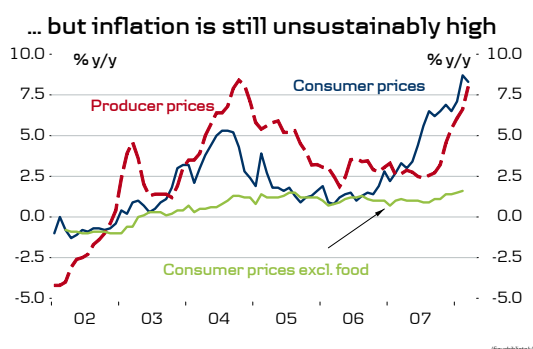
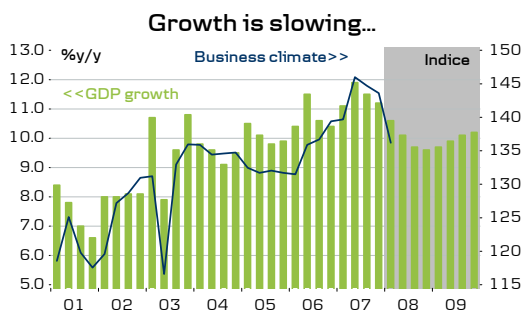


# Weekly Focus

April 21 - 27, 2008



**China's imports are now growing faster than her exports**



## China's tricky balancing act

The Chinese currently have to perform a difficult balancing act. On the one hand, they want to bring growth down to a level that is compatible with long-term price stability. On the other, they want to avoid a situation where the economy suddenly slams on the brakes, caught in a toxic cocktail of lower global growth and domestic economic policy tightening.

Although China's GDP growth has slowed slightly to 10.6% y/y, there are not yet any signs of a rapid slow-down in growth given the generally strong economic data published for March. The signal from the Chinese government has therefore also been that there is still a need to tighten monetary policy despite the uncertainty about the global economic climate.

This naturally raises the interesting issue of whether China is capable of acting as a global growth engine in a situation where its main focus is on curbing inflation. We can perhaps pin our hopes on the way that China managed to bring down inflation in 2004 and 2005 without any notable drop in growth. It is also good news for the global economy if domestic demand in China remains strong and focuses increasingly on imported goods. China's imports are currently growing much faster than her exports, and there are signs that China's large current account surplus is on its way down. This shift from a predominantly export-dependent economy to an economy driven more by domestic demand, comes at a good time for the global economy.

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# Denmark

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## Consumer boom and financial crisis put household assets under pressure

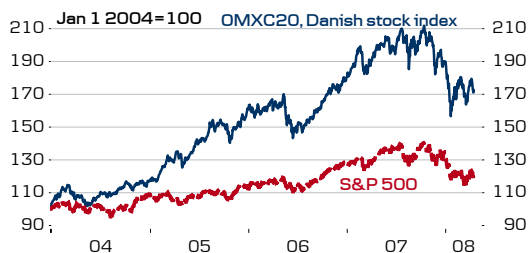
The impact of the financial crisis, not least the slide in share prices, can now also be seen from Danish households' financial assets. Danmarks Nationalbank published its quarterly financial accounts for Denmark on Thursday, which show that households' net financial assets dropped by DKK 92bn from Q3 to Q4 last year after having been relatively stable in previous quarters. The drop in net financial assets is due to a combination of increasing liabilities and decreasing assets. Danish households' financial liabilities grew by no less than DKK 64bn from Q3 to Q4. Although the boom in the housing market is over, borrowing against property in particular is still rising.

There was not only an increase in household debt, but also a decrease in households' financial assets in the form of shares, pensions and so on. Gross financial assets dropped by DKK 29bn from Q3 to Q4, due particularly to falling share prices, which wiped DKK 38bn of the value of investments in shares and DKK 20bn off pension assets. Meanwhile there was an increase in the value of bonds, which partially offset the drop in share prices, so limiting the overall drop in gross financial assets to "just" DKK 29bn.

A decrease in net financial assets of DKK 92bn is equivalent to DKK 16,000 per capita (including children). That is a lot of money, but it is worth noting that households still had net financial assets of DKK 226,000 per capita, so there is still plenty of money at the bottom of the barrel.

Danish share prices fell slightly further - and foreign share prices quite a bit further - in Q1 this year than they did in Q4 last year. There is therefore the prospect of financial assets continuing to decline this year, although falling interest rates will again help slightly. There is also the prospect of financial liabilities continuing to climb. There is therefore no question that the turbulent financial times have set their stamp on Denmark too, the most direct impact coming through the equity market. However, investments in equities are unevenly distributed between households, so consumer behaviour as a whole will be affected to only a lesser extent. But there will naturally be a slight negative effect on overall economic activity.

