

Weekly Focus

22-29 February 2008

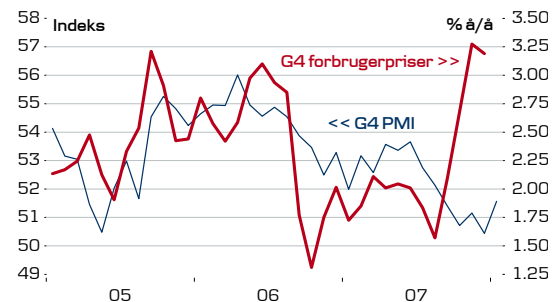
The central banks' dilemma

The past week has brought more surprisingly high inflation figures. In the US, for example, inflation climbed to 4.3% y/y in January. The story is the same everywhere: inflation has risen sharply while growth is either already falling or feared liable to fall in the wake of the weaker growth stateside.

The increase in inflation is still due primarily to rising energy and food prices. Both oil and food prices have continued on upwards in February, and there is therefore a risk of inflation not dropping back as quickly as we anticipated. This could result in an even weaker growth scenario in the short term, as the expectation of gradually falling inflation – and so stronger growth in real incomes – is key to stronger private consumption in countries like the US and Japan during the course of 2008.

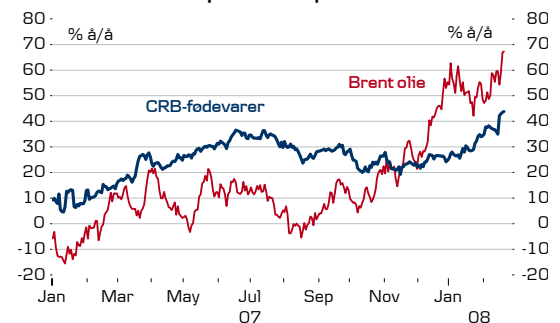
The increase in inflation is reducing monetary policy room to manoeuvre, even though one can naturally hope that the high oil and food prices are only temporary. The Fed is probably of the view that the growth outlook in the US has now deteriorated to the point where inflation will play only second fiddle in its deliberations. For the ECB and the Bank of England, the dilemma is more acute due to a less unambiguous growth outlook. Here, there is a greater danger of rising inflation impacting on inflation expectations and sparking off a vicious inflation circle. The IG Metall pay deal in Germany has probably further focused the ECB on this risk.

The central banks' dilemma

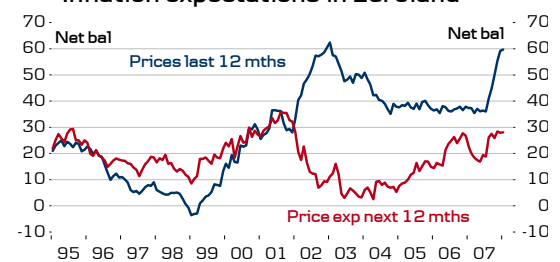


Note: G4 comprises USA, Euroland, Japan and UK

Inflation pushed up further



Inflation expectations in Euroland



Note: Consumer price expectations from the European Commission's survey

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Cloudier days ahead – but no storm

We have just released our new macroeconomic forecast for the Danish economy. The picture presented is one of a slightly deeper slowdown in growth, largely due to the clouds having continued to gather above the global economy since we presented our previous forecast in October last year. Growth in Europe and the Nordic area looks set to be around 1 percentage point lower in 2008 than in 2007 – and this will have an effect on the Danish economy. At the same time, accelerating wage growth at home will erode Danish competitiveness. The effect of reduced competitiveness will only be felt slowly, but, still, it will be difficult to regain the competitiveness lost.

We expect that growth in 2008 will dip to 1.5% – somewhat below the norm for the Danish economy. As a result, the labour market will turn, with the prospect of unemployment rising – albeit modestly – from H2 08. The number of jobless will probably increase by just around 15,000 (from 75,000) by the end of 2009.

The slowdown in the housing market and the prospects of slightly falling house prices over the forecast period will play a more important role for the relatively subdued rate of consumption growth that we foresee for the coming years. However, with private consumption forecast to grow 1.8% this year and 1.4% in 2009, we are not expecting a hangover after the spending spree of recent times. Meanwhile, the housing market slowdown is not only impacting private consumption – housing investments are clearly suffering even more. Growth here was already slowing sharply in 2007, and we expect to see an actual fall in housing investments in 2008.

Business investments are also under pressure. The outlook for lower growth is reducing the keenness of companies to launch major investment projects. In addition, raising finance can be difficult at the moment due to falling equity prices and the global credit crisis. On the other hand, the credit crisis and, more recently, the equity crisis have sparked a substantial fall in interest rates, which may make certain projects more profitable. Given the above, we expect business investments to grow by 2%-3% on an annual basis. This has to be compared with investment growth of around 15% as recently as in 2006.

Forecast for the Danish economy

%	Current forecast			Previous forecast		
	2007	2007	2009	2007	2008	2009
GDP	1,8	1,5	1,4	1,9	1,7	1,3
Private consumption	2,1	1,8	1,4	2,1	1,7	1,6
Public consumption	1,4	1,6	1,5	1,7	2,0	1,8
Gross fixed investment	4,9	1,3	2,0	5,1	2,5	2,4
Exports	3,7	3,3	3,4	3,1	4,3	4,1
Imports	5,1	3,5	3,7	4,2	4,5	4,9
Unemployment (thousands)	93,3	69,7	80,2	96,7	89,6	100,6
Inflation	1,7	2,7	2,2	1,7	2,1	1,9
Public sector bal., % of GDP	4,3	3,5	2,6	4,4	3,8	3,2
Current account, % of GDP	1,0	0,8	0,7	1,2	1,3	1,6

Key events of the week ahead

- Tuesday: Consumer confidence indicator, which we believe will correct to 0.
- Thursday: Q4 GDP. We expect growth of 0.2% q/q, bringing growth in 2007 to 1.8%.
- Thursday: Unemployment figures due. We expect a fall to 73,900, or 2.7%.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Tue 26	9:30	DKK Consumer confidence	Feb	0.0		-1.1
Thu 28	9:30	DKK Unemployment, s.a.	K (%) Jan	-1 (2.7%)		65.9 (2.4%)
Thu 28	9:30	DKK GDP, preliminary	q/q/y 4th quarter	0.2% 1.9%		1.6% 1.7%

Sweden

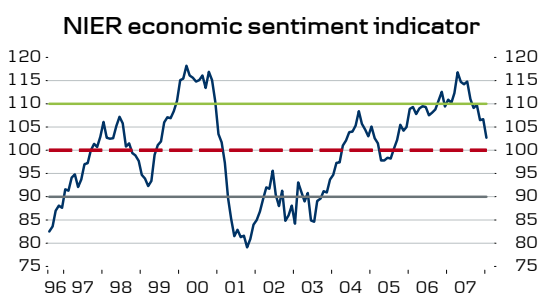
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Net data set in Sweden could be a bit stronger

After quite market-friendly January CPI-numbers Swedish rates took back a little bit of the shake-out after last week's rate hike. However, we sense that the market is vulnerable and there are reasons to be somewhat careful ahead of next week's data. What we have in mind here is the preliminary estimate for Q4 GDP. GDP data seem to attract more interest nowadays. The markedly lower-than-expected numbers for Q3 were a trigger for a series of downward revisions of general growth estimates and indeed for reassessments of monetary policy. The latter proved to be an error last week; the current conditions are somewhat different. Growth expectations are probably considerably more moderate now than ahead of the Q3 data. This time we also believe that there are indications of a slightly stronger growth number. If so, there is a risk that yields will react negatively.

