP Industrial Production	m/m/y/y	Feb	0.1% 1.1%	-0.1% 0.4%
Wed 09	10:30	GBP Manufacturing production	m/m/y/y	Feb	0.0% 1.5%	0.4% 0.6%
Thu 10	1:01	GBP NIESR GDP Estimate	%	Mar		0.5
Thu 10	10:30	GBP Visible trade balance	GBP bn.	Feb	-7550	-7503
Thu 10	10:30	GBP Trade balance non-EU	GBP bn.	Feb	-4300	-4292
Thu 10	10:30	GBP Total trade balance	GBP bn.	Feb	-4200	-4102
Thu 10	13:00	GBP BoE rate announcement	%	5.00	5.00	5.25

Switzerland

Kasper Kirkegaard, Analyst, + 45 45 43 70 18, kaki@danskebank.dk

Niels Blomquist, Assistant Analyst, + 45 45 42 81 57, niblo@danskebank.dk

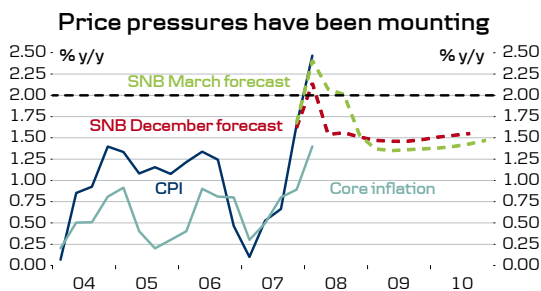
Updated interest-rate forecast

On 1 April, we published our new interest rate forecast for the Swiss National Bank (SNB), with the 12-month forecast now also covering the Q1 monetary policy meeting in March 2009. We still expect both economic growth and inflation to moderate sufficiently for the SNB to ease monetary policy this year. The recent strengthening of the Swiss franc has reinforced this expectation, since a stronger currency dampens both growth and inflationary pressures. The nominal effective exchange rate has risen by almost 9% since November 2007. All other things being equal, this means that exports will come under pressure. Moreover, we expect that the slowdown in Euroland will unavoidably impact on the Swiss economy since around 60% of Swiss exports are to Euroland. We therefore expect the SNB to cut the policy rate by 25bp at both the December meeting this year and the March meeting next year. This will bring the three-month LIBOR target rate to 2.25% in 12 months.

On Friday, inflation data for March was announced and showed that the inflationary pressure has not yet subsided. Headline CPI rose by 2.6% y/y from 2.4% y/y in February, slightly exceeding the market expectation. However, the high inflation is primarily due to higher oil prices and when disregarding petroleum products, consumer prices rose by only 1.5% y/y. The March inflation data thus brings Q1 inflation to 2.5% y/y, only slightly higher than the latest SNB inflation forecast of 2.4% y/y. Like the SNB, we still expect the inflationary pressure to diminish over the course of the year, as base effects become favourable, energy prices are expected to moderate, the stronger CHF begins to affect pricing, and the Swiss economy in general sees lower growth.

Next week's calendar is relatively empty for Switzerland. The only important economic data to be released is March unemployment, which will be published on Monday. The leading KOF indicator has traced a falling trend for the past eight months, which, added to other recent data, points to an emerging slowdown in the economy. However, the labour market has stood firm and there are as yet no signs of weakness in either unemployment or employment. Given that unemployment traditionally lags economic activity and that Q4 GDP was strong, there is still room for the labour market to tighten further.

During the past weeks, CHF/DKK has trended slightly lower and now trades at 4.71. The Swiss franc has thus depreciated by almost 3% against DKK since its recent peak at 4.85 in mid-March when Bear Stearns was taken over. However, we continue to expect that global financial deleveraging, and general outperformance by the Swiss economy relative to Euroland, will bring support to CHF. We still expect CHF/DKK to reach 4.84 in three months' time.



Key events of the week ahead

- Unemployment figures will be released on Monday. The consensus expectation is an unchanged rate of 2.5%, when adjusted for seasonal fluctuation. We do not expect any market impact.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 07	7:45	CHF Unemployment, s.a.	Mar		2.5	2.5

US

Peter Passing Andersen, Senior Analyst, +45 33437019, pa@danskebank.dk

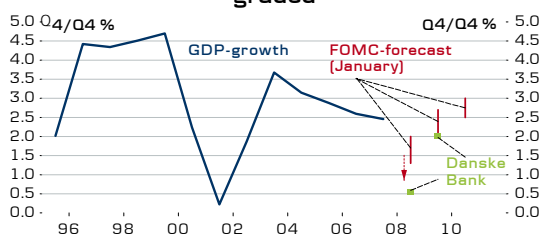
Is Bernanke about to pause?

In the past week Fed chairman Ben Bernanke presented his semi-annual testimony to Congress. Generally, the testimony did not uncork any surprises. Still there was a bit of new information, which may provide some indications about the minutes from the FOMC meeting in March due to be released in the coming week. First of all, Bernanke acknowledged that growth prospects had deteriorated further since the January meeting when the FOMC members expected growth of 1.3-2.0% Q4/Q4 in 2008 and 2.1-2.7% Q4/Q4 in 2009. Moreover, Ben Bernanke for the first time mentioned the possibility that the US economy is recession-bound in H1 08. Overall, he painted a bleaker picture of the economy on the back of the financial problems, the continued downturn in the housing market, the high food and energy prices and the tight credit conditions. Thus, there are prospects of a downward revision of the growth estimates for 2008 and possibly also for 2009 when the new estimates from the FOMC members are in connection with minutes from the April FOMC meeting.

