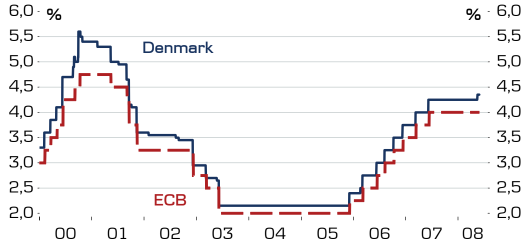
Weekly Focus

May 30 – June 4, 2008

Stable currency

Spread widening in May



Small lead to "yes" camp

Denmark: (%)	apr-08	mar-08
yes..........................	41,7	42,8
maybe yes..........	9,9	9,6
maybe no............	6,2	6,3
no............................	39,3	39,0
don't know..........	2,9	2,2
"yes" lead............	6,1	7,2

Denmark's EMU vote moves closer

The Danish government has put renewed focus on the country's EU opt-outs in the past six months after highlighting in its policy statement last November that the opt-outs would be put to a referendum some time during the term of this government. However, the government did not say when a referendum would be held, or whether all the opt-outs would be put to the vote at the same time.

Now, however, the government has announced that it will present a timetable in August for when the Danes will go to the polls on the three opt-outs. In our view, the government will pave the way for a two-track approach, with the Danes voting first on the legal and defence opt-outs, and later deciding about EMU membership. Adopting the single currency is a thorny political issue, as the government's support party, the Danish People's Party, is clearly against the move, while the Socialist People's Party, which is an important player on this issue, will also recommend a "no".

We therefore expect that the government will concentrate on the "easy" issues – and we would expect a vote on the first two opt-outs to be announced for late September or early October, as the government would prefer a short campaign. The timing of a vote on EMU membership will then, of course, depend on the outcome of the first referendum – but next spring looks like an appropriate time. The government is clearly keen to resolve these issues well ahead of the next general election.

Opinion polls on the EMU opt-out show a small lead to the "yes" camp. However, it is likely that the vote will be very close, and certainly not a foregone conclusion. Whatever the outcome, the Danish fixed exchange rate policy versus the euro will not be tampered with.

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Danske Bank

Denmark

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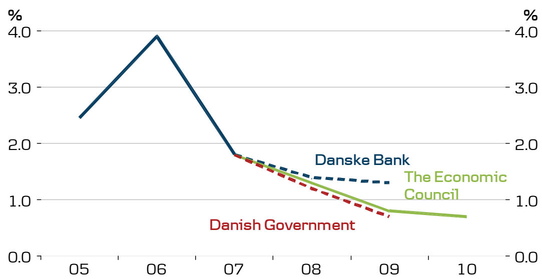
Tougher economic times ahead

The semi-annual Economic Council Report and the Economic Survey from the Ministry of Finance have dominated the domestic economic debate in Denmark in the past week. Both reports foresee a quite marked downturn in economic growth. The Economic Council expects that growth will be 1.3% this year, 0.8% in 2009, and just 0.7% in 2010. The government's forecast paints a similar picture. (We expect that growth will be 1.4% in 2008 and 1.3% in 2009.) A combination of declining house prices, a global slowdown and reduced competitiveness is what will drag growth lower. In addition, the supply side of the economy continues to be viewed as a limiting factor.

The government sees the risk of economic overheating as having increased, in the sense that there is now a greater risk that high inflation is here to stay – though it does note that the global slowdown will pull in the opposite direction. The overheating stems from the very low rate of unemployment, which means higher wage growth – of up to around 5%, according to the government's estimate. That said, the government does not expect to see a wage-price spiral develop. Moreover, the slowing of the economy will soon affect the labour market, and unemployment will slowly begin to rise. The government's forecast for unemployment is slightly more optimistic than ours, as it expects the number of jobless to stand at around 70,000 at the end of 2009, while our estimate is a good 5,000 higher. Rising unemployment will dampen wage pressures – but it will take time, and one could worry that wage pressures may remain high. Substantial wage pressures at a time when the economy is slowing is an unfortunate combination.

According to the government, house prices will fall by 2.0% this year, but stabilise as early as next year. On housing, the government appears almost curiously unconcerned. In contrast, the Economic Council foresees modest price falls this year and next, but expects an acceleration in the pace of decline in 2010. Given the current state of the housing market, where record-high supply and low turnover are prompting a significant price correction, we expect that price falls will be most pronounced this year and next – and we would stress the risk of further falls to follow.

Economic growth slowing



Key events of the week ahead

- April retail sales are due on Monday. We expect a rise of 1%.
- Friday sees the release of industrial production for April. Industrial production fell sharply in March – possibly due to a calendar effect – so we expect an increase of 6 % in April.
- Also due on Friday are bankruptcies and repossessions for May. We expect bankruptcies to be largely unchanged, while the number of repossessions will increase slightly.

