

Weekly Focus

Central banks on hold, but plenty of political drama

Market movers ahead

- At Wednesday's FOMC meeting, we expect the Fed to stay on hold, particularly in light of the recent upward revision of payrolls data.
- Lagarde's first ECB meeting is not expected to bring policy changes, but the ECB is likely to launch formally its long awaited strategy review – though we may not get a deadline for its completion.
- German politics, and the survival of the Grand Coalition, is still in flux, and investors should not get too excited about a big German fiscal policy boost in the near term.
- The UK election is coming up on Thursday. If Boris Johnson gets a solid majority, he should be able to get his Brexit deal through Parliament before Christmas and the UK will leave the EU by 31 January.
- We may get a phase one deal in the US-China trade talks next week, as Trump is otherwise set to put a 15% tariff on another USD160bn of goods from China.
- In Scandinavia, we will be looking at inflation figures as well as Norges Bank's Regional survey, which we expect to project more muted growth in H1 next year.

Weekly wrap-up

- Chinese PMIs were better than we expected, supporting our view that the worst is over and that China has begun a moderate acceleration supported by stimulus and declining trade war fears.
- In the US, ISM disappointed, still signalling US GDP growth momentum has slowed further in Q4.
- US President Trump has started targeting other countries on trade.

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Financial views

Major indices

	06-Dec	3M	12M
10yr EUR swap	0.12	0.10	0.40
EUR/USD	111	109	113
ICE Brent oil	63	60	60

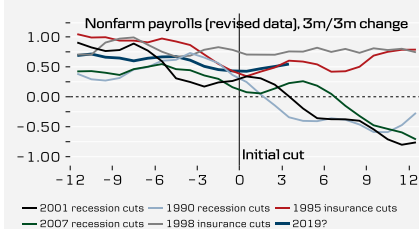
Source: Danske Bank

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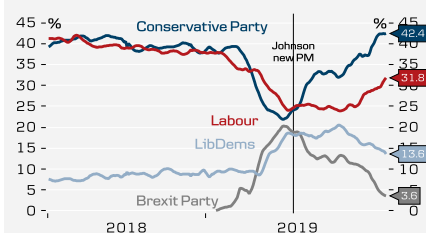
@Danske_Research

Usually the Fed does not cut more than three times outside recessions



Source: BLS, Macrobond Financial

We expect a Conservative majority in Thursday's British election



Source: Britain Elects, Macrobond Financial

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Market movers

Global

- In the **US**, the most important event next week is the FOMC meeting on Wednesday. The Fed has clearly hinted that it is going to be on hold for a while and nothing in the data suggests it will change its view at the upcoming meeting despite some hard-versus-soft data gaps. In particular the upward revision of nonfarm payrolls has probably eased recession fears among FOMC members. We get updated ‘dots’ so it will be interesting to see what the Fed will signal for next year. The ‘dots’ will automatically be lowered because the Fed has cut once more than the median dot projected back in September at the last update, but the question is whether some members will signal that another cut may be on the cards (no one signalled a Fed funds rate in the range 1.25-1.50% in September).

On the data front, we have a couple of interesting data releases. On Wednesday, CPI core in November is due out, which we expect rose 0.2% m/m in line with consensus (unchanged at 2.3% y/y). On Friday, retail sales in November is due out. The foundation for continued private consumption growth looks solid, in our view.

- In the **euro area**, we have a very interesting week ahead of us with President Lagarde’s first ECB meeting. We do not expect any new policy messages, but think the ECB will formally launch its long awaited strategy review, although we do not expect a specific deadline. Our base case is for a significant overhaul which includes revisiting the ‘below, but close to 2%’ wording. However, it is still too early to judge the market implications. We expect the staff projections to be unchanged in the grand scheme of things, with minor revisions (see *ECB Preview*, 6 December).

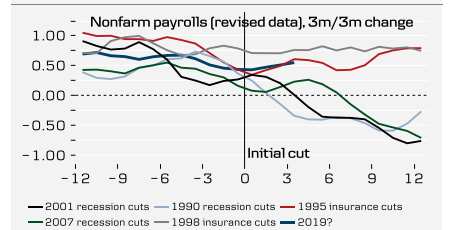
After the surprising win of Norbert Walter-Borjans and Saskia Esken as new SPD leaders, this weekend’s SPD party convention will be a watershed event for German politics. The new leaders have been staunch critics of the current governing coalition. Latest comments suggest SPD delegates will stop short of calling for an outright ‘Groko’ exit at the convention, instead seeking to engage in negotiations with the CDU on key demands. We think it is not a foregone conclusion that Germany is heading for new elections in Q1 20. In *Research Germany - Four reasons why a fiscal boost is not around the corner*, 6 December, we argue why investors should (still) not get too excited about a big German fiscal policy boost in the near-term.

On Tuesday, we get the ZEW print for December. We look out for whether November’s rise in the expectation component continues, since the spread between ‘expectations’ and ‘current conditions’ has usually been a good predictor of upcoming rises in PMI manufacturing.