The number one reason behind the slowdown seen in Q1-Q3 was deteriorating net exports, which shaved off an average 1 percentage point from y/y growth during the last three quarters. Available data in October-December suggest that net exports will be less of a drag on GDP. One could expect that a relative improvement in net exports (via slower imports) would be reflected in an unwinding of inventories, but data for industrial inventories do not support such a development. So the result could be a slightly stronger GDP figure - close to 3% y/y.

Speaking of data, there are some other numbers of interest next week. Retail sales have lost some momentum of late, but there is potential for a (temporary) correction in January. Last year, January sales were pretty lousy after a strong performance in December 2006 (Christmas). December 2007 was a disappointment, partially reflecting a mild winter. This factor might affect January as well (judging by the unusually large seasonal price reductions on clothing registered in the January CPI), but base effects indicate a somewhat stronger number overall in January. Our forecast is 6.5% y/y. Finally, the NIER will release February survey results. Both consumer and manufacturing confidence have been on a declining trend for some time now and we think that this trend will continue in coming months. This is captured in the overall economic sentiment index, which has dropped from above one standard deviation above the 100 reference value (characterised as much stronger cyclical conditions than normal) to within one standard deviation (stronger than normal) approaching the level 100.



Key events of the week ahead

- Monday: The Riksbank releases minutes from the 12 February meeting
- Wednesday: NIER confidence surveys
- Thursday: January retail sales has a potential to come in stronger than in recent months (our forecast is 6.5% y/y)
- The same is true for Q4 GDP (Friday) - forecast 2.8% y/y

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 25	9:30	SEK Trade balance	Jan	11.0		9.2
Mon 25	9:30	SEK Riksbank Minutes				
Wed 27	9:15	SEK NIER manufacturing confidence	Feb	-2	-1	-1
Wed 27	9:15	SEK NIER economic sentiment index	Feb			102.7
Wed 27	9:30	SEK Consumer confidence	Jan	5.0	4.8	5.9
Thu 28	9:30	SEK Current account	4th quarter			41.2
Thu 28	9:30	SEK Retail sales	y/y Jan	6.5%	6.7%	4.0%
Thu 28	9:30	SEK PPI (incl. export- and importprices)	m/m/y/y Jan	0.5% 3.8%	0.6% 3.9%	0.0% 3.9%
Fri 29	9:30	SEK GDP	y/y 4th quarter	2.8%	2.5%	2.5%

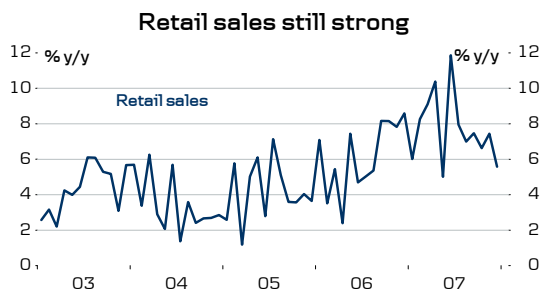
Norway

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Is slide in unemployment coming to an end?

The GDP figures just out for Q4 mean that growth in the mainland (non-oil) economy in 2007 was no less than 6%. Even so, it seems that growth slowed in Q4, which suggests that the Norwegian economy is not immune to the global downturn after all. That said, things were not that bad either. Domestic demand grew by no less than 3.1% q/q in Q4. Had it not been for the weather-related dip in electricity production, growth would have been even higher. At the same time, we note that net exports made an extraordinarily negative contribution to growth in Q4. A growing part of the country's strong demand now needs to be met through imports, as domestic resources are fully utilised.

But has the economy continued to grow in Q1? Data due out in the coming week include unemployment in February and retail sales in January. We reckon that registered unemployment could fall as low as 1.6%, due primarily to seasonal effects. The seasonally adjusted number of jobless is also expected to fall slightly, but not at the same rate as in 2007. Retail sales are expected to rebound to some extent after falling 0.7% in December. We predict growth of 0.8% m/m. Credit growth is forecast to edge back to 14.3%. The weaker housing market is expected to put pressure on household borrowing, while companies are expected to continue to borrow heavily despite the credit crunch.



Key events of the week ahead

- Retail sales are expected to bounce back in January.
- Credit growth still strong.
- Registered unemployment is expected to fall to 1.6%.
- AKU unemployment is expected to be unchanged at 2.5%.

Date	Time	Event	Period	DanskeBank	Consensus	Previous
Wed 27	10:00	NOK Unemployment s.a. (LFS)	% Dec	2.5	2.5	2.5
Thu 28	10:00	NOK Unemployment nsa. (Aetat)	% Feb	1.6	1.7	1.8
Fri 29	10:00	NOK Retail sales, s.a.	m/m/y/y Jan	0.8%	0.8% 5.6%	-0.7% 5.6%
Fri 29	10:00	NOK Credit indicator (C2)	y/y Jan	14.3%	14.5%	14.5%

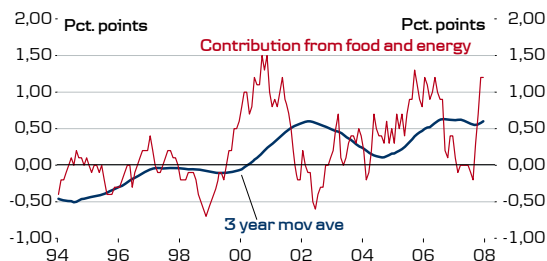
Euroland

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More bad inflation news piles pressure on the ECB

The past week has been all about inflation. **First** we got the first big pay deal in Germany. Steelworkers union IG Metall in North Rhine-Westphalia negotiated a 5.2% wage increase over 14 months, which corresponds to an annual increase of around 4.5%. This is the biggest rise for 15 years and probably at the upper end of the ECB's comfort zone. In itself, though, the increase is not that worrying. The steel industry has made marked productivity improvements of around 5% in recent years, and general wage restraint has led to a substantial increase in profit margins. As revenues have also been growing strongly, this has resulted in major increases in companies' earnings. They therefore have plenty of scope to absorb these pay rises without this leading to general pressure on prices. However, this pay deal does show how pressure has mounted in the labour market as unemployment has come down, and so the risk of second-round effects from high energy and food prices has therefore also grown. And it is this risk which is worrying the ECB. **Second**, the week brought further increases in the prices of oil and food-related commodities. Recent years have brought rapidly growing contributions to inflation from non-core components, namely food and energy (see chart below). When the ECB adopted its inflation target of a maximum 2%, this followed a period when these components had been reducing the rate of inflation by a quarter to half a point. However, the mounting pressure on commodity prices in recent years due to the rapid expansion in emerging markets has meant that these components are now instead upping the rate of inflation by around half a point. This is making it much harder for the ECB to keep inflation below 2%, and is ultimately increasing the risk of inflation expectations beginning to rise as consumers come to view the rises in energy and food prices as permanent. Comments from the ECB are also increasingly reflecting concern that the contribution from non-core components is of a more permanent than a temporary nature. In other words, globalisation is increasingly putting upward pressure on prices after a period when the opposite was the case.