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 02	9:30	DKK	Retail sales, volume	m/m|y/y	Apr	**1.0%|0.2%**		-1.2%|-5.6%
Tue 03	16:00	DKK	Currency reserves	DKK bn	May			-6.1
Fri 06	9:30	DKK	Industrial production	m/m	Apr	**6.0%**		-6.9%

Sweden

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GDP much weaker than expected

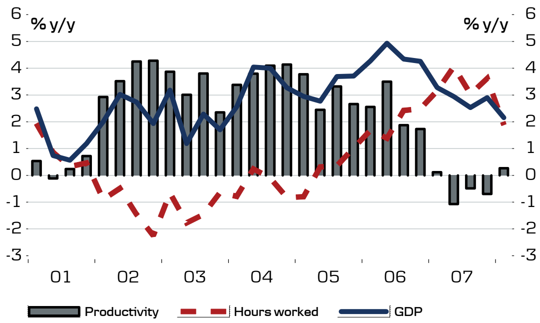
Q1 GDP growth of 2.2% was below market expectations of 2.7% y/y and the Riksbank's forecast of 2.8% y/y, and an ocean apart from our expectations of around 3% y/y. However, productivity rebounded, and we can now clearly see that the weaker growth is having an impact on the labour market, where growth in hours worked fell from 3.6% y/y in Q4 07 to 1.9% y/y in Q1 08.

Looking at the details, the main error in our forecast lies in net exports, where we expected a quite hefty contribution of around 1 percentage point versus the actual outcome of ½ pp. We had also overestimated public consumption, which fell by 1.1% y/y instead of an expected rise of ½% y/y.

On the subject of our forecast, we were quite simply dead wrong. But in terms of cyclical developments the outcome fits quite well with our long-held view of a slowdown. Especially interesting was to see the weakening of the labour market, where year-on-year growth almost halved between Q4 07 and Q1 08.

Market implications should be quite clear. *Ceteris paribus*, the GDP outcome implies a lower probability of a July hike. Had this number also (remember that unemployment rate and inflation were above the Riksbank forecast) come out stronger than what the Riksbank expected, a July hike would probably have become our main scenario, so in that sense, today's data came as a relief.

GDP, Hours worked and productivity



Key events of the week ahead

- PMI survey

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 02	8:30	SEK	Swedbank PMI Survey	Index	May		*49.8*	50.1

Norway

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Below trend

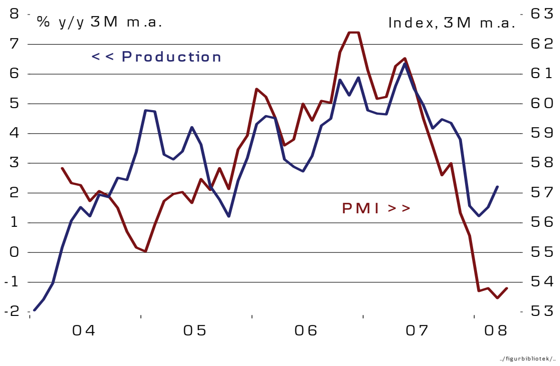
In the past week Norges Bank has sent a clear message: Unless the economy slows down sufficiently to reduce capacity utilisation, the high inflation rate will necessitate more interest rate hikes. This, in turn, should boost interest in economic indicators, which have been rather predictable in recent years.

The May PMI data are due out in the coming week. As shown in the chart below, industrial expectations have eased significantly since topping out last summer, but they seem to have stabilised in H1 08. The chart also indicates that PMI stabilising at roughly 54 is compatible with growth in industrial production of about 2%. If this happens, the demand for industrial labour will be more or less unchanged for the remainder of 2008 after growing more than 3% during the last couple of years. A sharp fall in new industrial orders in Q1 seems to suggest that this development will continue. Therefore, we expect the PMI to decline from 54.4 in March to 53.5 in May, and we will especially keep an eye on the employment and order components.

Given, not least, the bounce in the PMI in April, which was probably due to the early Easter this year, we expect industrial production to have grown 1.5% m/m (+2.1% y/y) in April. As mentioned, this mainly reflects the Easter effect rather than a new industrial recovery.

We believe it is only a matter of time before higher interest rates, lower housing market turnover and tighter credit policies will drive credit growth down. However, we do not expect to see this effect as early as the April data, which will be released on Monday. On the contrary, we expect credit growth to have accelerated to 14.0%, driven by a basis effect in last year's April numbers.

Has industry passed the bottom?



Key events of the week ahead

- Credit growth data for April are due out Monday. We expect credit growth to have accelerated to 14.0%, driven by base effects.
- The May PMI data will be released on Tuesday. We believe the index will fall to 53.5.
- Industrial production probably recovered in April after falling in March due to the Easter effect. We expect industrial output to have grown 1.5% m/m in April.

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 02	10:00	NOK	Credit indicator (C2)	y/y	Apr	**14.0%**	*13.9%*	13.9%
Tue 03	9:00	NOK	PMI	Index	May	**53.5**	*53.5*	54.4
Fri 06	10:00	NOK	Industrial Production, nsa.	m/m|y/y	Apr		*1.5%|2.1%*	1.4%|4.0%
Fri 06	10:00	NOK	Manufacturing Production, nsa.	m/m|y/y	Apr	**1.5%|2.1%**		-2.0%|-0.4%

Switzerland

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Will Q1 GDP confirm picture of slowdown?

Balance of trade figures during the week showed an increase in the trade surplus from CHF 1.27bn in March to CHF 1.57bn in April. On the surface, the figures suggested strong growth in both exports (18.3% y/y) and imports (19.9% y/y). However, if we look at the figures a little more closely and allow for the difference in the number of working days, the data show that exports grew by 4.0% y/y and imports by 2.5% y/y. This relatively big difference is due (once again) to Easter, which resulted in more working days in April this year than last. The adjusted figures confirm the downward trend in external trade growth that we have seen in recent months.

