

Danske Daily

Key news

- S&P500 hit another all-time high. The US stock market is boosted by growth optimism and easy US monetary policy.
- ECB chief Mario Draghi said the ECB could ease monetary policy if incoming data showed a softening European economy.
- Increased tensions between Syria and Israel push up oil prices.

Markets Overnight

The US stock market hit yet another all-time high yesterday. Since its low five years ago S&P500 has risen nearly 140%. The market continues to be well supported by recovery hopes and the Federal Reserve's accommodative monetary policy stance. Asian stock markets are fairly flat this morning but the Japanese stock market is up more than 2% after reopening after a long weekend.

Yesterday ECB chief Mario Draghi said that the ECB could take further action to ease monetary conditions if incoming data warrant it. This gave some support to the European stocks markets that nevertheless traded mostly sideways. Draghi's comments also weakened the euro slightly.

US growth optimism has also pushed up bond yields and 10-year US Treasury bond yields are now near a three-week high.

All is not good, however, in the global financial markets as some geo-political risks are beginning to weigh on market sentiment. Hence, oil prices have been volatile on concerns about increased tensions between Syria and Israel after Israel carried out an air attack on a military research centre on the outskirts of Damascus over the weekend. The Syrian government yesterday threatened with retaliation against Israel.

This morning Reserve Bank of Australia cut its key policy rate by 25bp to 2.75% - in line with our expectations but contrary to the consensus expectation of unchanged rates.

Market movers today

- Industrial production and industrial orders across Europe

Market overview

	07:30	1 day +/-,%	
S&P500 (close)	1617.5	↑	0.19
S&P500 fut (chg from close)	1611.6	↓	-0.11
Nikkei	14142.9	↑	3.28
Hang Seng	22946.2	↑	0.14
	17:00	07:30	+/-, bp
US 2y gov	0.21	0.21	↑ 0.0
US 10y gov	1.75	1.75	↓ -0.3
iTraxx Europe (IG)	92	93	↑ 0.4
iTraxx Xover (Non IG)	378	379	↑ 1.5
			+/-, %
EUR/USD	1.306	1.308	↑ 0.19
USD/JPY	99.280	99.100	↓ -0.18
EUR/CHF	1.23	1.23	↑ 0.03
EUR/GBP	0.840	0.842	↑ 0.14
EUR/SEK	8.527	8.564	↑ 0.43
EUR/NOK	7.62	7.63	↑ 0.15
			USD
Oil Brent, USD	104.7	105.0	↑ 0.35
Gold, USD	1469.2	1465.0	↓ -0.29

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 show 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. Another quiet day with few releases but some interesting speeches. EU's Rehn and European Investment Bank (EIB) President Hoyer speak at the EU Parliament Committee on Budgets following the EUR10bn increase of the EIB's paid-in capital. ECB's Asmussen also speaks on the Banking Union and German Finance Minister Schäuble and French Moscovici speak in Berlin. The release of German factory orders in March could get some attention. We expect a decline of 0.7% m/m (consensus -0.5%) after an increase of 2.3% m/m in February, which to a large extent was explained by an increase in other transport equipment.

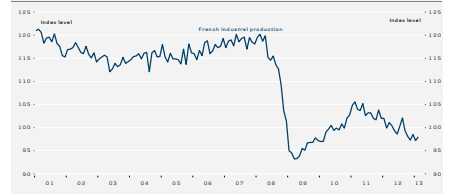
Fixed income markets. Yesterday Portugal announced its first issuance of a new bond since February 2011 (made a EUR2.5bn syndicated tap of the existing Oct-17 in January). With a syndicated issue of a Feb-24 bond - expected to come to the market today - Portugal follows in the footsteps of Ireland that returned to the bond market in March with a new 10Y benchmark bond. With the existing PBG Oct-23 yesterday closing with a spread to Bunds at 413bp (the lowest level since March 2011), the Portuguese sovereign market has been supported by a combination of factors: 1) the recent 7Y extension on the official EFSF/EFSM loans, 2) it is broadly on track in the fiscal adjustment programme and 3) strong risk sentiment for peripheral bonds due to the low-for-long theme driving investors into riskier assets in their search for yield. We expect the syndicated issue to be well received. Today Austria will come to the market tapping its Jul-19 and Oct-23 for a total of EUR 1.32bn.

FX markets. At its meeting overnight the Reserve Bank of Australia (RBA) cut its cash target rate by 25bp to 2.75% in accordance with market pricing and our call but contrary to most analysts' expectations; AUD plunged on release. The RBA has for a while now been in wait-and-see mode looking for past rate cuts to work their effect on the economy but weaker domestic data, a softer China, and a large-scale sell-off in commodities appear to have convinced governor Stevens and co that the time is ripe for a continuation of the easing cycle. Notably the RBA notes the continued strength of AUD - a key issue for the non-resource sector. We look for at least one more 25bp cut from the RBA in H2 and for AUD to head more consistently below parity. In the Scandi region we could see some support for SEK from a strong reading for Swedish industrial production for March. Overall we maintain a bullish bias for SEK and NOK as we doubt that either the Riksbank or Norges Bank (rate meeting tomorrow) will lower rates this year.

