Weekly Focus

29 February – 7 March 2008

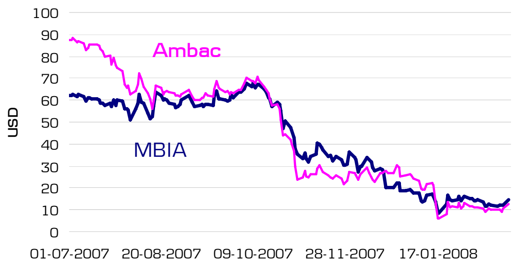
Short-term relief for the monoliners

Some of the pressure has been taken off the monoliners recently. The monoliners' effort to satisfy the credit rating agencies Moody's and S&P seems to be paying off – at least for now. MBIA, the largest monoliner, announced that it will separate the asset-backed securities guarantee business from its municipal business in an effort to stave off a credit rating downgrade. Ambac is working to raise USD 3bn. S&P responded by affirming Ambac's AAA rating and its negative credit watch with negative implications. MBIA was removed from credit watch with negative implications and was instead assigned a negative outlook by S&P. In contrast, Fitch said that a number of monoliners, including MGIC, Radian, and PMI group, will need to raise significant additional equity in the near future or risk having their ratings downgraded. Further background on the monoliner issue can be found in *`Credit Strategy Update, January 24 2008´*

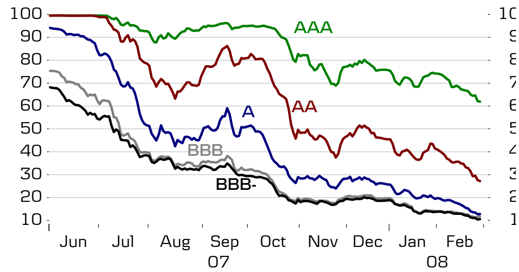
The monoliner industry has so far suffered losses from insurance of structured products, including guarantees linked to US subprime mortgages. The ABX indices, which represent a series of credit-default swaps based on a basket of bonds based on subprime mortgages, keep setting new lows. In other words, US subprime mortgages keep underperforming. On this background, the heat remains on the monoliners; and further bank write-downs from subprime/monoliner exposure cannot be ruled out.

The crisis is also very visible in the market for covered bonds. Spreads keep widening in the wake of elevated risk aversion and deteriorating sentiment.

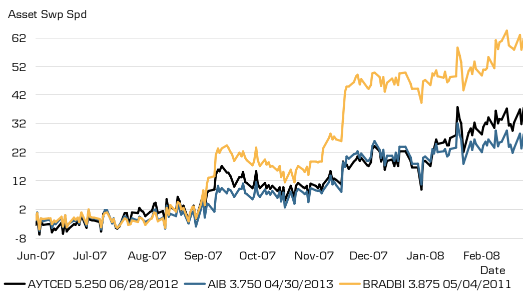
Monoliners' share prices edging up



ABX indices (Series 7-1) keep declining



Covered bond spreads keep widening



Editor in Chief: Chief Economist Steen Bocian, + 45 45 12 85 31, stbo@danskebank.dk
Web: http://www.danskebank.com/danskeresearch

Danske Bank

Denmark

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

Still risk of overheating

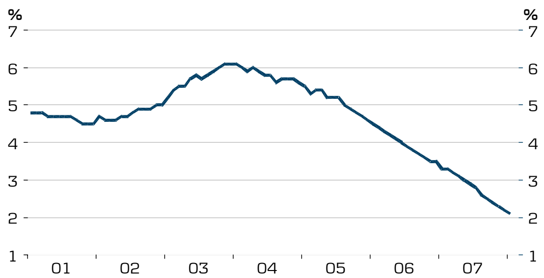
January unemployment figures released on Thursday by Statistics Denmark showed that the number of people out of work fell from 59,600 in December to 57,800 in January, which pulled the unemployment rate down from 2.2% to 2.1%. The fall in unemployment was largely as expected.

Note, however, that Thursday's figures are the first to be calculated according to Statistics Denmark's new method, which effectively cut the number of jobless by around 15,000. The revised number is believed to give a more accurate picture of real unemployment, as the number of people claiming supplementary benefit, for example, is assessed in a more appropriate manner, and those on "holiday" unemployment benefit are no longer counted as unemployed. We will therefore have to become accustomed to a new and lower level of unemployment. Although the change in the method of calculation does not, of course, mean that more people have actually found work, it does give a better idea of the real reserve of labour.

No matter how one may care to calculate it, unemployment is currently extremely low – and the effect of this on wages is beginning to show. Wage growth increased to 4.6% in Q4 07 (according to the Danish Employers' Association). In our view, this is clear evidence that the present level of unemployment is lower than what can be sustained in the long term by the current labour market structures. On the other hand, this does not rule out the possibility that unemployment can fall further in the short term – something that we expect will happen. A fall below 50,000 is, in fact, not out of the question given the new definition. Looking six to 12 months ahead, however, we expect that the somewhat more subdued rate of economic growth at home and abroad, combined with the acceleration in wage growth, will reduce the demand for labour. This gives us reason to expect that unemployment will rise in H2 this year. The rise will be small, though, as an increase in the number of people withdrawing from the labour market is expected to cushion the effects of slower economic growth on unemployment.

GDP figures for Q4 07 were released at the same time as the unemployment figures. The numbers were surprisingly strong, with the economy growing faster than expected despite being "artificially" suppressed by developments in inventories.

Unemployment rate hits new low



Key events of the week ahead

- Retail sales for January. We expect a small fall compared to December (seasonally corrected) given that consumer confidence was down in January and retail sales saw healthy growth in November and December.

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 03	9:30	DKK	Retail sales, volume	m/m|y/y	Jan	-0.5%|..		1.0%|-1.9%
Tue 04	16:00	DKK	Currency reserves	DKK bn	Feb			7.0
Thu 06	9:30	DKK	Industrial production	m/m|y/y	Jan			-3.7%|-13.1%

Sweden

Roger Josefsson, Chief Economist, +46 (0)8 568 805 58, roger.josefsson@danskebank.se

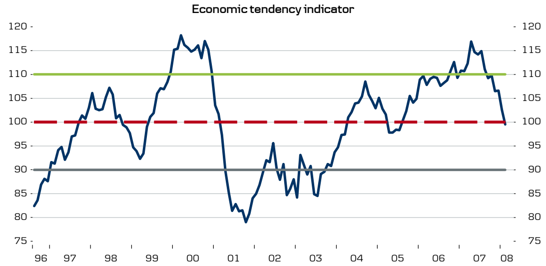
Will the slowdown in growth surpass Riksbank expectations?