Mounting inflationary pressure from food and energy



Key events of the week ahead

- Tuesday: German Ifo business confidence index is expected to fall.
- Wednesday: M3 and credit growth – keep an eye on growth in mortgage credit, which is falling fast.
- Thursday: German inflation figures will give a first indication of inflation in February.
- Friday: Euroland consumer confidence will probably fall again.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Tue 26	8:00	DEM GDP final	q/q/y/y	4th quarter	0.3% 1.6%	0.3% 1.6%
Tue 26	8:45	FRF Housing starts (change)	3m y/y%	Jan		-0.8%
Tue 26	9:30	ITL Business confidence	Index	Feb	91.4	91.6
Tue 26	10:00	DEM IFO-business climate	Index	Feb	102.5	103.0
Wed 27	8:00	DEM Import prices	m/m/y/y	Jan	0.3% 4.6%	-0.1% 3.7%
Wed 27	8:10	DEM Gfk consumer confidence survey		Mar	4.4	4.5
Wed 27	10:00	EUR M3 Money supply	y/y	Jan	11.3%	11.5%
Thu 28	-	DEM CPI (Länder) prel	m/m/y/y	Feb		
Thu 28	8:00	DEM ILO Unemployment rate	%	Jan		7.8
Thu 28	8:45	FRF Consumer confidence	Net bal.	Feb	-34	-34
Thu 28	9:55	DEM Unemployment rate	%	Feb	8.0	8.1
Thu 28	9:55	DEM Unemployment, change	'000	Feb	-50	-89
Thu 28	10:00	EUR Retail PMI	Index	Feb	48.1	48.1
Thu 28	11:00	EUR Consumer confidence	Net balanc	Feb	-12	-12
Thu 28	11:00	EUR Economic Confidence	Index	Feb	101.3	101.7
Fri 29	9:00	ESP CPI (EU harmonised)	y/y	Feb		4.4%
Fri 29	11:00	ITL HICP preliminary	m/m/y/y	Feb		-0.8% 3.1%
Fri 29	11:00	EUR CPI	m/m/y/y	Jan	-0.4% 3.2%	0.4% 3.1%
Fri 29	11:00	EUR Unemployment	%	Jan	7.2	7.2
Fri 29	11:00	EUR CPI core	m/m/y/y	Jan	2.0%	1.9%

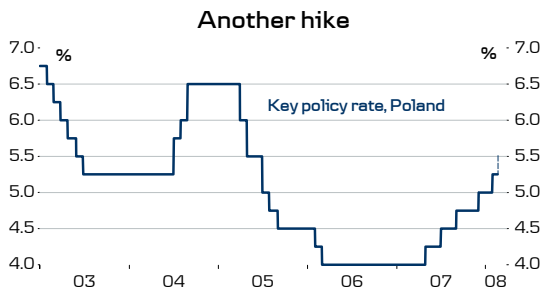
Poland

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Polish rate hikes on the cards

Both Polish inflation and wage growth surprised significantly on the upside in January and inflation remains well above the Polish central bank's (NBP) inflation target of 2.5%. Therefore, we expect the NBP to hike its key policy rate by another 25bp to 5.5%.

This expectation is supported by comments from a number of NBP monetary policy council (RPP) members. Most notable was RPP member Dariusz Filar's call for an urgent 50-75bp hike in an interview this week with the news agency Dow Jones newswire. It should, however, be noted that Mr. Filar is an arch hawk so one should obviously not see Mr. Filar's view as the "consensus" view within the RPP. It is nonetheless an indication that the NBP will tighten monetary policy further. That said, the market has already priced in two rate hikes in the next three months, which to us seems a bit aggressive.



Key events of the week ahead

- Retail sales and unemployment numbers for January will be released on Monday.
- The monetary policy council meets on Wednesday. We expect a 25bp rate hike to be delivered, which will bring the policy rate to 5.5%.
- On Friday Q4 GDP numbers will be released.

Date	Time	Event	Period	DanskeBank	Consensus	Previous
Mon 25	10:00	PLN Retail sales	y/y Jan	13.5%	15.4%	12.4%
Mon 25	10:00	PLN Unemployment	% Jan	11.8%	11.7%	11.4%
Wed 27	-	PLN Monetary Policy Council meets		5.50%	5.25%	5.25%
Fri 29	10:00	PLN Gross domestic product	y/y 4th quarter	6.0%	6.0%	6.4%

USA

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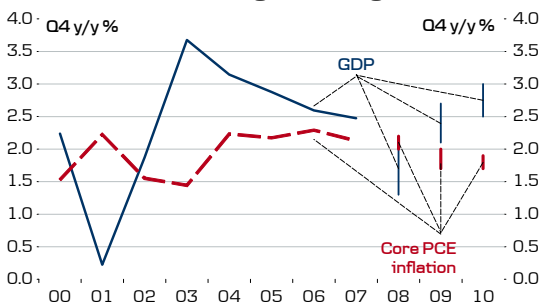
Fed caught on the horns of high inflation and low growth

The past week has highlighted the US central bank's increasing **monetary policy dilemma**. On the one hand, the **economy is flirting with recession** – hard pressed by the downturn in the housing market, instability in the financial sector, falling asset prices, and higher energy and food prices. On the other hand, **inflationary pressures are growing** – something confirmed by the [consumer price data for January](#), which saw annual core inflation rise to 2.5%. There is, moreover, a risk of a further increase in inflation in the short term. Meanwhile, commodity prices have risen sharply in recent weeks, and oil has again breached the magical \$100 a barrel mark.

For now, the **central bank is clearly giving highest priority to the risks to growth**, easing monetary policy by a total of 2.25 percentage points to 3% since September. Of this, 1.25 percentage points were cut from the Federal funds rate in January. There was clear evidence that growth concerns are dominant in the [minutes of the monetary policy meeting 29-30 January](#), which included a substantial cut in the GDP growth forecast for 2008. Nevertheless, it is clear that the central bank is also **worried about high inflation**. Some FOMC members obviously view the current level of inflation as unsustainable, and are concerned about making a monetary policy error by cutting interest rates too much. Should commodity prices continue to surge and core inflation refuse to slow, or at least stabilise, then **inflation worries may severely limit the Fed's freedom to act later in the year**. Indeed, the minutes mentioned that a rapid reversal of the rate cuts could come onto the agenda. The tone of the minutes and the higher consumer prices had a pronounced effect on the market, which scaled back expectations of further rate cuts. The market now expects a bottom in monetary policy rates of around 2.25% in the autumn.