Despite the bleaker outlook, the Fed chairman was reluctant as to the number of prospective rate cuts. Thus, he avoided the sentence that the Fed will act 'in a timely manner as needed to support growth'. In light of the increased inflation worries (as appeared from the press release following the most recent FOMC meeting when two members dissented as they favoured a rate cut of less than 75bp) and the already significant monetary easing, this could be a sign that the Fed is about to pause. Alternatively, it could reflect a wish from the Fed not to build up renewed expectations of further rate cuts.

In any case, the markets have scaled back expectations of further rate cuts markedly in recent weeks. Now the interest rates are expected to bottom out in the 1.75-2.00% range during the summer versus 1.25-1.50% previously. With prospects of further deterioration of the activity data, we still expect the key policy rate to be cut by 50bp in April and 25bp in June before the Fed adopts a hold stance. If the expected deterioration of data does not materialise, the financial markets improve and/or the current expectations are maintained, the Federal Reserve is not unlikely to 'seize the opportunity' and just deliver a 25bp cut at the coming meeting.

FOMC's growth estimate likely to be down-graded



Key events of the week ahead

- Tuesday - Pending home sales in February may provide indications of existing home sales in March
- Tuesday - Minutes of FOMC meeting in March will reveal how worried the Fed is about growth versus inflation as well as the internal dissent in the committee
- Friday - We expect a stable Michigan consumer confidence index

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 07	21:00	USD Consumer credit	bn. USD		5.5	6.9
Mon 07	23:30	USD Fed's Yellen (non-voter, dove) gives opening remarks				
Mon 07	23:30	USD Fed's Kohn (voter, neutral) gives remarks at San Fran Fed Seattle Branch				
Tue 08	16:00	USD Pending home sales	m/m		-0.8%	0.0%
Tue 08	20:00	USD Minutes from FOMC meeting 18th March				
Wed 09	13:00	USD MBA Mortgage applications	%			-28.7
Wed 09	15:30	USD Fed's Bernanke (voter, neutral) speaks				
Wed 09	19:30	USD Fed's Fisher (voter, neutral) speaks in San Antonio on US economy				
Thu 10	14:30	USD Trade balance	USD bn		-57.8	-58.2
Thu 10	14:30	USD Initial jobless claims	1000		365	407
Thu 10	19:00	USD Fed's Bernanke (voter, neutral) speaks				
Thu 10	20:00	USD Monthly Budget statement	USD bn		-81.0	-96.3
Fri 11	14:30	USD Import prices	m/m y/y		2.0%	0.2% 3.6%
Fri 11	15:00	USD Fed's Fisher (voter, neutral) gives welcome remarks at conference in Dallas				
Fri 11	15:45	USD University of Michigan Confidence, preliminary	Index	70.0	69.0	69.5

Asia

Flemming J. Nielsen, Senior Analyst, +45 45128535, flemm@danskebank.dk

BoJ expected to hold interest rate firm in the face of downside risks on growth

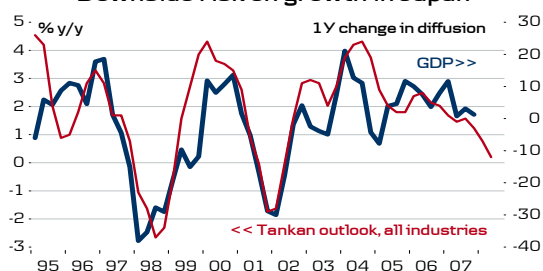
The important Tankan business confidence survey published by the Bank of Japan (BoJ) last week confirmed that Japanese growth is slowing down and there are downside risks to our forecast GDP growth of 1.4% for FY 08. Cf. [Flash Comment - Japan: Tankan indicates considerable downside risk on the economy](#). We nonetheless maintain that short-term GDP growth will be markedly better than the very weak impression currently given by many confidence indicators. We still forecast GDP growth in Q1 08 at around 0.5% q/q on the back of building expansion, surprisingly robust private consumption and a sustained positive contribution from net exports.

The political situation in Japan is becoming more and more chaotic, cf. [Flash Comment - Japan: Political gridlock turning into a major negative](#). As a consequence of the opposition's blocking of parts of the budget for the 2008/2009 fiscal year, a petrol duty of JPY 25 has expired as from 1 April, slashing the price of petrol by more than 10%. In concrete terms, this will probably reduce April inflation by 0.3 percentage points. However, the government has announced that it still plans to reintroduce the petrol duty, which it cannot do before May. In the short term, the lifting of the petrol duty is a fiscal easing, but as the revenue is earmarked for infrastructure, the lapse of the duty risks dampening construction activity.

We also adhere to the dominant perception in the market that the BoJ will keep the interest rate unchanged at the meeting of the monetary policy committee on 8-9 April. A new governor of the BoJ is yet to be appointed, and Masaaki Shirikawa, one of the deputy governors, has taken charge as acting governor. The government has announced that it intends to appoint a new governor before the G7 meeting in Tokyo on 12 April. The opposition has indicated that it can accept acting governor Shirikawa as a permanent solution. So currently there is a good chance that Shirikawa's appointment will become permanent over the course of next week.

In China, the atmosphere was cordial when the US treasury secretary, Henry Paulson, met the Chinese leadership, cf. [Flash Comment - China: US pressure on China eases](#). In particular, Mr Paulson acknowledged the CNY appreciation and indicated that China now has a currency that more accurately reflects the underlying fundamentals. However, Paulson did reiterate the need for additional CNY appreciation. It is becoming increasingly clear that there is no longer a fundamental lack of consensus between China and the US on exchange rate policy, and the risk of a trade war between China and the US is subsiding rapidly. However, the US presidential election remains a dark horse.

