16 November 2012

Weekly Focus

Political events take centre stage

Market movers ahead

- Negotiations on the US fiscal cliff continue.
- Euro Flash PMI and German ifo expected to show small improvement.
- We look for a further rise in Chinese HSBC Flash PMI.
- The Bank of Japan is not expected to add stimulus at next week's meeting.
- Q3 GDP growth in Norway is likely to have seen a deceleration to 0.5% q/q.

Global update

- Political events took centre stage with fiscal cliff talks in the US, negotiations on Greek debt relief in Europe and the change in the Chinese leadership.
- Uncertainty is weighing on financial markets giving a further set back in risk assets.
- US data was more mixed this week. It is likely distortions from Hurricane Sandy played a role but uncertainty over the fiscal cliff could also be in play.
- GDP in the euro area fell slightly in Q3 and, in our view, is likely to decline further in Q4.

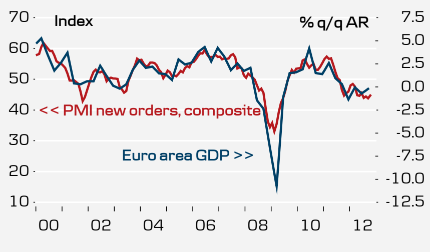
Focus

- China has been in focus this week with the change in leadership – see *Research: China – leadership transition looks like a conservative victory*, 15 November. We have also studied the growth outlook for China further in *Research: Moderate recovery on stronger domestic demand*, 13 November.
- For a quick overview of the US fiscal cliff negotiations see *Research US: Wrap up on the fiscal cliff negotiations*, 13 November.

US equity market continues to decline as political uncertainty dominates

Source: Reuters EcoWin

Euro GDP still in negative territory



Source: Reuters EcoWin

Contents

Financial views

Major indices			
	16-Nov	3M	12M
10yr EUR swap	1.66	1.80	2.15
EUR/USD	127	130	130
	16-Nov	6M	12-24M
S&P500	1353	-5% to +5%	5%-10%

Read more on page 19

Source: Danske Bank

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Market movers ahead

Global

- It is a short week in the **US,** as the Thanksgiving holiday on Thursday means that US markets will be closed Thursday and Friday. The week is particularly important for retailers in the US as the Friday following Thanksgiving, also named Black Friday, is one of the busiest shopping days of the year. Retail sales for October were disappointingly weak but it is difficult to say how much of the weakness was related to hurricane Sandy. Sales reports from retailers over the weekend will give us an indication.

  The fiscal cliff negotiations will continue to attract attention. This Friday Obama will meet leaders of the Congress and news reports and comments from politicians will be scrutinised to gauge how the negotiation climate is and how easy or difficult it will be to make a deal and avoid the fiscal cliff.

  Figures for the housing market are due for release on Monday and Tuesday and we expect some decrease in overall activity, as activity falls back after last month's rise. University of Michigan confidence is also due next week and we anticipate the index to remain more or less unchanged, as the effect from falling stock prices will be offset by the drop in gasoline prices.

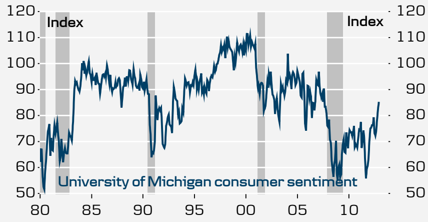
  Finally, Fed chairman Bernanke speaks on Tuesday and we will be looking to see if his speech will bring some signs on what actions the Fed plans to take with the Twist programme scheduled to end in December. The big question is whether the Fed will replace the Twist programme with further longer-term treasury purchases in order to keep the monthly purchases at USD85bn. We will also look for comments on the move to a more rule-based policy and how far the Fed is in this process.

- The key events in the **euro area** next week are the extraordinary Eurogroup meeting on Tuesday and the European Council meeting on Thursday/Friday. This week the Eurogroup postponed the approval of the next loan disbursement to Greece until the extraordinary meeting. The discussion among the creditors, hence the IMF, ECB and the European countries, are still ongoing. It seems another interest rate reduction will most likely be part of the solution. There are indications that the three delayed payment tranches amounting to EUR44bn could be disbursed in one payment.

  The overriding topic at the European Council meeting on Thursday is the EU budget talks. On the agenda is the long-term EU budget covering 2014-2020 but this discussion may very well be interrupted by unsolved issues over the 2013 budget and how to finance a shortfall in spending of EUR9bn in 2012. The European Commission wants to increase the 2013 budget by 6.8% and is supported by the European Parliament but some countries want the budget to increase by less. Especially the UK is against the proposal and wants the budget to be frozen at 2011-level. Several countries have threatened to veto the EU budget if their conditions are not met.

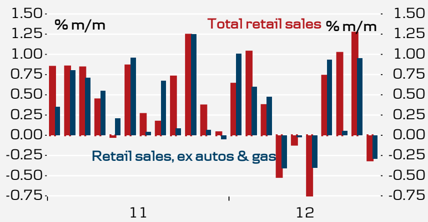
  We have a couple of interesting releases in the week ahead. Flash PMI data on **France, Germany and the euro area** will be released on Thursday and we expect to see small improvements but that the PMIs will remain at recessionary level. On Friday we get the **German** Ifo numbers. We expect the forward-looking expectations component to be bottoming out, while the assessment of the current situation could decrease a bit further.

Consumer confidence is expected to remain flat



Source: Reuters EcoWin

Will the Black Friday sales continue the trend from October?



Source: Reuters EcoWin

Small improvements in PMIs expected

Source: Reuters EcoWin

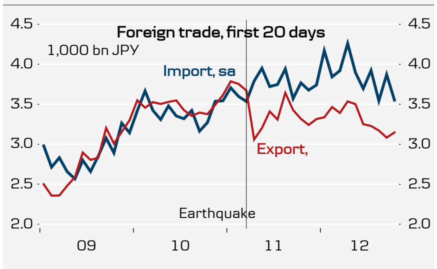
Ifo expectations likely to bottom out over coming months

Source: Reuters EcoWin

- In **Japan** there will be considerable focus on the Bank of Japan (BoJ) meeting on 20 November, after the leader from the main opposition party, Shinzo Abe, increased pressure on BoJ by suggesting 'unlimited easing', possibly raising the inflation target to as high as 3% from currently 1% and even opening up for negative interest rates in Japan. His views are interesting because Abe will most likely become Japan's next prime minister after a general election scheduled for 16 December. Abe has regularly criticised BoJ for not easing monetary policy aggressively enough. Despite the increasing political pressure on BoJ, we do not expect it to announce additional easing measures in connection with next week's monetary meeting. At the meeting BoJ is expected to reveal details of the loan facility to stimulate bank lending announced at the previous meeting. However, the board governor Shirakawa's press briefing could prove interesting as Shirakawa will possible be asked about his views on a higher inflation target and negative interest rates. Minutes from the BoJ board meeting do not suggest that negative interest rates have ever been discussed, so it is unlikely to be just around the corner. The target for asset purchases could be raised by JPY10trn to JPY75trn in connection with the December meeting. Japan will also release foreign trade data for October next week. Preliminary data for the first 20 days in October suggest there was some stabilisation in Japan's exports in October.

- In **China** the flash estimate for the HSBC manufacturing PMI for November will be the main focus next week. The details in the HSBC manufacturing PMI for October were favourable with new orders above 50 and the new-order-inventory-balance improving markedly. This suggests that the HSBC manufacturing PMI should improve to 50.2 in November from a final reading of 49.5 in October. One note of caution though. The HSBC manufacturing PMI also improved markedly in October last year but it proved to be a blip due to seasonal distortions, raising the possibility that this year's improvement could turn out to be just that.