Nevertheless, for now, the central bank is maintaining the view that the growth slowdown will be able to dampen inflation in the longer term. This supports our expectation that the Fed will continue to focus on the risks to growth and will cut rates further during the course of H1 08. The week ahead will be dominated by activity-related data, which may firmly shift the focus back to growth. [Retail sales](#) and inflation data suggest negative growth in private consumption in January. In addition, the outlook is also for the housing market figures to remain weak and for business confidence to be mixed. The most important event will, however, be Fed chief Bernanke's address to Congress (Humphrey-Hawkins)

Fed forecast: Lower growth, higher inflation



Key events of the week ahead

- Monday - Existing home sales expected to fall further to 4.85m in January.
- Tuesday - Core producer prices looks set to rise by 0.2% m/m.
- Wednesday - New home sales expected to fall to 600,000 in January.
- Wednesday - Bernanke will deliver monetary policy report to Congress (Humphrey Hawkins)
- Friday - PCE core inflation looks set to increase by 0.3% m/m and 2.1% y/y.

Date	Time	Event	Period	Danske Bank	Consensus	Previous
Mon 25	15:50	USD Fed's Kroszner (neutral, non-voter) speaks				
Mon 25	16:00	USD Existing home sales	m (m/m)	4.85 (-0.8%)	4.80 (-1.8%)	4.89 (-2.2%)
Mon 25	21:30	USD Fed's Mishkin (dove, voter) speaks				
Tue 26	14:30	USD PPI core	m/m/y/y	0.2% 2.1%	0.2% 2.2%	0.2% 2.0%
Tue 26	14:30	USD PPI	m/m/y/y	0.2% 7.6%	0.3% 7.2%	-0.1% 6.3%
Tue 26	16:00	USD Consumer confidence	Index	78.0	83.0	87.9
Tue 26	18:15	USD Fed's Kohn (neutral, voter) speaks				
Wed 27	14:30	USD Durable goods orders	m/m (rev.)		-4.0%	5.2% (5.0%)
Wed 27	16:00	USD New home sales	1000 (m/m)	600 (-0.7%)	600 (-0.7%)	604 (-4.7%)
Wed 27	16:00	USD Fed's Bernanke speaks to house panel				
Wed 27	16:00	USD Fed's Mishkin (dove, voter) speaks				
Thu 28	14:30	USD GDP, first revision	q/q ann. 4th quarter	0.8%	0.8%	0.6%
Thu 28	14:30	USD Personal Consumption, preliminary	q/q ann. 4th quarter	1.8%	2.0%	2.0%
Thu 28	14:30	USD PCE core - deflator, preliminary	q/q 4th quarter	2.7%	2.7%	2.7%
Thu 28	14:30	USD Initial jobless claims	1000		350	349
Thu 28	16:00	USD Fed's Bernanke speaks to senate panel				
Fri 29	14:30	USD Personal spending	m/m	0.0%	0.2%	0.2%
Fri 29	14:30	USD PCE core - deflator	m/m/y/y	0.3% 2.1%	0.2% 2.2%	0.2% 2.2%
Fri 29	14:30	USD Personal income	m/m	0.2%	0.2%	0.5%
Fri 29	15:45	USD Chicago PMI	Index	50.5	50.0	51.5
Fri 29	16:00	USD University of Michigan Confidence, final	Index	70.0	70.0	69.6
Fri 29	17:00	USD Fed's Mishkin (dove, voter) speaks				
Fri 29	18:15	USD Fed's Lockhart (neutral, non-voter) speaks				
Fri 29	19:30	USD Fed's Evans (neutral, non-voter) speaks				

Asia

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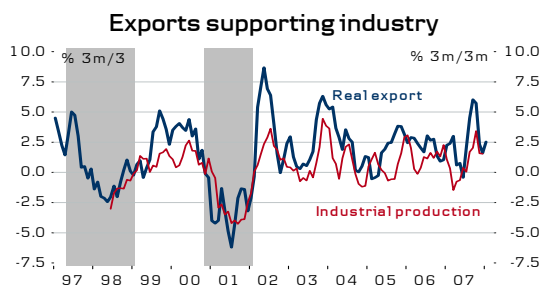
January trade figures for both Japan and China were released in the past week. Attention was largely focused on the export component, as this could provide some indication of the extent to which the weakness in the US, in particular, is spreading to the rest of the global economy. Rather surprisingly, total export growth accelerated in both China and Japan, even though there were clear signs of weakness in US-bound exports from both countries.

Chinese total export growth accelerated to 26.7% y/y in January from 21.7% y/y in December 2007. Growth in US-bound exports, however, slowed to 5.3% y/y from 6.8% y/y the month before. Note, though, that Chinese data can be difficult to interpret early in the year due to the effects of the Chinese New Year. As the New Year fell relatively early in February this year compared to 2007, it cannot be ruled out that exports in January were extraordinarily strong, as Chinese companies would have been busy in January shipping out goods before the New Year holiday.

In Japan, the picture is much the same. Exports grew by 7.7% y/y in January after growing 6.9% y/y in December. The overall picture, though, is of export growth falling significantly since the middle of 2007, but stabilising for now at a relatively high level (see graph below). Nevertheless, signs of weakness in exports to the US have become more pronounced lately, with US-bound exports falling by almost 6% over the past three months relative to the previous three months.

For both China and Japan the conclusion to be drawn would appear to be that exports are generally still not pulling growth significantly down despite clear signs of weakness in exports to the US. Nevertheless, it is still our view that export growth will slow in the course of H1 08. That said, the latest export figures provide some justifiable hope that the slowdown will not be dramatic.

The developments in exports also suggest that the slowdown in industrial activity in Japan does not appear set to be dramatic. Growth in both exports and industrial production is currently very strong relative to what Japan experienced during its latest two recessions (shading in graph below). This suggests that, despite everything, Japan is still some way from an actual recession.



Key events of the week ahead

- Japan watchers will be eyeing industrial production, unemployment and inflation for January. Announced production plans indicate that **industrial production** fell in January. Rising energy and food prices will probably have pushed **inflation** higher. Employment growth has fallen, and unemployment is expected to be unchanged at 3.8% in January.