Falling share prices put household wealth under pressure



### Key events of the week ahead

- Consumer expectations for April are due on Wednesday. We expect a slight fall from -1.3 to -2.0. The seasonally adjusted figure will drop from -0.4 to -1.9.

Date	Time	Event	Period	Danske Bank	Consensus	Previous	
Wed 23	9:30	DKK Consumer confidence	Index	Apr	-2.0	0.0	-1.3

# Sweden

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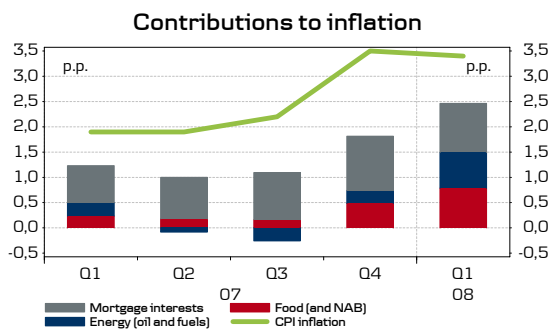
## In the balance of things

For some time we have argued that the Riksbank would lower rates during the second half of 2008. This was based on a deteriorating economy, where international and domestic demand would slow marginally faster than expected by the Riksbank. In addition, the labour market would demonstrate a strong reversal of employment growth etc. The third piece of the puzzle was lower inflation than the Riksbank was forecasting. Initially (up to October) the deviation was stable, only to increase quite dramatically thereafter. We did not expect the traditional non-core components (interest rates, food and energy) to make much of a difference in the analysis.

But the Riksbank hiking rates in February caught us completely off-guard. The February monetary policy meeting did, however, also demonstrate that there are indeed a few differences between the current and previous executive board (remember that four of the six members are quite new). For starters, there has been a shift in focus from CPIX-inflation to CPI-inflation. Also, inflation expectations have gained in importance, and the previous board's "complacency" with inflation components that demonstrate large swings (the non-core components mentioned above) has been repealed.

Inflation expectations remain on an elevated level. Our near-term forecast for growth does not deviate considerably from the Riksbank's numbers. The labour market is expected to be weaker on most accounts and inflation *was* expected to continue to post a 0.5pp negative deviation from the Riksbank's inflation path for the coming months. The combined effect of these factors we thought would be sufficient to force the Riksbank to cut rates already in September.

However, the last outcome on inflation, together with the Executive board's apparent stronger focus on i.a. non-core components, on balance make a cut in September less probable. We stop short of changing our forecast, but want to take this opportunity to underline that our call for a September cut has grown more uncertain.



## Key events of the week ahead

- The labour force survey will probably be the most interesting event of the week given that the Riksbank does not surprise in any way.
- After last month's very strong trade balance we will also study the release of PPI and trade balance with much interest.
- And least important, but still interesting, how does household lending evolve given the dampening of both consumption and house prices.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Wed 23	9:30	SEK Statistics Sweden, Unemployment	%	3.1		6.1
Wed 23	9:30	SEK Riksbank, Rate decision	%	4.25	4.25	4.25
Thu 24	9:30	SEK PPI (incl. export- and importprices)	m/m/y/y			0.6% 4.2%
Fri 25	9:30	SEK Trade balance	SEK bn			17.1

# Norway

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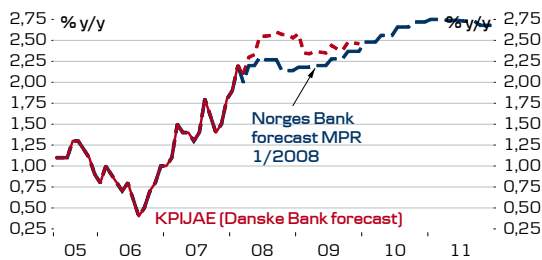
## Another interest rate hike from Norges Bank

It was clear from the last monetary policy report that Norges Bank was of a mind to tighten monetary policy further during Q2, and so it would not come as a surprise to either the market or the analysts if the bank were to raise its key rate by another 25bp to 5.5% in the coming week. The hike would be a result of the strong pressure in the Norwegian economy, with GDP growth persistently above trend and wage growth expected to be close to 6% this year. This means that Norges Bank is about to run into inflation problems. Underlying inflation climbed to 2.1% in March. But some of the measures Norges Bank uses to estimate underlying inflation actually indicated a level as high as 3.25%. Even at 2.1%, underlying inflation is already one-tenth of a point higher than the bank projected in the March report. We reckon that inflation will tick up further in the coming months as the latest rises in commodity prices etc filter through. Rents are also expected to climb further. Furthermore, we are entering a period where underlying inflation is being pushed up for technical reasons. Last year, inflationary pressure was actually surprisingly low in Q2. We do not think this will be repeated, and so expect underlying inflation to hit 2.5% in June and for it to be at least this high for the rest of the year. But we cannot rule out the possibility of inflation ticking up even higher, thus forcing Norges Bank to raise interest rates further during the summer.