Preliminary data suggest exports stabilised in November

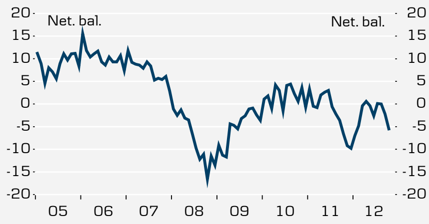


Source: Reuters EcoWin, Danske Bank Markets

Scandi

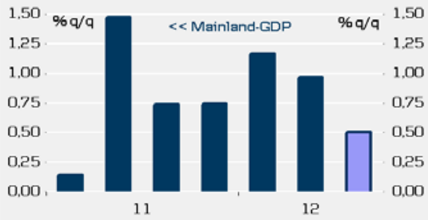
- In **Denmark**, Thursday brings consumer confidence data for November. We expect the indicator to climb to -3 from -5.5 in October. There has been a substantial drop in petrol prices in November, which will presumably have boosted confidence and there has also been focus on many people having growing disposable income in 2013. The dip in confidence in October was also surprisingly steep, which again points to an increase in November. However, these fluctuations do not alter the big picture, which is that consumer confidence remains weak and indicates that consumption is, at best, stagnant.
- In **Sweden** the week ahead is void of interesting outcomes. The quarterly data on total number of employees (Tuesday, 09:30 CET) and possible speeches from the Riksbank are the only things we can conjure up. However,we do advise our readers to keep an eye on the ongoing centralised wage rounds, where there might be some outcome of interest.
- Economic growth in **Norway** has held up well despite the euro crisis. We expect the coming week's GDP data for Q3 to show growth slowing to 0.5% q/q. However, lower power production will, in isolation, have reduced GDP growth by 0.2pp; adjusted for this, therefore, growth will end up around 0.7% q/q. This is only marginally below Norges Bank's projection in the October monetary policy report (0.8% once adjusted for power production). Strong growth in the construction sector and oil-related industries is being partially offset by negative growth in private consumption and a negative contribution to growth from net exports. We note that incoming production data have been somewhat stronger than demand data, which may indicate stock building in Q3 and so somewhat lower growth in Q4 than we anticipated.

Consumer confidence expected to increase



Source: Reuters EcoWin

Power production pulls down GDP



Source: Reuters EcoWin

Market movers ahead

Global movers				Event		Period	Danske	Consensus	Previous
Mon	19-Nov	16:00	USD	Existing home sales	m	Oct	4.75	*4.74*	47.5
		16:00	USD	NAHB Housing Market Index	Index	Nov	41	*41*	41
Tue	20-Nov	-	JPY	BoJ monetary policy announcement	%		0.10%	*0.10%*	0.10%
		-	JPY	BoJ asset purchases	JPY bn		6500		6500
		-	EUR	Eurogroup meeting					
		14:30	USD	Housing starts	1000 (m/m)	Oct	860	*840*	872
		18:15	USD	Fed's Chariman Bernanke (voter, neutral) speaks					
Wed	21-Nov	0:50	JPY	Trade balance, s.a.	JPY bn	Oct	-360.0	*-492.1*	-980.3
		0:50	JPY	Exports	y/y	Oct	-5.1%	*-4.9%*	-10.3%
		0:50	JPY	Imports	y/y	Oct	-4.8%	*-3.2%*	4.1%
		10:30	GBP	Minutes from MPC meeting					
		14:30	USD	Initial jobless claims	1000			*395*	439
		15:55	USD	University of Michigan Confidence, final	Index	Nov	85.1	*84.9*	84.9
Thurs	22-Nov	-	EUR	European Council meeting (budget)					
		2:45	CNY	HSBC flash manufacturing PMI	Index	Nov	50.2		49.5
		9:00	FRF	PMI manufacturing, preliminary	Index	Nov	44.0	*44.0*	43.7
		9:00	FRF	PMI services, preliminary	Index	Nov	44.8	*45.0*	44.6
		9:30	DEM	PMI manufacturing, preliminary	Index	Nov	46.5		46.0
		9:30	DEM	PMI services, preliminary	Index	Nov	48.4	*48.5*	48.4
		10:00	EUR	PMI composite, preliminary	Index	Nov	46.0	*45.9*	45.7
		10:00	EUR	PMI manufacturing, preliminary	Index	Nov	45.9	*45.6*	45.4
		10:00	EUR	PMI services, preliminary	Index	Nov	46.2	*46.0*	46.0
Fri	23-Nov	-	EUR	European Council meeting (budget)					
		10:00	DEM	IFO - business climate	Index	Nov	100.3	*99.5*	100.0
		10:00	DEM	IFO - current assessment	Index	Nov	107.0	*106.0*	107.3
		10:00	DEM	IFO - expectations	Index	Nov	94	*93.0*	93.2
During the week		Sun 25	ESP	Catalonia holds early elections	m/m|y/y				
Scandi movers				**Event**		**Period**	**Danske**	**Consensus**	**Previous**
Mon	19-Nov								
Tue	20-Nov	8:30	SEK	Quarterly employment survey	y/y	3rd quarter			2.0%
		10:00	NOK	GDP (mainland)	q/q	3rd quarter	0.5%		1.0%
		10:00	NOK	GDP (total)	q/q	3rd quarter			1.2%
Wed	21-Nov	10:00	NOK	Unemployment (LFS)	%	Sep	3.1%		3.1%
Thurs	22-Nov	9:00	DKK	Consumer confidence	Net. bal.	Nov	-3		-5.5

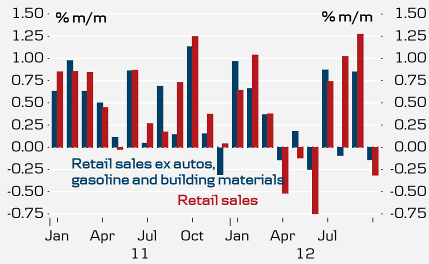
Source: Bloomberg and Danske Markets

Global update: fiscal cliff weighs on markets

US: fiscal cliff negotiations kick off

The uncertainty about fiscal policy in the US has weighed on financial markets in the past week. Leaders of the Republican and Democratic parties tried to position themselves ahead of today's kick-off meeting on the fiscal cliff negotiations. Both parties have tried show openness towards compromises while at the same time cementing their key demands for a deal. As expected, the biggest hurdle is to find a compromise on the Bush tax cuts. Obama stated this week that he will not accept a deal that does not include a higher income tax rate on the highest income brackets. However, he is willing to accept a lower rate than the 39.6% that will take effect on 1 January. On the other side, Republican House leader John Boehner has sent a message that he is willing to increase tax revenues for the most wealthy but not through a higher tax rate. Negotiations will start today and we expect them to continue over the coming weeks before a deal is struck.

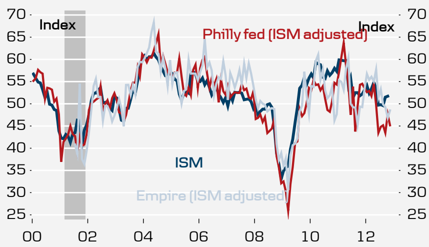
Retail sales on a bumpy road



Source: Reuters EcoWin

Incoming data has been mixed and to some degree distorted by Hurricane Sandy. October retail sales saw some payback from the iPhone 5 boost in September but sales growth is still well above the lows of the summer. The first two regional PMIs for November were broadly unchanged in ISM-adjusted terms but continue to lie well below the national ISM. In separate questions related to Sandy, the two surveys (Empire and Philly Fed, which cover New York and New Jersey) indicated that firms did see a reduction in business activity in the days following the storm. Hence, we can expect this to show up in industrial production data as well.