Thursday will also bring October’s industrial production figures for the euro area. We look out for whether the latest rebound in manufacturing PMIs is also visible in actual production figures.

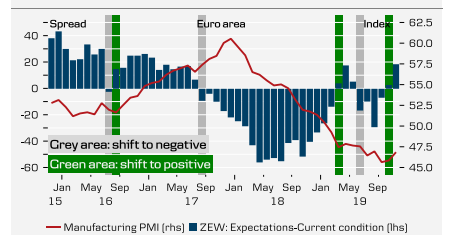
- In the **UK**, it is a very decisive moment for Brexit when the British go to the ballot boxes on Thursday 12 December. It is notoriously difficult to predict the outcome of UK elections due to the ‘winner takes all’ election system and most were caught by surprise in both 2015 and 2017. YouGov’s so-called MRP model, which was the only seat projection rightly predicting Theresa May would lose her absolute majority in 2017, predicts PM Boris Johnson will win a solid majority (the Conservative Party is also around 10pp ahead in polls). The risk is of course that the model was just ‘lucky’

Usually the Fed does not cut more than three times outside recessions



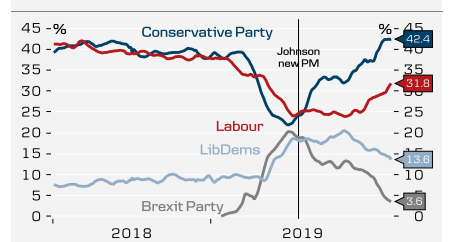
Source: BLS, Macrobond Financial

Further ZEW rebound bodes well for PMI manufacturing



Source: ZEW, Markit, Danske Bank, Macrobond Financial

We expect a Conservative majority



Source: Britain Elects, Macrobond Financial

at making the right prediction in 2017, but we do not have much else to rely on and our base case is a Conservative majority (not necessarily as big as the YouGov model predicts). If we are right, PM Boris Johnson can get his Brexit deal through Parliament before Christmas and the UK will leave the EU by 31 January. If, against our expectation, the opposition (Labour, LibDems, SNP and Plaid Cymru) succeeds in securing a majority, we believe we are heading for a second EU referendum. Voting ends at 23:00 CET, when we should get our first exit poll. We should know the final result early the following morning.

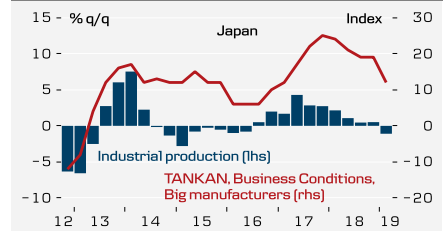
- **In Japan**, the Bank of Japan's quarterly Tankan business survey of corporate activity is released on Friday. Here we get a lot of information about how Japanese businesses have weathered the global slowdown and how they look at the prospects for the coming months. It will be particularly interesting to see the effect the VAT hike has had on business sentiment.
- The focus in **China** continues to be on the US-China trade talks. Next week could be the week where we get a 'phase one' deal, as Trump is otherwise set to put a 15% tariff on another USD160bn of goods from China. However, this tariff could hurt the US more than it would hurt China, as it covers lots of electronic consumer goods that to a large extent are produced by US companies in China and then exported to US consumers, with the companies likely to pass on some of the tariff cost to US consumers. If Trump goes ahead with the tariff, we are likely to see a big decline in stock markets and more uncertainty about the global economic outlook.

On the data front, China releases trade balance, FX reserves, CPI and PPI inflation and money and credit growth. PPI is likely to stay in deflation territory around -1.5% y/y and CPI inflation probably has further to rise from 3.8% y/y to above 4% y/y pulled up by higher food prices due to African swine fever.

Scandi

- In **Denmark**, foreign trade figures for October are due on Monday. Exports will be worth keeping an eye on, as they have been the main driving force behind Danish growth this year, despite the weakness in Danish export markets. September saw exports dip slightly, so the question is whether this was also the case in October, or if exports can continue to sail against the wind.
November CPI inflation is due on Tuesday. We expect inflation to increase to 0.7% from 0.6% in October. Fuel prices in particular should pull upwards after last year's large November decline. Dragging in the other direction is book prices, which we expect to fall significantly following unusually high October prices.
- In **Sweden**, we expect November CPI and CPI excl. Energy to print 1.7% y/y and 1.8% y/y respectively, an increase from the previous month. Our CPIF expectation is in line with the Riksbank's forecast while our CPIF excl. Energy expectation is 0.1pp below its forecast. The monthly price changes in November will be small, but we expect larger monthly changes in coming months. We expect a slightly higher inflation rate in coming months which should be followed by a downturn in Q2 20. November CPIF will most likely not change the planned December hike; more important will be the outcome of the inflation expectations.