Recent timely data start to look nasty from a Swedish perspective. Suddenly commodities rally with sky-rocketing wheat prices and oil above 100 USD/barrel. No big surprise that Swedish consumers' inflation expectations are rising (a new high of 3% over the next year reached in February according to NIER). It is true that the Riksbank does not primarily look at 1Y expectations but since longer-term expectations typically move in tandem with the short term ones the numbers are not likely to calm down the RB. The question is what the Riksbank can do. As we mentioned in previous comments, inflation pressures are heavily tilted to a few areas. Food and energy accounting for 17% of the CPI explain 40% of current inflation. Adding mortgage rates you reach 75% of current inflation. The story is similar elsewhere. In the US and Euroland, food and energy account for almost half of the current inflation. The problem is that booming prices in these areas are a global phenomenon which the Riksbank, the ECB or the Fed cannot do much about.

Now, to what extent the current food/energy price boom will prove to be sustained or not is to us an open question – speculation is an obvious ingredient here and much depends on the harvest season. But suppose it is, what are the options? Ignoring it – hardly, as far as the ECB and the Riksbank are concerned. Tighten policy to squeeze demand to an extent that eventually curb prices on goods and services which policy possibly can influence. The choice is not easy. Much will probably depend on signs of second round effects. Such effects can't be dismissed but we are less convinced about how that would unfold than we are about adverse demand effects stemming from higher inflation/inflation expectations. For one thing, strong disposable income and solid consumer spending has been a standard story for Swedish forecasts. Inflation is running at 3.5%. Should we be wrong and inflation stays at high levels real disposable income will not be anywhere near earlier expectations not to speak of last year's excellent development. In fact we are already seeing signs of this. Consumer confidence has dropped steadily for some time and is now clearly below the long term average level for the first time since 2003. Consumers' assessment of the overall economic situation has deteriorated substantially. This is also reflected in the business confidence survey where retailers state that turnover has been on the disappointing side.

One thing that we do want to stress as important; manufacturing confidence peaked almost a year ago while private services have remained very upbeat until just recently. Manufacturing is typically leading the cycle and now seem to be confirmed. Over the latest two months, service businesses' confidence has declined substantially – in fact this sector showed the largest drop in February – and is catching up with manufacturing. As a result, we now see clear signs of private sector employers getting more cautious regarding hiring than before. This coincides with the fact that the February survey was the first in this cycle where a larger share of households say that they expect higher unemployment than the opposite. In that environment high inflation expectations (and indeed high headline inflation) isn't going to help much. We accept that the Riksbank is nervous about inflation expectations, but we do also fear that they are "behind the curve" as far as growth risks are concerned.

Sentiment dipping steadily



Key events of the week ahead

- Monday: February PMI

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 03	8:30	SEK	PMI manufacturing	Index	Feb			54.6
Fri 07	9:30	SEK	Budget balance	SEK bn	Feb			25.0

Norway

Frank Jullum, Chief Economist, +47 8540 6540, fju@fokus.no

Tighter labour market

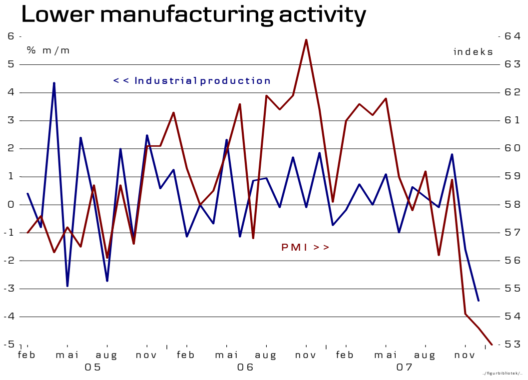
Norwegian economic data continue to come in on the strong side. Strong growth in the latter part of 2007 provided considerable momentum heading into the new year, and there are still no signs of growth slowing this side of Christmas. The labour market data released during the week revealed that demand for labour remains high, which suggests a continued appetite for expansion in Norwegian industry. For example, in February there were just 1.5 unemployed per vacancy in Norway, which is the lowest ratio we have measured since the figures began in 1983.

On the assumption that growth in the Norwegian economy is now being driven more by expansion in sheltered sectors, which are more labour-intensive, we think that unemployment could actually fall further during the year. Either way, it will put considerable pressure on employers in the pay talks kicking off this week.

The coming week will see a focus on indicators for manufacturing activity. Tuesday brings the PMI for February. The PMI fell sharply in the autumn and into 2008 due to a combination of capacity restrictions and lower global demand. In view of the signs of stabilisation in global indices and a sharp upswing in the prices of Norway's most important export goods, we expect the index to climb to 54.5 in February. This view is supported by data from Statistics Norway showing continued strong growth in order books.

Friday brings figures for manufacturing output in January. The drop in the PMI heading into 2008 suggests that manufacturing output fell further in January, even after the sharp drops in November and December. We reckon that manufacturing output fell by 0.5% m/m in January.

Lower manufacturing activity



Key events of the week ahead

- Tuesday brings the PMI for February. We expect the index to climb to 54.5.
- Friday brings figures for manufacturing output in January, which we expect to fall by 0.5% m/m.

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Tue 04	9:00	NOK	PMI manufacturing	Index	Feb	**54.5**		53.0
Fri 07	10:00	NOK	Industrial Production, nsa.	m/m|y/y	Jan			-2.8%|1.9%
Fri 07	10:00	NOK	Manufacturing Production, nsa.	m/m|y/y	Jan	**-0.5%|2.3%**		-3.4%|2.5%

Euroland

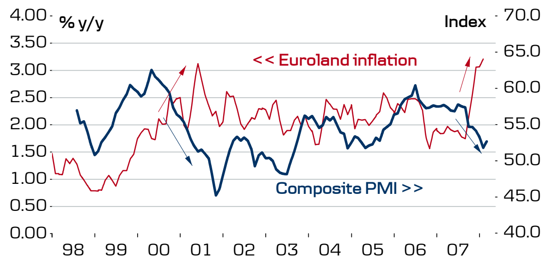
Allan von Mehren, Chefanalytiker, +45 4512 80 55 , alvo@danskebank.dk

A stagflationary forecast revision from ECB

The key event in the coming week will be the ECB meeting on Thursday. Rates are expected to remain on hold at 4.0%, but the press conference where ECB will present the new staff projections should draw a lot of attention. We expect ECB to present a revision with a flavour of stagflation, as it is likely to revise up the inflation projection while at the same time revising down the growth projection. On inflation the news since the last projection has pointed to further upside risks. Firstly, oil prices have climbed higher again rather than fallen back as was previously expected. Secondly, food prices have risen more strongly in recent months driven by goods like milk, eggs, cereal and bread. We still have not seen noticeable increases in meat prices, which may show up in coming quarters. Renewed price increases in commodities like wheat and corn are also putting more upward pressure on food prices. These factors imply that inflation could be sticking around 3% for the first half of 2008 before starting to come down gradually. On the back of this news we expect ECB to raise the central point in its inflation projection for 2008 to 2.7% (previous 2.5%). For 2009 we think ECB may raise the projection slightly to 1.9% from 1.8%. This means it will be very close to its upper limit of 2%.