Date	Time	Event	Period	DanskeBank	Consensus	Previous
Fri 22 - 27	-	CNY Wholesale prices	y/y			7.6%
Thu 28	0:50	JPY Industrial production (preliminary)	m/mly/y		-0.7% 3.9%	1.4% 0.8%
Thu 28	0:50	JPY Retail trade	m/mly/y		1.9% -0.2%	-0.8% 0.2%
Fri 29	0:30	JPY Jobless rate	%		3.9	3.8
Fri 29	0:30	JPY Job-to-applicant ratio			0.97	0.98
Fri 29	0:30	JPY Overall household spending	y/y		0.3%	2.2%
Fri 29	0:30	JPY CPI - Tokyo	y/y		0.5%	0.2%
Fri 29	0:30	JPY CPI - National	y/y		0.6%	0.7%
Fri 29	6:00	JPY Housing starts	y/y		-12.4%	-19.2%
Fri 29	6:00	JPY Construction orders	y/y			4.7%
Sat 01	2:00	CNY Manufacturing PMI	Index			53.0

Fixed Income

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Further falls in yields and a steeper yield curve ahead

Does the recent increase in interest rates mean that yields are once again on their way up? In short: No. We view the recent rise in yields as a temporary correction after a period of major falls. The outlook is still for a string of generally weak economic news from the US that will further stoke recession fears, and the US central bank will continue to ease monetary policy. This means there is a potential for lower yields and steeper curves in the US further down the road.

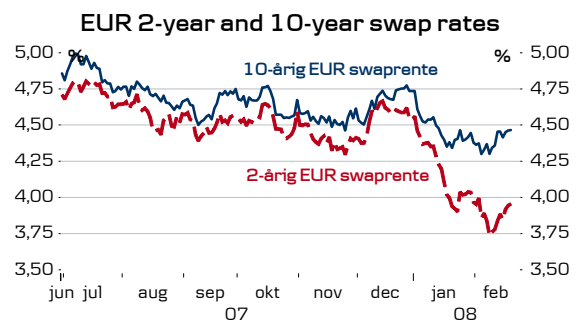
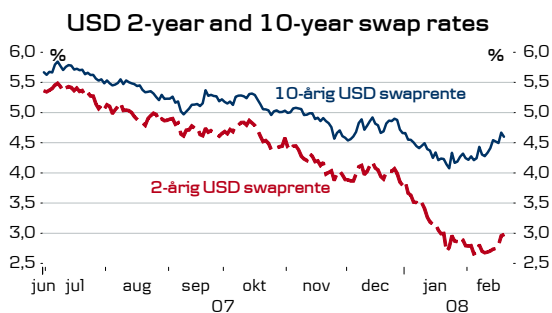
The picture in Euroland is a little different, but we also expect steeper curves and lower yields eventually. The timing of the first rate cut from the ECB will play an important role here. We expect that the ECB will cut interest rates in June, though a series of weaker economic numbers will be required to persuade the ECB to cut at a time when inflation is high and unemployment is low. Nevertheless we expect this will come.

Market expectations on the ECB are no longer unrealistic after the recent increases in yields. The cocktail of weak economic news, contagion from the US and the prospects of a rate cut from the ECB moving closer is expected to cause European yields to fall and curves to steepen. At the present time, there is a considerable correlation between US and European yields. Therefore, further bad economic news on the US economy will put downward pressure on yields in Euroland too.

The key US events for fixed income markets in the coming week will probably be the numbers on home sales and house prices, durable goods orders, PCE inflation and, not least, Fed chief Bernanke's Humphrey-Hawkins address to Congress. We expect that Bernanke will present a view not much different to that outlined in the latest FOMC minutes.

There are also several numbers due in Euroland that may attract the attention of the market: Ifo, German GDP, regional German inflation, and M3 monetary data.

In addition, focus will continue to be on the ongoing wage negotiations in Euroland – not least after 85,000 metal workers received a pay rise of 5.2% for 14 months. Excessively high wage increases will make it more difficult for the ECB to cut rates going forward.



Foreign exchange

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Selective optimism in February

In the *Weekly Focus* published on 1 February (see [L, U or V](#)) we wrote that: "While the markets have been driven by negative news and fear in January, there may be a temporary respite in February... A correction could pull USD/JPY up towards 110, but would also probably send EUR/NOK below 8.0 again. Sterling has emerged stronger from the unrest of the past two weeks, but this is most likely mainly due to expectations on Euroland, in particular, being reduced. Therefore, going forward, it is likely that EUR/GBP will again rise towards 0.76 and GBP/DKK will head down towards 9.80. We still expect that EUR/USD will go above 1.50". As it happens, our forecast was not far off the mark. Generally speaking, the markets have been characterised by selective optimism in recent weeks, and high-yielding G10 currencies, such as AUD and NZD, have performed well. USD/JPY has risen close to 109, EUR/NOK has fallen some way below 8.0 (7.86 at present) and EUR/GBP has risen to a February peak of 0.7580 (GBP/DKK 9.83). In contrast, EUR/USD has come nowhere near 1.50, and there is reason to suspect that EUR/USD may have peaked (see, eg, [Has EUR/USD peaked?](#), [FX Crossroads](#) and [EUR – flow of funds disappoints](#)). The notion of selective optimism is underlined by the clear underperformance of currencies such as ZAR and ISK. Perhaps paradoxically, the best recommendation in the past month was to be long NZD/ZAR (+15.7%).

There are a number of major themes at play in the market. In our view, the most important remains the global economic slowdown and the financial crisis. Growth-wise, there is not much news after a relatively spartan period on the data front, but we still expect that growth on both sides of the Atlantic will head downwards. As regards the financial crisis, there are still no signs of improvement, with recent weeks being dominated by the loss at Credit Suisse, the nationalisation of Northern Rock, the need for yet another life-line to be thrown to German bank IKB and, not least, the pronounced widening of credit spreads. **The global economic slowdown and the credit crisis form the bedrock of our cautious approach to the financial markets in general, and of our faith in a strengthening of JPY and CHF in particular.**

A third theme that has been grabbing the headlines of late is **inflation**. Inflation has delivered upside surprises in the US, China and France in the past week, and is a clear concern for central banks. Fixed income markets do not seem particularly worried about inflation for now, as the implied inflation rate, which can be derived from the bond markets, has not risen by much in either the US or Europe. Pricing inflation in the FX markets is not straightforward. In theory, increasing inflation should weaken a currency, but if inflation is rising in all countries there is no relative shift in the value of individual currencies. An alternative approach is to look at how the different central banks view inflation. There are countries where inflation is either not that big a problem, or where it has a lower priority than growth – the US and Canada are prime examples of this. Then there are countries where both growth and inflation are high, such as Norway and Australia. In general, we prefer currencies from the latter group. Finally, there are countries where growth is slowing, but where inflation is still an obstacle to central bank rate cuts, eg, the ECB and Sweden's Riksbank. We expect these banks to cut in the course of 2008, and the respective currencies to eventually weaken as a result.