Downside risk on growth in Japan



Key events of the week ahead

- At the meeting of the monetary policy committee on 8-9 April the Bank of Japan (BoJ) is expected to keep its interest rate unchanged at 0.5%.
- China publishes the overall business confidence indicator for Q1. This indicator is good at capturing the GDP growth trend.
- At the end of the week, China may publish trade data for March.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Tue 01 - 07	0:50	JPY Official reserves assets	USD bn	Mar		1008.0
Mon 07	-	CNY Business Climate Index	Index	1st quarter		143.6
Mon 07	1:50	JPY Official Reserve Assets	JPY bn	Mar		1008.0
Mon 07	7:00	JPY Leading Economic Index, preliminary	%	Feb	50.0	36.4
Mon 07	7:00	JPY Coincident Index, preliminary	%	Feb	44.4	20.0
Tue 08	7:00	JPY Eco Watchers Survey, current	Index	Mar		33.6
Wed 09	-	JPY Bank of Japan target rate	%	0.50	0.50	0.50
Wed 09	8:00	JPY Bank of Japan Monthly Report				
Thu 10	1:50	JPY Machine orders	m/m	Feb	-14.0%	19.6%
Thu 10	1:50	JPY Bank Lending incl trusts	y/y	Mar		0.8%
Thu 10	1:50	JPY Money supply M2+CD	y/y	Mar	2.4%	2.3%
Thu 10	1:50	JPY Adjusted Current Account Total	JPY bn	Feb	1650.0	2074.7
Fri 11 - 15	-	CNY Trade balance	USD bn	Mar	14.25	8.56
Fri 11 - 15	-	CNY Total Export	y/y	Mar	32.0%	6.5%
Fri 11 - 15	-	CNY Total Import	y/y	Mar	29.2%	35.1%
Fri 11	1:50	JPY Domestic CGPI	m/m/y/y	Mar	0.3% [3.5%	0.4% [3.4%

Fixed Income

Jesper Fischer-Nielsen, Senior Analyst, +45 45 12 85 18, jfis@danskebank.dk

ECB can talk up interest rates

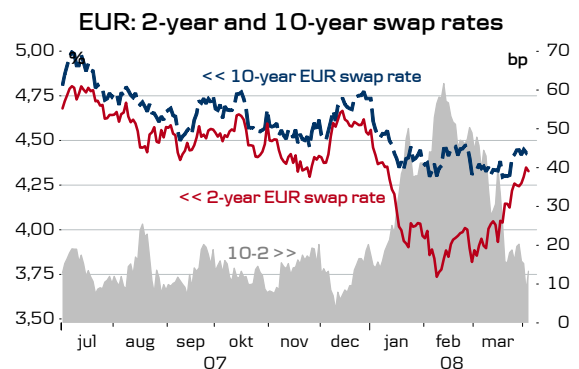
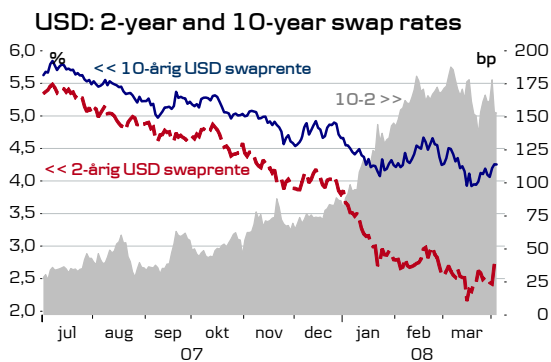
What a difference a couple of weeks make! In mid-March the financial crisis culminated. The big US investment bank, Bear Stearns, was on the verge of failure, threatening the entire financial system, and the Federal Reserve launched a programme to provide liquidity and maintain market efficiency. Now sentiment has reversed on the notion that "the situation cannot become any worse, so things can only improve from here".

Nothing seems likely to happen that could reverse sentiment in the fixed income markets this week. The week will be light on US economic data, so focus will be on the ECB meeting. The ECB is not expected to change interest rates, and attention will therefore be on Trichet's comments and the subsequent press conference.

With inflation running at 3.5%, there is hardly any doubt that the ECB will adopt a very hawkish tone on inflation. As the most recent growth indicators have remained mixed, the growth picture will not have changed much compared to last month. Thus, overall, the ECB meeting will probably have a relatively hawkish tone, with the bank underlining that there are no prospects of a rate cut at the coming meetings. See also our Euroland article in this issue of Weekly Focus.

As the market also tends to have selective hearing when it comes to the ECB, there is little indication that sentiment will change in the Euroland fixed income markets this week.

A key event this month will be the release of ECB's bank lending survey. This will be among the first indicators of credit tightening in Euroland as a consequence of the financial crisis. Last quarter's issue reported a clear tightening of credits, and we expect the next quarterly issue to bear witness to even worse credit conditions. It appears that there is no publication date, but the ECB is likely to have data available at the 10 April meeting, and the report could be released as early as the following day, Friday 11 April. The ECB may refer to this survey in its comments.



Foreign exchange

John Hydeskov, Senior Analyst, +45 45 12 84 97, johy@danskebank.dk

G7: No volatility?