Regional PMIs broadly unchanged



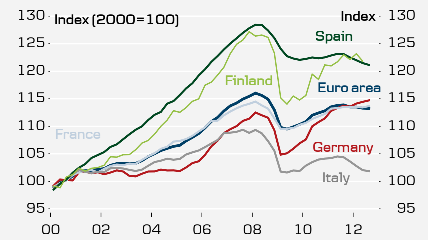
Source: Reuters EcoWin

Finally, minutes from the 24 October FOMC meeting and Tuesday's speech by Vice Chair Janet Yellen showed that the Fed is making progress in its move towards implementing numerical thresholds for key economic variables to guide its monetary policy decisions.

Euro area remains in recession

The euro area remained in recession in Q3 as GDP contracted -0.1% q/q, which was in line with consensus. The leading indicators released in Q4 and the sharp fall in industrial production in September signal that negative GDP growth continues. We continue to expect a moderate improvement as we enter 2013, driven mainly by an improving external environment.

Euro area GDP keeps falling



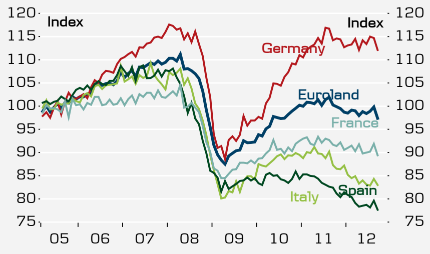
Source: Reuters EcoWin, Danske Bank

The French figure surprised on the upside, with a reading of 0.2% q/q while Q2 was revised down to -0.1% q/q. The positive surprise was driven by increasing household (0.3% q/q) and government (0.4% q/q) consumption. As expected, Germany achieved positive GDP growth in Q3, with a growth rate of 0.2% q/q. Italian GDP fell only 0.2% q/q in Q3, which was substantially better than consensus of -0.5% q/q. The Dutch figure surprised significantly on the downside, with a fall of 1.1% q/q.

This week Olli Rehn gave a judgement on the progress of the fiscal adjustment in Spain. Rehn made it clear that for 2012 and 2013 there will not be any additional austerity requirements from the European Commission. He said, 'broadly speaking Spain is on track'. This seems to be an acceptance that Spain will miss its current nominal deficit targets of 6.3% and 4.5% of GDP in 2012 and 2013. The Commission is more focused on the improvement in structural measures and Rehn pointed to the fact the Commission stands ready to act if there is a request from Spain. There are still no signs that Mariano Rajoy is moving any closer to asking for an ESM precautionary programme.

Ireland's efforts were rewarded this week. Fitch has revised its outlook on Ireland to stable from negative and affirmed the rating at BBB+. Fitch points to Ireland's continued progress with its fiscal consolidation, external adjustment and economic recovery, as well as the sovereign's improved financing options. Ireland has met all the quarterly fiscal targets of the EU/IMF programme.

Sharp fall in industrial production



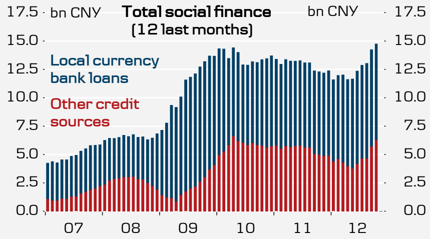
Source: Reuters EcoWin, Danske Bank

China: leadership transition looks like a conservative win

As expected, Xi Jinping will be the next leader of the Communist Party of China (CPC) (see *Research: China – leadership transition looks like a conservative victory*, 15 November). However, the powerful Politburo Standing Committee (PSC) will continue to be dominated by conservatives within the CPC and, notably, the most vocal supporters of political reforms were not promoted, so on the surface it looks to us like a conservative victory. The main disagreement within the CPC is about the need for political reforms, while it will be easier to reach a consensus on economic policy. Hence, we expect economic reforms to continue and if anything the pace will be speeded up as focus shifts towards longer term structural reforms to soften the decline in China's long-term growth potential. We do not expect any major stimuli in the wake of the leadership transition, albeit the removal of the political uncertainty in connection with the leadership transition could boost investment demand slightly. However, substantial disagreements about political reforms mean there also is the risk of increasing political stability in China.

On balance, the data released for October beat expectations and in line with the September data suggest that the Chinese economy has started recovering moderately (see *Research: China – moderate recovery on stronger domestic demand*, 13 November). Exports in October were surprisingly resilient, as weakness in Europe was offset by stronger exports to other emerging markets in Asia but also a slight improvement in exports to the US. New local currency bank loans were weaker than expected but the broader credit measure, total social finance, which includes other sources of finance such as corporate bond issues, continues to be strong and send a bullish growth signal.

Bullish growth signal from broad credit measure



Source: Reuters Ecowin

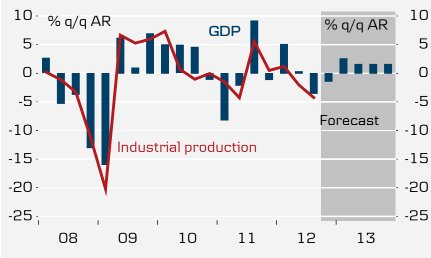
Japan: new government set to increase pressure on BoJ

In Japan, Prime Minister Yoshihiko Noda has dissolved Parliament and called an early election for the Lower House. We expect the election to be held on 16 December. The early election is part of a deal to raise the ceiling of so-called deficit financing bonds that has been blocked by the opposition majority in the Upper House. If the ceiling for bond issuance is not raised, it could potentially force the government to stop bond issuance and cut current expenditures by the end of November.

It is almost certain that Shinzo Abe, the leader of the centre-right LDP, will become Japan's next Prime Minister. Abe is known for being very critical of the Bank of Japan (BoJ), which Abe has blamed for not being aggressive enough with monetary easing. He repeated his aggressive views on monetary policy in the past week, when he argued for 'unlimited' monetary easing, possibly raising the inflation target to as high as 3%, from 1% currently, and even opening the way for possible negative interest rates in Japan. Abe's comments underscore that political pressure for easing is poised to increase. Next year, politicians could influence the BoJ's policy direction through new appointments to the BoJ board. Current BoJ board governor Masaaki Shirakawa's term is due to expire in April next year. Abe has also threatened to change the Bank of Japan Law.

GDP in Q3 contracted 3.4% q/q AR, driven in particular by a sharp decline in exports and weak private consumption. A plunge in auto sales in the wake of the abolishment of consumer subsidies for the purchase of eco-friendly autos contributed to the weak private consumption. We expect GDP to contract by 1.5% q/q AR in Q4, so technically Japan would be in recession in H2 12. In our view, this would only add further to the pressure for more easing.

Japan in recession



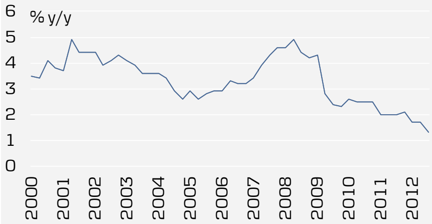
Source: Reuters EcoWin, Danske Bank Markets

Scandi Update

Denmark – Lowest private sector wage growth for decades

Thursday brought figures from the Confederation of Danish Employers (DA) for private sector wage growth in Q3. These revealed growth of just 1.3% – the lowest for decades. With inflation around 2.5% in Q3, this means that real wage growth for private sector employees remains negative. And the picture looks set to stay the same in Q4 given Monday's figures showing inflation of 2.3% in October. Public sector employees fared better in Q3, with wage growth of 2.0% in central government and 2.9% in local government, but this does not change the fact that private consumption faces an uphill battle with a large proportion of the Danish workforce seeing negative real wage growth. In the longer run, though, this will have a positive effect, as lower wage growth than among Denmark's trading partners will help restore some of the competitiveness lost by Denmark during the last economic upswing.

