

Weekly Focus

The tide is turning

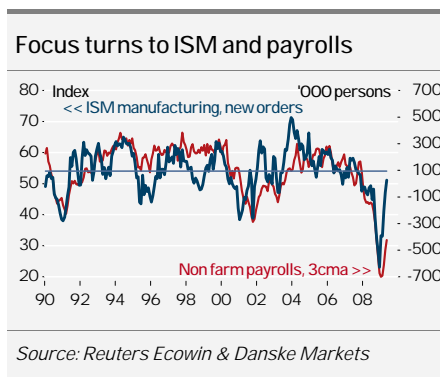
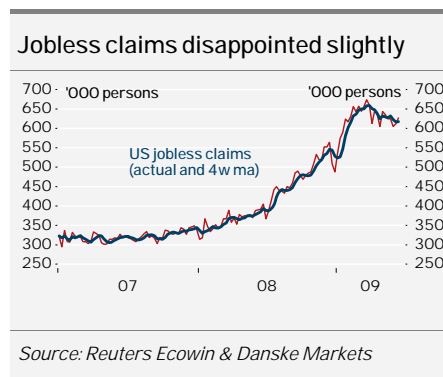
Global update

- The upward revision of OECD’s global growth forecasts marks a turning in the tide. Over the past two years all revisions have been to the downside. Going forward we expect more upward revisions as we are still more positive than consensus and the international organisations.
- US data confirms a picture of improvement. Capital goods orders were stronger than expected and home sales and house prices show signs of stabilisation. A rise in jobless claims cast some doubt over the recent improvement in the labour market, though.
- Euroland Flash PMI and German ifo rose further in June, suggesting that the pace of decline in Euroland production is tapering off. Leading indicators point to further improvement going forward.
- Asian export data add further to the picture of a brisk recovery in the Asian economies.

Market movers ahead

- A busy week ahead with US ISM and nonfarm payrolls taking centre stage. We look for further improvement in both.
- The ECB meeting on Thursday will be the main event in Euroland. We don’t expect much change in the rhetoric, though, and the meeting could become a non-event. Euroland Flash CPI and M3 are also due to be released.
- In Denmark focus turns to Danish currency reserve data and first quarter GDP. We expect the currency reserve to be broadly unchanged at the current very high level.
- In Sweden focus turns to the Riksbank meeting and PMI while Norway releases retail sales, PMI, unemployment and credit indicator.

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Global update: The tide has turned

The tide has turned in forecast revisions

After two years of constant downward revisions, OECD this week delivered its first upward revision of global growth in its *Economic Outlook* (see table). For the US, China and Japan, growth was revised up by around one percentage point, while Euroland growth was on balance unchanged as growth was seen as being weaker in 2009 but slightly stronger in 2010. The revision comes after several months in which data have been stronger than expected and the financial crisis has eased. OECD also changed its risk assessment as it now sees risks as balanced in contrast with the previous risk assessment where risks were seen to be strongly on the downside.

OECD has moved closer to our own growth estimates but is still more pessimistic – especially for 2010. The difference mainly comes from a different interpretation of how the inventory cycle has worked in this downturn compared with previously. OECD leans towards the IMF approach in comparing this downturn with previous downturns in which financial crises have played a significant role. History tells you these are normally long and deep.

We believe, though, from looking at the data, that companies have responded much faster in reducing inventories compared with previous crises. Both because the magnitude of the crisis was a big surprise for most companies but also due to a strong need to raise liquidity as a direct result of the crisis.

In order to reduce inventories, production has to be cut back sharply in order to fall below actual demand. Demand is thus met mostly by delivering goods from the inventory while production is more or less shut down for a period. This took place in late 2008 and early 2009. However, now that inventories have been depleted, demand can no longer be met by taking goods from inventory. Hence production has to rise again. And this will lead to a production rebound in H2 09 – even if demand only rises slowly (for more on our forecast see *Global Scenarios, June 2009*). We believe OECD underestimates this inventory effect and it will affect mostly H2 09 production numbers. But as production rises in H2 09 it will have a higher starting point in 2010 and it will mostly show up in the 2010 forecasts for which we are more optimistic. If we are right, this will not be the last upward revision from OECD.