On the growth front, on the other hand, things are pointing down. Private consumption has been hit more than ECB expected despite a still strong labour market and the composite PMI points to a deceleration in growth in the first half of 2008 to below trend growth. News on export markets – noticeably in the US and the UK – has weakened the export outlook for Euro countries. The more downbeat outlook has also been noticed by several ECB members in speeches lately and they generally point to a revision of growth down to around 1.6-1.7%, which is close to the current consensus estimate (ECB tends to keep its projections very close to consensus). Generally, ECB will have to walk the fine line between higher inflation and lower growth with considerable downside risks. ECB has a clear mandate of providing price stability and is boxed in by the bad news on inflation. A rate cut from ECB is therefore not on the cards immediately and the June meeting is probably the earliest it can cut rates. This is also still our central forecast but risks are more skewed to a later cut than an earlier one. Markets are currently pricing in a rate cut of 25bp in June, September and December, which is in line with our own forecast.

ECB's dilemma



This weeks events

- Flash CPI for February is out Monday.
- Final PMI data for manufacturing and service out Monday and Wednesday respectively.
- German factory orders and IP out Thursday and Friday, respectively.

<table>
<tr><th>Date</th><th>Time</th><th></th><th>Event</th><th></th><th>Period</th><th>Danske Bank</th><th>Consensus</th><th>Previous</th></tr>
<tr><td>Mon 03</td><td>9:15</td><td>EUR</td><td>ECB's Liebscher speaks</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Mon 03</td><td>10:00</td><td>EUR</td><td>PMI manufacturing, final</td><td>Index</td><td>Feb</td><td>52.3</td><td>52.3</td><td>52.3</td></tr>
<tr><td>Mon 03</td><td>12:00</td><td>EUR</td><td>CPI Flash estimate</td><td>m/m|y/y</td><td>Feb</td><td>..|3.3%</td><td>..|3.2%</td><td>..|3.2%</td></tr>
<tr><td>Mon 03</td><td>15:00</td><td>EUR</td><td>ECB's Liikanen speaks</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Tue 04</td><td>11:00</td><td>EUR</td><td>PPI</td><td>m/m|y/y</td><td>Jan</td><td></td><td>0.8%|4.9%</td><td>0.1%|4.3%</td></tr>
<tr><td>Tue 04</td><td>11:00</td><td>EUR</td><td>GDP</td><td>q/q|y/y</td><td>4th quarter</td><td>0.4%|2.3%</td><td>0.4%|2.3%</td><td>0.4%|2.3%</td></tr>
<tr><td>Wed 05</td><td>10:00</td><td>EUR</td><td>PMI service, final</td><td>Index</td><td>Feb</td><td>52.3</td><td>52.3</td><td>52.3</td></tr>
<tr><td>Wed 05</td><td>11:00</td><td>EUR</td><td>Retail sales</td><td>m/m|y/y</td><td>Jan</td><td></td><td>0.4%|0.1%</td><td>-0.1%|-2.0%</td></tr>
<tr><td>Thu 06</td><td>8:45</td><td>FRF</td><td>Unemployment</td><td>%</td><td>4th quarter</td><td></td><td>8.1</td><td>8.3</td></tr>
<tr><td>Thu 06</td><td>12:00</td><td>DEM</td><td>Factory orders</td><td>m/m|y/y</td><td>Jan</td><td></td><td>-0.5%|9.9%</td><td>-1.7%|5.6%</td></tr>
<tr><td>Thu 06</td><td>13:45</td><td>EUR</td><td>ECB Meeting</td><td>%</td><td></td><td>4.00</td><td>4.00</td><td>4.00</td></tr>
<tr><td>Thu 06</td><td>14:30</td><td>EUR</td><td>ECB Press conference</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Fri 07</td><td>-</td><td>EUR</td><td>ECB's Weber and FED's Mishkin speaks</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Fri 07</td><td>-</td><td>EUR</td><td>ECB's Trichet and Stark speaks</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Fri 07</td><td>10:00</td><td>EUR</td><td>ECB's Constancio speaks</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Fri 07</td><td>12:00</td><td>DEM</td><td>Industrial production</td><td>mm/|y/y</td><td>Jan</td><td></td><td>0.3%|4.5%</td><td>0.8%|4.1%</td></tr>
<tr><td>Mon 03</td><td>9:30</td><td>CHF</td><td>PMI manufacturing</td><td>Index</td><td>Feb</td><td></td><td></td><td>61.6</td></tr>
<tr><td>Tue 04</td><td>7:45</td><td>CHF</td><td>CPI</td><td>m/m|y/y</td><td>Feb</td><td></td><td>0.2%|2.4%</td><td>-0.3%|2.4%</td></tr>
<tr><td>Tue 04</td><td>7:45</td><td>CHF</td><td>GDP</td><td>q/q|y/y</td><td>4th quarter</td><td></td><td>0.6%|2.9%</td><td>0.8%|2.9%</td></tr>
<tr><td>Thu 06</td><td>7:45</td><td>CHF</td><td>Unemployment</td><td>%</td><td>Feb</td><td></td><td>2.8</td><td>2.8</td></tr>
<tr><td>Thu 06</td><td>7:45</td><td>CHF</td><td>Unemployment, s.a.</td><td>%</td><td>Feb</td><td></td><td>2.5</td><td>2.6</td></tr>
</table>

UK

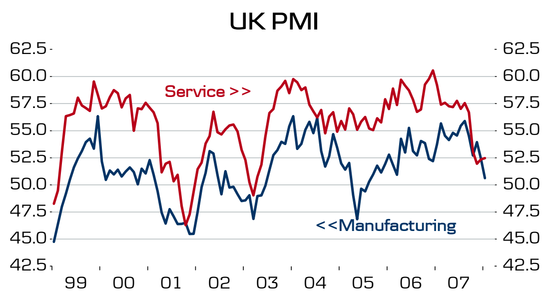
John Hydeskov, Senior Analyst, +45 4512 8497, johy@danskebank.dk