Finance ministers from the G7 (the US, Japan, Germany, the UK, France, Italy and Canada) will meet on 12-13 April to discuss the global economy and recent developments in the financial markets. There is no risk that they will run out of issues. The IMF believes that we are heading for the worst crisis since the Great Depression in the 1930s, that there is a 25% risk of 2008 global growth ending below 3.0% (estimated at 4.9% in 2007), and has stated that the biggest risk stems from the ongoing financial crisis. But what *can* the G7 meeting mean for the foreign exchange markets, and what are our expectations of the events?

The G7 countries can decide to intervene in foreign exchange markets. If the exchange rate levels are not assessed to be reflecting economic fundamentals or the most recent market movements have been so extreme that they have to be dampened, the G7 countries may take concerted action, implying that they will actively intervene in foreign exchange markets to support/weaken a single currency. The last time this happened was in 2000 to aid a very weak EUR, and in 1985, 1987 and 1995, respectively, G7 countries also joined forces.

However, the G7 countries do not always have to intervene *physically*. *Verbal intervention* can also be quite useful. The countries can express their views individually, but it has a stronger effect when the G7 backs a joint statement. After the meeting, minutes are presented in which a single paragraph relates to exchange rates. Here the G7 can express their views of exchange rate levels and recent currency movements and provide recommendations for individual countries or regions, which in the G7's judgement show imbalances that need to be redressed. The rhetoric of recent years' comments has not been particularly sharp or harsh, and focus has primarily been on China's reluctance to allow CNY to appreciate fast enough.

Our [FX Crossroads](#) from 19 March discussed the risk of intervention. The conclusion was that no central bank is currently interested in intervening, although several of the big countries' currencies do not exactly reflect economic fundamentals. Basically, we therefore do not expect any unilateral or concerted intervention from the G7 group at current levels. This is also confirmed by surveys, according to which only 10% expect the G7 to signal an intention to intervene. In relative terms, however, unilateral intervention by a single central bank, eg, the Bank of Japan, is more likely than concerted intervention by the G7.

We believe that the verbal intervention will centre on the increased volatility, which is regarded as unwelcome and detrimental to economic growth. The French finance minister, Christine Lagarde, put it very clearly when asked about her view on the foreign exchange markets on 4 April: "No volatility". Her wish for more limited fluctuations in the foreign exchange markets is probably widely shared, but the question is whether the G7 can add stability to the markets?

The simple answer is: "No, not immediately". The volatility characterising foreign exchange markets at first stemmed from the credit markets and most recently from the equity markets. Foreign exchange markets are not per se the source of volatility, and therefore stability cannot be restored through intervention. Volatility will subside when the credit markets recover and nervousness in the equity market is reduced. Therefore, it will be enough for the G7 finance ministers to just frown at the upcoming meeting, but they need not pull the trigger.

G7 statement on exchange rates (9 February, 2008): *We reaffirm that exchange rates should reflect economic fundamentals. Excess volatility and disorderly movements in exchange rates are undesirable for economic growth. We continue to monitor exchange markets closely, and cooperate as appropriate. We welcome China's decision to increase the flexibility of its currency, but in view of its rising current account surplus and domestic inflation, we encourage accelerated appreciation of its effective exchange rate.*

Equities

Morten Kongshaug, Chief Analyst, +45 45 12 80 57, mokon@danskebank.dk

The stock market recovery remains bumpy. Five reasons for further recovery

When investors get too pessimistic about the future it is time to buy stocks. In our opinion, this old saying holds true in the short term as we argued three weeks ago in this column. But is it also the case on a horizon such as year-end 2008? Our view continues to be that, by end-2008, the global stock market will have further recovered and we are still comfortable with our Wall Street target of 1,500 on the S&P500. Still, the road to this kind of stock market recovery remains very bumpy and is based on a series of assumptions that we would like to share with our readers.

Assumption 1: Investors are already as bearish as it gets. As a bearish investor, you should know this is a widespread consensus view. If we had known what we know today about credit market risk-taking we would have cried 'PROTECT YOUR ASSETS!' But we did not. Global stocks tumbled as investor risk-aversion skyrocketed. The global investor community is, in other words, unusually negative, as investment surveys like the US AAll now clearly indicate. And we expect risk aversion to slowly dampen over the coming quarters.

Assumption 2: The global economy is slowing down but there will be no global recession in 2008. Corporate earnings will continue to be somewhat underpinned by global growth and despite too-optimistic corporate earnings expectations, a corporate earnings disappointment on a standard US recession is already discounted by the market. Neither the BRIC nor the European economic data indicate that a recession-like economic slowdown is in the pipeline for 2008.

Assumption 3: Non-financial corporates are in good shape and have no need to cut costs as usual in a recession environment. This assumption means fewer job cuts and less capex investment correction than usual when the short macroeconomic horizon is clouded as currently. Furthermore, the low non-financial debt levels are a plus in a situation where the banking sector is so clearly tightening its lending standards.

Assumption 4: US fiscal and monetary stimulus will start to work. We have said it before. Do not fight the Fed. It is a stronger call to say that the Fed's policy initiatives do not work than saying that they do. However, it takes time and in our calculation, the US housing market may already start to stabilise in H2 08 when the Fed's policy should start to work and when the White house tax checks will reach the US households. Still, a housing recovery needs the US credit transmission to work properly, which is hence the greatest obstacle for the Fed's policy not to work as usual.