Large decrease in private sector wage growth



Source: Reuters EcoWin

Sweden – Labour market breathing space

In contrast to other labour market indicators, the October labour force survey did *not* add to the dismal sentiment currently prevailing. The seasonally adjusted number, though notoriously volatile, even fell back somewhat as employment continued to rise. However, in our opinion, this is not inconsistent with other data as it takes time for lay-offs and weak employment surveys to feed through into hard data. Come 2013, we expect a more obvious weakening of labour market data. This provides some breathing space for the Riksbank as it is thus far the only number to come in stronger than what the Riksbank had expected in its latest forecasts.

Inflation data was also released in the past week. It is interesting to see that despite a large downward revision, the Riksbank is already off (albeit admittedly by a small amount) its forecasted path for its target variable. Given the year-end effects (reweighting of the CPI basket of goods), we suspect inflation will soon be undershooting the Riksbank's current inflation forecast by quite some margin.

Norway – Low inflation

The week's inflation figures showed once again that core inflation is low and is even headed downwards. Of course, this is partly because a strong krone has brought a drop in imported inflation. More surprising is that domestic inflation is also moderate – and falling. In light of rising wage growth, slowing productivity growth and strong growth in private consumption, this is astonishing. A closer look at the data reveals that it is domestic goods in particular with fierce competition from foreign goods where there is a lack of inflationary pressure. This indicates that it is Norway's high price levels that are the problem. In this case, inflation in Norway could remain moderate for a long time to come. On the face of it, this would suggest that interest rates will remain low for a long time as well. On the other hand, it could trigger a debate about the inflation target. It is remarkable that core inflation in Norway is so much lower than in Europe.

What do the inflation figures actually tell us?

Source: Reuters EcoWin

EMEA Update

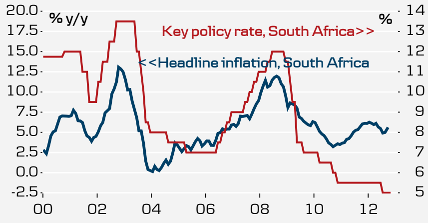
Sell-off in rand prevents SARB from easing

The South African central bank (SARB) will discuss whether interest rate setting is appropriate or whether a further rate cut is needed to bolster the economy. Looking at the South African economy, where the economic slowdown is gaining momentum and clearly warrants further monetary easing, the ongoing sharp sell-off in rand on the back of risk-off sentiment in the global markets is preventing the South African central bank from cutting interest rates at this moment. Hence, in line with consensus we expect the SARB's Monetary Policy Council to decide in favour of unchanged interest rates next week, maintaining the key policy rate at 5.0%.

Looking ahead, we still expect one 50bp rate cut, which could come as early as January's MPC meeting. However, this is highly dependent on rand development and inflation. We must stress that the room to manoeuvre for the South African central bank is limited given that upside inflationary risks have increased. Even though inflation remains within the inflation target of 3-6% at this time, higher food and fuel prices as well as the weak rand clearly represent upside risks to inflation going forward. The SARB Governor recently warned that the market should not take further monetary easing for granted given that 'inflation issues seem to be coming through'. Furthermore, the ongoing sell-off in rand, on the back of the current elevated risk aversion, and increasing socioeconomic problems represent considerable upside inflationary risk.

Despite the sluggish economic activity and social problems on the back of domestic labour unrest, we think the current rand sell-off is somewhat overdone. We expect the current risk-off environment to be temporary (although it is likely to continue throughout December) and we look for an improvement in risk appetite early in 2013. In our view, it is likely that we will see the rand to regain some of its losses. However, we believe this will be only moderate and we still remain bearish on the rand on a 12-month horizon due to continued fundamental overvaluation (our forecast for 12M USD/ZAR is 9.10).

SARB to stay on hold next week



Source: Reuters EcoWin

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Latest research from Danske Bank

15/11 Yield Forecast Update: Event risks continue to dominate sentiment

Monthly yield forecast update

15/11/12 Research - China: Leadership transition looks like a conservative victory

Despite the leadership transition in the Communist Party of China it appears to be a conservative victory. Economic reforms will continue but major political reforms are unlikely.

14/11/12 Fact Book Finland

This fact book gives a brief overview of the main aspects of the Finnish economy.

14/11/12 Flash Comment: US - Fed minutes: (more) talk about qualitative thresholds

Along the line of yesterday's speech by vice chairman of the FOMC Janet Yellen, the FOMC minutes showed that the Fed is moving closer to an Evans style rule.

13/11/12 Research US: Wrap up on the Fiscal Cliff negotiations

Congress convenes today in the lame duck session after the election recess which has lasted since 5 October. Finding a deal on the fiscal cliff is at the top of the agenda and discussions have kicked off.

13/11/12 Research: China - Moderate recovery on stronger domestic demand

The Chinese economy has started to recover on the back of stronger domestic demand, but exports have also been surprisingly resilient in the past two months.

Interest Rates: event risk continues to dominate

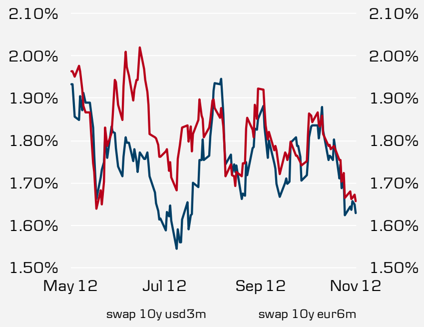
Markets mostly edge sideways with no clear direction

The markets remain dominated by event risk and by the fact that we are approaching year-end. Global rates have declined and are again hovering around lows.

Even though some progress is made in Europe in relation to handling Greece, there is still a lot for the markets to worry about, especially as data remain weak. In the US the fiscal cliff negotiations dominate but we also note the weakness in retail sales and Philly Fed, which signals some risk to our expectation of the US recovery continuing to advance going into 2013.

Overall, there appear to be few drivers to trigger a more pronounced sell-off in fixed income markets. On the other hand, the lower bound of the ranges also seems to hold for now. We expect markets mostly to be range bound as we approach year-end.

In the low end of the ranges



Source: Danske Bank

No Danish rate hikes this side of year-end

We published our updated yield forecasts this week. We do not expect further easing in the near term from the Fed or the ECB apart from what has already been announced. Further, we now expect the BoE to be on hold for the near future, as data indicate some economic stabilisation. Short-end rates have very limited further room to decline. We expect fixings and two-year swap rates to level out close to the current levels. Our rate forecast is broadly unchanged and deploys a more or less flat path over the next six to 12 months. We continue to look for some curve steepening in six to 12 months driven by moderate increases in long-end rates. Curve steepening will be most pronounced in USD and driven mostly by tenors beyond 10 years. Our 10-year forecasts are above the forward market.

Yield Forecast Update

Published 15 November 2012

Given the recent deterioration in market sentiment and the renewed strengthening of DKK, we postpone our expectations for independent Danish interest rate hikes until spring 2013. Next year, as event risk eventually recedes and global growth picks up, the appetite for DKK assets should subside again and EUR/DKK should move back towards central parity. We believe this will reignite expectations of independent Danish central bank hikes.