Scandi Daily

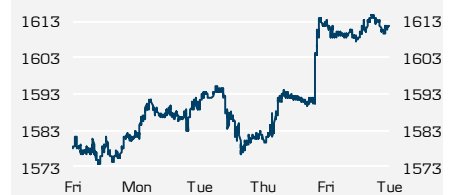
Sweden. We expect y/y growth in industrial orders to inch up to 2.5% in March, slowly gaining some traction and moving up into positive territory. On the back of that, industrial production should improve slightly. The y/y growth will still, however, remain just below zero. There is also March house prices to consider. We expect to see flat to slightly higher price gains on the back of the HOX indicator. This is likely to confirm that there is strong momentum in the Swedish property market, suggesting there is a strong case for accelerating household credit growth going forward.

The French manufacturing crisis



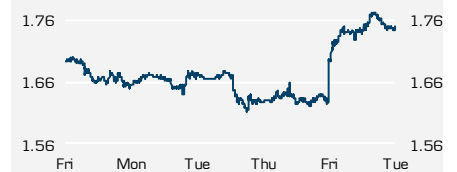
Source: Reuters EcoWin

US S&P500 future



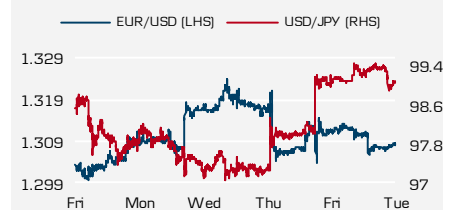
Source: Danske Bank Markets

US 10y gov yield



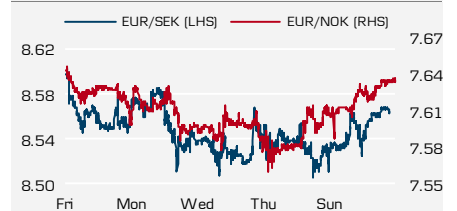
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

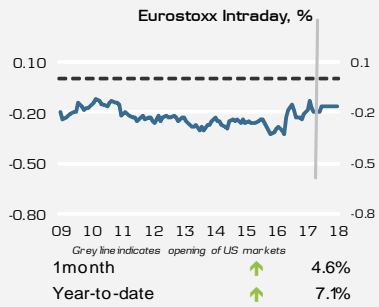
Key figures and events

Tuesday, May 7, 2013			Period	Danske Bank	Consensus	Previous
-	EUR	EU's Rehn, Eurogroup's Dijsselbloem & ECB's Mersch speak in Brussels				
-	EUR	Eurogroup's Dijsselbloem testifies in European Parliament				
-	OTH	Earnings: Commerzbank, Carlsberg, Credit Agricole, Societe Generale, Walt Disney, HSBC				
3:30	AUD	Trade balance	AUD m. Mar		0	-178
6:30	AUD	Reserve Bank of Australia (cash rate target decision)	%	2.75%	3.00%	3.00%
7:45	CHF	Unemployment rate, s.a.	% Apr		3.1%	3.1%
8:45	FRF	Industrial production	m/m y Mar		-0.2% -1.3%	0.7% -2.5%
9:00	DKK	Industrial production	m/m Mar	1.5%	1.5%	-4.8%
9:30	SEK	Industrial production s.a.	m/m y Mar	0.6% 0.5%		0.5% -0.9%
9:30	SEK	Industrial orders	m/m y Mar	-0.3% 2.5%		3.5% 2.1%
11:15	EUR	ECB announces allotment in 7-day (MRO)				
11:15	EUR	ECB announces allotment in 1-month (LTRO)				
12:00	DEM	Factory orders	m/m y Mar	-0.7% ...	-0.5% -2.9%	2.3% 0.0%
19:00	EUR	ECB's Asmussen speaks on banking union				
21:00	USD	Consumer credit	USD bn May		16.000	18.139

Source: Bloomberg, Danske Bank Markets

Today's market data: 07 May 2013

STOCKS



	Close	±/-
DJSTOXX50	2762	↓ -0.2%
OM XC20	542	↑ 0.6%
OM XS30	1205	↑ 0.2%
OSE BX	485	↑ 0.3%
	Close	±/-
DOW JONES	14969	↓ 0.0%
NASDAQ	3393	↑ 0.4%
S&P 500	1618	↑ 0.2%
NIKKEI (07:30)	14143	↓ -0.2%