Assumption 5: Stock market valuation is attractive, which limits the downside risk. In our view, the most recent stock market rally is neither based on an ease of the financial nor the economic crisis expectation. Instead it is driven by valuation. Long-term institutional investors (mainly of Asian origin) have used the collapse in Blue Chip financial stocks to buy. This is part of what we will call the 'consolidation case' for financials and a very positive factor. We need value-driven long-term investors to lead the 'pack' of short-term investors, and if the current financial crisis is not turning out as a worst possible 'Japanese case,' where the US policy initiatives will prove to be ineffective, the stock market level of Q1 08 will, if you hold a two- to three-year horizon, most likely turn out to be a bargain

Commodities

Arne Lohmann Rasmussen, Senior Analyst, +45 33428532, arne.lohmann@danskebank.dk

USDA report causes movement in grain prices

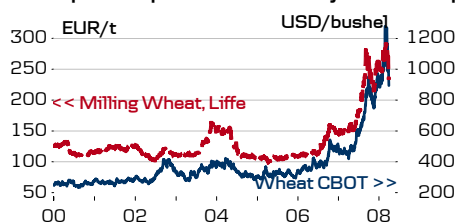
The grains complex has been under pressure in March, and the price of wheat in the US fell 17% and that of soybeans 21%. There are two main reasons why grains prices have been under pressure. First, as we have seen in oil, there has been a liquidation of long speculative positions since the commodity complex corrected before Easter. The latest stock rally has probably further eroded speculative interest for many investors in this "relatively" new commodity. Secondly, the US department of agricultural (USDA) issued a bearish planting report a few days ago. In its report published on 31 March the USDA gave new 2008 planting estimates for the US. The report gives the market a deep insight into the supply side of US plantings for the upcoming harvest and shows a significant rise in wheat and soybean acreage at the expense of corn and cotton. Soybean acreage rose to 74,793m acres, up 18% from planting in 2007. Wheat acreage rose 6% to 63,803 acres. Hence, this gives us an indication that market mechanisms are working in the grains complex. Farmers simply plant the grain that will rise in price the most.

However, the higher soybean and corn acreage came at the expense of other crops, not least corn: estimated plantings of corn fell 8% to 86.014m acres and estimated plantings of cotton were down 13%. This serves as a reminder that the amount of land available to agriculture is a constant factor that is hard to change in the short term. But that said, one should note that the estimated amount of land being planted in the US is actually rising 2% in 2008 due to farmers trying to cultivate marginal land. On top of that we note that many companies that supply the agricultural sector with fertilisers and chemicals, for example, are having a hay day, as the farmers are trying to step-up the yield from the land.

But only the day after the release the government agency had already said that one should be careful about the numbers. The latest spike in corn prices, and subsequent drop in the price of wheat, may convince some farmers to plant more corn anyway. But even if corn plantings turn out higher in the end, we think there is still some upside for corn prices. The demand from ethanol production is expected to continue at an elevated level with the current ethanol prices. Remember, ethanol prices are up 30% since 1 December 2007. In 2007 ethanol prices lagged gasoline prices, which is not the case anymore. Hence, despite high corn prices, the incentive to step-up ethanol production is now greater than ever. In our view, the rise in corn prices after the USDA report is fully justified. We think there is more upside for corn prices going forward. The stock of corn in Q1 08 also fell short of expectations. Stocks were expected to stay above 7bn bushel but fell to 6.8bn; another sign that demand is very strong. Remember, the corn harvest in 2007 was in fact very strong.

But we also have to admit that the drop in wheat and soybean prices after the USDA report is justified. The numbers underline that the market is currently less tight than previously expected. But given the strong demand for grains over all, and the risk of less plantings of the two grains after the latest set-back in prices, the downside for prices is now considered small. We also note that small stories about tight grains supplies continue to pop on the newswires. Today, Japan announced that it will purchase 55,000 ton of feed wheat. Yesterday, we have had bullish news from India and the Middle East. We are pretty confident that in the long term the grains complex will be well supported by strong feed demand and supply constraints. But if we were to choose a grain at the moment we would go for corn and secondly wheat.

Wheat prices pushed lower by USDA report



Lower corn planting push corn prices higher



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-ptym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2007	1,8	2,7	1,3	6,7	-0,2	3,7	6,1	1,7	2,8	4,1	25	1,1
	2008	1,4	2,4	1,7	2,6	-0,1	3,4	4,5	3,1	1,9	3,2	20	0,6
	2009	1,3	1,4	1,6	0,6	0,1	2,8	2,8	2,4	2,3	2,3	17	0,6
Sweden	2007	3,0	3,1	0,5	8,0	0,8	5,7	8,9	2,2	6,2	2,3	43,8	6,5
	2008	1,9	2,0	0,9	-0,9	-1,2	3,7	-0,4	2,6	7,1	2,3	41,1	7,7
	2009	2,4	1,7	1,4	-2,9	-0,4	5,1	1,3	1,1	7,9	1,7	39,4	9,0
Norway	2007	3,7	6,2	3,2	6,9	-0,4	2,7	6,2	1,0	2,7	12,0	26	17,5
	2008	3,9	4,3	3,1	5,7	0,8	1,6	4,3	2,4	2,6	13,9	24	20,2
	2009	3,2	4,2	3,0	3,6	0,8	1,0	5,3	2,5	2,5	15,0	20	18,1