The week also brought the employment report for Q1, which showed employment growth of around 16,000 q/q (2.8% y/y). The employment report and recent unemployment reports suggest that the Swiss labour market is nearing a turning point. However, we have yet to see definitive signs of this, and those who expected this employment report to present clear signs of a cyclical downturn were left disappointed. Finally, Friday brought the KOF leading indicator for May, which fell as expected from 1.20 to 1.09, driven primarily by more subdued expectations in the financial sector. Consumption was again a positive factor. The KOF still points to trend, or just below trend, growth at the end of 2008.

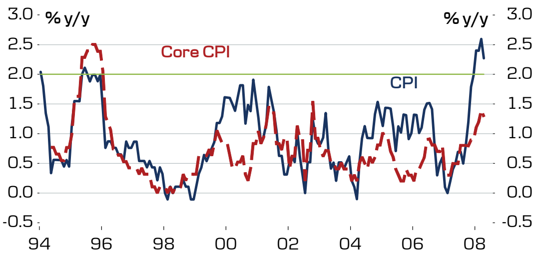
As in other European markets, yields in Switzerland rose during the week. However, the spread to Euroland ended the week largely unchanged, and the 2Y swap spread of 170bp is still close to the high of recent years. The market is still discounting a 25bp interest rate hike from the SNB in H2.

After gaining on the back of falling stock markets in the past week, CHF ran out of steam, and CHF/DKK fell back slightly from Friday's peak of 4.62. In recent weeks, CHF has traded more or less flat despite a sharp increase in the yield spread to Euroland during the same period. This suggests that other factors are driving the CHF at the moment. We still expect CHF/DKK to climb during the course of the year.

Q1 GDP figures will probably steal the limelight in the coming week. GDP grew by 3.6% in Q4, which was well above potential growth. The consensus expectation is a drop in growth to 3.0% in Q1. Given the fall in the KOF leading indicator over the last ten months, signs of a slowdown in private consumption, and a dwindling contribution to growth from the financial sector, everything does indeed seem to point towards lower growth.

The week ahead will also bring consumer prices for May. Inflation fell from 2.6% y/y in March to 2.3% y/y in April, but this was still above the SNB's 2% target. According to the SNB's latest forecast from March, inflation will drop back to 2% y/y in Q3, but given the latest increase in oil prices, there is a fair chance that the SNB will have to revise its forecast up in connection with the June monetary policy meeting.

Will inflation drop back to SNB's target?



Key events of the week ahead

- Q1 GDP data are released on Monday.
- May consumer prices are due on Thursday, and it will be interesting to see if inflation has slowed in line with the SNB's forecast despite the latest increase in oil prices.

Date	Time		Event		Period	Danske Bank	Consensus	Previous
Mon 02	7:45	CHF	GDP	q/q|y/y	1st quarter		0.4%|3.3%	1.0%|3.6%
Tue 03	7:45	CHF	CPI	m/m|y/y	May		0.4%|2.4%	0.8%|2.3%
Fri 06	11:00	CHF	SNB's Jordan speaks					

UK

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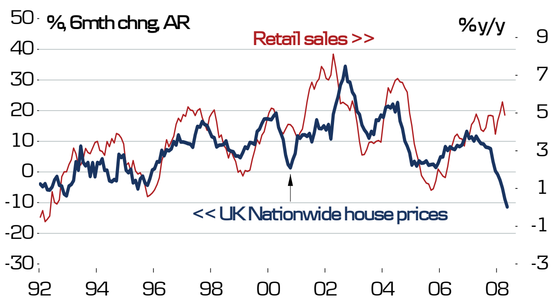
Will the next move from the Bank of England really be a hike?

Over the last two months we have seen a massive re-pricing of monetary policy globally – and not least in the UK. The market has gone from pricing the Base rate to be reduced by approx. 100bp to 4% next year, to now pricing close to a 50bp hike over the next year. What has changed so much? First of all the easing of the financial crisis has led to a move out of safe government bonds but, more recently, the inflation scare has really taken hold in the market. This has been driven by the move higher in oil prices and a rise in inflation expectations. Inflation data also surprised strongly to the upside, jumping to 3.0% in April from 2.5%. Finally, the Inflation Report released on 14 May pointed to upside inflation risks, and was read as a sign that the Bank of England was no longer able to underpin growth by cutting rates further.

But is the market right to now expect hikes? Looking at the Inflation Report, the market seems to be overreacting. On inflation, the Bank of England wrote "In the central projection, higher energy and import prices push inflation up sharply in the near term. The emerging margin of spare capacity, together with a declining contribution from energy and import prices, then *brings inflation back to the 2% target in the medium term*... Overall, the balance of risks is presently judged to lie on the upside". The important thing here is that this projection was based on market yields from early May, when markets were pricing the Bank Rate to go to 4.5% over the next year – hence a *reduction* in the Bank Rate of 50bp. On the growth side, the Bank of England points to downside risks: "the Committee's central projection is for output growth to slow further over the next year and then recover. But there is a risk that the slowdown may be more prolonged". This risk is rising at the moment, as recent data point to more declines in house prices and falling consumer confidence. Nationwide house prices for May, released this week, fell 2.5% m/m (see chart below). Consumer confidence in May fell to its lowest level for 18 years, and surveys point to a pronounced slowdown in retail sales. Hard data on retail sales is, however, holding up so far.