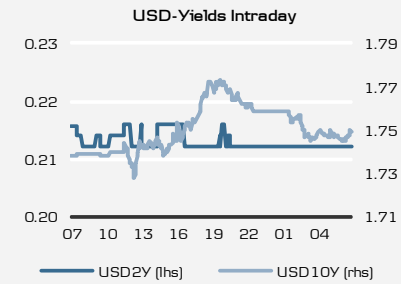
FX & COMMODITIES



EUR	17:00	07:30	±/-
USD	130.58	130.83	↑ 0.25
JPY	129.64	129.65	↑ 0.01
GBP	84.03	84.45	↑ 0.12
NOK	762.30	763.48	↑ 1.18
SEK	852.73	856.41	↑ 3.68
DKK	745.28	745.28	↑ 0.00
PLN	415.22	415.19	↓ -0.03
USD	17:00	07:30	±/-
JPY	99.28	99.10	↓ -0.18
GBP	155.39	155.47	↑ 0.08
CHF	93.91	93.76	↓ -0.15

	Oil, Brent, \$	07:30	1day	1month	Year-t-date
	Gold, \$	1465.00	↓ -4.40	↑ -116.15	↓ -210.35
	CRB, 1M future	290.05	↓ -0.12	↑ 1.77	↓ -4.96
	CRB, Raw Industrials	524.84	↓ -2.59	↓ -8.99	↓ -5.56

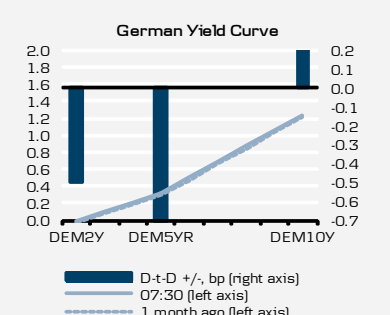
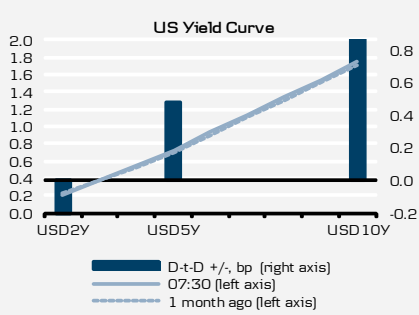
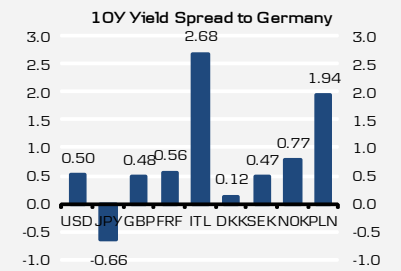
YIELDS & INTEREST RATES



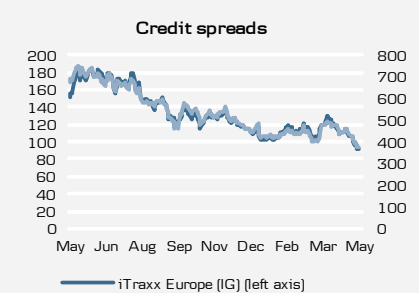
	Policy Rate	3M	Spread, bp
USD	0.25	0.28	3
EUR	0.50	0.20	-30
GBP	0.50	0.51	1
DKK	0.20	0.24	4
SEK	1.00	1.21	21
NOK	1.50	1.75	25
PLN	3.25	2.95	-30

	17:00	07:30	±/-, bp
USD 10Y	1.75	1.75	↓ 0
USD 30Y	2.97	2.96	↓ 0
JPY 10Y	0.57	0.59	↑ 2
	07:30(-1)*	17:00	±/-, bp
DEM 10Y	1.24	1.24	↑ 0
DKK 10Y	1.38	1.36	↓ -1
SEK 10Y	1.67	0.00	↓ -167
NOK 10Y	2.01	2.01	↑ 0
PLN 10Y	3.17	3.23	↑ 6

* As of closing previous trading day



	07:30	1day	1month
Europe (IG)	93	↑ 1	↓ -24
HiVol	143	↓ -1	↓ -32
Xover (N-IG)	379	↑ 0	↓ -97
Finan. Sr.	132	↓ -1	↓ -37
Finan. Sub.	218	↓ -1	↓ -62
Non-finan.	21	↑ 0	↓ -9



	17:00	07:30	±/-
USD 10Y			
JPY 10Y	18	18	↑ 0
	07:30(-1)*	17:00	±/-
EUR 10Y	0		
DKK 10Y	29	30	↑ 1
SEK 10Y	31	32	↑ 2
NOK 10Y	46	44	↓ -2

* As of closing previous trading day

** Ask price

* Ask price

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First date of publication

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