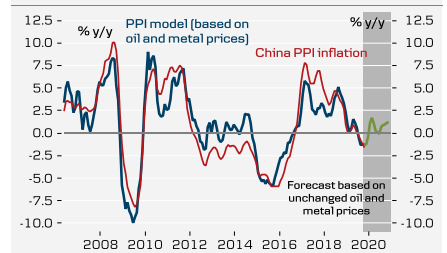
VAT hike likely to weigh on business sentiment



Note: Business conditions is calculated by subtracting the percentage share of enterprises responding "unfavourable" from that of "favourable".

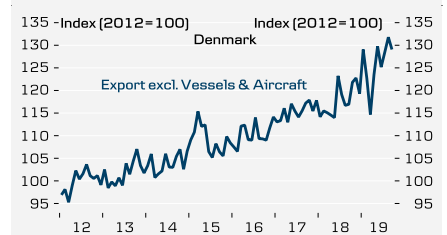
Source: Japanese Ministry of Economy, Bank of Japan, Macrobond Financial

PPI to stay in deflation before rising in 2020



Source: Macrobond Financial, NBS

Can exports keep up the pace?



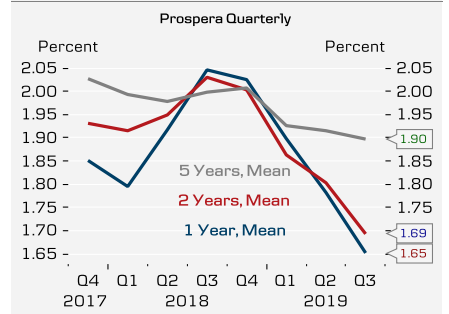
Source: Statistics Denmark, Macrobond Financial

Prospera publishes new quarterly ('big') inflation expectation survey data. Which includes inflation expectations from the money market, purchase managers and labour market parties. The downward trend has been seen on all horizons for a while and in light of the expected December rate hike, this data deserves attention, especially since Riksbank Vice Governor Per Jansson mentioned in his speech this week that the downward trend in inflation expectations really bothered him. Also important is that household consumption will be released, which has increased y/y in four consecutive months.

Since last month's revised LFS data showed an increased volatility, it is challenging to forecast this month's print. However, the labour data we have received since the last print have showed no signs of an improved labour market. The PES unemployment rate increased, the supply of vacancies has continued to deteriorate and our proxy composite employment index in PMI continued to decline – indicating that private sector employment is stagnating and possibly heading towards contraction.

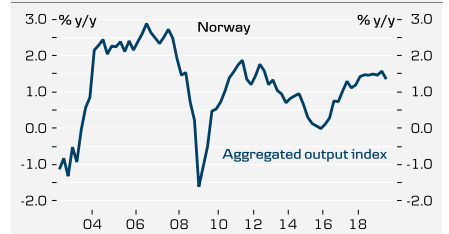
- In **Norway**, the aggregated output index in the previous round of Norges Bank's regional network survey indicated growth in mainland GDP of 2.7% y/y in the six months to March 2020. Since then, we have had clear indications that manufacturing has shifted down a gear, although the PMI has stabilised again over the past couple of months. This is probably because export-oriented producers have begun to feel the global manufacturing slowdown, but we also seem to be seeing a slightly lower rate of growth in oil-related industries. Construction activity appears to have softened slightly as well, which will pull down the construction index. We therefore expect the aggregated output index to slip to 1.1-1.2, indicating GDP growth of 2.2-2.4% in H1 next year. This is a slower rate of economic growth but still above trend. Core inflation has come out more or less as expected over the past couple of months at 2.2%. In isolation, base effects would pull core inflation below 2% y/y in November, but we expect a slight rebound in ever-volatile airfares and food prices after weak October numbers. There is also a mounting risk that the krone's depreciation since the summer will push up import prices. We therefore expect core inflation to fall to 2.0% y/y in November.