As things stand, we expect the April hike to be the last in the present cycle. That said, we expect it to be a very long time before there is any serious talk of cutting interest rates in Norway. The lower global growth and tighter credit conditions, with very high money market rates, mean that Norges Bank's monetary policy stance is currently even tighter than the policy rate itself would suggest.

So what rhetoric or tone can we expect from Norges Bank? When interest rates are raised, you must expect some focus on the inflation side of the economy. But Norges Bank will also note that the global economy has deteriorated further since the March monetary policy report. The bank will presumably also observe that the problems in the money markets are still unresolved, and that credit conditions have tightened in recent months – not only globally but also in Norway. We know the latter from Norges Bank's bank lending survey, which was released on 27 March.

Norges Bank under pressure from rising inflation



### Key events of the week ahead

- Norges Bank is expected to raise its key policy rate by 25bp to 5.5%.
- Norges Bank is expected to focus on mounting inflationary pressures but also to express concern about the impact of the global economic downturn on Norway.

Date	Time	Event	Period	Danske Bank	Census	Previous
Wed 23	14:00	NOK Norges Banks monetary policy meeting	%	5.50	5.50	5.25

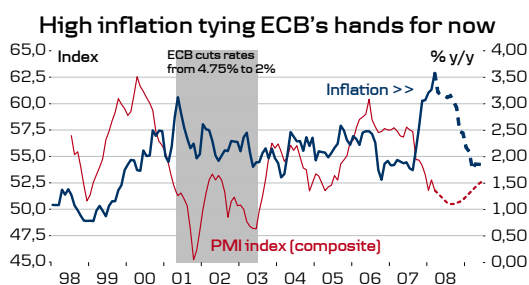
# Euroland

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## How much can Euroland take?

The coming week will bring more news on the state of the Euroland economy as both the German Ifo survey and Flash PMI data will be released. The big question at the moment is how much headwind Euroland can cope with. Over the past week we saw a further rise in the oil price to USD 115 per barrel hand in hand with a stronger euro that rose to a new high at 1.5979. We are surprised that the German Ifo is holding up so well in an environment of financial crisis, higher oil prices and a stronger euro, but we do not think Germany will escape the negative effects, which have only strengthened recently with the further weakening of the US and UK economy on top of the rising headwinds from the USD and oil prices. We expect weaker surveys over the coming 3-6 months and a decline in PMI and Ifo on Wednesday and Thursday, respectively. European companies are increasingly complaining about the strength of the euro, which will be reflected in business expectations in Euroland surveys.

Adding to worries in Euroland is the continued rise in inflation making it impossible for the ECB to compensate for the headwinds by cutting rates. Inflation for March was revised higher to 3.6% from 3.5% and core inflation rose to 2.0% from 1.8% in February. There are good reasons to believe that inflation will fall back in April as the March number was likely lifted by the early Easter and base effects will also work to get inflation down. For the medium-term outlook it is quite important however, that policy makers will succeed in boosting production of food stuffs globally. The food shock is rising on the political agenda, which could create a situation in which coordinated measures to increase production would lead to a setback in prices, bringing food price inflation down more than expected next year.



## This weeks events

- On Wednesday Flash PMI will be released. We expect a decline in both manufacturing and service PMI.
- On Thursday the German Ifo will set the agenda. It has surprised to the upside lately but we think it is a matter of time before it falls.
- Other data released this week are Euroland industrial orders, French business confidence and M3 data.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Sat 19 - 25	-	DEM Import prices	m/m y/y			1.1% 5.9%
Wed 23	8:45	FRF Consumer spending	Net bal.			1.2
Wed 23	9:30	ITL Consumer confidence	Index			99.0
Wed 23	10:00	EUR Euroland PMI manufacturing	Index	51.7		52.0
Wed 23	10:00	EUR Euroland Service PMI	Index	51.4		51.6
Wed 23	11:00	EUR Industrial new orders	m/m y/y			2.0% 7.3%
Thu 24	8:45	FRF Business confidence indicator	Index			109
Thu 24	9:30	ITL Business confidence	Index			89.0
Thu 24	10:00	DEM IFO Business Climate	Index	104.0		104.8
Thu 24	10:00	EUR ECB Euro-Zone current account	EUR bn			-10.6
Thu 24	15:00	BEF Business Confidence				1.2
Fri 25	10:00	EUR M3 Money supply	y/y			11.3%

# US

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## Economy still in the doldrums

Incoming data during the week have changed little about the picture of a US economy caught in the unfortunate position of having both high inflation and flagging growth. First, the retail sales figures for March confirmed that the weak consumption trend is continuing. Although there was not an actual decrease in private consumption, growth slowed markedly from 2.3% q/q AR in Q4 to 0.5% q/q AR in Q1. One of the main reasons for this slowdown is the sharp increase in energy and food prices, which have been pushing up inflation and pulling down real wages since the end of last year. Nor were there any signs of any real improvement in this week's figures. Both consumer and producer prices continued to climb fast in March, and with energy and food prices still rising, inflation will not be returning to normal levels in the immediate future. There is probably therefore no prospect of any improvement in private consumption until the tax cuts come into effect in May.

