

Danske Daily

Market movers today

- It is a very quiet start to the week with no real market movers.
- Tomorrow US retail sales are due for release. To ease concerns over the US economy we should see a decent rebound.
- Other events this week will be ECB meeting (Wednesday), Chinese GDP and industrial production (Wednesday) and US inflation (Friday)
- The US first quarter earnings season continues. In our view, results could be tricky, given the significant strengthening of the USD that hits competitiveness and caps foreign revenue repatriated to the US.
- There are no major data releases in Scandinavia today.

Selected market news

Risky assets end week on a strong note. The major stock indices closed in green on Friday, with Euro Stoxx up 0.9% and S&P500 closing 0.5% higher, gaining 2.7% and 1.0% respectively over the week. Hence, the outperformance of European equities continued, being underpinned by monetary easing from the ECB, the Greek crisis remaining contained for now and generally positive economic data. Even though last week's data on German industrial orders and production disappointed, we remain constructive on the outlook, as business surveys and leading indicators still point to robust growth ahead. Nonetheless, the data remove some of the upside risk to Q1 GDP.

Fed speeches underline contrasting views within the FOMC. Generally, Friday's speeches by Richmond Fed President Lacker and Minneapolis Fed President Kocherlakota did not contain much new information. Lacker repeated his call for the Fed funds rate to be lifted in June, saying there would be no shame in adjusting it back lower if economic data demanded it. Kocherlakota maintained his view that rates should be left unchanged, saying that a 2015 hike would be 'a mistake'.

Chinese trade data show sharp decline in exports. Following an extraordinarily strong reading in February (+48.3% y/y), data released this morning show that Chinese exports declined by 15.0% y/y in March (median estimate was for a 9.0% rise). This adds to downside pressure on the Chinese economy, which may struggle to reach its 7% growth target for the year; we expect that growth will ease to 7.0% y/y in Q1 from 7.3% y/y in Q4 14 and that there could be downside risk to this forecast. Imports also slumped more than expected, declining 12.7% (consensus: -10.0%, previous: -20.5%).

Market overview

	07:30	1 day +/- %	
S&P500 (close)	2102.1	↑ 0.52	
S&P500 fut (chng from close)	2094.1	↓ -0.07	
Nikkei	19932.2	↑ 0.12	
Hang Seng	27507.9	↑ 0.86	
	17:00	07:30	
		+/- bp	
US 2y gov	0.55	0.55	↑ 0.4
US 10y gov	1.94	1.94	↓ -0.1
iTraxx Europe (IG)	53	53	↑ 0.3
iTraxx Xover (Non IG)	243	244	↑ 0.9
			+/- %
EUR/USD	1.062	1.059	↓ -0.26
USD/JPY	120.260	120.460	↑ 0.17
EUR/CHF	1.04	1.04	↓ -0.19
EUR/GBP	0.725	0.725	↑ 0.05
EUR/SEK	9.348	9.356	↑ 0.09
EUR/NOK	8.59	8.59	↓ -0.03
			USD
Oil Brent, USD	57.4	58.0	↑ 0.99
Gold, USD	1208.0	1203.9	↓ -0.34

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

Selected readings from Danske Bank

- *Strategy: Lower US trend growth important for bond markets, 10 April*
- *Weekly Focus: Chinese 7% growth target already challenged, 10 April*

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Fixed income markets

Going into the ECB week, the debate about QE bond scarcity continues to weigh on core interest rates. The German curve hit all-time lows across most tenors late last week and 10y and 30y are yielding 0.15% and 0.64%, respectively. This is happening in an environment where Euro data continue to improve and US rates have rebounded some 15-20bp from the weak March labour market report. Fundamentals continue to have a hard time influencing core rates in our view.

Regarding the ECB meeting, Eonia is priced soft in the money market where e.g. 1y 1y is below -16bp and one has to put a some probability in the ECB lowering its deposit rate to receive this – which we do not. However, Draghi is likely to be questioned about bond shortage and the possibility to expand the world of eligible bonds by e.g. cutting this rate/buying bonds yielding below -0.20%. We expect him to (once again) sweep this debate aside and continue to take a confident stance regarding the QE implementation.