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-ptym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euroland	2007	2,6	1,4	2,1	4,8	-0,1	6,0	5,2	2,8	7,4	-0,8	67	-0,8
	2008	1,4	1,2	1,2	1,7	0,1	3,1	3,3	2,8	7,0	-0,8	65	-0,3
	2009	1,5	1,5	1,5	1,5	0,0	4,0	4,9	1,9	6,8	-0,8	64	-0,5
Germany	2007	2,7	-0,2	1,9	5,6	-0,1	8,5	5,5	2,9	9,1	-0,5	65	5,8
	2008	1,6	0,6	0,7	1,7	0,2	5,1	3,3	1,9	8,3	0,2	64	5,8
	2009	1,4	1,1	1,1	1,5	-0,1	5,0	3,9	1,4	8,0	0,4	64	6,0
France	2007	1,9	1,9	2,0	4,1	-0,2	3,5	6,6	2,0	8,0	-2,3	63	-2,3
	2008	1,6	1,6	0,9	2,2	0,2	3,1	4,0	1,8	7,7	-2,2	62	-2,3
	2009	1,5	1,8	1,3	2,0	-0,1	2,5	3,9	1,4	7,5	-2,3	61	-2,3
Italy	2007	1,8	1,7	0,8	2,8	0,0	2,5	1,8	2,6	5,9	-2,6	105	-1,7
	2008	1,0	0,9	0,5	0,9	0,2	1,1	2,3	2,3	5,7	-2,0	103	-1,7
	2009	0,9	0,9	0,8	1,2	-0,1	0,5	2,4	1,8	5,7	-2,2	102	-1,7
Spain	2007	3,9	3,4	5,3	6,4	-0,4	5,5	6,8	3,4	8,0	1,5	37	-9,0
	2008	2,7	2,3	3,2	3,7	0,2	3,6	4,3	3,2	8,2	1,0	35	-9,5
	2009	2,4	1,8	3,1	2,5	-0,1	2,5	3,9	2,3	8,8	0,0	35	-9,0
Holland	2007	3,0	1,8	3,2	4,8	-0,1	6,0	5,5	2,4	3,3	0,0	60	7,0
	2008	2,2	1,7	0,6	3,2	0,1	4,6	4,8	2,3	2,9	0,0	59	6,5
	2009	1,9	1,8	0,4	2,8	-0,1	3,5	5,4	1,7	2,8	0,0	60	6,5
Finland	2007	4,4	3,7	0,8	7,6	0,1	4,8	4,1	2,5	6,9	5,3	35	4,6
	2008	2,6	2,5	1,5	3,0	0,0	2,5	2,0	3,3	6,5	4,7	33	4,5
	2009	2,5	2,5	1,5	2,0	0,0	3,0	2,5	2,2	6,2	3,9	31	4,5

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-ptym. ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2007	2,2	2,9	2,0	-1,8	-0,3	8,0	1,9	2,9	4,6	-1,2	60	-5,5
	2008	1,2	1,4	2,4	-6,1	-0,4	7,2	-2,2	3,9	5,3	-3,5	61	-3,0
	2009	1,5	1,2	2,0	-2,8	0,0	7,4	1,0	2,2	6,0	-2,5	61	-1,2
Japan	2007	2,1	1,4	0,8	-3,1	-0,2	7,8	1,8	0,0	3,8	-2,7	179	5,0
	2008	1,4	1,1	0,9	2,0	0,1	5,0	3,8	0,6	3,8	-3,0	178	5,0
	2009	1,7	1,5	1,2	2,5	0,0	5,4	4,4	0,4	3,6	-2,7	178	4,8
UK	2007	3,0	3,1	1,9	5,5	0,3	-4,0	-2,0	2,8	3,0	-2,5	43	-3,3
	2008	2,2	2,1	2,1	2,0	0,0	6,0	5,0	3,0	3,2	-2,5	43	-4,1
	2009	2,3	2,1	2,1	3,0	0,0	5,0	5,0	2,3	3,3	-2,5	43	-4,0
Switzer-land	2007	2,7	1,9	-0,5	3,8	0,1	10,1	9,8	1,1	3,3	-0,2	55	16,0
	2008	2,4	2,3	0,1	2,7	0,0	7,5	6,6	0,5	2,7	0,0	54	16,5
	2009	1,9	1,9	0,0	3,3	0,0	4,7	4,5	1,1	2,5	0,0	53	17,0

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	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	04-Apr	2.25	2.75	4.26	157.1	-	474.6
	+3m	1.50	2.25	4.05	160	-	466
	+6m	1.50	2.40	4.15	158	-	472
	+12m	1.50	2.85	4.50	150	-	497
EUR	04-Apr	4.00	4.31	4.46	-	157.1	745.8
	+3m	4.00	4.00	4.30	-	160	746.0
	+6m	3.75	3.75	4.20	-	158	746.0
	+12m	3.25	3.30	4.10	-	150	746.0
JPY	04-Apr	0.50	0.89	1.51	160.9	102.3	4.64
	+3m	0.50	0.90	1.45	155	97	4.81
	+6m	0.50	1.00	1.50	152	96	4.91
	+12m	0.50	1.20	1.60	150	100	4.97
GBP	04-Apr	5.25	5.11	5.05	78.5	200.2	950.3
	+3m	4.75	4.90	4.90	80.0	200	933
	+6m	4.50	4.80	4.80	82.0	193	910
	+12m	4.25	4.50	4.60	78.0	192	956
CHF	04-Apr	2.75	2.90	3.40	158.4	99.5	470.9
	+3m	2.75	2.85	3.40	154	96	484
	+6m	2.75	2.70	3.30	152	96	491
	+12m	2.25	2.40	3.20	150	100	497
DKK	04-Apr	4.25	4.51	4.58	745.8	474.6	-
	+3m	4.25	4.20	4.45	746.0	466	-
	+6m	4.00	3.90	4.30	746.0	472	-
	+12m	3.50	3.45	4.20	746.0	497	-
SEK	04-Apr	4.25	4.51	4.72	936.5	595.9	79.6
	+3m	4.25	4.30	4.60	940	588	79.4
	+6m	4.00	3.95	4.45	935	592	79.8
	+12m	3.50	3.40	4.30	925	617	80.6
NOK	04-Apr	5.25	5.94	5.28	800.9	509.7	93.1
	+3m	5.50	5.60	5.40	780	488	95.6
	+6m	5.50	5.40	5.30	775	491	96.3
	+12m	5.50	5.20	5.30	775	517	96.3
PLN	04-Apr	5.75	6.33	5.80	348.0	221.5	214.3
	+3m	6.25	6.20	5.60	360	225	207
	+6m	6.25	5.90	5.75	360	228	207
	+12m	6.25	7.05	6.85	365	243	204