Data picture improving slowly but surely

Overall data continues to support the recovery story. US capital goods orders rose more strongly than expected in May and seem to have stabilised in the past two to three months after a massive collapse in H2 08 and early 2009. If indeed capital orders are stabilising this is earlier than expected as investments are normally a late-cycle demand driver. Data on US home sales also gave further evidence that sales are starting to stabilise. And several house price statistics released this week point to some stabilisation in house prices – or at least that the pace of decline is slowing. Throwing some doubts into the equation was a rise in US jobless claims the past week. Although the data is volatile, the latest data point suggests a more slow process of improvement in the labour market.

In Euroland, surveys from PMI and Germany's ifo institute generally continued the picture of further improvement. And looking at the inventory-order balance taken from the PMI statistics the situation of improving orders and lean inventories points to a fairly strong production rebound in H2 (see chart).

Asian data continue to look strong. Japanese exports rose strongly in May (when measured in volume) and data for South Korean exports in the first 20 days of June support the picture of a sharp turnaround. Asia has recovered briskly from this crisis and will be a strong force in turning the global trade collapse. In Europe for example 20% of exports go to Asia and these exports are likely to rise strongly over coming quarters after being in freefall over the past two to three quarters.

OECD versus Danske GDP forecast

% y/y	2009		2010	
	Danske Bank	OECD	Danske Bank	OECD
USA	-2.4	-2.8 (-4.0)	2.6	0.9 (0.0)
Euroland	-3.9	-4.8 (-4.1)	2.0	0.0 (-0.3)
Japan	-6.2	-6.8 (-6.6)	3.2	0.7 (-0.5)
China	7.9	7.7 (6.3)	9.5	9.3 (8.5)

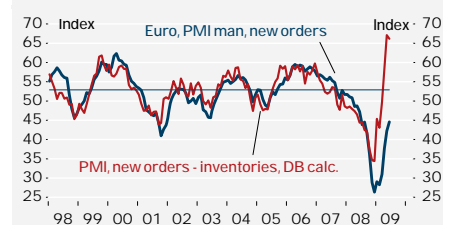
Note: Parenthesis show previous OECD forecast.
Source: Danske Markets and OECD

US durable goods orders stabilising after collapse



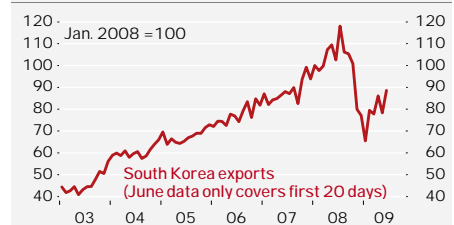
Source: Reuters Ecowin

Euro surveys continue improvement



Source: Reuters Ecowin

Exports in South Korea have turned sharply



Source: Reuters Ecowin, Danske Markets

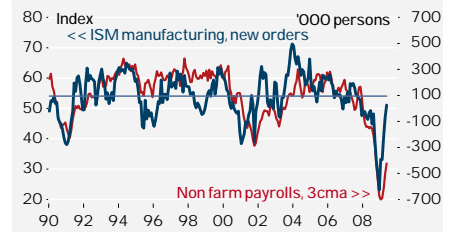
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Market movers ahead