The downturn in the housing market is also continuing to play its part in the economy treading water and the uncertainty in financial markets continuing. Figures during the week revealed that the number of building permits issued in March was the lowest since 1991. The slide in construction activity is wiping almost 1pp off economic growth. Despite the latest poor construction data, we should probably start to look for stabilisation in the housing market in the next three to six months. First, the combination of falling interest rates, falling house prices and continued income growth means that the financial burden associated with house purchases has now dropped back to the levels seen before the housing market began to slow in 2005. Second, property sales have now fallen well below a natural level. That said, there are still some obstacles in the way of stabilisation, including low confidence among homebuyers. The biggest problem, though, is in the credit markets, which are still under pressure, and mortgage credit conditions have tightened significantly despite falling interest rates. If the Gordian knot in the credit markets can be unravelled in the next few months, however, the stage may be set for stabilisation in the housing market.

The timing of this stabilisation is probably one of the key markers for recovery in both the economy and the financial markets. The first signs of improvement will appear on the demand side - in other words, in the figures for home sales, which are on the agenda in the coming week. We expect a moderate drop in sales activity in March, but in subsequent months the figures will tend towards bottoming out. While this may be a sign of the beginnings of stabilisation, it is still far too early to draw any conclusions on this score.



### Key events of the week ahead

- Tuesday: OFHEO monthly house price index.
- Tuesday: Sales of existing homes will fall from 5.03m to 4.95m AR in March.
- Thursday: Durable goods orders.
- Thursday: Sales of new homes are expected to drop to 585k AR in March.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 21	15:00	USD Fed's Evans (non-voter, neutral) speaks				
Tue 22	16:00	USD Existing home sales	m	4.95	4.95	5.03
Tue 22	16:00	USD OFHEO monthly house price index	%			-1.1
Wed 23	13:00	USD MBA Mortgage Applications	%			2.5
Thu 24	14:30	USD Initial jobless claims	1000			
Thu 24	14:30	USD Durable goods orders	m/m		0.1%	1.7% [-1.1% rev.]
Thu 24	16:00	USD Help Wanted Index	Index		20	21
Thu 24	16:00	USD New home sales	1000	585	585	590
Fri 25	16:00	USD University of Michigan Confidence (final)	Index	64.0	64.0	63.2

# Asia

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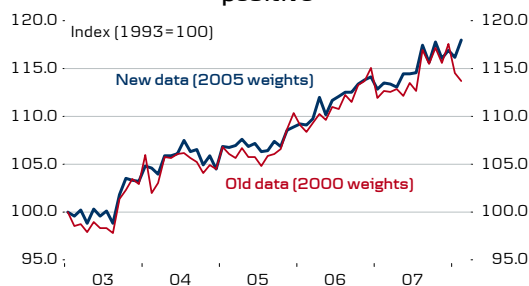
## Growth slowing in China, but not as much as expected

Chinese GDP growth fell from 11.2% y/y in Q4 to 10.6% y/y in Q1, which was not as far as we anticipated (see [Flash Comment - China: GDP growth slows less than expected](#)). However, it is difficult to assess the underlying strength of the Chinese economy on the basis of the figures for Q1, as economic activity in late January and early February was extraordinarily low due to the fierce winter storms in southern China. We also have to be careful about reading too much into the relatively strong data for March, when many Chinese businesses were probably trying to make up some of the ground lost in the preceding months.

That said, it is currently hard to see signs of any dramatic slowdown in the Chinese economy. Slightly lower export growth is pulling down economic growth, but this seems to be being partially offset by stronger private consumption and continued strong investment. In any case, we have yet to reach the point where a slowdown in the Chinese economy due to lower export growth in the wake of global deceleration completely eliminates the need for monetary policy tightening. Indeed the People's Bank of China reacted by raising its reserve requirement for the banks by a further 50bp, and we cannot rule out the possibility of an actual hike in interest rates in the near future. The still strong growth figures also mean that the ongoing strengthening of the CNY may slow in the short term. We still reckon that Chinese economic growth will fall further to less than 10% y/y in H2 due to lower export growth. For the Chinese authorities, 2008 and 2009 will bring a tough balancing act between reining in growth sufficiently to keep inflation from spiralling out of control, and avoiding an overly sharp slowdown in the economy in the wake of weaker global growth.