No turnaround in sight



Source: Danske Bank, Riksbank, Macrobond Financial

Regional network pointing to slowdown



Source: Macrobond Financial, Danske Bank

Market movers ahead

Global movers			Event		Period	Danske	Consensus	Previous
During the week			DEM	SPD party convention				
	Sat	07	CNY	Foreign exchange reserves	USD bn	Nov	3100.0	3105.2
	Sun	08	DEM	SDP party convention	Net. Bal			
	Sun	08	CNY	Trade balance	USD bn	Nov	44.5	42.8
Mon	09-Dec	-	CNY	Money supply M2	y/y	Nov	8.4%	8.4%
Tue	10-Dec	2:30	CNY	CPI	y/y	Nov	4.4%	3.8%
		2:30	CNY	PPI	y/y	Nov	-1.5%	-1.6%
		11:00	DEM	ZEW current situation	Index	Dec	-22.0	-24.7
		11:00	DEM	ZEW expectations	Index	Dec	0.3	-2.1
Wed	11-Dec	14:30	USD	CPI headline	m/m y/y	Nov	0.2% 2.0%	0.4% 1.8%
		14:30	USD	CPI core	m/m y/y	Nov	0.2% 2.3%	0.2% 2.3%
		20:00	USD	FOMC meeting	%		1.75%	1.75%
Thurs	12-Dec	-	GBP	General election				
		11:00	EUR	Industrial production	m/m y/y	Oct	-0.5% -2.4%	0.1% -1.7%
		12:00	TRY	Central Bank of Turkey rate decision	%		12.5%	14.0%
		13:45	EUR	ECB announces deposit rate	%		-0.50%	-0.50%
		23:00	GBP	UK polling stations close, exit polls are published				
Fri	13-Dec	0:50	JPY	Tankan large manufacturers index (outlook)	Index	4th quarter	3.0	5.0 2.0
		0:50	JPY	Tankan large non-manufacturers index (outlook)	Index	4th quarter	16.0	21.0 15.0
		11:30	RUB	Central Bank of Russia rate decision	%		6.3%	6.5%
		14:30	USD	Retail sales control group	m/m	Nov	0.3%	0.3%
Scandi movers								
Mon	09-Dec	8:00	DKK	Trade balance ex ships	DKK bn	Oct		9
Tue	10-Dec	8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	Nov	... 2.0%	0.1% 2.0%
		8:00	SEK	Prospera inflation expectations				
		8:00	NOK	CPI	m/m y/y	Nov	0.3% 1.6%	0.2% 1.8%
		9:30	SEK	Household consumption	m/m y/y	Oct		0.8% 3.7%
		10:00	NOK	Norges Bank Regional Network Report: Output next 6M	Index	Nov	1.1-1.2	1.2
Wed	11-Dec	9:30	SEK	Underlying inflation CPIF	m/m y/y	Nov	... 1.8%	0.0% 1.6%
		9:30	SEK	CPI	m/m y/y	Nov	... 1.7%	0.0% 1.6%
Thurs	12-Dec	9:30	SEK	Unemployment (n.s.a s.a.)	%	Nov	6.3%	6.0% 6.6%

Source: Bloomberg, Danske Bank

Weekly Wrap-Up

Main macro themes

- It has been a quite interesting week with respect to both economic data releases and politics. **Chinese PMIs, both the official and private ones, were better than we expected**, supporting our view that the worst is over and that China has begun a moderate acceleration supported by stimulus and declining war fears. **In the US, ISM disappointed, still signalling US GDP growth momentum has slowed further in Q4.**
- **On the trade war, there is still no deal on phase 1 ahead of the ‘soft’ deadline on 15 December, where the US is set to implement higher tariffs on imported consumer goods from China** (it could easily postpone or cancel this). The US has sent mixed signals this week, with US President Donald Trump stating that he *‘like[s] the idea of waiting until after the election for the China deal’*, while *Bloomberg* wrote an article quoting US trade officials as saying that the two countries are moving closer to a deal. **We still expect the two countries to reach an agreement on ‘phase 1’ soon**, paving the way to start discussing the more permanent future trading relationship.
- **US President Trump has started targeting other countries on trade** by announcing tariffs on imported steel and aluminium from Brazil and Argentina and some specific goods from France. This remains small scale compared with the trade war with China but it increases the risk Trump will eventually impose tariffs on imported cars from Europe, which would have a bigger economic impact.
- **In a blow to Germany’s current grand coalition, the SPD elected two left-wingers as leaders.** The result increases the risk of a government crisis and new elections in 2020. Still, we do not believe investors should get too excited about a big Germany fiscal policy boost in the near term (see *Research Germany – Four reasons a fiscal boost is not around the corner*, 6 December).
- **On Monday, we published our updated global macro outlook.** In our view, the global economy is showing tentative signs of stabilisation but there are still risks on the horizon, in particular the US-China trade war. We believe the risk of a global recession over the coming one to two years has declined from 30% to 25%. **For more, see *The Big Picture – Rays of light for the world economy*, 2 December.**

Financial market developments

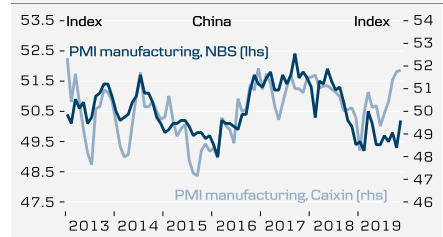
- **Trade-war related stocks have underperformed this week, despite the more positive trade comments from the US/China at the end of this week.** Equity markets are increasingly becoming more impatient on trade but better macro data puts a floor under equities.
- **It has been a volatile week for fixed income markets.** On Monday, we saw a sharp sell-off followed by an even stronger rally on Tuesday. Over the past of couple of days, we have seen another sell-off. US and German 10-year government bond yields are trading above 1.8% and below -0.30%, respectively.