Global

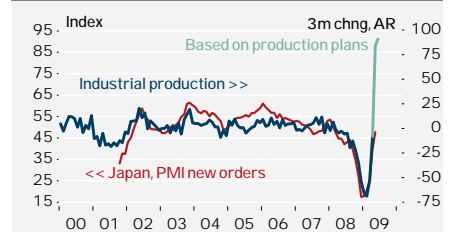
- US:** Focus in the coming week will be on *non-farm payrolls* and *ISM*. The May employment report took markets by surprise with a much smaller-than-expected decline in payrolls. Labour market indicators received so far point to another positive surprise in the June employment report. We expect job losses to have moderated further and look for a decline in non-farm payrolls of 270,000. The ISM manufacturing index for June is expected to rise further as signalled by several regional PMI indices. Combined with the continued decrease in US credit spreads and the huge gap between demand and production, we look for an above-consensus increase to 46.5.
- Europe:** The main event will be the *ECB meeting* but we do not expect any major changes in signals from the ECB as it has adopted a wait-and-see stance. Rates are likely to be kept on hold for a long time. Euroland *M3* and *Flash CPI* are also due to be released. In the UK *PMI* is expected to rise further.
- Asia:** Focus will mainly be on Japan, where we expect data to confirm our view of a sharp rebound in growth. As signalled by corporate production plans we expect *industrial production* in May to show a new record monthly increase in industrial production. Production plans for June and July released in connection with the industrial production figures will give an idea of how much further production will rise in coming months. *Tankan business confidence* will reflect the recent improvement in the Japanese economy and rebound significantly in Q2. However, it will probably show that corporate capital expenditures remain the weakest link in the Japanese economy. With industrial activity increasing fast, manufacturing *PMI* should jump above 50 in June. In China we expect the two manufacturing PMIs to confirm increased momentum in industrial activity.

US: ISM points to better payrolls in pipeline in coming months



Source: Reuters Ecowin

Japan: Look out for strong rebound in industrial production



Source: Reuters Ecowin, Bloomberg

Scandi

- In Sweden** the *Riksbank meeting* and the situation in *Latvia* take centre stage. The Riksbank might follow the ECB and announce a longer-term tender. **In Norway** *retail sales*, *unemployment* and the *credit indicator* are due to be released. Overall we look for more improvement in data. **In Denmark** we expect a broadly unchanged *currency reserve*. Danish Q1 GDP will show a significant decline – as seen in most countries.

Market movers ahead

Global movers		Event	Period	Danske	Consensus	Previous
Tue	30-Jun	1:15 JPY Manufacturing PMI	Index Jun	50.5		46.6
		10:00 EUR M3 Money supply	y/y May		4.6%	4.9%
		11:00 EUR CPI Flash estimate	y/y Jun		-0.2%	0.0%
		15:45 USD Chicago PMI	Index Jun	42.9	38.5	34.9
		16:00 USD Consumer confidence, Conf. Board	Index Jun	54.0	55.2	54.9
Wed	1-Jul	1:50 JPY Tankan Lge Manufacturing Outlook	Index 2nd quarter	-36	-34	-51
		4:30 CNY CLSA Manufacturing PMI	Index Jun	53		51.2
		10:30 GBP PMI, Manufacturing	Index Jun		46.0	45.4
		16:00 USD ISM	Index May	46.5	44.0	42.8
		16:00 USD Pending home sales	m/mj/y May		1.1%[-]	6.7%[3.3%]
Thu	2-Jul	13:45 EUR ECB Meeting	%	1.00	1.00	1.00
		14:30 USD Nonfarm payroll	1000 Jun	-270	-370	-345
Scandi movers		Event	Period	Danske	Consensus	Previous
Tue	30-Jun	9:30 SEK Retail sales	m/mj/y May	-4.0%		3.5%[5.0%]
		9:30 DKK GDP	q/qly/y 1st quarter	-1.75%[-]		-1.9%[-3.7%]
		10:00 NOK Credit indicator (C2)	y/y May	8.0%		8.0%
		10:00 NOK Retail sales, s.a	m/mj/y May	0.6%[-3.2%]		1.4%[-3.2%]
Wed	1-Jul	8:30 SEK PMI	Index May			43.7
Thu	2-Jul	9:00 NOK PMI	Index Jun	42.5	43.0	41.0
		9:30 DKK Unemployment, s.a.	K (%) May	101.8 (3.6)		92.8 (3.3)
		9:30 SEK Riksbank, Rate decision	%	0.5	0.5	0.5
		10:00 NOK Unemployment nsa. (Aetat)	% Jun	2.7	2.8	2.6
		16:00 DKK Currency reserves	DKK bn Jun			39.0