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FX: Weaker dollar, yen and sterling in 2013 but mind the cliff

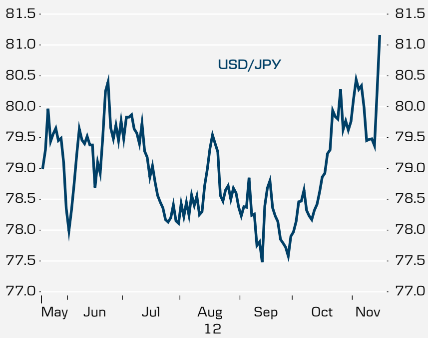
This week focus in the FX market has centred on the Bank of Japan (BoJ); this is likely to continue next week. We expect the BoJ to keep both its interest rate and asset purchase programme unchanged in connection with next week's meeting but the press conference is likely to get a lot of attention. In particular, we will be interested to hear how governor Masaaki Shirakawa responds when asked questions about the possibility of negative interest rates and a possible increase in the BoJ's inflation target. Given the upcoming general election, which is scheduled for 16 December, it is probably too early for the BoJ to signal any major changes. A change in government would increase the likelihood of even more aggressive action by the BoJ as the LDP leader (the likely new prime minister) has previously criticised the BoJ for not doing enough to counter the strong yen and has advocated an inflation target of 2-3% instead of the current target of 1%. We expect the BoJ to continue to deliver considerable monetary easing and expect the yen to weaken significantly against both the dollar and the euro over the coming six months.

This week we published updated FX forecasts, see *FX Forecast Update: Weaker dollar, yen and sterling in 2013 but mind the cliff*, 15 November, this month we emphasise our one-month forecasts, where we see broad-based dollar strength. In general, we expect the current weak risk picture to continue throughout December: the combination of fiscal cliff concerns, scaling back on risk positions ahead of year-end and continued uncertainty about whether Spain will ask for ECB support does not bode well for risk appetite over the next six weeks. We have lowered our EUR/USD forecast and now look for EUR/USD to fall to 1.26 on a one-month horizon, EUR/NOK and EUR/SEK are likely to tend to move higher ahead of year-end and the cyclical commodity and emerging markets currencies are likely to face further headwinds.

We expect the current risk-off environment to be temporary and we still look for 2013 to provide an improvement in risk appetite. The US numbers have improved and there are signs that the recovery has gained momentum in Asia. Also, the Fed – through its open-ended easing programme – is adding cheap dollar liquidity to the market. The latter combined with an expected low-volatility environment bodes well for carry strategies in 2013. Hence, in 2013 we forecast a weaker dollar, a weaker yen and a weaker sterling. Commodity currencies, the Scandies and emerging market currencies are on the other hand forecast to strengthen, not least during the first six months of 2013.

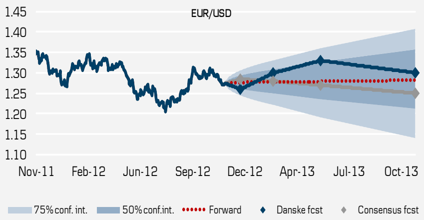
The ECB has reduced tail risks in Europe and the Fed has secured an historic easing commitment in the US. Relative monetary policy is now clearly favouring EUR/USD upside. However, relative growth is supportive of the dollar and should continue reducing the impact of relative monetary policy. The US fiscal cliff is a dollar positive in the short term, which is reflected in our one-month forecast for EUR/USD of 1.26 but, going into 2013, we expect renewed upside in EUR/USD. We have revised our 3M and 6M EUR/USD forecasts to 1.30 (was 1.35) and 1.33 (was 1.35), respectively, while keeping our 12M forecast unchanged at 1.30. The revisions primarily reflect a better growth outlook for the US relative to the eurozone.

USD/JPY



Source: Reuters EcoWin, Danske Bank Markets

EUR/USD forecast



EUR/USD	1M	3M	6M	12M
Forecast (pct'ile)	1.26 (25%)	1.30 (67%)	1.33 (76%)	1.30 (53%)
Fwd. / Consensus	1.28 / 1.28	1.28 / 1.28	1.28 / 1.27	1.28 / 1.25
50% confidence int.	1.26 / 1.29	1.25 / 1.31	1.24 / 1.33	1.21 / 1.36
75% confidence int.	1.25 / 1.31	1.22 / 1.33	1.19 / 1.36	1.14 / 1.41

Source: Bloomberg, Danske Bank Markets

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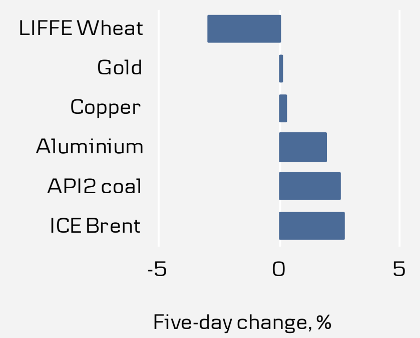
Commodities: Supply, supply, supply

Commodities continue to lead a relatively uneventful life, so far fairly unimpressed by the improvement in Chinese data seen recently: wheat has dropped a little after the US Department of Agriculture rose projections of ending stocks for most grains more than expected. Aluminium has edged a little higher but copper remains stuck around the USD7,600 per MT level, far from the highs seen early October when faith in central-bank moves was still intact. Oil prices got a boost this week from an Israeli air strike on the Gaza Strip, reminding markets that the geopolitical situation in the Middle East remains fairly unstable.

We see limited potential for commodities to move higher in the near term as risk appetite is likely to suffer from fiscal cliff concerns. Notably, we have lowered our EUR/USD forecast, see *FX Forecast Update*, 15 November, to reflect that the dollar could continue to be in demand in coming weeks as uncertainty surrounding the US debt situation looms, spurring demand for safe-haven currencies. This will weigh on cyclical commodities such as industrial metals and oil. More broadly, going forward, we think the energy markets will focus mainly on the supply situation with the global economy struck in a 'long growth for long' environment.

Weekly changes



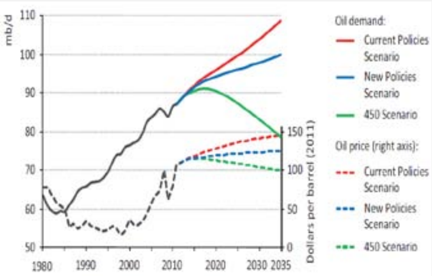
Source: Bloomberg, Danske Bank Markets.

IEA highlights US and Iraq oil production potential

This week the International Energy Agency (IEA) published its annual World Energy Outlook, touching upon a range of key issues for energy markets and with supply-demand projections out to 2035. Three different scenarios are presented: 'New Policies', i.e. existing policies and implementation of already announced commitments/plans to reduce CO2 emissions; 'Current Policies', i.e. existing policies, and '450 Scenario', which includes initiatives necessary to limit global increase in temperatures to 2°C in the long run.

One of most important message from the IEA is that the global energy landscape is changing as the US and Canada up production of shale (also called light tight) oil and natural gas. By around 2020, the US is projected to become the largest global oil producer (notably overtaking Saudi Arabia) and the country will start to see the impact of new fuel-efficiency measures in transport, heavily reducing US reliance on foreign oil (albeit the US will remain a net importer of oil).