Overall we believe that the UK economy will soften much further in the coming quarters, and that this will lead to further rate cuts eventually, as it will dampen the medium-term outlook for inflation. For this to happen we need to see some cooling in oil prices, which is a big uncertainty. Eventually, however, we believe yields will come down again and that the weakening pressure on the GBP will return.

Largest fall in house prices since early '90s



Key events of the week ahead

- PMI for manufacturing and services will be very interesting for judging the pace of the downturn. Current PMI data point to growth being clearly below trend.
- Meeting in Bank of England not expected to lead to any changes, and there is normally no statement
- Halifax house prices and mortgage approvals will give more insight into the housing market

Date	Time		Event		Period	Danske Bank	*Consensus*	Previous
Mon 02	10:30	GBP	PMI Manufacturing	Index	May		*50.5*	51.0
Mon 02	10:30	GBP	Mortgage Approvals	k	Apr		*67*	64
Mon 02	13:01	GBP	Nationwide Consumer Confidence	Index	May			70
Tue 03	10:30	GBP	PMI Construction	Index	May			46.1
Wed 04	10:30	GBP	PMI Services	Index	May		*50.3*	50.4
Wed 04	11:30	GBP	BRC Shop Price Index		May			
Thu 05	13:00	GBP	BoE rate announcement	%		**5.00**	*5.00*	5.00

USA

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Small businesses hit harder than large ones

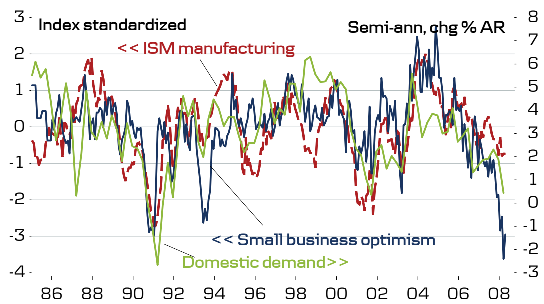
Despite the significant slowdown in the US economy in recent quarters, several business indicators are still in better shape than would 'normally' be expected in these circumstances. Neither the ISM index, nor order data, nor, for that matter, labour market numbers, have yet slumped to the lows that would indicate an economy in recession. This is one of the reasons we have not yet found it possible to conclude that the US economy has actually gone into recession, but only that it is very close to doing so.

However, while several benchmark indicators, which generally represent developments at large corporates, have more or less kept their heads above water, there are signs that small businesses are in historically poor shape. This can be seen, for example, in the small business index, which has dropped to its lowest level since 1980. In other words, it is the large corporates that are preventing the economy from plummeting. What is the reason for this unusual dichotomy between large corporates and small businesses?

There are several explanations. The most important is probably that small businesses are more exposed to the downturn in the domestic economy, such as in the construction industry, than large corporates, which have a more global approach and are enjoying the benefits of the dollar's weakness and continued solid demand in export markets. Moreover, the large corporates invested and recruited rather cautiously during the recent expansion and strong earnings growth has kept imbalances at the large corporates sector at a minimum. In addition, because the current downturn had been anticipated, inventories were cut significantly in H2 2007 – a factor that is probably most important for large producers, which have the possibility of building large inventories.

The week ahead will see the release of another round of business indicators, including the ISM indices and the employment report. Generally, we expect the numbers to deteriorate and to surprise on the downside relative to consensus expectations. That said, the data should not mean any significant change in the current picture of a healthier economy than has been seen during previous slowdowns.

Small businesses hit hardest



Key events in the week ahead

- Monday: look for a fall in the ISM index to 47.5 in April from 48.6 in March.
- Wednesday: we expect the ISM services index to decline to 51.5 in April from 52.0 in March.
- Wednesday: revised unit labour costs and productivity.
- Friday: May employment report expected to show a fall in job numbers of 80,000 and an increase in the unemployment rate to 5.2% from 5.0% in April.

Date	Time		Event		Period	Danske Bank	Consensus	Previous
Mon 02	16:00	USD	ISM	Index	May	**47.5**	*48.0*	48.6
Mon 02	16:00	USD	Construction spending	m/m	Apr	**-0.6**	*-0.7%*	-1.1%
Mon 02	16:00	USD	ISM prices paid	Index	May		*82.0*	84.5
Mon 02	18:20	USD	Fed's Lockhart (non-voter, neutral) speaks					
Tue 03	-	USD	Total Vehicle Sales	m	May	**14.6**		14.4
Tue 03	16:00	USD	Factory Orders	m/m	Apr	**-0.1%**	*0.1%*	1.4% (1.3% rev.)
Wed 04	13:00	USD	MBA mortgage applications					-4.6%
Wed 04	14:15	USD	ADP employment change	1000	May		*-26*	10
Wed 04	14:30	USD	Unit labour cost, final	q/q	1st quarter	**2.1%**	*2.0%*	2.2%
Wed 04	16:00	USD	ISM non-manufacturing	Index	May	**51.5**	*51.0*	52.0
Thu 05	2:30	USD	Fed's Lockhart (non-voter, neutral) speaks					
Thu 05	14:30	USD	Initial jobless claims	1000				
Fri 06	14:30	USD	Nonfarm payroll	1000	May	**-85**	*-55*	-20
Fri 06	14:30	USD	Unemployment	%	May	**5.2**	*5.1*	5.0
Fri 06	14:30	USD	Average hourly earnings, non-farm	m/m|y/y	May	**0.3%|3.4%**	*0.2%|3.4%*	0.1%|3.4%
Fri 06	17:15	USD	Fed's Evans (non-voter, neutral) speaks					
Fri 06	19:30	USD	Fed's Bullard (non-voter) speaks					
Fri 06	21:00	USD	Consumer credit	bn. USD	Apr		*6.9*	15.3