Source: Bloomberg and Danske Markets

Financial views

Equities

- We maintain a positive view on equities in the medium term. Risk appetite has returned and our five point trigger list (from February 2009) for a stock market recovery has almost been completely fulfilled; we are consequently looking for new triggers.
- To underpin further market recovery in the coming months, we are looking for (a) final demand pick-up, (b) coverage of underweight positions, (c) mid-cycle valuation focus, and (d) weaker deflationary impulses.

Fixed Income

- Global: The rising trend in bond yields is expected to continue on a three- to six-month horizon based on continued improving macro conditions, increased risk appetite and heavy supply. The US is expected to underperform Euroland.
- Intra-Euro: We are neutral in peripherals (Italy, Greece and Spain) versus Germany. On longer maturities, we still prefer France and Finland to Germany. We are long 5Y Austria against Spain. We are long 10Y Ireland against 10Y Denmark.
- Scandi: We are underweight 10Y Danish government bonds against Euroland and swaps, but overweight 2Y Danish government bonds. We are overweight Swedish government bonds versus Germany in the 2Y area. We have closed our long position in the long end of the NOK government curve relative to Germany. We are overweight on Danish 30Y callable mortgages bonds versus both swaps and government bonds. We remain underweight in non-callables versus government bonds apart from 4'10.

Credit

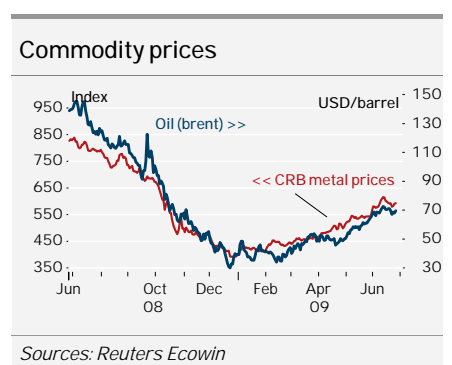
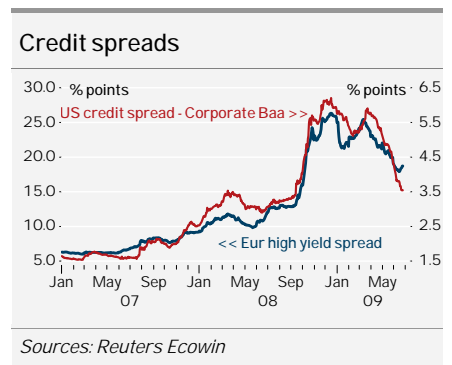
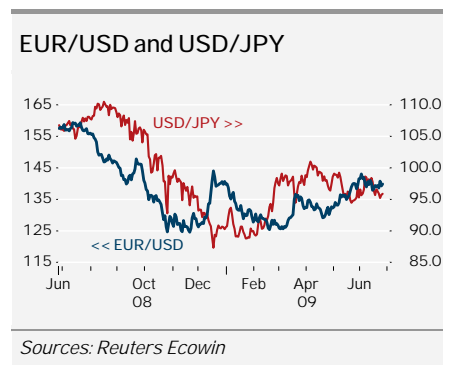
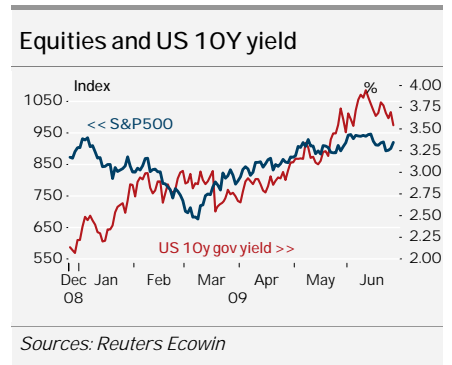
- During the past couple of months credit has enjoyed a very strong spell across the sectors and capital structure and spreads have tightened significantly. At the same time the activity in the primary market continues to be at a record high as more and more companies turn to the capital markets instead of the banks for funding. The ongoing strength in the primary market is a consequence of an asset allocation shift into credit, we believe.
- We question the pace and sustainability of this massive rally and in recent weeks sellers have re-emerged in the credit market putting CDS spreads under some pressure. The macroeconomic outlook is still challenging and defaults are currently increasing. A while ago we moved to overweight based on the large liquidity and risk premiums for credit. Both these premiums have now been reduced substantially and we therefore recommend a neutral positioning.