Equity markets				
Regional	Risk	Price trend 3 mth.	Price trend 12 mth.	Regional recommendations
USA	Low	+5% to +10%	+5% to +10%	Neutral
Japan	High	+5% to +10%	+5% to +10%	Neutral
Emerging markets (USD)	High	+5% to +10%	+5% to +10%	Underweight
Pan-Europe (EUR)	Low	+5% to +10%	+5% to +10%	Overweight
Nordics				
Sweden	Average	+5% to +10%	+5% to +10%	Neutral
Norway	High	+5% to +10%	+5% to +10%	Overweight
Denmark	High	+5% to +10%	+5% to +10%	Neutral

Commodities							
	03/04/2008	2008 - average				Average	
		Q1	Q2	Q3	Q4	2008	2009
ICE Brent	101	96	100	100	95	98	90
Aluminium	2,960	2,779	3,150	2,850	2,850	2,907	2,700
Copper	8,345	7,741	8,600	8,600	8,500	8,360	8,700
Gold	889	924	1,000	1,050	950	981	1,000
CBOT Wheat*	906	1,026	975	1,025	1,050	1,019	1,200
CBOT Corn*	589	527	600	650	675	613	700

* Note: US\$/bushel

Key data and events

Key Data and Events in Week 15

Monday, April 7, 2008			Period	Danske Bank	Consensus	Previous
-	CNY	Business Climate Index	Index			143.6
1:50	JPY	Official Reserve Assets	JPY bn			1008.0
3:30	AUD	Building approvals	m/m		0.0%	1.9%
3:30	AUD	Trade balance	M		-2500	-2723
7:00	JPY	Leading Economic Index, preliminary	%		50.0	36.4
7:00	JPY	Coincident Index, preliminary	%		44.4	20.0
7:45	CHF	Unemployment, s.a.	%		2.5	2.5
8:00	EEK	CPI	y/y	10.4%		11.3%
8:45	FRF	Trade Balance	EUR bn		-3.5	-3.4
9:30	DKK	GDP, final	q/qly/y		1.9% 0.4%	0.4% 2.0%
10:00	NOK	Industrial Production, nsa.	m/mly/y	0.5% 2.4%		1.5% -1.4%
10:00	NOK	Manufacturing Production, nsa.	m/mly/y		0.6% 2.6%	2.8% 2.6%
12:00	DEM	Industrial production	m/mly/y		0.0% 5.3%	1.8% 6.9%
14:00	PLN	Current account	Euro mil	-3500	-3350	-2260
14:30	CAD	Bulding permits	m/m		1.0%	-2.9%
21:00	USD	Consumer credit	bn. USD		5.5	6.9
23:30	USD	Fed's Yellen (non-voter, dove) gives opening remarks				
23:30	USD	Fed's Kohn (voter, neutral) gives remarks at San Fran Fed Seattle Branch				

Tuesday, April 8, 2008			Period	Danske Bank	Consensus	Previous
7:00	JPY	Eco Watchers Survey, current	Index			33.6
10:00	LTL	CPI	y/y	11.4%		10.8%
12:00	LVL	CPI	y/y	17.0%		16.7%
16:00	USD	Pending home sales	m/m		-0.8%	0.0%
20:00	USD	Minutes from FOMC meeting 18th March				

Wednesday, April 9, 2008			Period	Danske Bank	Consensus	Previous
-	JPY	Bank of Japan target rate	%	0.50	0.50	0.50
1:01	GBP	Nationwide consumer confidence	Index			78
8:00	JPY	Bank of Japan Monthly Report				
8:00	DEM	Trade balance	EUR bn		15.8	17.1
9:30	DKK	Current account	DKK bn		-0.7	-1.3
9:30	DKK	Trade Balance ex ships	DKK bn		1.8	2.3
10:30	GBP	Industrial Production	m/mly/y		0.1% 1.1%	-0.1% 0.4%
10:30	GBP	Manufacturing production	m/mly/y		0.0% 1.5%	0.4% 0.6%
11:00	EUR	GDP, s.a.	q/qly/y		0.4% 2.2%	0.4% 2.2%
12:00	LVL	Trade balance				-247.5
13:00	USD	MBA Mortgage applications	%			-28.7
15:30	USD	Fed's Bernanke (voter, neutral) speaks				
19:30	USD	Fed's Fisher (voter, neutral) speaks in San Antonio on US economy				