Financial views

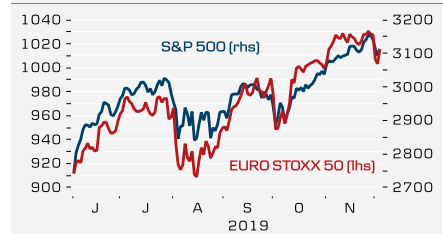
Major indices			
	06-Dec	3M	12M
10yr EUR swap	0.12	0.10	0.40
10yr US swap	1.74	1.75	2.00
ECB key rate	-0.50	-0.50	-0.50
Fed funds rate	1.75	1.75	1.50
EUR/SEK	1054	1080	1100
EUR/NOK	1013	990	970
EUR/USD	111	109	113
ICE Brent oil	63	60	60

Source: Danske Bank

Chinese PMIs came out better than expected



Equities have become impatient on trade



Scandi update

Denmark – Fiscal and monetary policy news

The 2020 finance bill (budget) was passed by parliament in the past week and overall it looks like Denmark’s relatively neutral fiscal policy will continue. A key feature of the agreement was the abolition of the business tax scheme for parents buying a property for their children, which puts a stop to favourable tax deductibility terms for interest payments. However, given the current low level of interest rates, it will probably not have any immediate effect on the number of parental property purchases. Meanwhile, the duty on cigarettes is set to be increased from 1 April 2020, raising the price on a pack of 20 to DKK55 from the current DKK41. In connection with this we have updated our inflation estimate for 2020 to 1.3%, of which 0.4 percentage points will come from the hike in cigarette duties alone – you can read more [here](#).

Danmarks Nationalbank intervened in the currency markets for the second month in a row to support the weak krone (DKK). However, the level of intervention was still modest, so the pressure on the DKK does not appear to be that great. That being said, the DKK remains weak, so there is every likelihood of further intervention in December.

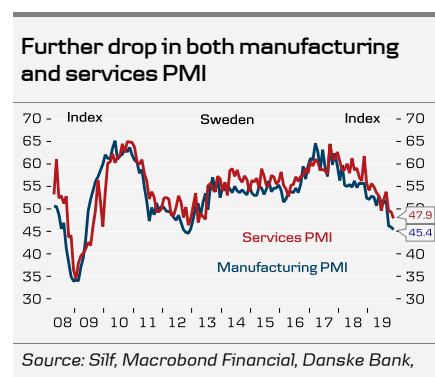
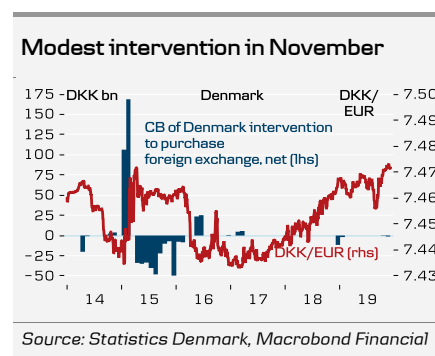
The final data of the week was for industrial production, which fell by 0.6% from September to October with the machinery and furniture industries as the main detractors. It would seem the global downturn is starting to weigh on industry, as witnessed by recent months’ waning growth rates. Nonetheless, production output has remained 5.5% higher than in October of last year.

Sweden – This data week showed us that the industry continues down

The Swedish manufacturing PMI continued to decline in November and fell to 45.4 from previous 46.0. Orders (both domestic and exports), inventories and employment were the sub-indices that led the decline. The gap between the Swedish and the German manufacturing PMI is now almost non-existing, which is more normal than the scenario in previous months. The services PMI came out weak as well and declined from 49.4 to 47.9, meaning that services are now at levels not seen in the past six years. As in the manufacturing industry, the driving sub-indices were orders but also delivery times.

Regarding the Riksbank speech by Per Jansson that we hosted earlier in the week, our interpretation is that he will vote in favour of keeping rates unchanged in December. He also pinpointed that the inflation target is the most important.

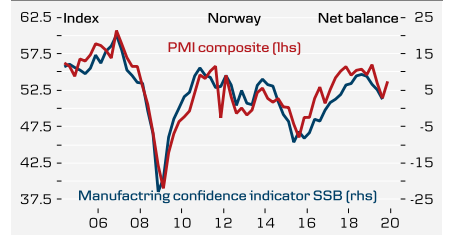
Today we received further information about how the Swedish industry is doing. Industry production and industry orders declined 3% and 5.4% y/y, respectively. Slightly positive growth in service production (1.1% y/y). There has been a decline in ‘soft’ data for a while now, which does not show in the same way in the ‘hard data’. The decline indicates that we might start to see the drop we have been waiting for but it is still too early to say. However, this data affects GDP on the production side, which means this will put more burden on GDP in Q4.



Norway – Manufacturing on the up again

The PMI was highly volatile over the summer but with a clear downtrend, signalling weaker growth in manufacturing. This was probably because export-oriented producers have begun to feel the global slowdown, but we have also seen signs of slightly slower growth in oil-related industries. However, the past couple of months have brought a clear improvement in the PMI, which has flipped back into an uptrend. The numbers are now pointing towards slightly stronger growth in Norwegian manufacturing and growth that is slightly higher than normal.

PMI signals stronger growth again



Source: Macrobond Financial, Danske Bank

Latest research from Danske Bank

6/12 ECB Preview - Time for a strategic review-not monetary policy messages

The December ECB meeting, which will be Lagarde's first meeting as chair, is set to focus on the strategic review. With forward guidance and new QE purchases already set for the coming months, no change in monetary policy is expected for the near future.