In Japan, the figures for industrial production have been significantly revised. There are two reasons for this. First, the figures are regularly revised in connection with the normal releases. Second, and more important, the weights used for the fixed-price calculations from 2000 to 2005 have been changed. Following the latest revisions, a rather more positive picture of Japanese industrial production has suddenly emerged, as can be seen from the chart below comparing the new and old series for industrial production. February is now showing an increase in output rather than a decrease, and the overall picture of industrial production in Q1 is now much more positive.

**New figures for industrial production more positive**



### Key events of the week ahead

- No major releases in China during the week.
- Friday brings consumer prices for the whole of Japan in March and provisional figures for the Tokyo region in April.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 21	1:50	JPY Tertiary Industry Index	m/m	Feb	0.2%	0.7%
Mon 21	7:00	JPY Leading Economic Index (final)	%	Feb		50.0
Mon 21	7:00	JPY Coincident Index (final)	%	Feb		44.4
Wed 23	1:50	JPY Merchns Trade balance Total	JPY bn	Mar	1320.1	170.0 (966.2 rev)
Thu 24	1:50	JPY All Industry Activity Index	m/m	Feb	-0.4%	0.0%
Fri 25	1:30	JPY CPI - Tokyo	y/y	Apr	0.4%	0.5%
Fri 25	1:30	JPY CPI - National	y/y	Mar	1.2%	1.2%

# Fixed income

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## US yields have risen too far

The upbeat mood in the equity markets is spreading to the fixed income markets, and yields continued to climb during the week. There is continued euphoria over the retreat of the financial crisis.

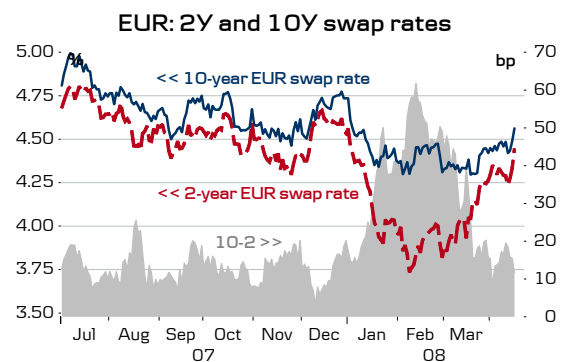
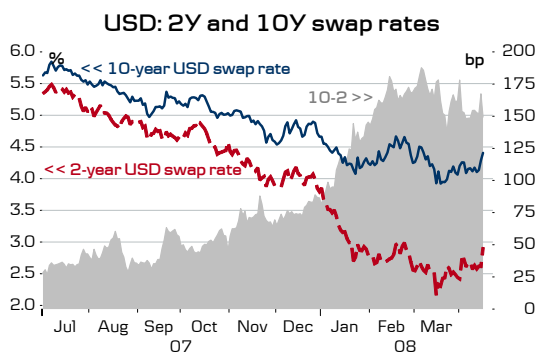
A variety of data from the US housing market and figures for US durable goods orders are due out in the coming week. These are not the real heavyweights, though, so there may be a continued focus on equities and reports during the week. But if we look at the level of US yields, they have risen a long way, and the risk no longer seems symmetrical.

Further rate cuts from the Federal Reserve of around 30-35bp are priced into the curve, and there will be a cut of at least 25bp at the FOMC meeting at the end of this month. Incoming data will remain poor in the coming months - for example, the ISM is set to fall and the labour market will deteriorate. This will probably cause US yields to drop back again. There is also the constant threat of the financial crisis flaring up again in one form or another, which would lead to a sharp drop in yields.

The picture is less clear in Euroland, where very high inflation rules out any rate cuts in the short term. Persistent deterioration in the economic outlook and falling inflation would be needed to bring a rate cut from the ECB any closer.

The coming week brings various Euroland PMIs and the Ifo index in Germany. The PMIs are headed steadily downwards, and this trend will probably continue. The Ifo has been much higher than other indicators would suggest, and the question is whether we are looking at a sharp drop in the Ifo going forward or whether the whole level of the Ifo has changed.

A decrease in both the PMIs and the Ifo will be needed for the ECB to cut interest rates in September as we predict. We are very confident about the economic outlook - growth is bound to slow - and so the uncertainty about the ECB stems mainly from the outlook for inflation.



# Foreign Exchange

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## Dual shock of financial crisis and economic slowdown still intact

Despite unprecedented intervention by central banks around the world, **financial markets remain under considerable stress**. Even if financial conditions improve from here, negative spill-over effects on the real economy are unavoidable. Hence, we continue to believe that the fundamental backdrop will lend support to **JPY** and **CHF**, just as we prefer currencies that are backed by hawkish central banks (**NOK, EUR**). Despite rising commodity prices, we are increasingly sceptical about the outlook for **NZD** as the local cycle appears to be turning over. Until the US can demonstrate either a clear trough in the economic cycle or a shift in sentiment as regards its financial sector we think the **USD** will have further to fall.