Key data and events

Thursday, April 10, 2008					Period	Danske Bank	Consensus	Previous
1:01	GBP	NIESR GDP Estimate	%	Mar				0.5
1:50	JPY	Machine orders	m/m	Feb		-14.0%		19.6%
1:50	JPY	Bank Lending incl trusts	y/y	Mar				0.8%
1:50	JPY	Money supply M2+CD	y/y	Mar			2.4%	2.3%
1:50	JPY	Adjusted Current Account Total	JPY bn	Feb		1650.0		2074.7
2:00	NZD	Business PMI	Index	Mar				52.2
3:30	AUD	Unemployment rate		Mar			4.1%	4.0%
8:45	FRF	Industrial production	m/mly/y	Feb			0.2% 1.3%	0.5% 2.7%
9:30	DKK	CPI	m/mly/y	Mar	0.6% 3.3%		0.6% 3.3%	1.2% 3.1%
9:30	DKK	HICP	m/mly/y	Mar	0.6% 3.4%		0.6% 3.4%	1.0% 3.3%
9:30	SEK	Industrial production	m/mly/y	Feb			0.4% 3.3%	0.2% 3.8%
9:30	SEK	Industrial orders	m/mly/y	Feb				-8.4% -0.7%
10:00	NOK	Producer prices, incl oil	m/mly/y	Mar			1.8% 20.1%	1.3% 20.2%
10:00	NOK	Consumer prices	m/mly/y	Mar	0.4% 3.5%		0.2% 3.5%	0.5% 3.7%
10:00	NOK	Core inflation(CPI-ATE)	m/mly/y	Mar	0.5% 2.1%		0.6% 2.1%	1.0% 2.2%
10:00	ITL	Industrial production	m/mly/y	Feb			-0.4% 1.1%	1.3% 0.5%
10:00	SEK	Nat. labour market board, Unemployment	%	Mar	3.1%		3.2%	3.3%
10:30	GBP	Visible trade balance	GBP bn.	Feb		-7550		-7503
10:30	GBP	Trade balance non-EU	GBP bn.	Feb		-4300		-4292
10:30	GBP	Total trade balance	GBP bn.	Feb		-4200		-4102
13:00	GBP	BoE rate announcement	%		5.00		5.00	5.25
13:45	EUR	ECB rate announcement	%		4.0		4.0	4.0
14:30	USD	Trade balance	USD bn	Feb		-57.8		-58.2
14:30	USD	Initial jobless claims	1000			365		407
19:00	USD	Fed's Bernanke (voter, neutral) speaks						
20:00	USD	Monthly Budget statement	USD bn	Mar		-81.0		-96.3

Friday, April 11, 2008					Period	Danske Bank	Consensus	Previous
-	RUB	Exports	bn. USD	Feb	37.2		37.0	34.0
-	RUB	Imports	bn. USD	Feb	19.5		19.2	15.8
1:50	JPY	Domestic CGPI	m/mly/y	Mar			0.3% 3.5%	0.4% 3.4%
9:00	ESP	CPI	m/mly/y	Mar				0.2% 4.4%
9:00	ESP	CPI, core	m/mly/y	Mar				0.3% 3.3%
9:00	ESP	HICP	m/mly/y	Mar				0.1% 4.4%
9:30	SEK	Activity index	Index	Feb				122.9
14:30	USD	Import prices	m/m y/y	Mar			2.0% .	0.2% 3.6%
14:30	CAD	New housing price index	m/m	Feb			0.4%	0.6%
15:00	USD	Fed's Fisher (voter, neutral) gives welcome remarks at conference in Dallas						
15:45	USD	University of Michigan Confidence, preliminary	Index	Apr	70.0		69.0	69.5

During the week					Period	Danske Bank	Consensus	Previous
Tue 01 - 07	JPY	Official reserves assets	USD bn	Mar				1008.0
Fri 04 - 11	GBP	HBOS House Prices	m/m q/y	Mar			-0.2% 2.4%	-0.3% 4.2%
Fri 11 - 15	CNY	Trade balance	USD bn	Mar			14.25	8.56
Fri 11 - 15	CNY	Total Export	y/y	Mar			32.0%	6.5%
Fri 11 - 15	CNY	Total Import	y/y	Mar			29.2%	35.1%

The editors do not guarantee the accurateness of figures, hours or dates stated above

For further information, call +45 45 12 85 22.

This report has been prepared by Danske Research, which is part of Danske Markets, a division of Danske Bank. Danske Bank is under supervision by the Danish Financial Supervisory Authority.

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high quality research based on research objectivity and independence. These procedures are documented in the Danske Bank Research Policy. Employees within the Danske Bank Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and to the Compliance Officer. Danske Bank Research departments are organised independently from and do not report to other Danske Bank business areas. Research analysts are remunerated in part based on the over-all profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank research reports are prepared in accordance with the Danish Society of Investment Professionals' Ethical rules and the Recommendations of the Danish Securities Dealers Association.

Financial models and/or methodology used in this report

Calculations and presentations in this report are based on standard econometric tools and methodology as well as publicly available statistics for each individual country. Documentation can be obtained from the above named authors upon request.

Risk warning

Major risks connected with recommendations or opinions in this report, including as sensitivity analysis of relevant assumptions, are stated throughout the text.

First date of publication

Please see the front page of this research report.

Disclaimer

This publication has been prepared by Danske Bank for information purposes only. It is not an offer or solicitation of any offer to purchase or sell any financial instrument. Whilst reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and no liability is accepted for any loss arising from reliance on it. Danske Bank, its affiliates or staff, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives), of any issuer mentioned herein. Danske Bank's research analysts are not permitted to invest in securities under coverage in their research sector.

This publication is not intended for private customers in the UK or any person in the US. Danske Bank A/S is regulated by the FSA for the conduct of designated investment business in the UK and is a member of the London Stock Exchange.

Copyright [©] Danske Bank A/S. All rights reserved. This publication is protected by copyright and may not be reproduced in whole or in part without permission.