6/12 China Weekly Letter - Phase-one deal moves closer as 15 December deadline is near

Rollercoaster news flow on trade deal as 15 December deadline is approaching. Trump flip-flops and now says talks 'moving right along'.

6/12 Research Germany: Four reasons why a fiscal boost is not around the corner

With the surprise win of Norbert Walter-Borjans and Saskia Esken, two staunch 'Gruko' critics have taken over the leadership of the Social Democrats (SPD).

3/12 Flash Comment Denmark: FX intervention continued in November

Danmarks Nationalbank (DN) sold DKK1.2bn in FX reserves due to FX intervention in November.

3/12 Flash comment Denmark - Higher inflation as price of cigarettes surges

Higher price of cigarettes set to lift Danish inflation significantly over the coming years.

2/12 Flash: QE Details - APP off to a strong start, but lower PSPP allocations

The ECB published its first report on the APP after the resumption of QE in November.

2/12 Euro Area Macro Monitor: Closing the gap of the 2-speed economy

November brought further evidence that the worst of the European manufacturing recession is probably over.

2/12 The Big Picture - Rays of light for the world economy

Global economy shows tentative signs of stabilisation.

Macroeconomic forecast

Macro forecast. Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2018	2.4	2.8	0.4	5.4	2.4	3.6	0.8	2.2	3.8	0.8	34.2	7.0
	2019	2.0	1.5	0.3	-1.8	4.5	0.3	0.8	2.0	3.8	2.0	32.4	7.6
	2020	1.3	2.4	0.9	0.9	1.6	1.9	1.3	2.1	4.0	0.5	31.5	7.3
Sweden	2018	2.4	1.6	0.4	4.6	3.1	3.6	2.0	2.6	6.3	0.8	38.5	0.5
	2019	1.0	0.7	0.7	-1.8	4.2	1.7	1.7	2.6	6.8	0.1	35.0	3.7
	2020	0.7	1.9	1.5	-2.2	2.7	2.1	1.1	2.4	7.8	-0.5	34.0	3.7
Norway	2018	2.2	1.9	1.4	2.8	-0.2	1.9	2.7	2.8	2.5	-	-	-
	2019	2.6	2.0	2.0	4.8	3.0	3.5	2.2	3.4	2.3	-	-	-
	2020	2.2	2.4	1.7	3.0	4.0	2.5	2.2	3.6	2.2	-	-	-

Macro forecast. Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2018	1.9	1.4	1.1	2.4	3.3	2.7	1.8	2.2	8.2	-0.5	85.9	3.8
	2019	1.2	1.3	1.6	6.9	2.4	4.6	1.2	2.1	7.6	-0.8	86.4	3.3
	2020	0.9	1.5	1.8	2.6	1.5	3.2	1.2	2.3	7.5	-0.9	85.1	3.2
Germany	2018	1.5	1.2	1.4	3.5	2.3	3.7	1.9	2.9	3.4	1.9	61.9	7.3
	2019	0.5	1.6	2.1	2.8	1.1	2.4	1.3	3.0	3.1	1.0	59.2	6.0
	2020	0.6	1.2	2.5	1.2	1.2	2.4	1.5	2.8	3.0	0.8	56.8	5.9
Finland	2018	1.7	1.8	1.5	3.3	2.2	5.0	1.1	1.7	7.4	-0.8	59.1	-1.4
	2019	1.2	0.8	1.5	0.5	3.5	2.0	1.1	2.5	6.6	-0.4	58.4	-0.8
	2020	0.8	1.0	1.5	0.6	1.5	2.0	1.4	2.7	6.6	-0.4	57.7	-0.8

Macro forecast. Global

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2018	2.9	3.0	1.7	4.6	3.0	4.4	2.4	3.0	3.9	-3.9	106.0	-2.3
	2019	2.3	2.6	2.2	1.3	-0.3	1.6	1.8	2.9	3.6	-4.5	105.0	-2.5
	2020	1.7	2.4	0.9	0.9	0.1	1.7	2.2	3.5	3.4	-4.5	106.0	-2.6
China	2018	6.6	8.2	-	5.0	-	-	2.2	8.5	-	-4.1	50.1	0.7
	2019	6.2	7.5	-	5.0	-	-	2.5	8.0	-	-6.1	53.9	0.0
	2020	6.0	7.8	-	4.6	-	-	2.2	7.5	-	-5.5	57.1	-0.1
UK	2018	1.4	1.6	0.6	-0.1	-0.9	0.7	2.5	3.0	4.1	-2.3	85.9	-4.5
	2019	1.4	1.3	3.3	-0.1	0.5	3.3	1.8	3.5	3.8	-1.4	83.8	-3.5
	2020	1.0	1.4	1.3	-1.5	1.7	-2.4	1.4	3.4	3.8	-1.1	82.9	-3.7
Japan	2018	0.8	0.3	0.8	1.1	3.4	3.3	0.9	-	-	-	-	-
	2019	1.0	0.4	2.2	1.7	-1.8	-0.5	0.7	-	-	-	-	-
	2020	0.5	-0.3	1.9	0.4	1.7	0.8	0.7	-	-	-	-	-