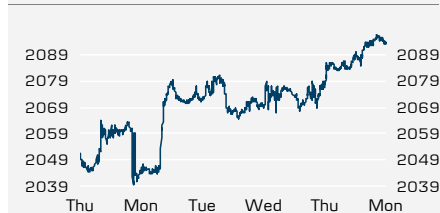
The supply pattern this week will resemble what we have seen so far this year. The longer-dated supply in the periphery will start with Italy today tapping EUR6-7.5bn in the May-18, the Apr-22 and the Mar-30. Also the issuance of the BTP Italia Apr-23 will commence today and possibly run until Wednesday. Spain will follow with taps in the 5y, 10y and 15y on Thursday. In the core supply will come out of Germany (10y), the Netherlands (5y) and France (short-end). Despite supply this week, we expect German yields to test new lows as the supply/demand mismatch remains the main market driver.

FX markets

We have for some time argued that last month's move higher in EUR/USD should prove temporary as the negative seasonal effects on US data wane, exporters adapt to a stronger dollar and as markets begin pricing a 2015 Fed hike more aggressively. Indeed, last Wednesday's Fed minutes for the March meeting surprised markets by revealing that 'several' (historically means more than five) of the board's 17 members had regarded June as the most likely month for take-off. Together with an almost 15-year low in the jobless claims figure this has sent EUR/USD below 1.06 – in our view marking the beginning of the next move lower in the cross .

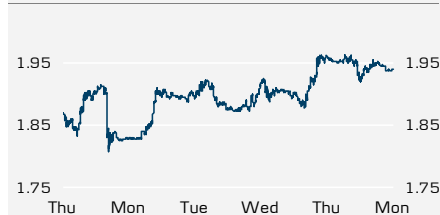
This week markets will continue to focus on US data; specifically we expect a strong retail sales figure tomorrow to fuel demand for the greenback. Meanwhile we still expect excess liquidity in the euro zone to weigh on the EUR as the search for yield includes foreign assets and as foreign investors maintain high hedge ratios on EUR-denominated exposure. CFTC IMM positioning data released Friday show that speculative bearish bets in the single currency remain close to a historical high.

US S&P500 future



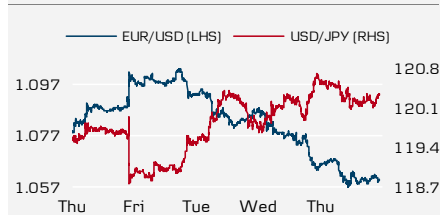
Source: Danske Bank Markets

US 10y gov yield



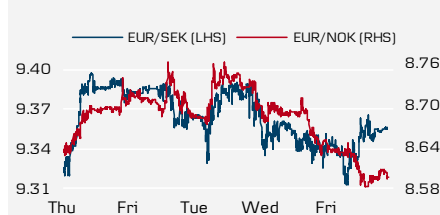
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

Key figures and events

Monday, April 13, 2015			Period	Danske Bank	Consensus	Previous
-	CNY	Trade balance	USD bn	Mar	40.20	60.6
-	CNY	Import	y/y	Mar	-10.0%	-20.50%
-	CNY	Export	y/y	Mar	9.5%	48.30%
1:50	JPY	BoJ board minutes				
1:50	JPY	PPI	m/m y/y	Mar	0.1% 0.4%	0.0% 0.5%
1:50	JPY	Machine orders	m/m y/y	Feb	2.2% 4.3%	1.7% 1.9%
1:50	JPY	Money supply M2	y/y	Mar	3.6%	3.50%
9:00	CHF	Centralbank - press briefing				
10:00	ITL	Industrial production	m/m y/y	Feb		0.7% -2.2%

Source: Bloomberg, Danske Bank Markets

Today's market data: 13 April 2015

STOCKS



	Close		+/-
DJSTOXX50	3576	↑	1.0%
OMXC20	1003	↑	1.7%
OMXS30	1700	↑	0.2%
OSE BX	656	↑	1.8%
Close +/-			
DOW JONES	18058	↑	0.6%
NASDAQ	4996	↑	0.4%
S&P500	2102	↑	0.5%
NIKKEI (07:30)	19932	↑	1.0%