Prospect of house price deflation will not deter BoE from holding at 5.25%

The week's most important event will probably also be its least rewarding – in more ways than one. The Bank of England (BoE) is expected to leave its key rate unchanged at 5.25% on Thursday, which is fully discounted in the yield curve and by forecasters. So a rate cut would come as a major surprise and could lead to markedly lower UK yields and a sharp drop in GBP. However, as the monetary policy committee still seems to be firmly committed to curbing inflationary pressures with high interest rates, a spontaneous rate cut would not appear to be on the cards before the next inflation report is ready in May. This stance may seem sensible in the short term, as energy and food prices have shot up, but the danger is that the important financial sector will then be left in the lurch, which will be passed on to UK consumers, and that the slowdown in house price inflation will turn into a full-on property meltdown, which would drag down private consumption. We expect the BoE to cut interest rates in May, August and November to end up at 4.50%.

The first three days of the week offer "entertainment" in the form of PMI data, giving an indication of activity in the manufacturing, construction and service sectors. All three indicators are still at levels which suggest an economy in expansion, but all are also on their way down. We expect each of the three to come out on the weak side and paint the picture of an economy shifting down a gear. Wednesday also brings the British Retail Consortium's shop price index for February. The report was generally positive last month, but we think this was a one-off and that the February report will reveal weakness in consumption.

Generally speaking, we do not expect March to be a month to look back on with any real pleasure. The financial crisis is far from over, and there is intense speculation about which segment will be the next big problem after sub-prime – Alt-A, monoliners, credit issuers, or something even more unexpected? Currency-wise, we still think that GBP needs to weaken to reflect the actual state of the UK economy. We would still advise trading in GBP for currencies which are fundamentally undervalued, such as JPY, or have the potential to strengthen on account of being in a monetary policy tightening cycle, such as NOK or AUD.



Key events of the week ahead

- Monday-Wednesday: PMIs. Manufacturing and services are both expected to fall, reflecting a general slowdown.
- Thursday: BoE interest rate decision. The outcome of unchanged interest rates is so widely anticipated in the market that the focus will instead be on the accompanying statement from the bank. We expect an air of concern due to fears of credit tightening impacting on investment and consumption.

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 03	10:30	GBP	PMI Manufacturing	Index	Feb		*51.0*	50.6
Tue 04	10:30	GBP	PMI construction	Index	Feb			53.9
Wed 05	10:30	GBP	PMI service	Index	Feb	**51.8**	*52.2*	52.5
Wed 05	11:30	GBP	BRC Shop Price Index					
Thu 06	13:00	GBP	BoE rate announcement	%		**5.25**	*5.25*	5.25

US

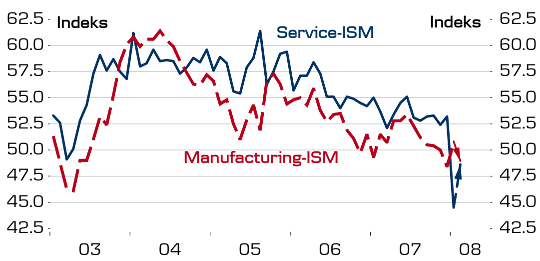
Peter Possing Andersen, Analyst, +45 45 13 70 19, pa@danskebank.dk

Important data due

The past week's data have been a relatively mixed bag and have made little difference to the picture of a US economy on the brink of recession. While the housing market data continued to deteriorate with no real signs of stabilisation, durable goods orders suggested that there is still a relatively healthy appetite for investment in industry. The week also brought Ben Bernanke's semi-annual testimony to Congress, where he indicated that the Federal Reserve is prepared to cut interest rates further to stave off a serious slump in growth (see *Flash Comment – FOMC: No new signals from Bernanke*). This is largely in line with our expectation that the key monetary policy interest rate will fall to 2% in June – a scenario which is more or less fully discounted in the market.

The calendar in the coming week is packed with interesting data. Monday brings the ISM index for the manufacturing sector. After a long period of constant decline, the manufacturing index bounced back slightly in January. While we still expect the overall trend in the ISM manufacturing index to be downwards (see *Flash Comment – US: ISM recovers on low inventories*), there have been mixed signals ahead of the coming figures. While healthy durable goods orders (excluding aircraft and defence) and very low inventories count on the positive side, several of the local business confidence indices have fallen sharply during the month. We are attaching most importance to the latter, and expect the ISM manufacturing index to fall to 49 in February from 50.7 in January. Wednesday brings the ISM index for the service sector, which will probably attract more attention than usual after virtually collapsing in January. As we stressed in our analysis *Research Global – A stalling service sector*, parts of this drop may have been fuelled by the extremely negative sentiment in financial markets in January and so be only temporary. We therefore see a chance of a healthy recovery from 44.6 in January to 48.5 in February. Finally, Friday brings the latest employment report, with the prospect of very soft employment growth of 25,000 in February and a rise in unemployment to 5%. Although the coming week's data will be moving in different directions, they will all still be at a low level, indicating that companies remain very cautious. In other words, there is no reason to believe that recession fears will abate in the coming week.

Will ISM services index bounce back?



Key events of the week ahead

- Monday: We expect the ISM manufacturing index to drop to 48.5, which is slightly below consensus.
- Wednesday: We expect the ISM services index to reverse part of its slide in January and climb to 48.5, which is more or less in line with consensus.
- Wednesday: Beige Book.
- Friday: Soft employment report, with employment rising by 25,000 and unemployment climbing to 5%.