Foreign exchange

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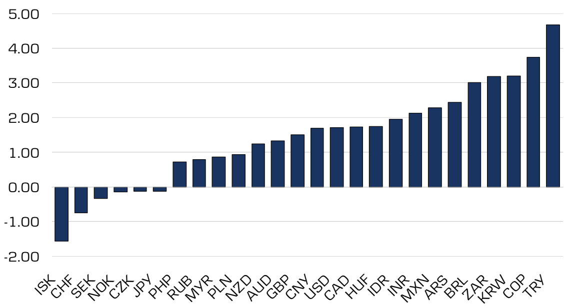
Still no clear direction to USD/DKK

Two of the most significant events in the FX market during the week were the revaluation of the SKK and the intervention by the Bank of Korea to strengthen the KRW. On Wednesday, ministers from the countries participating in the ERM II (which include Denmark) approved a 15% revaluation of the SKK's central parity at the request of the Slovak government. The revaluation comes ahead of Slovakia's expected participation in the EMU from 1 January 2009, and reflects a desire for an implicit tightening of monetary policies via a strong conversion rate. The KRW also strengthened against both EUR and USD after the Bank of Korea very probably intervened to buoy the currency. This is an interesting move and contrasts with the trend in recent year of regular intervention in the FX market to relieve the upward pressure on the KRW and so boost competitiveness. Not surprisingly, the SKK and KRW were among the week's best-performing currencies. The week also saw an improvement in equity markets and falling volatility (VIX), which naturally enough meant that JPY and CHF weakened.

The coming week brings a variety of important data from the USA. Business confidence indicators and labour market data will attract particular attention, and little in the way of good news is expected. Economic indicators are still pointing downwards and unemployment is still rising, which is helping to keep the USD weak. It will also be interesting to see the detailed GDP data for Euroland, which will reveal whether the European economy really is in as good a shape as some market participants believe. We reckon that the recent strong figures from Euroland conceal a bleaker reality, and that a slowdown is inevitable. USD/DKK is still range-trading, and could easily continue without any real direction until the outlook for the European economy and the ECB's future monetary policy become clearer.

It is also a week of central bank meetings, with rate-setting meetings at the RBA on Tuesday, the RBNZ on Wednesday and the BoE and ECB on Thursday. All forecasters asked expect the RBA to be on hold, but there is the risk of a hike if the coming GDP data do not confirm the tentative of a slowdown in the economy. A hike would surprise the market and send AUD up, even though it is already historically high. The BoE's interest rate decision would also seem to be a done deal, with no change at 5%, but there is a major split within the monetary policy committee, with some favouring lower interest rates and the hawks warning of endangering price stability and credibility. We reckon that the BoE's next move will be a rate cut given the deterioration in the growth outlook. We continue to expect that the GBP will weaken further against DKK during summer. The ECB and RBNZ meetings are very much expected to be non-events that should not prompt any major currency movements.

Week's performance against the EUR (%)



Source: Bloomberg

No clear direction to USD/DKK at present

Source: Reuters Ecowin

Equities

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Oil pressure

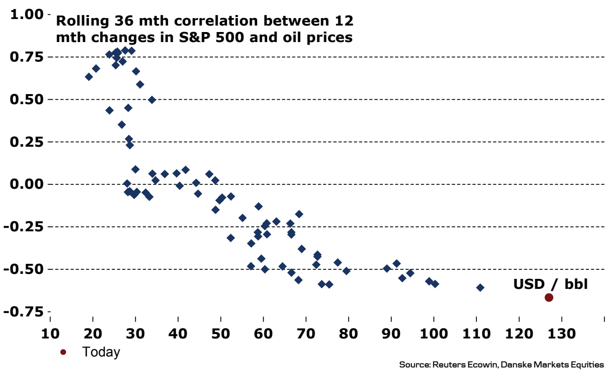
Soaring oil prices of around USD 130 per barrel are without doubt adding to the US economic slowdown, and are painful for the global economy in general. For the US consumer, who is already under pressure from slowing economic activity, a softening job market and an ailing housing market, rising oil prices mean lower real incomes. It is difficult to predict the future path of oil prices and how much longer this surge will last, but we expect to see more or less flat prices for the rest of the year (for more see "Commodities").

Rising oil prices have prompted analysts to revise up their earnings expectations for the global energy sector. On aggregate, current fiscal year earnings for S&P500 energy companies have been revised up by around 64% since the start of 2006 (see chart below-right). At the same time, however, total earnings estimates for the S&P500 have been revised down. Soaring output prices for the energy companies have been the prime factor behind this sector's outperformance of almost 8 percentage points relative to all S&P 500 companies.