**EUR/USD has risen to a new high this week**, and is within striking distance of our 1.60 target. However, while dollar fundamentals have indeed deteriorated during the past two months, EUR/USD appears to be overshooting fundamentals and the gap between spot and fair value measured by our short-term models is relatively high presently. Technically, the uptrend is well established, targeting new highs above 1.60, but a break below this week's low at 1.5672 could very well see the beginning of a larger correction below 1.50. In short, we are not deviating from a negative stance on the dollar, but we warn about prolonging the present trend indefinitely.

While **the G7 this weekend made the first substantial change to the message on currency markets since 2004**, we consider the risk of actual intervention as modest. The decline of the dollar is not disorderly, but mainly driven by a shift in relative business cycles. Until the underlying fundamental cycles turn, intervention to buoy the dollar is unlikely to leave a permanent impression. Further, while volatility has increased, there is so far nothing to indicate that FX volatility has risen in excess of changes in other markets, nor are there signs that rising FX volatility has been the source of a general rise in volatility. Finally, G3 intervention will not be seen as credible until the ECB is ready to adopt an easing stance. When that happens, EUR/USD is likely to weaken from clearly overvalued levels, largely pre-empting the need for intervention.

For more on the above topics, please see [FX Crossroads: Looking for relative value in GBP/NZD](#), 16 April 2008.

Next week, **we expect Bank of Canada to cut rates by 50bp to 3.0%** (Tuesday) and we look for **Norges Bank to hike rates by 25bp to 5.5%** (Wednesday), in line with conventional wisdom. Sweden and New Zealand can be expected to leave rates unchanged (also Wednesday). As for key economic data we would single out Australian CPI, European PMI, German Ifo, UK GDP and US house prices as having the potential to move FX markets.

# Commodities

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## Russian oil production continues to disappoint

The past week has brought a sharp downward revision of expected world demand for oil with the publication of the IEA's latest monthly report. As a result of the lower growth forecast from the IMF used by the IEA, the IEA has reduced its forecast for growth in demand for oil by 0.3mb/d to 1.2mb/d. The IEA now expects the world to need 87.2mb/d of oil in 2008.

However, even after this downward revision from the IEA, it is worth noting that growth in oil consumption is still expected to be higher in 2008 than in 2007. It is still Asia (read China) and the Middle East which are pushing up growth in demand for oil in 2008. These two regions are expected to account for more than 80% of the extra oil needed worldwide this year. Meanwhile the IEA reckons that the OECD area will actually require marginally less oil in 2008 as we begin to see the effect of higher prices and lower growth on demand for oil in the OECD countries.

The normal relationship between price, growth and demand does not seem to apply in Asia and the Middle East. While this is not entirely correct – growth would simply have been even higher if prices had been lower – the truth is that market mechanisms in large parts of Asia and the Middle East have been put out of action, as large subsidies are being issued to keep prices down in many of these countries. However, the other side of this coin is that consumption is not being affected by rising oil prices. Artificially low prices may nevertheless result in shortages, as China has experienced for a number of years. The outcome may therefore be even higher demand if these price ceilings are adjusted, as this increases the incentive for producers to sell petrol etc. Chinese refineries are not currently being fully compensated for artificially low petrol prices.

Otherwise, though, the oil market is currently focusing sharply on the supply side. It has generally been a problem for the oil market in the last couple of years that the supply of oil, especially outside OPEC, has disappointed – and 2008 is not looking any different. We are particularly concerned about Russian oil production, which was down on last year for the third month in a row in March. Russia was expected by many to carry much of the load outside OPEC, but the latest disappointing output figures have caused many to speculate seriously that Russian oil production, just like North Sea production, has peaked. The vice-president of the biggest independent oil company, Lukoil, warned of just that during the week. The Russians have gradually come to see the seriousness of this, and proposals have been put forward for reduced taxation in order to stimulate investment. However, we doubt that this will be enough. Developments in Russia are yet another reason to expect particularly high oil prices in the coming years.

Oil prices just keep on climbing...



... due in part to disappointing production in Russia



# Macroeconomic forecast

## Macro forecast, Scandinavia

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-ploym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2007	1.8	2.5	1.7	6.7	-0.2	3.7	6.1	1.7	2.9	4.1	25	1.1
	2008	1.4	2.4	1.7	2.6	-0.1	3.4	4.5	3.1	2.0	3.2	20	0.6
	2009	1.3	1.4	1.6	0.6	0.1	2.8	2.8	2.4	2.5	2.3	17	0.6
Sweden	2007	2.7	3.2	1.0	8.3	0.7	5.8	9.7	2.2	6.2	3.1	42.0	8.3
	2008	1.8	1.7	1.0	3.5	-0.7	5.3	4.5	2.9	6.2	2.9	37.7	8.2
	2009	1.6	1.0	1.8	0.4	-0.4	3.8	2.4	1.5	6.8	2.3	35.5	8.3
Norway	2007	12.2	8.7	4.7	14.9	-0.7	19.9	10.2	0.2	2.6	8.0	26	19.3
	2008	3.5	4.6	2.8	10.9	-0.2	3.7	9.2	4.4	3.3	12.0	26	20.6
	2009	2.9	4.1	2.8	2.6	0.0	3.4	4.8	2.2	3.4	13.9	26	18.2

