

Danske Daily

Key news

- Stronger-than-expected US labour market data boost confidence in the global recovery and global stock markets rise.
- Prime Minister Razak won the Malaysian elections. Local markets rally on the news.
- Oil prices rise on growth optimism and increased geo-political concerns.

Markets overnight

Stronger-than-expected US labour market numbers on Friday boosted risk appetite. US stock markets ended higher and Asian markets are also trading higher this morning.

Malaysian stocks rose to a historical high after Prime Minister Najib Razak won yesterday's general election. The Malaysian Ringgit also strengthened on the election results.

The increased optimism about the US economy and the global economy in general is helping global commodity prices to recover and the US crude oil price is now trading close to USD100/barrel. Oil prices are also getting a lift from increased geo-political concerns in the Middle East after Israel carried out an air strike on Syria.

In the fixed income markets US bond yields are rising slightly and in Europe peripheral countries' bond yield spreads to Germany continue to decline.

Not everything is positive, however. This morning the service PMI in China showed a decline to 51.1 in April from 54.3 in March.

Market movers today

- European service PMI

Market overview

	07:30	1 day +/- %	
S&P500 (close)	1614.4	↑	1.05
S&P500 fut (chng from close)	1608.8	↑	0.02
Nikkei	13694.0	↓	-0.76
Hang Seng	22936.7	↑	1.09
	17:00	07:30	+/-, bp
US 2y gov	0.21	0.22	↑ 0.4
US 10y gov	1.73	1.74	↑ 1.0
iTraxx Europe (IG)	92	92	↑ 0.4
iTraxx Xover (Non IG)	378	379	↑ 1.3
			+/-, %
EUR/USD	1.311	1.312	↑ 0.07
USD/JPY	98.980	99.100	↑ 0.12
EUR/CHF	1.22	1.23	↑ 0.17
EUR/GBP	0.842	0.842	↓ -0.06
EUR/SEK	8.520	8.537	↑ 0.20
EUR/NOK	7.60	7.61	↑ 0.15
			USD
Oil Brent, USD	104.7	104.9	↑ 0.16
Gold, USD	1467.6	1476.8	↑ 0.63

Note:

* The iTraxx Europe Index shows the spread development for the most liquid investment grade CDS contracts in the euro credit market.

**The iTraxx Europe Crossover shows the spread development of the most liquid non-investment grade CDS contracts in the euro credit market.

***The Markit CDX North America Investment Grade Index shows the spread development for the most liquid investment grade CDS contracts in the US credit market.

Source: Bloomberg

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Global Daily

Focus today. A light calendar today with focus on the euro area. Here March retail sales will provide more insight into the economic situation in Q1 ahead of flash GDP next week. We expect a decline in euro area retail sales of 0.4% m/m in March (consensus - 0.1% m/m), as there was a weakening in the released numbers for Germany, Finland and Spain. We also get euro area service PMIs and here the most interesting numbers are the first releases in Italy and Spain. For both countries we expect an increase in line with the manufacturing PMIs last week. ECB's Draghi will speak at a university ceremony in Rome and Mersch will speak in Luxembourg.

Fixed income markets. Bond markets retraced from overbought conditions on Friday following a stronger-than-expected US non-farm payrolls report. US 10yr yields rose some 12bp to 1.74% following the release, the highest reading in three weeks. Following two months of continuously declining rates, the fixed income market could be caught a bit long here.

Monday's price action will show whether this is true or not. Both Bunds and Treasuries are trading around important technical levels. The 10yr US Treasury rate is close to breaking back into the upward trend channel persisting from previous August and above 200d moving average. A break above 1.75-76% could leave room for a further tactical sell-off.

Similarly the Bund yield is testing 1.24%, which is the low from December. A break above this level would leave room for a sell-off towards 1.44%.

If the final service PMI shows improvement, this could push on the back of the sell-off from Friday. Draghi is speaking at 15:00 CET in Rome. We are not aware of the title of his speech but any further hints that the market might have read too much into his comment on negative rates last Thursday could be a catalyst as well.

Generally, we believe that fixed income is fragile here and see elevated risk of a tactical sell-off, positioning is very long following two months of declining rates.

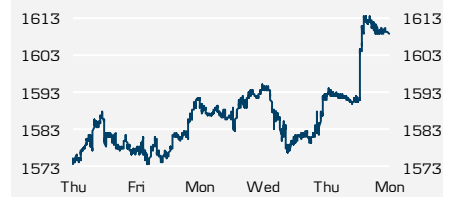
In the **FX markets** the short term driver for EUR/USD at the moment remains relative monetary policy and thus the relative development in macro data. In that respect, it is interesting to note that the macroeconomic surprise index for Euroland, which measures the number of positive surprises relative to the numbers of negative surprises, is low and looking at the difference between the Euro and US index, levels also look increasingly stretched. This suggests that the bar for European data surprising to the upside is low and further indicates that near-term risks in EUR/USD are skewed to the upside. Moreover, we expect the euro to continue to receive support from the rally in European peripheral bonds and a continued support to risk assets in general. We expect EUR/USD to continue to trade sideways in the low 1.30s and target the cross at 1.33 in three months' time.