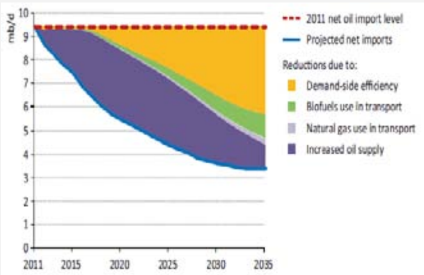
World oil demand and oil price by scenario



Source: IEA WEO 2012.

IEA also extensively discusses Iraq's oil production potential: Iraq makes the largest contribution by far to global oil supply growth with the main taker of its crude going to be Asia. Challenges to expand the Iraqi oil industry remain plentiful and without this supply growth, oil markets will be set for difficult times, characterised by prices, according to the IEA, that could be almost USD15 per bbl higher than the level in the central scenario by 2035.

US reductions in net oil imports



Source: IEA WEO 2012.

The increased focus on energy efficiency is highlighted by the IEA as a factor buying time to limit the impact of the use of fossil fuels on the global climate. Successive editions of the annual IEA report have shown that the goal of limiting global warming to 2°C is becoming more difficult and more costly every year. However, this year the IEA emphasises that a rapid deployment of energy-efficient technologies buys time to secure a much needed global agreement to cut CO2 emissions. Note that the next UN climate meeting is to be held in Doha end November.

On a different note, the IEA stresses that energy is becoming a thirstier resource, leading water needs for energy production to rise rapidly. Water needs for power generation and the extraction, transport and processing of oil are set to grow at twice the rate of energy demand. Is water the next traded commodity? Maybe.

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Credit: LME actions on the increase?

Market commentary

Over the last week, we have mostly seen disappointing economic data but spreads are only slowly drifting wider. iTraxx Main is trading at approximately 132bp (2bp higher than one week ago) and Crossover at around 538bp (5bp higher). The outcome of Obama's meeting with Congressional leaders on Friday will determine the short- to medium-term direction of the credit markets. We once again highlight that our base case is that the fiscal cliff will be resolved but the risk-reward for credit investors is asymmetrical. If the fiscal cliff is not resolved, it is likely to cause a significant widening of spreads, while if it is indeed resolved, it is unlikely to push spreads significantly tighter, as we are already back at the levels seen before the outbreak of the debt crisis last summer. From a longer term perspective, investors awash with liquidity, the search for yield and expected lower primary issuance in 2013 than in 2012 should support credit spreads.

Periphery volatility is also back on the agenda, with news that the decision on paying out Greece's delayed aid payment has been postponed by another week. Furthermore, Spain is also on the agenda, with Spanish banks ceasing to throw people (with low income) out of their houses despite defaulting on their mortgages (freeze in repossessions as it is kindly put) highlighting the disastrous economic situation of many Spanish households. It is difficult to assess how harmful it will be to bank earnings, though there is no doubt in our minds that the pool of non-performing loans will increase. The problem with such an action is not so much the bankrupt households themselves as the contagion it could cause, creating an incentive for other households not to pay their mortgages.

Positively, Olli Rehn made it clear that for 2012 and 2013 there will not be any additional austerity requirements from the European Commission as he stated that 'broadly speaking Spain is on track'.

We have seen decent- but not high – activity in the primary markets. From the Nordic region, Stockmann issued a six-year EUR150m bond at MS+255bp.

As total yield is at a record-low level for issuers and corporates in general have the strongest balance sheets since the emergence of the financial crisis (many even have net cash positions), we would expect LME (liquidity management exercise) to pick up over the next couple of months. LME activity would allow treasurers, via buy-backs of their own bonds refinanced in the capital markets, to lock in the historically low yields. Thus, we expect the issuance pipeline over the next couple of months to be supported not only by LMEs but also by prefunding (again taking advantage of record-low yields). As mentioned earlier though, as the prefunding exercise has been ongoing for a while, we expect total issuance for non-financials to be lower in 2013 than in 2012.

iTraxx Europe (investment grade)

Source: Bloomberg, Danske Bank Markets

iTraxx Crossover (high yield)

Source: Bloomberg, Danske Bank Markets

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Financial views

Equities

- Global equities have reacted negatively since QE3 and the policy move was not the magic bullet many had thought it would be. Macro data are mixed with some lead data starting to suggest that a global business cycle trough is near. The equity market has already discounted a moderate recovery in the business cycle and we see a risk of further market correction on weak Q3-Q4 corporate earnings and clear uncertainty regarding the economic effects of the overall global policy mix (fiscal and monetary policy) from the start of 2013. In late August we lowered our recommendation on equities to Neutral and before we can take steps to over- or underweight equities we need more clarity on the 2013 scenario. For now, we recommend overweighting European equities, particularly Healthcare, Telecoms and Consumer Cyclicals.

Fixed income

- In the long term, we see room for steeper swap curves, driven mainly from the very long end of the curves. We see more upside to rates in USD than in EUR and expect short rates to be nailed towards zero, as central banks remain on an easing bias.

- We are overweight Scandinavia versus Euroland.

Credit

- Cash bonds remain well bid, reflecting ample liquidity and a search for yields. Furthermore, investment grade credit continues to benefit from offering a relatively safe harbour that still offers a pick-up to depressed government bond yields.

- On the back of a strong investor bid, our base case is a slight spread tightening as the most likely scenario for the rest of 2012. However, the spread tightening potential from current levels is not significant as we see it and risk-reward seems asymmetrical due to debt crisis contagion. Given the relatively steep credit curves, we see most value beyond three- to four-year maturities.

FX

- EUR/USD has continued to be under pressure as key indicators not least from Germany have surprised negatively and as concerns about the fiscal cliff have taken the limelight. However, we continue to argue that the open-ended easing by the Fed is dollar negative and we still believe that EUR/USD eventually will start to move higher once again. However, until the fiscal cliff issue is sorted we should expect the euro to be under pressure.

- SEK has once again weakened due to the Swedish economy being hard hit by the low growth in the eurozone and the strengthening of SEK over the summer. The Riksbank kept its policy rate unchanged at the October meeting but embarked on a clear easing bias. We expect a rate cut in December. We are still short-term SEK negative, not least ahead of the so-called PPM money being distributed on 10 December. NOK should continue to be supported by the lack of FX purchases by Norges Bank in November and December and by Norges Bank's monetary policy. EUR/DKK is trading close to the central parity at 7.46038. The Danish central bank is expected to keep the cross from moving significantly higher through intervention before resorting to an independent rate hike. Rate hikes are not imminent though.

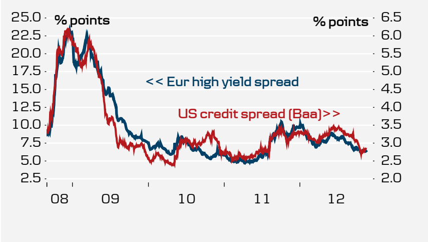
Equities and US 10Y yield

Source: Reuters EcoWin

EUR/USD and USD/JPY

Source: Reuters EcoWin

Credit spreads



Source: Reuters EcoWin

Commodity prices

Source: Reuters EcoWin

Commodities

- We see limited potential for commodities to move higher in the near term as risk appetite is likely to suffer from fiscal cliff concerns. With a little help from the game-changing moves of major central banks and a stabilisation in Chinese activity we continue to see some upside for prices early 2013 but as a whole 2013 is set to be challenging in terms of demand. With the Saudis set to continue their oil equivalent of quantitative easing, oil prices should head consistently below USD100 late next year (geopolitics aside).