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 interest rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK	Currency vs NOK	Currency vs SEK
USD	06-Dec	1.75	1.89	1.61	1.74	111.0	-	672.9	912.6	949.0
	+3m	1.75	1.71	1.50	1.75	109.0	-	685.3	908.3	990.8
	+6m	1.50	1.65	1.50	1.75	111.0	-	673.2	882.9	991.0
	+12m	1.50	1.65	1.60	2.00	113.0	-	661.3	858.4	973.5
EUR	06-Dec	-0.50	-0.40	-0.32	0.12	-	111.0	747.2	1013.3	1053.7
	+3m	-0.50	-0.41	-0.30	0.10	-	109.0	747.0	990.0	1080.0
	+6m	-0.50	-0.41	-0.30	0.20	-	111.0	747.3	980.0	1100.0
	+12m	-0.50	-0.41	-0.20	0.40	-	113.0	747.3	970.0	1100.0
JPY	06-Dec	-0.10	-0.08	-0.02	0.11	120.5	108.7	6.20	8.41	8.74
	+3m	-0.10	-	-	-	118.3	108.5	6.32	8.37	9.13
	+6m	-0.10	-	-	-	120.4	108.5	6.20	8.14	9.13
	+12m	-0.10	-	-	-	124.3	110.0	6.01	7.80	8.85
GBP	06-Dec	0.75	0.78	0.82	0.98	84.4	131.6	885.3	1200.7	1248.6
	+3m	0.50	0.60	0.80	0.95	87.5	124.6	853.7	1131.4	1234.3
	+6m	0.50	0.54	0.70	0.95	87.5	126.9	854.0	1120.0	1257.1
	+12m	0.50	0.54	0.80	1.15	87.5	129.1	854.0	1108.6	1257.1
CHF	06-Dec	-0.75	-0.72	-0.67	-0.23	109.7	98.8	681.1	923.7	960.6
	+3m	-0.75	-	-	-	109.0	100.0	685.3	908.3	990.8
	+6m	-0.75	-	-	-	110.0	99.1	679.3	890.9	1000.0
	+12m	-0.75	-	-	-	112.0	99.1	667.2	866.1	982.1
DKK	06-Dec	-0.75	-0.40	-0.22	0.21	747.2	672.9	-	135.6	141.0
	+3m	-0.75	-0.45	-0.20	0.20	747.0	685.3	-	132.5	144.6
	+6m	-0.75	-0.45	-0.20	0.30	747.3	673.2	-	131.1	147.2
	+12m	-0.75	-0.45	-0.10	0.50	747.3	661.3	-	129.8	147.2
SEK	06-Dec	-0.25	0.07	0.19	0.59	1053.7	949.0	70.9	96.2	100.0
	+3m	0.00	0.15	0.15	0.65	1080.0	990.8	69.2	91.7	-
	+6m	0.00	0.15	0.15	0.70	1100.0	991.0	67.9	89.1	-
	+12m	0.00	0.15	0.15	0.80	1100.0	973.5	67.9	88.2	-
NOK	06-Dec	1.50	1.82	2.00	1.96	1013.3	912.6	73.7	100.0	104.0
	+3m	1.50	2.20	2.10	2.00	990.0	908.3	75.5	-	109.1
	+6m	1.75	2.20	2.10	2.10	980.0	882.9	76.3	-	112.2
	+12m	1.75	2.17	2.15	2.20	970.0	858.4	77.0	-	113.4

Commodities

	06-Dec	2019				2020				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020
ICE Brent	63	64	68	62	65	60	60	60	60	72	60

Source: Danske Bank

Calendar

Key Data and Events in Week 50

During the week

				Period	Danske Bank	Consensus	Previous
Sat 07	DEM	SPD party convention					
Sat 07	CNY	Foreign exchange reserves	USD bn	Nov		3100.0	3105.2
Sun 08	DEM	SPD party convention	Net. Bal				
Sun 08	CNY	Trade balance	USD bn	Nov		44.5	42.8

Monday, December 9, 2019

				Period	Danske Bank	Consensus	Previous
-	CNY	Money supply M2	y/y	Nov		8.4%	8.4%
0:50	JPY	GDP deflator, final	y/y	3rd quarter		0.6%	0.6%
0:50	JPY	GDP, final	q/q ann.	3rd quarter		0.2% 0.6%	0.1% 0.2%
6:00	SEK	Maklarstatistik Swedish housing price data					
7:45	CHF	Unemployment	%	Nov		2.3%	2.3%
8:00	DKK	Current account (nsa sa)	DKK bn	Oct			.. 15.1
8:00	DEM	Trade balance	EUR bn	Oct		18.7	21.2
8:00	DEM	Labour costs	q/q y/y	3rd quarter			0.8% 3.2%
8:00	DKK	Trade balance ex ships	DKK bn	Oct			9
8:00	DKK	Exports	m/m	Oct			
10:30	EUR	Sentix Investor Confidence	Index	Dec		-5.0	-4.5