In Scandinavia this week's main event is the Norges Bank meeting on 8 May where we expect unchanged interest rates. Based on the current market pricing, this could lead to higher short-term rates and a stronger NOK. This morning, Swedish PMI service data from April are due to be released. We expect the number to stabilise after last month's sharp decline. However, given the weaker-than-expected industrial PMI last week and a general downtrend in European PMIs, the risk of yet another disappointment today cannot be ruled out.

Scandi Daily

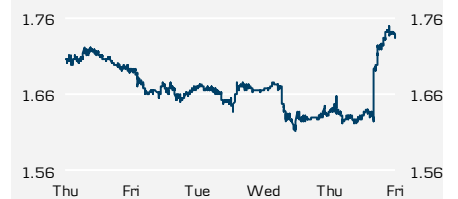
Last week Swedish industrial PMI fell to 49.6, which was just right given that this is precisely in line with the average PMI for Sweden's main export markets (countries). As for the services industry, last month's sharp dive in PMI (from 54.6 to 47.3) gave the impression that Sweden is doing much worse than its peers. We are sceptical and thus expect a recoil in April

US S&P500 future



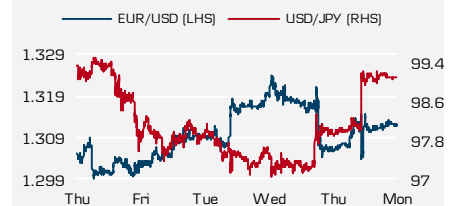
Source: Danske Bank Markets

US 10y gov yield



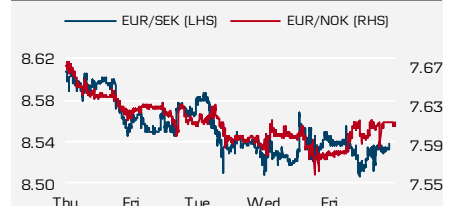
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

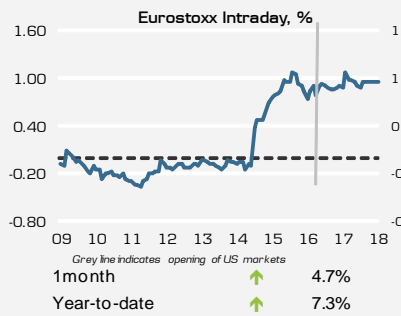
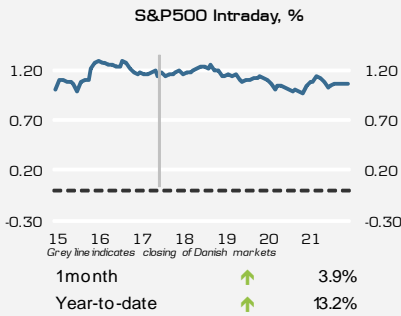
Key figures and events

Monday, May 6, 2013			Period	Danske Bank	Consensus	Previous
-	EUR	ECB's Mersch speaks in Luxembourg				
3:30	AUD	Retail sales	m/m	Mar	0.1%	1.3%
8:30	SEK	PMI services	Index	Apr	49.0	47.3
9:00	DKK	Bankruptcies [s.a.]	Number	Apr		498
9:00	DKK	Forced sales [s.a.]	Number	Apr		416
9:00	DKK	Redundancy notices	Persons	Apr		497
9:15	ESP	PMI services	Index	Apr	45.7	43.5
9:30	SEK	Service production	m/m y/y	Mar	-0.9% 0.0%	0.9% 2.1%
9:45	ITL	PMI services	Index	Apr	46.1	45.5
9:50	FRF	PMI Services, final	Index	Apr	44.1	44.1
9:55	DEM	PMI services, final	Index	Apr	49.2	49.2
10:00	EUR	PMI services, final	Index	Apr	46.6	46.6
10:00	EUR	PMI composite, final	Index	Apr	46.5	46.5
10:30	EUR	Sentix Investor Confidence	Net bal.	May	-12.7	-15.5
11:00	EUR	Retail sales	m/m y/y	Mar	-0.4% ...	-0.1% -2.2%
15:00	EUR	ECB President Draghi speaks at University in Rome				-0.3% -1.4%

Source: Bloomberg, Danske Bank Markets

Today's market data: 06 May 2013

STOCKS



	Close		+/-
DJSTOXX50	2766	↑	10%
OMXC20	539	↑	0.2%
OMXS30	1203	↑	0.7%
OSE BX	484	↑	15%
DOW JONES			
DOW JONES	14974	↑	10%
NASDAQ	3379	↑	1.1%
S&P500	1614	↑	1.1%
NIKKEI (07:30)	13694	↑	10%