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	2011	0.8	-0.8	-1.3	0.2	0.3	7.0	5.2	2.8	6.2	-1.8	46.6	6.6
	2012	0.1	0.9	0.0	1.5	-0.1	1.9	2.7	2.5	6.2	-3.8	45.6	6.0
	2013	1.2	1.1	0.7	1.2	0.1	2.5	2.6	2.0	6.4	0.3	42.8	5.7
Sweden	2011	3.9	2.1	1.7	6.7	0.5	7.1	6.3	3.0	7.5	0.1	38.4	6.9
	2012	1.0	1.6	0.4	3.3	-0.7	0.0	0.2	1.1	7.7	-0.4	38.6	6.6
	2013	1.3	1.7	0.6	1.5	0.2	2.6	3.5	0.8	8.0	-1.0	39.0	6.8
Norway	2011	2.5	2.4	1.5	6.4	0.3	-1.4	3.5	1.2	3.3	13.8	49.5	-
	2012	3.5	3.5	1.9	8.1	-0.2	2.7	0.5	1.0	3.1	13.6	49.5	-
	2013	3.3	3.8	2.4	8.6	-0.2	0.9	4.3	1.6	3.0	12.5	49.5	-

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	2011	1.5	0.2	-0.3	1.6	0.2	6.4	4.2	2.7	10.2	-4.1	88.0	0.1
	2012	-0.4	-0.6	0.0	-2.9	-0.7	1.3	-1.6	2.5	11.2	-3.4	91.9	0.5
	2013	0.5	0.0	-0.4	0.2	0.0	2.3	1.2	1.8	11.7	-3.2	92.9	0.8
Germany	2011	3.1	1.4	1.1	8.1	-0.1	8.4	7.9	2.5	7.1	-1.0	81.2	5.1
	2012	0.9	0.7	1.3	-2.4	0.1	2.5	1.3	2.0	6.9	-1.1	82.4	4.5
	2013	1.4	0.6	0.7	3.0	0.0	3.5	3.1	1.8	6.9	-0.8	81.1	4.3
France	2011	1.7	0.2	0.2	3.5	0.0	5.5	5.2	2.3	9.6	-5.2	85.8	-2.7
	2012	0.1	-0.2	1.0	0.5	0.4	2.4	0.9	2.1	10.2	-4.7	90.8	-2.5
	2013	0.4	0.4	0.1	0.8	-0.1	2.9	3.1	1.7	10.4	-4.0	92.8	-2.2
Italy	2011	0.5	0.2	-0.9	-1.2	0.0	6.3	1.0	2.9	8.4	-4.1	120.1	-3.1
	2012	-2.1	-2.9	-0.9	-7.1	-1.0	0.9	-6.5	3.0	10.6	-2.4	124.2	-2.5
	2013	-0.3	-1.0	-0.5	0.2	0.0	3.5	2.4	2.0	11.1	-1.3	122.3	-1.5
Spain	2011	0.4	-0.8	-0.5	-5.5	-0.6	7.6	-0.9	3.0	21.7	-8.5	68.5	-3.5
	2012	-1.5	-2.1	-3.4	-9.1	0.5	1.2	-5.4	1.9	24.9	-7.0	84.5	-2.8
	2013	-1.5	-1.7	-1.7	-4.3	0.0	2.5	0.7	1.7	26.4	-5.5	92.0	-0.5
Finland	2011	2.7	2.5	0.1	4.6	-	2.6	5.7	3.4	7.8	-0.6	49.1	-1.2
	2012	0.0	1.5	0.2	-1.0	-	-2.0	-1.0	2.9	7.7	-0.7	52.5	-1.2
	2013	1.0	1.0	0.5	1.5	-	1.5	1.0	2.6	7.9	-0.5	54.0	-0.7

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	2011	1.8	2.5	-3.1	6.6	-0.2	6.7	4.8	3.1	8.9	-8.6	97.0	-3.1
	2012	2.2	1.9	-2.1	9.0	0.2	4.3	3.8	2.3	8.2	-7.7	102.0	-3.3
	2013	2.0	1.7	-1.0	6.5	0.0	7.4	5.4	1.5	7.9	-6.3	106.0	-3.3
Japan	2011	-0.7	0.0	2.1	0.6	0.1	0.0	5.8	-0.3	4.5	-10.1	229.7	3.5
	2012	2.3	1.6	2.1	4.4	0.0	6.2	4.7	-0.2	4.3	-9.2	235.0	2.2
	2013	1.6	1.0	1.1	2.1	-	6.8	5.2	0.1	4.2	-8.0	240.6	2.7
China	2011	9.2	-	-	-	-	-	-	5.4	4.3	-1.2	33.0	2.8
	2012	7.7	-	-	-	-	-	-	2.7	4.3	-1.5	26.0	2.5
	2013	8.6	-	-	-	-	-	-	2.9	-	-1.0	22.2	2.9
UK	2011	0.7	-0.8	0.3	-2.0	1.1	4.2	2.0	4.5	8.5	-8.3	82.5	-2.0
	2012	-0.2	0.3	0.5	2.0	1.3	-0.4	3.3	2.7	8.8	-8.0	88.4	-1.5
	2013	1.2	1.0	-1.1	2.0	1.3	2.0	3.5	2.0	8.5	-6.5	91.4	-1.2

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	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	16-Nov	0.25	0.31	0.38	1.63	127.4	-	585.5
	+3m	0.25	0.30	0.35	1.85	130	-	574
	+6m	0.25	0.30	0.35	2.00	133	-	561
	+12m	0.25	0.30	0.35	2.30	130	-	574
EUR	16-Nov	0.75	0.19	0.38	1.66	-	127.4	745.9
	+3m	0.75	0.18	0.40	1.80	-	130	746.0
	+6m	0.75	0.18	0.40	2.00	-	133	746.0
	+12m	0.75	0.18	0.40	2.15	-	130	746.0
JPY	16-Nov	0.10	0.19	0.25	0.74	103.2	81.0	7.23
	+3m	0.10	0.20	0.25	0.80	108	83	6.91
	+6m	0.10	0.20	0.25	0.90	112	84	6.66
	+12m	0.10	0.20	0.25	1.05	110	85	6.78
GBP	16-Nov	0.50	0.52	0.65	1.84	80.3	158.7	929.4
	+3m	0.50	0.50	0.70	2.05	82.0	159	910
	+6m	0.50	0.50	0.70	2.25	83.0	160	899
	+12m	0.50	0.50	0.75	2.45	81.0	160	921
CHF	16-Nov	0.00	0.03	0.07	0.90	120.4	94.5	619.5
	+3m	0.00	0.05	0.15	1.05	121	93	617
	+6m	0.00	0.05	0.15	1.15	122	92	611
	+12m	0.00	0.05	0.20	1.25	121	93	617
DKK	16-Nov	0.20	0.30	0.56	1.77	745.9	585.5	-
	+3m	0.20	0.30	0.60	1.90	746	574	-
	+6m	0.40	0.45	0.65	2.20	746	561	-
	+12m	0.40	0.45	0.65	2.35	746	574	-
SEK	16-Nov	1.25	1.45	1.25	2.02	863.8	678.1	86.3
	+3m	1.00	1.20	1.10	2.10	850	654	87.8
	+6m	1.00	1.20	1.20	2.25	840	632	88.8
	+12m	1.00	1.30	1.30	2.45	840	646	88.8
NOK	16-Nov	1.50	1.93	2.13	3.13	735.8	577.7	101.4
	+3m	1.50	1.95	2.20	3.30	730	562	102.2
	+6m	1.75	2.15	2.45	3.55	720	541	103.6
	+12m	1.75	2.15	2.45	3.60	715	550	104.3