Date	Time		Event		Period	Danske Bank	Consensus	Previous
Mon 03	-	USD	Total Vehicle Sales	m	Feb		15.5	
Mon 03	16:00	USD	ISM	Index	Feb	49		50.7
Mon 03	16:00	USD	Construction spending	m/m	Jan		-0.6%	-1.1%
Mon 03	16:00	USD	ISM prices paid	Index	Feb		72.0	76.0
Wed 05	13:00	USD	MBA mortgage applications	%				-19.2
Wed 05	14:30	USD	Unit labour cost, final	q/q AR	4th quarter	3.0%	2.1%	2.1%
Wed 05	16:00	USD	Factory Orders	m/m	Jan		-2.1%	2.3%
Wed 05	16:00	USD	ISM (NAPM) non-manufacturing	Index	Feb	48.5	48.0	44.6
Wed 05	20:00	USD	Beige Book					
Thu 06	14:30	USD	Initial jobless claims	1000			352	373
Thu 06	16:00	USD	Pending home sales	m/m	Jan		-1.0%	-1.5%
Fri 07	14:30	USD	Unemployment	%	Feb	5.0	5.0	4.9
Fri 07	14:30	USD	Nonfarm payroll	1000	Feb	25	35	-17
Fri 07	14:30	USD	Average hourly earnings, non-farm	m/m|y/y	Feb		0.3%|..	0.2%|3.7%
Fri 07	21:00	USD	Consumer credit	bn. USD	Jan		7.6	4.5

Asia

Flemming J. Nielsen, Senior Analyst, +45 45 12 85 35, flemm@danskebank.dk

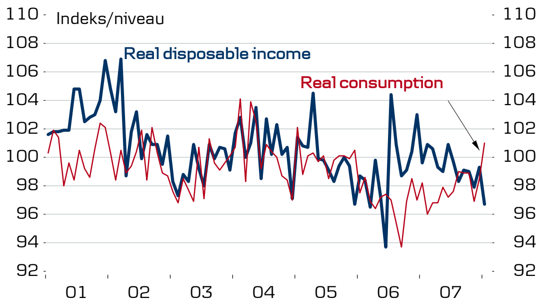
Japanese economy keeps its head above water

The wide range of data published in Japan during the past week has not been as bad as feared (see *Flash Comment – Japan: Not as bad as feared*). It is especially the domestic side of the economy that is performing better than expected. Private consumption is faring surprisingly well, given that real household income is currently being hit hard by higher inflation and lower employment growth. It seems that Japan's households are to a great extent reacting by cutting back on saving. Certainly a whole series of indicators – including retail sales, car sales and the survey of household consumption expenditure – are suggesting very robust private consumption despite a not insignificant downturn in real disposable income. So it currently looks as if our prediction of a drop in private consumption of 0.4% q/q in Q1 was overly pessimistic, and we will probably be revising this upwards. Given the weak income growth, though, we will need to see further confirmation of this trend before we definitively change our expectation of relatively weak private consumption in Japan in H1 this year.

Another plus in the past week's data is that housing starts have normalised more quickly than anticipated following the collapse in mid-2007 when the Japanese government tightened up the building regulations. This spells growing construction activity in the coming months, which we expect to boost GDP growth by 0.3pp in both Q1 and Q2. On the downside, there are clear signs of a slowdown in manufacturing activity, due partly to weaker export growth. Given signs of some stabilisation on the domestic side of the economy, it will ultimately be global activity that decides whether or not the Japanese economy is to be dragged back down into the doldrums.

We expect no change at the Bank of Japan's monetary policy meeting, and there is a broad consensus in the financial markets on this outcome. It will be the last monetary policy meeting chaired by current BoJ governor Toshihiko Fukui, whose chairmanship formally expires on 19 March. The Japanese government has yet to nominate a replacement. The new governor needs to be approved by both the lower and upper house, and the opposition has threatened to block the government's candidate in the upper house where the opposition has a majority. This is not so much a reflection of ill will towards the government's likely candidate, current deputy governor Toshiro Muto, as a desire to find a lever to force rapid elections in the lower house. Muto is currently the best bet for the governorship and will not be a major break from Fukui. However, there is a general perception that he will be slightly more "dovish" and more pragmatic than his predecessor.

Consumption rising despite lower income



Key events of the week ahead

- The Chinese parliament – the National People's Congress – starts its annual meeting on Wednesday. It will appoint a new government, and there may also be statements on the priorities for economic policy.
- The Bank of Japan will announce the results of its monetary policy meeting on Friday. We expect unchanged interest rates. The candidate for the governorship of the bank is also expected to be announced during the week.

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 03	2:30	JPY	Labour cash earnings	y/y	Jan		*0.2%*	-1.9% (-1.7% rev)
Wed 05	-	CNY	Start of National Peoples Congress	%				
Wed 05	0:50	JPY	Capital Spending	%	4th quarter		*-2.5*	-1.2
Thu 06	6:00	JPY	Leading Economic Index, preliminary	%	Jan		*30.0*	45.5
Thu 06	6:00	JPY	Machine orders, preliminary	y/y	Feb			0.0%
Fri 07	-	JPY	BoJ Monetary Policy Announcement	%		**0.50**	*0.50*	0.50
Fri 07	7:00	JPY	Bank of Japan Monthly Report		Mar			

Foreign exchange

Teis Knuthsen, Chief Analyst, +45 45128495, tekn@danskebank.dk

Third time lucky

Finally! EUR/USD broke through 1.50 in the past week, passing the previous peak from November at the third attempt. A new top has been established above our 1.52 target. The latest move higher raises a number of questions, including (1) why now, (2) how long can it be sustained, and (3) what is the impact on our forecasts?

The question "why now?" can most readily be answered with reference to a shift in expectations for the US and Euroland. While the US reported sharp falls in consumer confidence, housing prices and housing activity, Germany could note increasing business confidence and declining unemployment. The cross-Atlantic divide was clearly reflected in the comments of the respective central banks: whereas US Fed chief Ben Bernanke spoke of increasing concerns about economic growth, the ECB's Axel Weber focused on inflation and the money market's misconception about the ECB. In addition, the FX market has for some time been speculating in a dollar rise (see *EUR/USD – where next?*), meaning technical factors and position squaring are also elements in the story.

In order to check a number of arguments behind movements in EUR/USD, we have constructed a simple short-term model. The model includes variables such as relative rates, oil prices, equities and volatility. The model estimate has risen by eight figures since the start of February, which pretty much corresponds to the rise in EUR/USD. Hence the increase in EUR/USD is fair, in the sense that we can explain it. The latest increase in oil prices has a particularly strong impact in the model, whereas relative rates, which could be expected to capture relative economic growth expectations, have not contributed much. T**echnically speaking, EUR/USD is still on an uptrend, and a break above the 1.52 area could take us to 1.57–1.61 in the course of the next quarter.** From a fundamental perspective, we would maintain that it still seems premature to be positive on USD, but also that a turn in EUR is likely as summer approaches. Our forecast currently has a peak at 1.52, after we cut our estimate from 1.55 in January. We will present a new forecast on Monday 3 March, and are considering an upward revision.