FX & COMMODITIES

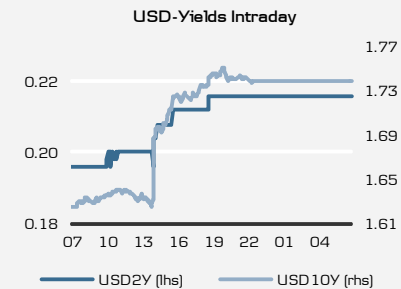


EUR	17:00	07:30	+/-
USD	131.12	131.21	↑ 0.09
JPY	129.78	130.03	↑ 0.25
GBP	84.25	84.19	↓ -0.05
NOK	759.97	761.10	↑ 1.13
SEK	852.01	853.69	↑ 1.68
DKK	745.35	745.36	↑ 0.01
PLN	414.29	414.33	↑ 0.04
USD			
JPY	98.98	99.10	↑ 0.12
GBP	155.64	155.84	↑ 0.20
CHF	93.42	93.52	↑ 0.10

	Gold, \$	Oil, Brent, \$
07:30	1476.83	104.89
1day	↑ 6.08	↑ 0.70
1month	↓ -104.32	↑ 0.77
Year-t-date	↓ -198.52	↓ -6.22
CRB		
07:30	290.17	527.43
1day	↑ 3.48	↑ 3.56
1month	↑ 1.89	↓ -9.85
Year-t-date	↓ -4.84	↓ -2.97

* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

YIELDS & INTEREST RATES

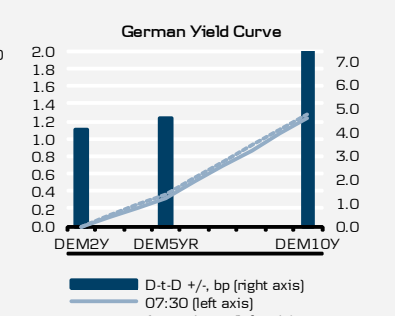
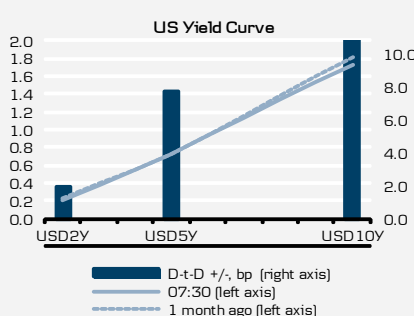
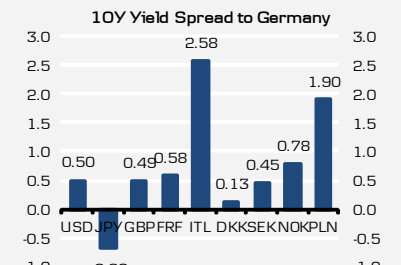


	Policy Rate	3M	Spread, bp
USD	0.25	0.28	3
EUR	0.50	0.20	-30
GBP	0.50	0.51	1
DKK	0.20	0.25	5
SEK	1.00	1.22	22
NOK	1.50	1.77	27
PLN	3.25	2.97	-28

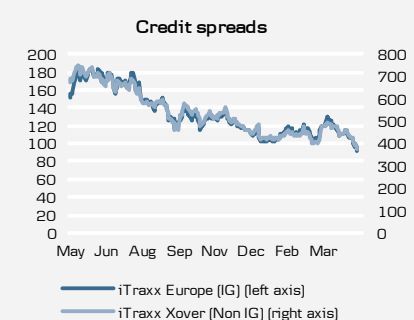
	17:00	07:30	+/-, bp
USD 10Y	173	174	↑ 1
USD 30Y	2.94	2.95	↑ 2
JPY 10Y	0.57	0.57	↑ 0
07:30(-1)*			
DEM 10Y	1.17	1.25	↑ 8
DKK 10Y	1.30	1.37	↑ 7
SEK 10Y	1.60	1.69	↑ 9
NOK 10Y	2.02	2.02	↑ 0
PLN 10Y	3.14	3.14	↑ 0

* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

* As of closing previous trading day



	07:30	1day	1month
Europe (IG)	92	↓ -3	↓ -24
HiVol	144	↓ -3	↓ -31
Xover (N-IG)	379	↓ -6	↓ -97
Finan. Sr.			
Finan. Sr.	132	↓ -7	↓ -36
Finan. Sub.	217	↓ -11	↓ -62
Non-finan.	21	↓ -1	↓ -9



	17:00	07:30	+/-
USD 10Y			
JPY 10Y	18	20	↑ 2
07:30(-1)*			
EUR 10Y	0		
DKK 10Y	28	29	↑ 1
SEK 10Y	30	31	↑ 1
NOK 10Y	46	45	↓ -2

* Ask price

* As of closing previous trading day
** Ask price

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First date of publication

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