FX & COMMODITIES

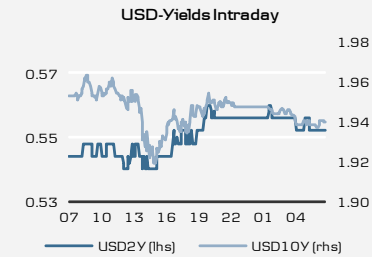


EUR	17:00	07:30	+/-
USD	106.20	105.92	↓ -0.28
JPY	127.72	127.59	↓ -0.13
GBP	72.49	72.52	↑ 0.04
NOK	859.25	858.99	↓ -0.26
SEK	934.79	935.61	↑ 0.82
DKK	747.22	747.17	↓ -0.05
PLN	401.21	402.28	↑ 1.07
USD			
	17:00	07:30	+/-
JPY	120.26	120.46	↑ 0.20
GBP	146.51	146.05	↓ -0.46
CHF	97.94	98.01	↑ 0.07

	07:30		+/-
Gold, \$	1203.91		
Oil, Brent, \$	57.97		
1day	↓ -3.66	↑	0.10
1month	↑ 45.36	↑	3.30
Year-t-date	↑ 19.05	↑	0.64
CRB			
1M future	217.12		
CRB, Raw Industrials	468.72		
1day	↑ 0.99	↓	-1.24
1month	↑ 6.42	↑	0.40
Year-t-date	↓ -12.83	↓	-23.39

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

YIELDS & INTEREST RATES

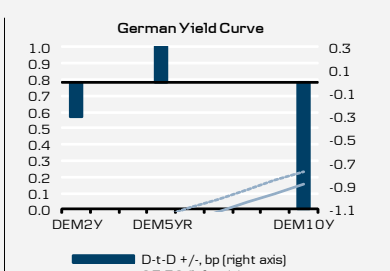
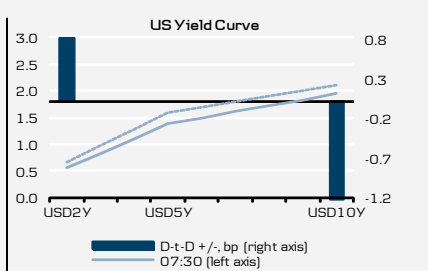
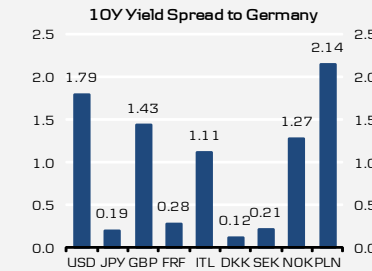


	Policy Rate	3M	Spread, bp
USD	0.25	0.28	3
EUR	0.05	0.01	-4
GBP	0.50	0.57	7
DKK	0.05	-0.16	-21
SEK	-0.25	-0.11	15
NOK	1.25	1.43	18
PLN	1.50	1.55	5

	17:00	07:30	+/-, bp
USD 10Y	1.94	1.94	↓ 0
USD 30Y	2.57	2.57	↑ 0
JPY 10Y	0.35	0.35	↑ 0
07:30(-1)* 17:00 +/-, bp			
DEM 10Y	0.17	0.16	↓ -1
DKK 10Y	0.28	0.27	↓ -1
SEK 10Y	0.38	0.36	↓ -2
NOK 10Y	1.43	1.43	↑ 0
PLN 10Y	2.30	2.29	↓ -1

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

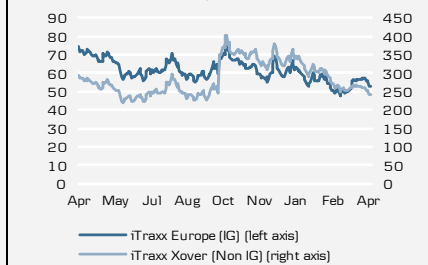
* As of closing previous trading day



Credit spread, iTraxx s. 11*

	07:30	1day	1month
Europe (IG)	53	↓ 0	↑ 4
HiVol	60	↓ 0	↑ 0
Xover (N-IG)	244	↓ 0	↓ -9
Finan. Sr.			
Finan. Sr.	63	↓ 0	↑ 7
Finan. Sub.	133	↑ 0	↑ 8
Non-finan.			

Creditspreads



Swap Spread, bp**

	17:00	07:30	+/-
USD 10Y	9	10	↑ 0
JPY 10Y			
07:30(-1)* 17:00 +/-			
EUR 10Y	0		
DKK 10Y	38	38	↓ 0
SEK 10Y	56	55	↓ 0
NOK 10Y	55	56	↑ 0

* Ask price

* As of closing previous trading day

** Ask price

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First date of publication

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