## Macro forecast, Euroland

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-ploym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
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	7.1	-0.8	65	-0.3
	2009	1.5	1.5	1.5	1.5	0.0	4.0	4.9	1.9	7.4	-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 <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Stock build. <sup>2</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Unem-ploym. <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
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	-3.3	180	5.0
	2008	1.4	1.1	0.9	2.0	0.1	5.0	3.8	0.6	3.8	-3.8	182	4.8
	2009	1.7	1.5	1.2	2.5	0.0	5.4	4.4	0.4	3.6	-3.5	183	5.0
UK	2007	3.1	3.1	1.9	4.1	0.0	4.2	-2.0	2.3	3.0	-2.5	43	-3.3
	2008	1.6	1.3	2.3	4.2	-0.2	3.8	3.5	2.6	2.8	-2.5	43	-4.1
	2009	1.6	1.3	2.4	3.0	0.0	3.4	3.0	2.1	3.0	-2.5	43	-4.0
Switzer-land	2007	3.1	2.1	0.1	2.7	0.1	10.0	5.2	0.7	2.8	-0.2	55	15.1
	2008	1.7	1.8	0.5	0.4	0.0	3.8	4.5	1.9	2.6	0.0	54	13.9
	2009	1.6	1.6	0.6	1.7	0.0	4.7	5.2	1.1	2.7	0.0	53	14.9

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	17-Apr	2.25	2.94	4.43	159.4	-	468.2
	+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	17-Apr	4.00	4.43	4.56	-	159.4	746.0
	+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	17-Apr	0.50	0.98	1.57	162.7	102.1	4.58
	+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	17-Apr	5.00	5.09	5.08	80.8	197.1	922.9
	+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	17-Apr	2.75	2.99	3.51	159.3	100.0	468.2
	+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	17-Apr	4.25	4.63	4.68	746.0	468.2	-
	+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	17-Apr	4.25	4.68	4.79	938.7	589.0	79.5
	+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	17-Apr	5.25	6.08	5.38	791.2	496.4	94.3
	+3m	5.50	6.20	5.40	780	488	95.6
	+6m	5.50	6.00	5.30	775	491	96.3
	+12m	5.50	5.80	5.30	775	517	96.3
PLN	17-Apr	5.75	6.21	5.75	341.6	214.4	218.4
	+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				
Denmark	Average	+5% to +10%	+5% to +10%	Neutral
Sweden	High	+5% to +10%	+5% to +10%	Overweight
Norway	High	+5% to +10%	+5% to +10%	Neutral

Commodities							
	10/04/2008	2008 - average				Average	
		Q1	Q2	Q3	Q4	2008	2009
ICE Brent	108	96	100	100	95	98	90
Aluminium	3,082	2,779	3,150	2,850	2,850	2,907	2,700
Copper	8,630	7,741	8,600	8,600	8,500	8,360	8,700
Gold	925	924	1,000	1,050	950	981	1,000
CBOT Wheat*	937	1,026	975	1,025	1,050	1,019	1,200
CBOT Corn*	595	527	600	650	675	613	700

\* Note: US\$/bushel

# Key data and events

## Key Data and Events in Week 17

### Monday, April 21, 2008

				Period	Danske Bank	Consensus	Previous
-	RUB	Unemployment rate	%	Mar	<b>6.3</b>	6.2	6.6
-	RUB	CPI	%	Mar	<b>13.3</b>	13.2	12.7
-	RUB	PPI	y/y	Mar	<b>26.9%</b>	26.6%	26.4%
-	RUB	Retail sales	y/y	Mar	<b>16.0%</b>	15.6%	17.0%
-	RUB	Real wages	y/y	Mar	<b>13.4%</b>	13.5%	13.3%
-	RUB	Investment in productive capacity	%	Mar	<b>19.0</b>	18.8	21.2
1:50	JPY	Tertiary Industry Index	m/m	Feb		0.2%	0.7%
7:00	JPY	Leading Economic Index (final)	%	Feb			50.0
7:00	JPY	Coincident Index (final)	%	Feb			44.4
8:00	EEK	Producer prices	y/y	Mar	<b>8.6%</b>		8.3%
9:15	CHF	Producer & Import prices	m/mly/y	Mar			0.2% 3.6%
10:30	GBP	Rightmove House prices	m/mly/y	Apr			0.8% 5.0%
12:00	LVL	Producer prices	y/y	Mar	<b>10.5%</b>		11.4%
15:00	USD	Fed's Evans (non-voter, neutral) speaks					