Commodities

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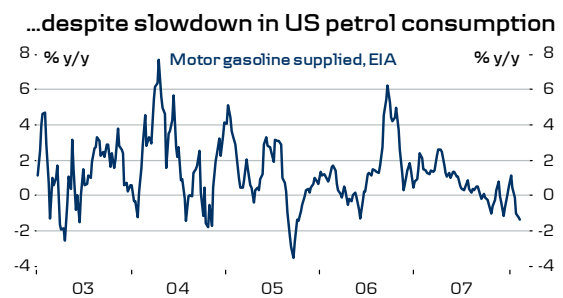
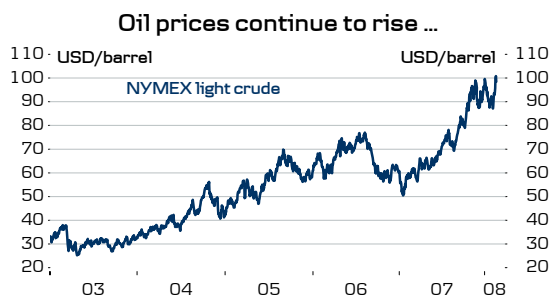
Oil: Is the second surge above USD 100 sustainable?

When oil surged above USD 100 a barrel just after New Year, it remained there for just one day, before falling quite quickly below USD 90. But is this second surge above USD 100 more sustainable?

The fundamental side of the equation is weaker now than it has been for the past four months. A US recession has moved closer, and it has become clear that both Europe and Japan will feel the fallout. According to the weekly US oil figures, petrol consumption is now around 1% below consumption a year ago. Moreover, the US inventory situation is easing a little. While oil stocks had been falling for much of the past six months, there has been some build-up again in recent weeks.

So what is pushing oil prices up? First, investor interest in commodities has been high this year. Investors have been searching for alternative investments that provide a hedge against rising inflation and further dollar weakness – and energy and agriculturals are currently the most important factors in global inflation. Agricultural goods, too, have experienced increasing investor interest this year. Commodities also provide a hedge against dollar weakness, as traded commodities are priced in dollars, and prices have historically been negatively correlated with the greenback. Second, investing in commodities provides exposure to the Emerging Markets, which so far seem to be largely immune to US woes. Growth in China, for example, shows little sign of slowing, and government price controls on petrol mean there has been no noticeable demand reaction to the price increases. The International Energy Agency expects global demand for oil to grow by 1.7mb/d or 1.9% in 2008, compared to 1.1mb/d or 1.4% in 2007 – in other words, higher growth in 2008 than in 2007. But this is not down to China alone. The countries of the Middle East are expected to consume an increasing share of their own oil. Oil consumption is expected to increase by 6% in the Middle East and 5.3% in China in 2008. In all, China and the Middle East are expected to account for more than 50% of growth in the demand for oil this year. Finally, one should not underestimate OPEC's tough stance. There is much to suggest that OPEC will cut back on oil production if oil prices again move much below USD 90 a barrel.

What are the consequences for our oil forecast? We stick to our call that oil prices will come under pressure in the coming months as more bad news emerges from the global economy and demand enters its seasonal slowdown. But perhaps our forecast of USD 80 a barrel is a little low. Moreover, we must acknowledge that the risk, especially over the summer and into the autumn, is more upside than we had previously believed. Oil above USD 100 a barrel in the autumn and next winter now looks more probable. Our new monthly update on the commodity markets will be published in early March, and we will probably use the occasion to revise our oil forecast higher.



Equities

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Time to test the downside

The US economy is rapidly approaching its worst crisis since 2001. Leading industrial indicators, such as the one from the Philadelphia Fed, are showing a degree of weakness here in February that has only been seen in connection with US recessions back to the 1970s. Meanwhile, access to funding and credit is deteriorating fast due to the global bank sector's losses connected with the structured credit market – a market that is in deep crisis.

Credit standards are tightening up no matter where consumers and companies care to look. The credit bond market is offering, in January-February 2008, such poor conditions for bond issuance, even from high-quality companies, that the market has almost ground to a halt. Meanwhile, companies running high levels of debt, and therefore of lower quality, are facing increasing costs when wishing to roll existing funding programmes or take on new debt. These companies can simply not go to the bond market (in euro) at the present time, as the market for lower quality issuances has closed completely. Companies and households who approach their bank for finance are also discovering that credit terms have been considerably tightened. Construction and business investments typically react swiftly to tighter borrowing conditions, but so far only construction in the US and a few other places has really reacted to the tighter credit terms.

Food and energy prices comprise a third area that suggests a downside test in equities is on the cards. Private consumption, both in the OECD area and in the developing economies, such as China, will be negatively affected by the rising cost of these necessities, which in turn can only reinforce the ongoing slowdown in economic growth.

The above stories are not new to the equity market. In fact, it seems to have had low growth on its radar screen since November, the result being a sharp correction of 15%-20% in most of the world's equity markets. Meanwhile, the US central bank has injected some calm into the US inter-bank liquidity market by easing monetary policy – and calm here is a first step on the road to better times. However, more is needed. A stabilisation of the housing market may seem like wishful thinking, but it is, nevertheless, within reach in the US in 2008 – helped, in part, by Congress and the Bush government's stimulus package.

Overall, macroeconomic conditions look set to give equities a rough ride in the next couple of months – and we expect that cyclicals, in particular, will have a tough time. Will the market correct below the bottoms seen in January? We remain unconvinced. Risk-free interest rates are low, the state of the US economy means less for demand now than previously, the corporate sector has an excess of fat after the surge in earnings between 2003 and 2006 and, last but not least, US central government is doing much to ease the current economic problems in the US – it will simply take time for these initiatives to have an effect on the US economy and the global equity market.