Tuesday, December 10, 2019

				Period	Danske Bank	Consensus	Previous
2:30	CNY	CPI	y/y	Nov		4.4%	3.8%
2:30	CNY	PPI	y/y	Nov		-1.5%	-1.6%
8:00	NOK	Core inflation (CPI-ATE)	m/m y/y	Nov	.. 2.0%	0.1% 2.0%	0.0% 2.2%
8:00	SEK	Prospera inflation expectations					
8:00	NOK	CPI	m/m y/y	Nov		0.3% 1.6%	0.2% 1.8%
8:00	NOK	PPI	m/m y/y	Nov			0.1% -13.8%
8:00	DKK	CPI	m/m y/y	Nov	.. 0.6%		0.4% 0.6%
8:45	FRF	Industrial production	m/m y/y	Oct		0.3% -0.3%	0.3% 0.1%
9:30	SEK	Household consumption	m/m y/y	Oct			0.8% 3.7%
10:00	NOK	Norges Bank Regional Network Report: Output next 6M	Index	Nov	1.1-1.2	1.2	1.4
10:30	GBP	Monthly GDP estimate	m/m q/q	Oct		0.001 0.001	-0.001 0.003
10:30	GBP	Trade balance	GBP mio.	Oct		-2800	-3360
11:00	DEM	ZEW current situation	Index	Dec		-22.0	-24.7
11:00	DEM	ZEW expectations	Index	Dec		0.3	-2.1
12:00	USD	NFIB small business optimism	Index	Nov		103.1	102.4
14:30	USD	Unit labour cost, final	q/q	3rd quarter		3.4%	3.6%

Wednesday, December 11, 2019

				Period	Danske Bank	Consensus	Previous
9:30	SEK	Underlying inflation CPIF	m/m y/y	Nov	.. 1.8%	0.0% 1.6%	0.0% 1.5%
9:30	SEK	CPI	m/m y/y	Nov	.. 1.7%	0.0% 1.7%	0.0% 1.6%
14:30	USD	CPI headline	m/m y/y	Nov		0.2% 2.0%	0.4% 1.8%
14:30	USD	CPI core	m/m y/y	Nov	0.2% 2.3%	0.2% 2.3%	0.2% 2.3%
16:30	USD	DOE U.S. crude oil inventories	K				-4856
20:00	USD	Budget statement	USD bn	Nov			-134.5
20:00	USD	FOMC meeting	%		1.75%	1.75%	1.75%
20:30	USD	Fed's Powell (voter, neutral) speaks					

Source: Danske Bank

Calendar

Thursday, December 12, 2019			Period	Danske Bank	Consensus	Previous
-	GBP	General election				
1:01	GBP	RICS house price balance	Index	Nov	-0.1	-0.1
8:00	DEM	HICP, final	m/m y/y	Nov	-0.8% 1.2%	-0.8% 1.2%
8:45	FRF	HICP, final	m/m y/y	Nov	0.1% 1.2%	0.1% 1.2%
9:30	CHF	SNB 3-month Libor target rate	%		-0.8%	-0.8%
9:30	SEK	Unemployment (n.s.a. s.a.)	%	Nov	6.3%	6.0% 6.6%
11:00	EUR	Industrial production	m/m y/y	Oct	-0.5% -2.4%	0.1% -1.7%
12:00	TRY	Central Bank of Turkey rate decision	%		12.5%	14.0%
13:45	EUR	ECB announces deposit rate	%		-0.50%	-0.50%
14:30	USD	Initial jobless claims	1000			203
14:30	EUR	ECB's Draghi speaks at press conference			0	0
14:30	USD	PPI	m/m y/y	Nov	0.2% 1.2%	0.4% 1.1%
14:30	USD	PPI core	m/m y/y	Nov	0.2% 1.7%	0.3% 1.6%
23:00	GBP	UK polling stations close, exit polls are published				
Friday, December 13, 2019			Period	Danske Bank	Consensus	Previous
-	EUR	Fitch may publish France's debt rating				
-	EUR	Fitch may publish Spain's debt rating				
-	GBP	Final UK result is declared early Friday morning				
0:50	JPY	Tankan large manufacturers index (outlook)	Index	4th quarter	3.0	5.0 2.0
0:50	JPY	Tankan large non-manufacturers index (outlook)	Index	4th quarter	16.0	21.0 15.0
5:30	JPY	Industrial production, final	m/m y/y	Oct		-4.2% -7.4%
9:00	ESP	HICP, final	m/m y/y	Nov	0.0% 0.5%	0.0% 0.5%
11:30	RUB	Central Bank of Russia rate decision	%		6.3%	6.5%
12:00	EUR	Ireland, GDP	q/q y/y	3rd quarter		0.7% 5.8%
14:30	USD	Import prices	m/m y/y	Nov	0.2% ...	-0.5% -3.0%
14:30	USD	Retail sales control group	m/m	Nov	0.3%	0.3%
17:00	USD	Fed's Williams (voter, neutral) speaks				

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Source: Danske Bank

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