FX Outlook

- EUR/USD is set to adjust lower in the short run, but to continue upwards in the medium term. Important drivers for EUR/USD are equities as a proxy for risk and most recently oil prices. EUR/GBP is heading down as sterling is supported by positive economic data and a normalisation in financial conditions. Carry can keep on performing, while funding currencies will face headwinds.
- Swedish krona and Norwegian krone both have solid potential against the euro. Currently, however, risk aversion and event risks (watch out for the Riksbank meeting 2 July) are still too high to see the Scandies exploit their full potential. The Danish krone is attractive (e.g. against Swiss franc) due to sound carry.

Commodities

- The rally in commodities seems to be running a bit out of steam with oil having a hard time trading significantly above USD 70 a barrel.
- We think a short-term risk of a correction is growing. In our view, the market is neglecting near-term weakness such as weak oil demand and huge stocks in base metals. However, in six months' time, we expect a new leg up in prices when the different market balances are expected to tighten for real.



Fixed Income: ECB flooding the money market

Central banks in the spotlight

Central banks are attracting a lot of attention at the moment. The Federal Reserve held a meeting during the week and announced no changes to interest rates or its purchase programmes, but was ever so slightly less worried about growth and deflation than expected.

This week it is the turn of the ECB to meet. The ECB has finished lowering its policy rate, and we do not expect any major changes in tone at the press conference. The ECB will probably be relatively soft in its rhetoric and stress that rate increases are still a long way off.

The past week also saw a great deal of interest in the ECB's first 12-month auction.

1,121 banks can't be wrong

1,121 financial institutions out of a possible 1,700 took part in the ECB's 12-month liquidity tender on Wednesday. This is the first time the ECB has issued loans with a 12-month maturity, and it allotted a total of EUR442.2bn, equivalent to around EUR1,350 per Euroland inhabitant.

The whole of the allotment was at 1%; by way of comparison, the 12M Euribor was 1.57% beforehand. Thus the ECB is continuing to flood the market with liquidity to help the money market to function and bring down short-term interest rates. EUR442bn was a surprisingly large amount, and short-term rates fell after the results were announced.

There is widespread agreement that the ECB has finished lowering its policy rate, and it is possible that its next 12-month auction in September will see a premium being added to the 1% this time around. Thus it was seen by some as a one-off opportunity to secure very cheap liquidity with a relatively long maturity.

Steep fall in money market rates

Looking at EUR money market rates from a longer-term perspective, they have fallen very sharply since peaking last autumn. For example, the 3M Euribor has fallen from 5.39% in October to 1.20% today. Thus the ECB has succeeded in bringing 3M EUR rates back down relatively close to the refi rate, which is an important element in its stimulation of the economy.