Equity markets

Regional		Risk profile 3 mth.	Price trend 3 mth.	Price trend 12 mth.	Regional recommendations
USA	Hit by fiscal cliff fears	Medium	-5% to +5%	5%-10%	Underweight
Emerging markets (USD)	Awaiting Chinese recovery	Medium	-5% to +5%	5%-10%	Neutral
Europe (ex. Nordics) (EUR)	Euro area crisis to abate	High	-5% to +5%	10%-15%	Overweight
Nordics	Strong macro balances	Medium	-5% to +5%	5%-10%	Neutral

Commodities

		2012				2013				Average	
	16-Nov	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2012	2013
NYMEX WTI	85	103	93	92	94	94	94	92	94	96	94
ICE Brent	108	118	109	109	108	106	104	100	100	111	103
Copper	7,640	8,329	7,829	7,730	7,900	8,000	8,100	8,200	8,300	7,947	8,150
Zinc	1,955	2,042	1,932	1,908	1,875	1,865	1,855	1,845	1,835	1,939	1,850
Nickel	15,910	19,709	17,211	16,432	16,750	16,850	16,950	17,050	17,150	17,525	17,000
Steel	335	522	457	380	385	380	375	370	365	489	373
Aluminium	1,964	2,219	2,019	1,952	1,975	1,965	1,955	1,945	1,935	2,041	1,950
Gold	1,714	1,690	1,612	1,656	1,681	1,706	1,731	1,756	1,781	1,660	1,743
Matif Mill Wheat	269	210	212	259	250	240	230	220	210	233	225
CBOT Wheat	843	643	641	872	841	793	745	713	680	749	733
CBOT Corn	722	641	618	782	775	765	755	745	735	704	750
CBOT Soybeans	1,395	1,272	1,426	1,675	1,625	1,575	1,525	1,475	1,425	1,500	1,500

Source: Danske Markets

Calendar

Key Data and Events in Week 47

Monday, November 19, 2012				Period	Danske Bank	*Consensus*	Previous
-	ITL	Italy's Monti speaks in Milan (Saturday)					
-	NOK	Norges Bank Governor Olsen speaks in Frankfurt					
1:01	GBP	Rightmove House Prices	m/m|y/y	Nov			3.5%|1.5%
6:00	JPY	Leading economic index, final	Index	Sep			91.7
9:30	DEM	Bundesbank's Weidmann speaks in Frankfurt	m/m|y/y				
16:00	USD	Existing home sales	m	Oct	**4.75**	*4.74*	47.5
16:00	USD	NAHB Housing Market Index	Index	Nov	**41**	*41*	41
19:00	EUR	Van Rompuy meets national ministers on EU budget talks					

Tuesday, November 20, 2012				Period	Danske Bank	*Consensus*	Previous
-	JPY	BoJ monetary policy announcement	%		**0.10%**	*0.10%*	0.10%
-	JPY	BoJ asset purchases	JPY bn		**6500**		6500
-	EUR	Eurogroup meeting					
5:30	JPY	All Industry Activity Index	m/m	Sep		*-0.6%*	0.1%
8:00	CHF	Trade balance	CHF bn	Oct			1.93
8:30	SEK	Quarterly employment survey	y/y	3rd quarter			2.0%
10:00	NOK	GDP (mainland)	q/q	3rd quarter	**0.5%**		1.0%
10:00	NOK	GDP (total)	q/q	3rd quarter			1.2%
11:15	EUR	ECB announces allotment in 7-day (MRO)					
13:00	EUR	ECB announces allotment in 7-day term deposits					
14:30	USD	Housing starts	1000 (m/m)	Oct	**860**	*840*	872
14:30	USD	Building Permits	1000 (m/m)	Oct	**864**	*865*	894
15:00	USD	Fed's Lacker (voter, hawk) speaks					
18:15	USD	Fed's Chariman Bernanke (voter, neutral) speaks					

Wednesday, November 21, 2012				Period	Danske Bank	*Consensus*	Previous
0:50	JPY	Trade balance, s.a.	JPY bn	Oct	**-360.0**	*-492.1*	-980.3
0:50	JPY	Exports	y/y	Oct	**-5.1%**	*-4.9%*	-10.3%
0:50	JPY	Imports	y/y	Oct	**-4.8%**	*-3.2%*	4.1%
10:00	NOK	Unemployment (LFS)	%	Sep	**3.1%**		3.1%
10:30	GBP	Minutes from MPC meeting					
10:30	GBP	Public Finances (PSNCR)	bn. GBP	Oct			-0.6
11:30	DEM	Germany's Schaeuble speaks in Berlin					
13:00	USD	MBA Mortgage Applications	m/m				12.6%
14:30	USD	Initial jobless claims	1000			*395*	439
14:58	USD	Markit manufacturing PMI preliminary	Index	Nov		*51.0*	
15:55	USD	University of Michigan Confidence, final	Index	Nov	**85.1**	*84.9*	84.9
16:00	USD	Leading indicator	m/m	Oct		*0.1%*	0.6%

Source: Danske Markets

Calendar - continued

Thursday, November 22, 2012				Period	Danske Bank	*Consensus*	Previous
-	EUR	ECB meeting					
-	EUR	European Council meeting (budget)					
2:45	CNY	HSBC flash manufacturing PMI	Index	Nov	**50.2**		49.5
9:00	FRF	PMI manufacturing, preliminary	Index	Nov	**44.0**	*44.0*	43.7
9:00	FRF	PMI services, preliminary	Index	Nov	**44.8**	*45.0*	44.6
9:00	DKK	Retail Sales	m/m|y/y	Oct			-1.4%|1.0%
9:00	DKK	Consumer confidence	Net. bal.	Nov	**-3**		-5.5
9:30	DEM	PMI manufacturing, preliminary	Index	Nov	**46.5**		46.0
9:30	DEM	PMI services, preliminary	Index	Nov	**48.4**	*48.5*	48.4
10:00	EUR	PMI composite, preliminary	Index	Nov	**46.0**	*45.9*	45.7
10:00	EUR	PMI manufacturing, preliminary	Index	Nov	**45.9**	*45.6*	45.4
10:00	EUR	PMI services, preliminary	Index	Nov	**46.2**	*46.0*	46.0
14:30	CAD	Retail sales	m/m	Sep		*0.5%*	0.3%
16:00	EUR	Consumer confidence, preliminary	Net bal.	Nov		*-26.0*	-25.7

Friday, November 23, 2012				Period	Danske Bank	*Consensus*	Previous
-	EUR	European Council meeting (budget)					
8:00	DEM	GDP, final	q/q|y/y	3rd quarter		*0.2%|0.9%*	0.2%|...
8:45	FRF	Business confidence	Index	Nov		*87*	85
10:00	DEM	IFO - business climate	Index	Nov	**100.3**	*99.5*	100.0
10:00	DEM	IFO - current assessment	Index	Nov	**107.0**	*106.0*	107.3
10:00	DEM	IFO - expectations	Index	Nov	**94**	*93.0*	93.2
10:30	GBP	BBA loans for house purchase	Number	Oct		*33250*	31175
14:30	CAD	CPI	m/m|y/y	Oct		*0.1%|1.0%*	0.2%|1.2%

During the week				Period	Danske Bank	*Consensus*	Previous
Sun 25	ESP	Catalonia holds early elections	m/m|y/y				
Sun 25 - 29	NOK	Wage index manufacturing	y/y	3rd quarter			0.1%
Sun 25	ITL	Italy's center-left bloc holds primary for premier candidate					

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Source: Danske Markets

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