### Tuesday, April 22, 2008

				Period	Danske Bank	Consensus	Previous
8:15	CHF	Trade balance	CHF bn	Mar			1.55 (1.50 rev.)
10:00	PLN	Retail sales	y/y	Mar	<b>20.5%</b>	21.0%	23.8%
10:00	PLN	Unemployment	%	Mar	<b>11.3</b>	11.3	11.5
10:00	LTL	Industrial production	y/y	Mar			11.1%
15:00	CAD	Bank of Canada Rate		Apr	<b>3.00%</b>	3.00%	3.50%
16:00	USD	OFHEO monthly house price index	%	Feb			-1.1
16:00	USD	Existing home sales	m	Mar	<b>4.95</b>	4.95	5.03

### Wednesday, April 23, 2008

				Period	Danske Bank	Consensus	Previous
1:50	JPY	Merchnds Trade balance Total	JPY bn	Mar		1320.1	970.0 (966.2 rev.)
3:30	AUD	CPI	q/qly/y	1st quarter			0.9% 3.0%
8:45	FRF	Consumer spending	Net bal.	Apr			1.2
9:30	ITL	Consumer confidence	Index	Apr			99.0
9:30	SEK	Statistics Sweden, Unemployment	%	Mar	<b>3.1</b>		6.1
9:30	SEK	Riksbank, Rate decision	%		<b>4.25</b>	4.25	4.25
9:30	DKK	Consumer confidence	Index	Apr	<b>-2.0</b>	0.0	-1.3
10:00	EUR	Euroland PMI manufacturing	Index	Apr	<b>51.7</b>		52.0
10:00	EUR	Euroland Service PMI	Index	Apr	<b>51.4</b>		51.6
10:30	GBP	BBA loans for house purchase		Mar			43870
10:30	GBP	Minutes from MPC meeting					
11:00	EUR	Industrial new orders	m/mly/y	Feb			2.0% 7.3%
13:00	USD	MBA Mortgage Applications	%				2.5
14:00	NOK	Norges Banks monetary policy meeting	%		<b>5.50</b>	5.50	5.25
14:30	CAD	Retail sales	m/m	Feb			1.5%
23:00	NZD	Reserve Bank of New Zealand (cash rate decision)		Apr	<b>8.25%</b>	8.25%	8.25%

# Key data and events

Thursday, April 24, 2008				Period	Danske Bank	Consensus	Previous
1:50	JPY	All Industry Activity Index	m/m	Feb		-0.4%	0.0%
8:45	FRF	Business confidence indicator	Index	Apr			109
9:30	ITL	Business confidence	Index	Apr			89.0
9:30	SEK	PPI (incl. export- and importprices)	m/mly/y	Mar			0.6% 4.2%
10:00	EUR	ECB Euro-Zone current account	EUR bn	Feb			-10.6
10:00	DEM	IFO Business Climate	Index	Apr	104.0		104.8
10:30	GBP	Retail Sales	m/mly/y	Mar		-0.1% 4.6%	1.0% 5.5%
12:00	GBP	CBI Industrial Trends Survey		Apr			
14:30	USD	Initial jobless claims	1000				
14:30	USD	Durable goods orders	m/m	Mar		0.1%	-1.7% (-1.1% rev.)
15:00	BEF	Business Confidence		Apr			1.2
16:00	USD	Help Wanted Indeks	Index	Mar		20	21
16:00	USD	New home sales	1000	Mar	585	585	590
16:30	CAD	BoC Monetary Policy report		Apr			

Friday, April 25, 2008				Period	Danske Bank	Consensus	Previous
1:30	JPY	CPI - Tokyo	y/y	Apr	0.4%	0.5%	0.6%
1:30	JPY	CPI - National	y/y	Mar	1.2%	1.2%	1.0%
9:30	SEK	Trade balance	SEK bn	Mar			17.1
10:00	EUR	M3 Money supply	y/y	Mar			11.3%
10:30	GBP	GDP	q/qly/y	1st quarter		0.4% 2.5%	0.6% 2.8%
16:00	USD	University of Michigan Confidence (final)	Index	Apr	64.0	64.0	63.2

During the week				Period	Danske Bank	Consensus	Previous
Thu 17 - 22	CHF	Producer & Import prices	m/mly/y	Mar			0.2% 3.6%
Thu 17 - 23	CHF	Retail sales, Nominal	y/y	Feb			1.3%
Sat 19 - 25	DEM	Import prices	m/mly/y	Mar			1.1% 5.9%
Thu 24 - 30	GBP	Nationwide house prices	m/mly/y	Apr			-0.6% 1.1%

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