And now for something completely different. There will be a monetary policy meeting in **Switzerland** on 13 March. The coming week will see a number of important data releases ahead of the meeting, including consumer prices, GDP, PMI and unemployment. Central bank chief Jean-Pierre Roth stated in the past week that the SNB was under pressure from increasing inflation on the one hand (CPI recently rose to 2.4% y/y – the highest in 14 years), and falling growth on the other. We expect the key rate to remain unchanged at 2.75% this side of the summer, but also that falling inflation and slower growth will eventually create the space for a rate cut later this year. We still expect that EUR/CHF will fall this year, while CHF/DKK will rise towards 4.80. The week ahead will also see central bank meetings in **Australia, Euroland, England, Japan and New Zealand.** While most banks are expected to keep rates unchanged, we believe that the RBA will hike from 7.0% to 7.25%, and that the press statement afterwards will indicate a further hike in Q2. If we are proved correct, this should confirm the fundamental support for AUD.

Fixed Income

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

Recession...or not?

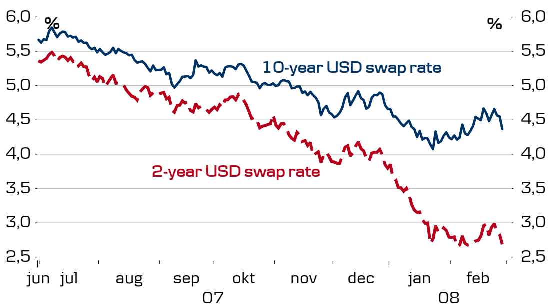
Key questions for the fixed income market at the moment are: how rapidly is the US economy slowing, and is the economy, in fact, already in recession? We should become considerably wiser about these questions in the coming week – ISM is due on Monday, service ISM on Wednesday and the labour market report is due on Friday. With these heavyweights topping the agenda, it will be difficult for the other economic indicators to get much attention. Among these is the Beige Book, containing the regional Feds' views on their local economy. This will provide further insight into the Fed's assessment of the state of play in the US.

ISM is expected to stage a significant retreat (consensus and Danske Bank both expect 49.0) after the surprisingly strong rise last month. Service ISM, in contrast, fell massively last month, but is expected to recover somewhat, with a rise from 44.6 to 48.5. The labour market report is expected to show 25,000 new jobs created in February. As employment fell by 17,000 in January, this will mean that employment growth has basically stalled this year. The unemployment rate is expected to rise from 4.9% to 5.0%.

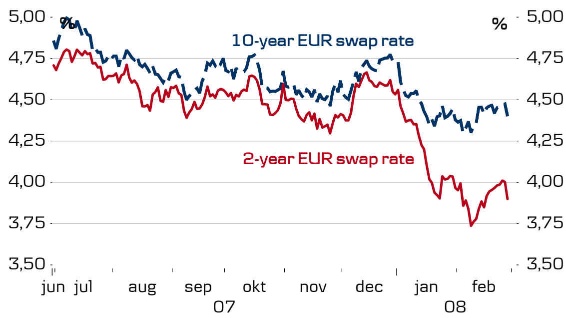
In our view, bad news on the economy could cause a disproportionate reaction in the fixed income markets compared to good news, which may to some extent be seen as temporary. Anything that confirms the market's fears of a recession, on the other hand, could spark a significant fall in yields. We therefore see the risk as being skewed towards lower US yields in the week ahead. Typically, developments in US rates and yields set the agenda for Europe, and the coming week is unlikely to be significantly different, even though the ECB will be holding a monetary policy meeting on Thursday.

There will, of course, be considerable attention on the ECB meeting and ECB's new forecast. We anticipate a downward revision of growth expectations, but expect inflation estimates will be pushed higher (see also Euroland section). Overall, we see the upcoming meeting as being one more small step towards an eventual rate cut. As well as the ECB meeting, we will be monitoring the ongoing wage rounds in Euroland.

USD 2-year and 10-year swap rates



EUR 2-year and 10-year swap rates



Commodities

Arne Lohmann Rasmussen, Senior Analyst, +45 45 12 85 32, arne.lohmann@danskebank.dk

Precious metal passion – could gold hit USD 1200?

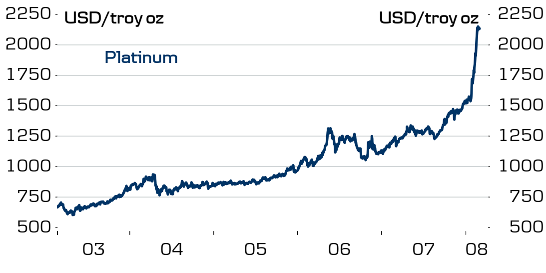
Precious metal prices have risen sharply in the past two months. Minor metals, platinum and palladium, in particular, have soared, with palladium rising more than 55% and platinum up around 38%. Platinum is the more important of the two, and the main reason for the surge in prices is major problems at the South African mines, which account for 78% of the world's platinum production. The problem is basically that the mines are suffering power shortages, and this is hitting operations. The state-owned electricity supplier, ESKOM, announced in the middle of February that mines and other industrial users could only have 90% of their normal electricity con-sumption supplied until 2012. The reason for such a drastic measure is a massive lack of investment in elec-tricity-generating capacity over many years in an economy that has otherwise been booming. The mining com-panies have already announced lower production this year. Anglo Platinum, the largest South African producer, has announced that production will fall by 6% this year. Palladium, a less important metal, has also been hit by the problems in South Africa, which accounts for 39% of global production. Prices have risen on the back of ex-pectations that palladium will increasingly act as a substitute for platinum. While the price of these two minor precious metals has rocketed in recent months, it is certainly possible that prices will increase even further if the problems in South Africa remain unresolved and investors continue to show great interest in commodities – as outlined below.

Prices on the precious metal "majors", gold and silver, have also surged this year, despite underlying physical demand being hit by the rising prices. Gold jewellery demand fell 17% in Q4 07, according to the producer organisation, the World Gold Council.

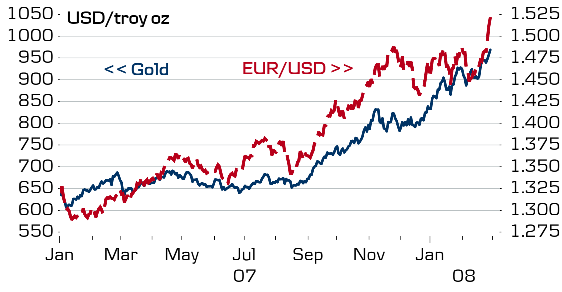
In our view, gold and silver prices have primarily been boosted by rising inflation and inflation fears, together with the weakening of the dollar. The combination of these factors in an environment where equities and credit prod-ucts are under pressure, has prompted investors to take a serious look at alternatives, and gold has traditionally performed well in such situations. Gold is, in principle, the counterpart to the dollar, and is viewed as a hedge against inflation and the ultimate safe haven at a time when the US economy is close to meltdown. The US cen-tral bank signalling lower rates, apparently not focused on inflation, and explicitly warning that a number of smaller US banks risk going out of business, adds up to just about the best recommendation gold can have.