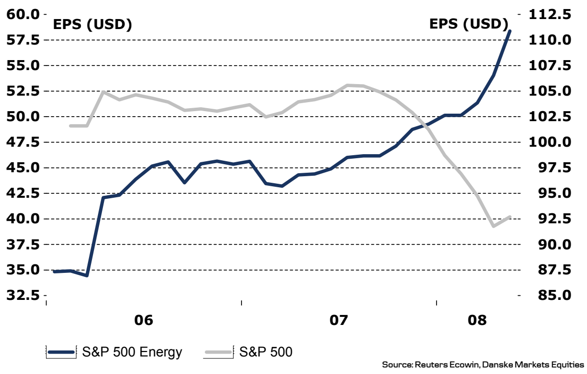
Oil prices have reached a level that appears to be unhealthy for equities – the recent setback in the S&P500 lends weight to this hypothesis. In the chart below-left we have shown the correlation between the return on equities and the changes in oil prices. The conclusion from this chart is quite clear: when oil prices are very high, a further increase is negative for equities. Currently, the correlation between returns on the S&P500 and changes in oil prices is around -0.65, which is the highest level for the past five years.

Does this mean that oil prices have to drop for equities to continue up? In our view, not necessarily, as the price of oil matters less than the changes in oil prices. So despite the very high oil prices, we still have a positive forecast on equities, and expect the S&P500 to be at 1500 on both the 3- and 12-month horizons.

Rising oil prices are negative for equities at current levels



S&P Energy EPS revised up on the back of rising oil prices



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	2.5	1.7	6.7	-0.2	3.7	6.1	1.7	2.9	4.1	25	1.1
	2008	1.4	2.4	1.7	2.6	-0.1	3.4	4.5	3.1	2.0	3.2	20	0.6
	2009	1.3	1.4	1.6	0.6	0.1	2.8	2.8	2.4	2.5	2.3	17	0.6
Sweden	2007	2.7	3.2	1.0	8.3	0.7	5.8	9.7	2.2	6.2	3.1	42.0	8.3
	2008	1.8	1.7	1.0	3.5	-0.7	5.3	4.5	2.9	6.2	2.9	37.7	8.2
	2009	1.6	1.0	1.8	0.4	-0.4	3.8	2.4	1.5	6.8	2.3	35.5	8.3
Norway	2007	3.5	6.4	3.2	9.6	-1.3	3.2	8.6	0.8	2.5	8.0	26	19.3
	2008	3.5	4.6	2.8	10.9	-0.2	3.7	9.2	4.4	3.3	12.0	26	20.6
	2009	2.9	4.1	2.8	2.6	0.0	3.4	4.8	2.2	3.4	13.9	26	18.2

Macro forecast, Euroland

	Year	GDP[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	1.4	2.1	4.8	-0.1	6.0	5.2	2.8	7.4	-0.8	67	-0.8
	2008	1.4	1.2	1.2	1.7	0.1	3.1	3.3	2.8	7.1	-0.8	65	-0.3
	2009	1.5	1.5	1.5	1.5	0.0	4.0	4.9	1.9	7.4	-0.8	64	-0.5
Germany	2007	2.7	-0.2	1.9	5.6	-0.1	8.5	5.5	2.9	9.1	-0.5	65	5.8
	2008	1.6	0.6	0.7	1.7	0.2	5.1	3.3	1.9	8.3	0.2	64	5.8
	2009	1.4	1.1	1.1	1.5	-0.1	5.0	3.9	1.4	8.0	0.4	64	6.0
France	2007	1.9	1.9	2.0	4.1	-0.2	3.5	6.6	2.0	8.0	-2.3	63	-2.3
	2008	1.6	1.6	0.9	2.2	0.2	3.1	4.0	1.8	7.7	-2.2	62	-2.3
	2009	1.5	1.8	1.3	2.0	-0.1	2.5	3.9	1.4	7.5	-2.3	61	-2.3
Italy	2007	1.8	1.7	0.8	2.8	0.0	2.5	1.8	2.6	5.9	-2.6	105	-1.7
	2008	1.0	0.9	0.5	0.9	0.2	1.1	2.3	2.3	5.7	-2.0	103	-1.7
	2009	0.9	0.9	0.8	1.2	-0.1	0.5	2.4	1.8	5.7	-2.2	102	-1.7
Spain	2007	3.9	3.4	5.3	6.4	-0.4	5.5	6.8	3.4	8.0	1.5	37	-9.0
	2008	2.7	2.3	3.2	3.7	0.2	3.6	4.3	3.2	8.2	1.0	35	-9.5
	2009	2.4	1.8	3.1	2.5	-0.1	2.5	3.9	2.3	8.8	0.0	35	-9.0
Holland	2007	3.0	1.8	3.2	4.8	-0.1	6.0	5.5	2.4	3.3	0.0	60	7.0
	2008	2.2	1.7	0.6	3.2	0.1	4.6	4.8	2.3	2.9	0.0	59	6.5
	2009	1.9	1.8	0.4	2.8	-0.1	3.5	5.4	1.7	2.8	0.0	60	6.5
Finland	2007	4.4	3.7	0.8	7.6	0.1	4.8	4.1	2.5	6.9	5.3	35	4.6
	2008	2.6	2.5	1.5	3.0	0.0	2.5	2.0	3.3	6.5	4.7	33	4.5
	2009	2.5	2.5	1.5	2.0	0.0	3.0	2.5	2.2	6.2	3.9	31	4.5