Growing pressure on Danmarks Nationalbank

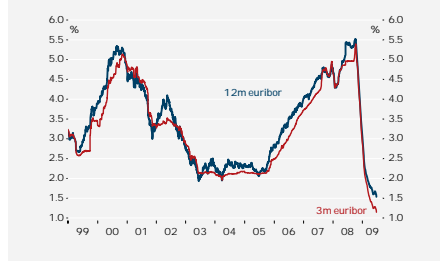
One consequence of the drop in short-term rates in Euroland is a widening of the spread to Denmark. The chart alongside shows the spread between 1M OIS rates in DKK and EUR. Having been down at 60bp a few weeks ago, it has now widened to around 100bp.

The inflow of foreign currency into the Danish central bank may therefore increase in the time ahead, which would point to further narrowing of the spread between policy rates in Denmark and Euroland. We see the prospect of two further independent 10bp rate cuts in the coming months.

Key events of the week ahead

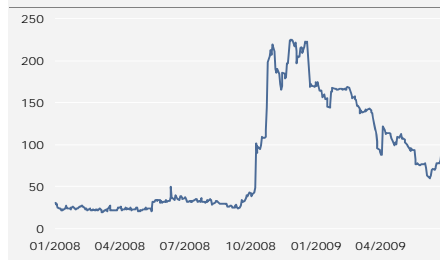
- ECB meeting the most important event in Euroland
- A couple of real heavyweights stateside: the ISM survey and the employment report

Sharp fall in Euribor rates



Source: EcoWin

1M DKK-EUR OIS spread



Source: Bloomberg

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Foreign exchange: Big events, limited effects

Central banks centre stage yet again

Central banks were in the spotlight once again in currency markets during the week, but there were no really big direct FX implications. The EUR strengthened slightly against other currencies. The coming week brings a raft of interesting events.

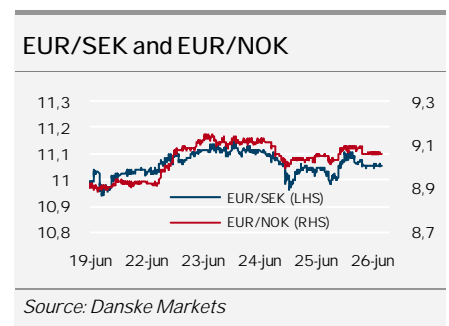
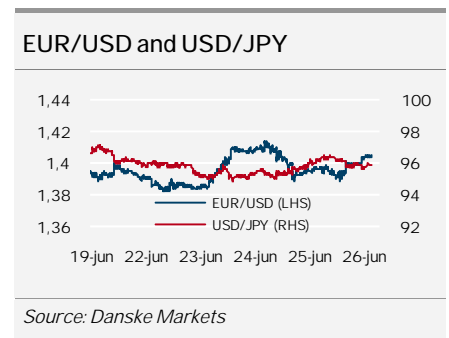
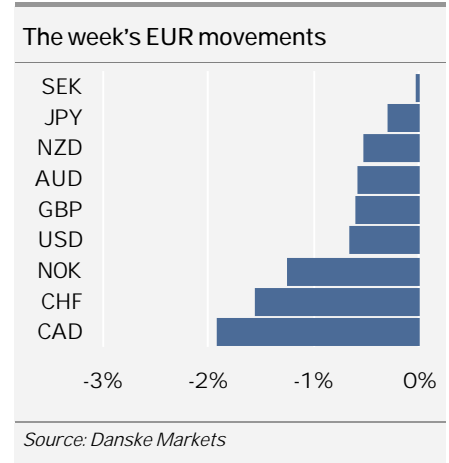
As expected, the Federal Reserve decided to leave its key rate unchanged at 0.13%. More important was that the bank did not announce further purchases of government bonds and also toned down its deflation fears. The USD strengthened slightly ahead of the meeting, but generally there was a relatively small reaction in FX markets compared with previous meetings. The Fed kept its cards close to its chest in terms of future actions, giving no clear signals about an exit strategy from its quantitative easing, which means that the USD is still in the danger zone in terms of the Fed's monetary policy.