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	2,1	1,4	4,9	0,0	3,7	5,1	1,8	3,4	4,3	26	1,0
	2008	1,5	1,8	1,6	1,3	0,1	3,3	3,5	1,7	2,5	3,5	21	0,8
	2009	1,4	1,4	1,5	2,0	0,0	3,4	3,7	NA()	2,9	2,6	18	0,7
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	1,5	2,0	4,7	-0,1	6,5	5,7	2,1	7,4	-0,8	67	-0,8
	2008	1,6	1,4	2,0	2,5	-0,1	4,0	4,0	2,5	7,0	-0,8	65	-0,3
	2009	1,8	1,7	1,9	2,0	0,1	5,5	5,0	2,0	6,8	-0,8	64	-0,5
Germany	2007	2,7	-0,1	1,8	5,5	-0,1	9,0	6,0	2,2	9,1	-0,5	65	5,8
	2008	1,8	0,8	1,5	2,5	0,0	6,0	4,0	1,6	8,3	0,2	64	5,8
	2009	1,7	1,3	1,5	2,0	0,0	6,5	4,0	1,5	8,0	0,4	64	6,0
France	2007	1,9	2,0	1,9	4,0	-0,2	4,0	7,1	1,3	8,0	-2,3	63	-2,3
	2008	1,8	1,8	1,7	3,0	0,0	4,0	4,7	1,5	7,7	-2,2	62	-2,3
	2009	1,8	2,0	1,7	2,5	0,0	4,0	4,0	1,5	7,5	-2,3	61	-2,3
Italy	2007	1,8	1,8	0,7	2,7	0,0	3,0	2,3	1,9	5,9	-2,6	105	-1,7
	2008	1,2	1,1	1,3	1,7	0,0	2,0	3,0	2,0	5,7	-2,0	103	-1,7
	2009	1,2	1,1	1,2	1,7	0,0	2,0	2,5	1,9	5,7	-2,2	102	-1,7
Spain	2007	3,9	3,5	5,2	6,3	-0,4	6,0	7,3	2,7	8,0	1,5	37	-9,0
	2008	2,9	2,5	4,0	4,5	0,0	4,5	5,0	2,9	8,2	1,0	35	-9,5
	2009	2,7	2,0	3,5	3,0	0,0	4,0	4,0	2,3	8,8	0,0	35	-9,0
Holland	2007	3,0	1,9	3,1	4,7	-0,1	6,5	6,0	1,7	3,3	0,0	60	7,0
	2008	2,4	1,9	1,4	4,0	-0,1	5,5	5,5	2,0	2,9	0,0	59	6,5
	2009	2,2	2,0	0,8	3,3	0,0	5,0	5,5	1,8	2,8	0,0	60	6,5
Finland	2007	4,2	3,0	1,4	4,6	0,3	9,0	4,0	2,5	6,6	4,0	38	6,0
	2008	3,0	2,5	1,6	3,3	0,0	6,0	5,5	2,6	6,3	4,4	37	6,0
	2009	2,7	2,3	1,8	2,5	0,0	5,0	4,0	2,0	6,1	4,2	36	6,0

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	2,1	-1,8	-0,3	7,9	2,0	2,9	4,6	-1,2	60	-5,6
	2008	1,8	1,8	2,5	-2,9	-0,1	8,5	1,7	3,1	5,1	-2,6	60	-4,3
	2009	2,4	2,2	2,0	1,6	0,1	6,7	3,7	2,3	5,4	-1,5	59	-4,2
Japan	2007	2,1	1,4	0,8	-3,1	-0,2	7,8	1,8	0,1	3,8	-2,7	179	5,0
	2008	1,6	1,5	0,9	3,0	0,1	5,5	4,2	0,4	3,6	-3,0	178	5,0
	2009	2,1	1,9	1,2	3,4	0,0	5,7	5,3	0,7	3,3	-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. 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	22-feb	3,00	2,84	4,46	148,2	-	503,2
	+3m	2,50	2,65	4,15	152	-	491
	+6m	2,00	2,70	4,20	150	-	497
	+12m	2,00	3,05	4,45	140	-	533
EUR	22-feb	4,00	3,95	4,41	-	148,2	745,5
	+3m	4,00	3,95	4,30	-	152	746,0
	+6m	3,75	3,60	4,15	-	150	746,0
	+12m	3,25	3,40	4,15	-	140	746,0
JPY	22-feb	0,50	0,90	1,65	158,9	107,3	4,69
	+3m	0,50	0,80	1,60	158	104	4,72
	+6m	0,50	0,90	1,65	150	100	4,97
	+12m	0,75	1,25	1,85	147	105	5,07
GBP	22-feb	5,25	5,04	5,16	75,4	196,6	988,9
	+3m	5,25	4,90	4,90	77,0	197	969
	+6m	5,00	4,80	4,80	78,0	192	956
	+12m	4,50	4,50	4,60	74,0	189	1008
CHF	22-feb	2,75	2,59	3,27	161,5	109,0	461,6
	+3m	2,75	2,55	3,20	160	105	466
	+6m	2,75	2,45	3,10	158	105	472
	+12m	2,50	2,60	3,20	157	112	475
DKK	22-feb	4,25	4,16	4,53	745,5	503,2	-
	+3m	4,25	4,10	4,40	746,0	491	-
	+6m	4,00	3,75	4,30	746,0	497	-
	+12m	3,50	3,60	4,30	746,0	533	-
SEK	22-feb	4,25	4,42	4,72	930,7	628,2	80,1
	+3m	4,25	4,00	4,55	915	602	81,5
	+6m	4,25	3,55	4,35	925	617	80,6
	+12m	3,75	3,45	4,35	930	664	80,2
NOK	22-feb	5,25	5,63	5,31	788,7	532,3	94,5
	+3m	5,50	5,60	5,40	780	513	95,6
	+6m	5,50	5,40	5,30	775	517	96,3
	+12m	5,50	5,20	5,30	775	554	96,3
PLN	22-feb	5,25	6,13	5,86	357,1	241,1	208,8
	+3m	5,50	6,20	5,60	365	240	204
	+6m	5,50	5,90	5,75	370	247	202
	+12m	5,50	7,05	6,85	370	264	202

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

Key data and events (1)

Monday, February 25, 2008				Period	Danske Bank	Consensus	Previous
9:30	SEK	Trade balance	SEK bn	Jan	11.0		9.2
9:30	SEK	Riksbank Minutes					
10:00	PLN	Retail sales	y/y	Jan	13.5%	15.4%	12.4%
10:00	PLN	Unemployment	%	Jan	11.8%	11.7%	11.4%
10:30	GBP	BBA loans for house purchase		Jan			42088
15:50	USD	Fed's Kroszner (neutral, non-voter) speaks					
16:00	USD	Existing home sales	m (m/m)	Jan	4.85 (-0.8%)	4.80 (-1.8%)	4.89 (-2.2%)
21:30	USD	Fed's Mishkin (dove, voter) speaks					

Tuesday, February 26, 2008				Period	Danske Bank	Consensus	Previous
8:00	DEM	GDP final	q/qly/y	4th quarter	0.3% 1.6%	0.3% 1.6%	0.3% 1.6%
8:45	FRF	Housing starts (change)	3m y/y%	Jan			-0.8%
9:30	DKK	Consumer confidence		Feb	0.0		-1.1
9:30	ITL	Business confidence	Index	Feb		91.4	91.6
10:00	DEM	IFO-business climate	Index	Feb	102.5	103.0	103.4
14:15	GBP	Total Business Investment, preliminary	q/qly/y	4th quarter		1.0% 3.1%	2.0% 6.6%
14:30	USD	PPI	m/mly/y	Jan	0.2% 7.6%	0.3% 7.2%	-0.1% 6.3%
14:30	USD	PPI core	m/mly/y	Jan	0.2% 2.1%	0.2% 2.2%	0.2% 2.0%
16:00	USD	Consumer confidence	Index	Feb	78.0	83.0	87.9
18:15	USD	Fed's Kohn (neutral, voter) speaks					
22:45	NZD	Building permits	m/m	Jan			-5.2%