Macro forecast, Global

	Year	GDP[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	2.0	-1.8	-0.3	8.0	1.9	2.9	4.6	-1.2	60	-5.5
	2008	1.2	1.4	2.4	-6.1	-0.4	7.2	-2.2	3.9	5.3	-3.5	61	-3.7
	2009	1.5	1.2	2.0	-2.8	0.0	7.4	1.0	2.2	6.0	-2.5	61	-2.0
Japan	2007	2.1	1.4	0.8	-3.1	-0.2	7.8	1.8	0.0	3.8	-3.3	180	5.0
	2008	1.4	1.1	0.9	2.0	0.1	5.0	3.8	1.2	3.8	-3.8	182	4.8
	2009	1.7	1.5	1.2	2.5	0.0	5.4	4.4	0.6	3.6	-3.5	183	5.0
UK	2007	3.1	3.1	1.9	4.1	0.0	4.2	-2.0	2.3	3.0	-2.5	43	-3.3
	2008	1.6	1.3	2.3	4.2	-0.2	3.8	3.5	2.6	2.8	-2.5	43	-4.1
	2009	1.6	1.3	2.4	3.0	0.0	3.4	3.0	2.1	3.0	-2.5	43	-4.0
Switzer-land	2007	3.1	2.1	0.1	2.7	0.1	10.0	5.2	0.7	2.8	-0.2	55	15.1
	2008	1.7	1.8	0.5	0.4	0.0	3.8	4.5	1.9	2.6	0.0	54	13.9
	2009	1.6	1.6	0.6	1.7	0.0	4.7	5.2	1.1	2.7	0.0	53	14.9

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

Financial forecast

Bond and money markets

		Key int. rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	30-May	2.00	3.48	4.69	154.8	-	481.8
	+3m	1.75	2.80	4.30	155	-	481
	+6m	1.75	2.85	4.30	150	-	497
	+12m	1.75	3.25	4.50	150	-	497
EUR	30-May	4.00	4.97	4.82	-	154.8	745.9
	+3m	4.00	4.20	4.45	-	155	746.0
	+6m	3.75	3.95	4.30	-	150	746.0
	+12m	3.25	3.50	4.10	-	150	746.0
JPY	30-May	0.50	1.26	1.98	163.3	105.5	4.57
	+3m	0.50	1.05	1.80	158	102	4.72
	+6m	0.50	1.15	1.85	150	100	4.97
	+12m	0.50	1.30	2.00	150	100	4.97
GBP	30-May	5.00	6.01	5.41	78.4	197.5	951.3
	+3m	5.00	5.40	5.00	82.0	189	910
	+6m	4.75	5.30	4.90	80.0	188	933
	+12m	4.50	5.10	4.80	75.0	200	995
CHF	30-May	2.75	3.25	3.68	162.8	105.2	458.2
	+3m	2.75	2.85	3.40	158	102	472
	+6m	2.75	2.70	3.30	156	104	478
	+12m	2.25	2.40	3.20	152	101	491
DKK	30-May	4.35	5.33	5.00	745.9	481.8	-
	+3m	4.35	4.45	4.55	746.0	481	-
	+6m	4.10	4.10	4.40	746.0	497	-
	+12m	3.50	3.60	4.15	746.0	497	-
SEK	30-May	4.25	5.21	5.10	934.1	603.3	79.9
	+3m	4.25	4.40	4.60	925	597	80.6
	+6m	4.25	4.25	4.45	920	613	81.1
	+12m	3.75	3.70	4.30	920	613	81.1
NOK	30-May	5.50	6.49	5.70	790.4	510.6	94.4
	+3m	5.75	6.35	5.40	780	503	95.6
	+6m	5.75	6.20	5.30	775	517	96.3
	+12m	5.75	6.00	5.30	775	517	96.3
PLN	30-May	5.75	6.45	6.02	337.9	218.3	220.7
	+3m	5.75	6.20	5.60	350	226	213
	+6m	5.75	5.90	5.75	355	237	210
	+12m	5.75	7.05	6.85	360	240	207

Equity markets

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

Commodities

		2008 - average				Average	
	29/05/2008	Q1	Q2	Q3	Q4	2008	2009
ICE Brent	125	96	114	117	114	110	105
Aluminium	2,880	2,779	3,000	3,025	3,050	2,964	3,100
Copper	7,890	7,741	8,600	8,700	8,800	8,460	8,900
Gold	873	924	880	900	910	904	930
CBOT Wheat*	742	1,026	830	870	900	907	1,050
CBOT Corn*	578	527	610	630	650	604	660