The result of Wednesday's record-large 12-month tender at the ECB is worth noting as it may effectively act as a rate cut. More than 1,100 banks took the opportunity to borrow funds, and the ECB ended up lending no less than EUR442bn at a rate of just 1%. We consider the whole operation a work of genius. The ECB will probably now succeed in getting interest rates to stay low for longer and stimulating the economy without the bank 'getting its hands dirty', as it does not itself need to commit to direct purchases of government bonds à la Federal Reserve and Bank of England. Were the ECB itself to buy up government bonds in Euroland, it would face the tricky decision of where these should be from, whereas now the banks themselves can decide whether they want to buy, say, German or Italian debt.

We cannot completely rule out the possibility of recent weeks' EUR strengthening actually being related to this tender, as some investors have acquired EUR assets for use as collateral. However, the money now released can be expected to be invested in assets denominated in other currencies, which may mean less support for the EUR ahead. However, we do not expect this to be the dominant factor: against the USD, for example, the EUR is still most dependent on movements in equity and oil prices.

Key events for FX markets in the coming week

There are a variety of events that may have FX implications in the coming week. All retail sales data need to be kept an eye on, as weaker-than-expected figures could knock sentiment in the markets, pull down equity prices and undermine pro-cyclical currencies like the AUD, NZD, SEK and NOK. Tuesday's US consumer confidence data and the Chicago PMI may also be important pointers for risk appetite during the week. Wednesday brings PMIs across Euroland, and the ISM survey in the US will also be followed closely. Generally analysts expect the rebound to continue, but in smaller increments. It is important in this context to note that all of these indices in the western world are still indicating a decrease in output.



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Denmark: OECD sees gloomy outlook for Danish economy

The Organisation for Economic Cooperation and Development (OECD) has a rather downbeat view on the Danish economy. In its new forecast, the OECD predicts a fall in Danish GDP of 4% this year and zero growth next year. This outlook is somewhat gloomier than our forecast.

Sharp downturn in exports

While we certainly cannot rule out the possibility that the OECD is proven right, we believe its outlook is too dismal. Economic data from both Denmark and other countries have clearly improved recently – which is why we consider zero growth in 2010 a very gloomy take on the Danish economy. The OECD is, not least, pessimistic about the export outlook, predicting that Danish exports will plummet by almost 13% this year. This forecast is significantly worse than our own and other analysts' forecasts.

OECD recommends fiscal easing

Due to its downbeat view on the Danish economy, the OECD recommends further fiscal easing in 2010. We do not share the OECD's view at this juncture – partly because we expect a more moderate slowdown in domestic economic activity than the OECD. We believe that the Danish economy will grow by 0.5-1.0% next year, while the OECD is looking for zero growth. However, should the OECD be right, it would probably make sense to discuss the possibility of introducing more expansionary fiscal measures.

Fiscal stance is expansionary already

That said, we wish to point out that quite considerable fiscal stimuli are already on the cards for 2010, as public investment will be increased and taxes will be cut. Also, interest rates are likely to decline significantly. Add to this the outlook for a substantial deficit on government finances in 2010, and we believe we should bide our time.

We will know much more about the economic outlook – and how hard the Danish economy has been hit by the crisis – when Q1 GDP numbers are published in the coming week. The shortage of Q1 data makes economic uncertainty exceptionally high at the moment and is one of the reasons for our wait-and-see stance.

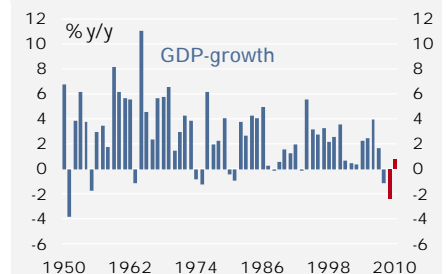
Q1 09 data awaited with some excitement

Economic statistics for Denmark have been thin on the ground so far this year. This is because corporate VAT payments – and hence statistical reporting – have been postponed. However, as mentioned, the coming week will see the release of GDP numbers for Q1 09. Judging from the indicators we have seen so far, such as foreign trade, industrial production and retail sales data, GDP looks likely to plummet by around 1.75% q/q. This is a larger decline than we expected when we published our April forecast, so we shall no doubt have to revise our growth estimate for 2009 downwards. Nonetheless, we still expect the Danish economy to start growing again in H2 09.