As we write in the "Foreign exchange" section of this week's Weekly Focus, we are considering revising our FX forecast in the direction of an even weaker dollar. Meanwhile, we expect that the US Fed funds rate will fall to 2% or perhaps even lower as the US economy continues to struggle. We therefore expect that gold will break through the magical $1,000 per troy ounce mark, and that the peak may be as high as $1,200 in 2008. We also expect silver prices to rise, but not to the same extent. In a tumultuous situation such as the present, the only thing that sparkles for investors is gold.

Production problems send platinum rocketing



Weak dollar boosts gold



Equities

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

Three in one

The equity market has been in crisis since August 07. Actually, it is not just one crisis – in reality there are three different areas of the financial-economic system that each in their own way are keeping the crisis sentiment bubbling and making it difficult to predict the direction of the equity market in the short term. The three areas in crisis are: (a) financial liquidity, (b) credit, and (c) the housing market. While these areas interact intimately with each other, it is important to look at them separately to understand what is driving the equity market and, not least, calculate when some light might be glimpsed at the end of this dark tunnel that equities are currently travelling through.

Starting with the financial liquidity crisis, both US and European central banks have expended considerable resources trying to re-establish trust between commercial banks. Trust is the cornerstone of a well-functioning financial system, and the efforts of the central banks now seem to be bearing fruit. Inter-bank rates (the rates that banks pay/charge on deposits and loans between banks) have begun to settle down after a period – which began in the middle of last year – when these rates set new records relative to short-term government bond yields. Fear of a leading bank or banks collapsing (due to sub-prime woes) was the reason for this crisis, and it could of course flare up again if the global banking system is further weakened in 2008-09. For now though, it would seem that the massive write-downs announced by the global banking sector – due to existing or future losses on structured interest rate products – in last year's financial reports have brought some calm to this principal source of the financial liquidity crisis.

In contrast to the liquidity crisis, the credit crisis is still very much alive and kicking. Yield spreads between corporate credit bonds and government bonds have continued to widen in Q1 08. Widening credit spreads reflect a significantly increased risk that companies may begin to go bankrupt as a result of the problems in the bank sector. This is because banks respond to their loss-giving investments by tightening credit standards for their customers, and this tightening is now being reflected in the credit market. Hence, there is nowhere for either companies or households to turn for cheap finance, unlike during the years 2003-2007, and this means that borrowers with high financial gearing are experiencing a marked deterioration of both their purchasing power and their degree of operational freedom. Credit spreads also widened considerably between 2000 and 2002, which went hand-in-hand with the bear market in equities. How credit spreads move going forward will therefore be a very important contribution to equity sentiment. At the moment, the credit crisis, unlike the financial crisis, seems almost to be accelerating, meaning the equity marked has the fuel for a further fall.

The final element of our "three-in-one" crisis is the crisis in housing. This is, like the two above, primarily a US story, but is continuing to unfold globally. We view the housing crisis as the most difficult one facing the equity market, as it is not only the source of the liquidity and credit crises, but also the root of the recession fears that haunt the US economy. The housing crisis has actually worsened in recent months, with record falls in house prices and homes sold. On the bright side, it is here that the White House's tax package and the monetary easing of the central bank will begin to have an impact in H2 08, in our view. For now, though, there is no support forthcoming from these initiatives, as housing has shown no sign of stabilising.

Overall, our view is that it will take some time before the equity market can kick off a new bull trend. Nonetheless, we expect equity prices to begin rising moderately in H2 08. In other words, we expect the three-in-one crisis will ease sufficiently to provide some scope for renewed optimism on equities. This would, however, require that at least two of the current crisis areas begin to visibly stabilise.

Macroeconomic forecast

Macro forecast, Scandinavia

	Year	GDP[1]	Private cons.[1]	Public cons.[1]	Fixed inv.[1]	Stock build.[2]	Ex-ports[1]	Im-ports[1]	Infla-tion[1]	Unem-ploym.[3]	Public budget[4]	Public debt[4]	Current acc.[4]
Denmark	2007	1,8	2,7	1,3	6,7	-0,2	3,7	6,1	1,7	2,8	4,3	25	1,0
	2008	1,5	1,8	1,6	1,3	0,1	3,3	3,5	2,7	1,9	3,5	20	0,8
	2009	1,4	1,4	1,5	2,0	0,0	3,4	3,7	2,2	2,3	2,6	17	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-ploym.[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-ploym.[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/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	29-feb	3,00	2,65	4,35	152,1	-	490,0
	+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	29-feb	4,00	3,86	4,39	-	152,1	745,2
	+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	29-feb	0,50	0,91	1,59	158,9	104,5	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	29-feb	5,25	4,91	5,06	76,6	198,5	972,7
	+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	29-feb	2,75	2,59	3,30	159,6	105,0	466,8
	+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	29-feb	4,25	4,08	4,51	745,2	490,0	-
	+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	29-feb	4,25	4,37	4,69	938,1	616,8	79,4
	+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	29-feb	5,25	5,64	5,27	789,7	519,3	94,4
	+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	29-feb	5,50	6,26	5,93	352,2	231,6	211,6
	+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 recommen-dations
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, March 3, 2008				Period	Danske Bank	Consensus	Previous
-	USD	Total Vehicle Sales	m	Feb		15.5	
2:30	JPY	Labour cash earnings	y/y	Jan		0.2%	-1.9% (-1.7% rev)
8:30	SEK	PMI manufacturing	Index	Feb			54.6
9:15	EUR	ECB's Liebscher speaks					
9:30	CHF	PMI manufacturing	Index	Feb			61.6
9:30	DKK	Retail sales, volume	m/m|y/y	Jan	-0.5%|..		1.0%|-1.9%
10:00	EUR	PMI manufacturing, final	Index	Feb	52.3	52.3	52.3
10:30	GBP	PMI Manufacturing	Index	Feb		51.0	50.6
12:00	EUR	CPI Flash estimate	m/m|y/y	Feb	..|3.3%	..|3.2%	..|3.2%
14:00	USD	Fed's Plosser (voter, hawk) speaks					
14:30	CAD	GDP	m/m|ann	4th quarter		-0.1%|0.1%	0.1%|2.9%
15:00	EUR	ECB's Liikanen speaks					
16:00	USD	ISM	Index	Feb	49		50.7
16:00	USD	Construction spending	m/m	Jan		-0.6%	-1.1%
16:00	USD	ISM prices paid	Index	Feb		72.0	76.0
20:00	USD	Fed's Kroszner (voter, neutral) speaks					