* Note: US$/bushel

Key data and events

Key Data and Events in Week 23

Monday, June 2, 2008				Period	Danske Bank	Consensus	Previous
3:00	CNY	Manufacturing PMI	Index	May			59.2
3:30	AUD	Retail sales	m/m|y/y	Apr		*0.2%|..*	0.5%|5.1%
3:30	JPY	Labour Cash Earnings	y/y	Apr		*1.3%*	1.2%
4:30	CNY	CLSA manufacturing PMI	Index	May			55.4
7:45	CHF	GDP	q/q|y/y	1st quarter		*0.4%|3.3%*	1.0%|3.6%
8:30	SEK	Swedbank PMI Survey	Index	May		*49.8*	50.1
9:30	DKK	Retail sales, volume	m/m|y/y	Apr	**1.0%|0.2%**		-1.2%|-5.6%
10:00	NOK	Credit indicator (C2)	y/y	Apr	**14.0%**	*13.9%*	13.9%
10:00	EUR	PMI Manufacturing, final	Index	Mar	**50.5**	*50.5*	50.5
10:30	GBP	PMI Manufacturing	Index	May		*50.5*	51.0
10:30	GBP	Mortgage Approvals	k	Apr		*67*	64
13:01	GBP	Nationwide Consumer Confidence	Index	May			70
16:00	USD	ISM	Index	May	**47.5**	*48.0*	48.6
16:00	USD	Construction spending	m/m	Apr	**-0.6**	*-0.7%*	-1.1%
16:00	USD	ISM prices paid	Index	May		*82.0*	84.5
18:20	USD	Fed's Lockhart (non-voter, neutral) speaks					

Tuesday, June 3, 2008				Period	Danske Bank	Consensus	Previous
-	USD	Total Vehicle Sales	m	May	**14.6**		14.4
6:30	AUD	Reserve Bank of Australia (cash rate target decision)	%		**7.25**	*7.25*	7.25
7:45	CHF	CPI	m/m|y/y	May		*0.4%|2.4%*	0.8%|2.3%
9:00	NOK	PMI	Index	May	**53.5**	*53.5*	54.4
10:30	GBP	PMI Construction	Index	May			46.1
11:00	EUR	GDP, s.a., preliminary	q/q|y/y	1st quarter	**0.7%|2.2%**	*0.7%|2.2%*	0.7%|2.2%
11:00	EUR	Euroland PPI	m/m|y/y	Apr		*0.7%|6.0%*	0.7%|5.7%
16:00	USD	Factory Orders	m/m	Apr	**-0.1%**	*0.1%*	1.4% (1.3% rev.)
16:00	DKK	Currency reserves	DKK bn	May			-6.1

Wednesday, June 4, 2008				Period	Danske Bank	Consensus	Previous
1:50	JPY	Capital Spending	%	1st quarter		*-9.9*	-7.7
3:30	AUD	GDP	q/q|y/y	1st quarter			0.6%|3.9%
10:00	EUR	PMI Services, final	Index	May	**50.6**	*50.6*	50.6
10:30	GBP	PMI Services	Index	May		*50.3*	50.4
11:00	EUR	Retail sales	m/m|y/y	Apr		*0.3%|-0.5%*	-0.4%|-1.6%
11:30	GBP	BRC Shop Price Index		May			
13:00	USD	MBA mortgage applications					-4.6%
14:15	USD	ADP employment change	1000	May		*-26*	10
14:30	USD	Unit labour cost, final	q/q	1st quarter	**2.1%**	*2.0%*	2.2%
16:00	USD	ISM non-manufacturing	Index	May	**51.5**	*51.0*	52.0

Thursday, June 5, 2008				Period	Danske Bank	Consensus	Previous
2:30	USD	Fed's Lockhart (non-voter, neutral) speaks					
12:00	DEM	Factory Orders	m/m|y/y	Apr	**0.0%|..**	*0.5%|..*	-0.6%|-5.0%
13:00	GBP	BoE rate announcement	%		**5.00**	*5.00*	5.00
13:45	EUR	ECB Meeting	%		**4.00**	*4.00*	4.00
14:30	USD	Initial jobless claims	1000				
16:00	CAD	Ivey PMI	Index	May		*58.0*	57.6
23:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%		**8.25**	*8.25*	8.25

Key data and events

Friday, June 6, 2008				Period	Danske Bank	*Consensus*	Previous
8:45	FRF	Trade Balance	EUR bn	Apr			-4.7
9:30	DKK	Industrial production	m/m	Apr	**6.0%**		-6.9%
10:00	NOK	Industrial Production, nsa.	m/m|y/y	Apr		*1.5%|2.1%*	1.4%|4.0%
10:00	NOK	Manufacturing Production, nsa.	m/m|y/y	Apr	**1.5%|2.1%**		-2.0%|-0.4%
11:00	CHF	SNB's Jordan speaks					
12:00	DEM	Industrial production	mm/|y/y	Apr	**-0.2%|..**	*0.4%|..*	-0.5%|4.7%
13:00	CAD	Unemployment rate	%	May		*6.1*	6.1
14:30	USD	Nonfarm payroll	1000	May	**-85**	*-55*	-20
14:30	USD	Unemployment	%	May	**5.2**	*5.1*	5.0
14:30	USD	Average hourly earnings, non-farm	m/m|y/y	May	**0.3%|3.4%**	*0.2%|3.4%*	0.1%|3.4%
17:15	USD	Fed's Evans (non-voter, neutral) speaks					
19:30	USD	Fed's Bullard (non-voter) speaks					
21:00	USD	Consumer credit	bn. USD	Apr		*6.9*	15.3

During the week				Period	Danske Bank	*Consensus*	Previous
Wed 28 - 08	DEM	CPI - EU Harmonised, preliminary	m/m|y/y	May		*0.4%|2.8%*	-0.2%|2.6%

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