Wednesday, February 27, 2008				Period	Danske Bank	Consensus	Previous
-	PLN	Monetary Policy Council meets			5.50%	5.25%	5.25%
3:00	NZD	NBNZ business confidence	Index	Feb			-24.9
8:00	DEM	Import prices	m/mly/y	Jan		0.3% 4.6%	-0.1% 3.7%
8:10	DEM	Gfk consumer confidence survey		Mar		4.4	4.5
9:15	SEK	NIER manufacturing confidence		Feb	-2	-1	-1
9:15	SEK	NIER economic sentiment index	Index	Feb			102.7
9:30	SEK	Consumer confidence	Index	Jan	5.0	4.8	5.9
10:00	EUR	M3 Money supply	y/y	Jan		11.3%	11.5%
10:00	NOK	Unemployment s.a. (LFS)	%	Dec	2.5	2.5	2.5
10:30	GBP	GDP, first estimate	q/qly/y	4th quarter		0.6% 2.9%	0.6% 2.9%
10:30	GBP	Private Consumption, preliminary	%	4th quarter		0.6	1.1
10:30	GBP	Government Spending, preliminary	%	4th quarter		0.6	0.3
10:30	GBP	Gross Fixed Capital Formation	%	4th quarter		0.6	2.4
10:30	GBP	Index of Services		Dec			0.6%
14:30	USD	Durable goods orders	m/m (rev.)	Jan		-4.0%	5.2% (5.0%)
16:00	USD	New home sales	1000 (m/m)	Jan	600 (-0.7%)	600 (-0.7%)	604 (-4.7%)
16:00	USD	Fed's Mishkin (dove, voter) speaks					
16:00	USD	Fed's Bernanke speaks to house panel					

Thursday, February 28, 2008				Period	Danske Bank	Consensus	Previous
-	DEM	CPI (Länder) prel.	m/mly/y	Feb			
0:50	JPY	Industrial production (preliminary)	m/mly/y	Jan		-0.7% 3.9%	1.4% 0.8%
0:50	JPY	Retail trade	m/mly/y	Jan		1.9% -0.2%	-0.8% 0.2%
8:00	DEM	ILO Unemployment rate	%	Jan			7.8
8:45	FRF	Consumer confidence	Net bal.	Feb		-34	-34
9:15	CHF	Employment	y/y (m)	4th quarter			2.7% (3.871)
9:30	DKK	Unemployment, s.a.	K (%)	Jan	-1 (2.7%)		65.9 (2.4%)
9:30	DKK	GDP, preliminary	q/qly/y	4th quarter	0.2% 1.9%		1.6% 1.7%
9:30	SEK	PPI (incl. export- and importprices)	m/mly/y	Jan	0.5% 3.8%	0.6% 3.9%	0.0% 3.9%
9:30	SEK	Current account	SEK bn	4th quarter			41.2
9:30	SEK	Retail sales	y/y	Jan	6.5%	6.7%	4.0%
9:55	DEM	Unemployment rate	%	Feb		8.0	8.1
9:55	DEM	Unemployment, change	'000	Feb		-50	-89
10:00	EUR	Retail PMI	Index	Feb			48.1
10:00	NOK	Unemployment nsa. (Aetat)	%	Feb	1.6	1.7	1.8
11:00	EUR	Consumer confidence	Net balanc	Feb		-12	-12
11:00	EUR	Economic Confidence	Index	Feb		101.3	101.7
14:30	USD	GDP, first revision	q/q ann.	4th quarter	0.8%	0.8%	0.6%
14:30	USD	Personal Consumption, preliminary	q/q ann.	4th quarter	1.8%	2.0%	2.0%
14:30	USD	PCE core - deflator, preliminary	q/q	4th quarter	2.7%	2.7%	2.7%
14:30	USD	Initial jobless claims	1000			350	349
16:00	USD	Fed's Bernanke speaks to senate panel					
22:45	NZD	Trade balance		Jan			33

Key data and events (2)

Friday, February 29, 2008				Period	Danske Bank	Consensus	Previous
0:30	JPY	Jobless rate	%	Jan		3.9	3.8
0:30	JPY	Job-to-applicant ratio		Jan		0.97	0.98
0:30	JPY	Overall household spending	y/y	Jan		0.3%	2.2%
0:30	JPY	CPI - Tokyo	y/y	Feb		0.5%	0.2%
0:30	JPY	CPI - National	y/y	Jan		0.6%	0.7%
1:30	AUD	Private sector credit	m/mly/y	Jan		1.0% 16.4%	1.1% 16.5%
6:00	JPY	Housing starts	y/y	Jan		-12.4%	-19.2%
6:00	JPY	Construction orders	y/y	Jan			4.7%
9:00	ESP	CPI (EU harmonised)	y/y	Feb			4.4%
9:30	SEK	GDP	y/y	4th quarter	2.8%	2.5%	2.5%
10:00	PLN	Gross domestic product	y/y	4th quarter	6.0%	6.0%	6.4%
10:00	NOK	Retail sales, s.a.	m/mly/y	Jan	0.8% ..	0.8% 5.6%	-0.7% 5.6%
10:00	NOK	Credit indicator (C2)	y/y	Jan	14.3%	14.5%	14.5%
10:30	GBP	Broad money M4 (final)	m/mly/y	Jan			1.3% 12.9%
10:30	GBP	BSA Mortgage Approvals	'000 USD	Jan			4079
11:00	EUR	CPI	m/mly/y	Jan		-0.4% 3.2%	0.4% 3.1%
11:00	EUR	Unemployment	%	Jan		7.2	7.2
11:00	EUR	CPI core	m/mly/y	Jan		2.0%	1.9%
11:00	ITL	HICP preliminary	m/mly/y	Feb			-0.8% 3.1%
11:30	CHF	KOF Swiss leading indicator	Index	Feb		1.60	1.70
11:30	GBP	Gfk Consumer confidence		Feb		-15	-13
14:30	USD	Personal spending	m/m	Jan	0.0%	0.2%	0.2%
14:30	USD	PCE core - deflator	m/mly/y	Jan	0.3% 2.1%	0.2% 2.2%	0.2% 2.2%
14:30	CAD	Current account	B CAD	4th quarter		-0.2	1.0
14:30	CAD	Industrial product price	m/m	Jan		0.8%	1.1%
14:30	CAD	Raw materials price index	m/m	Jan		0.5%	0.2%
14:30	USD	Personal income	m/m	Jan	0.2%	0.2%	0.5%
15:45	USD	Chicago PMI	Index	Feb	50.5	50.0	51.5
16:00	USD	University of Michigan Confidence, final	Index	Feb	70.0	70.0	69.6
17:00	USD	Fed's Mishkin (dove, voter) speaks					
18:15	USD	Fed's Lockhart (neutral, non-voter) speaks					
19:30	USD	Fed's Evans (neutral, non-voter) speaks					

During the week				Period	Danske Bank	Consensus	Previous
Fri 22 - 27	CNY	Wholesale prices	y/y	Jan			7.6%
Mon 25 - 29	GBP	Nationwide House Prices	m/mly/y	Feb		0.0% 3.6%	-0.1% 4.2%
Sat 01	CNY	Manufacturing PMI	Index	Feb			53.0

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