Tuesday, March 4, 2008				Period	Danske Bank	Consensus	Previous
1:30	AUD	Retail sales	m/m	Jan		0.5%	0.5%
4:30	AUD	Reserve Bank of Australia (cash rate target decision)		Mar	7.25%	7.25%	7.00%
7:45	CHF	CPI	m/m|y/y	Feb		0.2%|2.4%	-0.3%|2.4%
7:45	CHF	GDP	q/q|y/y	4th quarter		0.6%|2.9%	0.8%|2.9%
9:00	NOK	PMI manufacturing	Index	Feb	54.5		53.0
10:30	GBP	PMI construction	Index	Feb			53.9
11:00	EUR	PPI	m/m|y/y	Jan		0.8%|4.9%	0.1%|4.3%
11:00	EUR	GDP	q/q|y/y	4th quarter	0.4%|2.3%	0.4%|2.3%	0.4%|2.3%
15:00	CAD	Bank of Canada Rate		Mar	3.75%	3.75%	4.00%
15:00	USD	Fed's Bernanke (voter, neutral) speaks					
16:00	DKK	Currency reserves	DKK bn	Feb			7.0
19:00	USD	Fed's Fisher (voter, neutral) speaks					
19:00	USD	Fed's Mishkin (voter, dove) speaks					

Wednesday, March 5, 2008				Period	Danske Bank	Consensus	Previous
-	RUB	CPI	m/m	Feb	1.4%		2.3%
-	CNY	Start of National Peoples Congress	%				
0:50	JPY	Capital Spending	%	4th quarter		-2.5	-1.2
1:30	AUD	GDP	q/q|y/y	4th quarter		0.8%|3.8%	1.0%|4.3%
10:00	EUR	PMI service, final	Index	Feb	52.3	52.3	52.3
10:30	GBP	PMI service	Index	Feb	51.8	52.2	52.5
11:00	EUR	Retail sales	m/m|y/y	Jan		0.4%|0.1%	-0.1%|-2.0%
11:30	GBP	BRC Shop Price Index					
12:00	LVL	Industrial production, const.	y/y	Jan			-5.4%
13:00	USD	MBA mortgage applications	%				-19.2
14:30	USD	Unit labour cost, final	q/q AR	4th quarter	3.0%	2.1%	2.1%
16:00	USD	Factory Orders	m/m	Jan		-2.1%	2.3%
16:00	USD	ISM non-manufacturing	Index	Feb	48.5	48.0	44.6
20:00	USD	Beige Book					
21:00	NZD	Reserve Bank of New Zealand (cash rate decision)		Mar	8.25%	8.25%	8.25%

Thursday, March 6, 2008				Period	Danske Bank	Consensus	Previous
1:30	USD	Fed's Pianalto (voter, neutral) speaks					
6:00	JPY	Leading Economic Index, preliminary	%	Jan		30.0	45.5
6:00	JPY	Machine orders, preliminary	y/y	Feb			0.0%
7:45	CHF	Unemployment	%	Feb		2.8	2.8
7:45	CHF	Unemployment, s.a.	%	Feb		2.5	2.6
8:45	FRF	Unemployment	%	4th quarter		8.1	8.3
9:30	DKK	Industrial production	m/m|y/y	Jan			-3.7%|-13.1%
12:00	DEM	Factory orders	m/m|y/y	Jan		-0.5%|9.9%	-1.7%|5.6%
13:00	GBP	BoE rate announcement	%		5.25	5.25	5.25
13:45	EUR	ECB Meeting	%		4.00	4.00	4.00
14:00	USD	Fed's Rosengren (non-voter, dove) speaks					
14:30	USD	Initial jobless claims	1000			352	373
14:30	EUR	ECB Press conference					
16:00	CAD	Ivey PMI	Index	Feb		55	56.2
16:00	USD	Pending home sales	m/m	Jan		-1.0%	-1.5%
19:00	USD	Fed's Geithner (voter, neutral) speaks					

Key data and events (2)

Friday, March 7, 2008				Period	Danske Bank	Consensus	Previous
-	JPY	BoJ Monetary Policy Announcement	%		**0.50**	*0.50*	0.50
-	EUR	ECB's Weber and FED's Mishkin speaks					
-	EUR	ECB's Trichet and Stark speaks					
2:00	USD	Fed's Poole (non-voter, hawk) speaks					
6:00	USD	Fed's Hoenig (non-voter, neutral) speaks					
7:00	JPY	Bank of Japan Monthly Report		Mar			
8:00	EEK	CPI	y/y	Feb	**11.7%**		11.0%
9:30	SEK	Budget balance	SEK bn	Feb			25.0
10:00	EUR	ECB's Constancio speaks					
10:00	NOK	Industrial Production, nsa.	m/m|y/y	Jan			-2.8%|1.9%
10:00	NOK	Manufacturing Production, nsa.	m/m|y/y	Jan	**-0.5%|2.3%**		-3.4%|2.5%
11:00	USD	Fed's Yellen (non-voter, dove) speaks					
12:00	DEM	Industrial production	mm/|y/y	Jan		*0.3%|4.5%*	0.8%|4.1%
13:00	CAD	Unemployment		Feb		*5.9%*	5.8%
14:30	USD	Unemployment	%	Feb	**5.0**	*5.0*	4.9
14:30	USD	Nonfarm payroll	1000	Feb	**25**	*35*	-17
14:30	USD	Average hourly earnings, non-farm	m/m|y/y	Feb		*0.3%|..*	0.2%|3.7%
14:30	USD	Fed's Mishkin (voter, dove) speaks					
16:15	USD	Fed's Kohn (voter, neutral) speaks					
21:00	USD	Consumer credit	bn. USD	Jan		*7.6*	4.5

During the week				Period	Danske Bank	Consensus	Previous
Sat 08	USD	US treasury Paulson speaks					

The editors do not guarantee the accurateness of figures, hours or dates stated above
For furher 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 dept 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 and Norwegian 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.