Key events of the week

- Composite industrial confidence indicator – expected to improve further to minus 15 (Monday 29 June)
- GDP data (preliminary) for Q1 09 – look for a decline in Danish GDP of minus 1.75% q/q [Tuesday 30 June]
- Retail sales index for May 2009 – expected to increase by 0.7% m/m [Wednesday 1 July]
- Unemployment numbers for May 2009 – expected to increase further by 9,000 [Thursday 2 July]

GDP growth



Source: Statistics Denmark

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Sweden: The Riksbank put

Next week is not exactly packed with outcomes, but what is lacking in quantity will be fully replenished in quality. First out is Retail sales statistics on Tuesday, which – given the exceptionally strong outcome in April – will provide an important input to our calculations on Q2 GDP growth. Second, and by far the most important event over the summer, is the repo rate announcement from the Riksbank and the accompanying Inflation Report.

Calendar reaping havoc in retail sales data?

April retail sales data came in at a staggering 5% y/y (3.5% m/m) – in calendar-adjusted terms, *nota bene* – when expectations were for a considerably more modest 0.3% y/y rise. Under any circumstances, this must be seen as a strong outcome and will no doubt imply an upward revision to our own forecast of consumption growth in Q2. That said there are some reasons to moderate views on the April outcome. Statistics Sweden itself noted that the calendar is playing tricks with the data *inter alia* in the form of two more working days. However, it is not only the calendar that is affecting the April outcome. The weather is also having a strong effect with an unusually warm April leading people to buy more alcoholic beverages and other items related to good weather.

The above factors, as well as other indicators, give cause for some caution if we are expecting an equally strong outcome in May. Indeed, the Swedish Retail Trade Association (Svensk Handel) has posted same store sales for shoes and clothing in May, which fell more than 5% in nominal terms. So, consumption, despite appearing stronger in Q2, might not be “all that”.

Riksbank eager to dampen hiking expectations

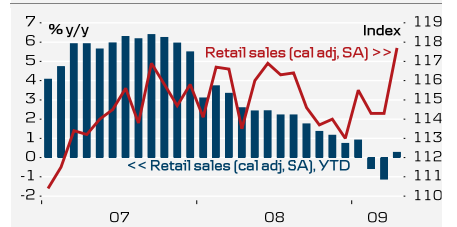
The main event during the summer will no doubt be the Riksbank’s repo rate decision and the accompanying Inflation Report. Most – read all – analysts are expecting an unchanged stance and markets are currently pricing a less than 5% risk of a cut – which is why the focus might not be on the decision *per se* but rather on what is said on the future.

Our take is that the risks for a cut might be a little higher than the “less than 5%”, currently priced in, albeit – undoubtedly – small. However, we believe that the Riksbank will try to *talk* interest rates lower, especially market rates on an horizon of up to two years, which has risen considerably in the past couple of months. This could be done through a plethora of channels, where the ECB’s 12-month refinancing operation might be one path forward. Another might be to make a more “binding” commitment to keep rates low for a period – but that would constitute a more unconventional measure and might not produce the results hoped for. As for Quantitative Easing (QE)/Credit Easing (CE), we believe that the Riksbank has grown more sceptical over the past few months. Maybe not only because of the green shoots, but also because of recent experiences by the Fed, the BoE, *et al.*

Key events of the week

- The Riksbank repo rate announcement on 2 July with an accompanying inflation report will no doubt take centre-stage.
- 30 June Retail sales statistics for May will also be interesting to dissect, since the April outcome was well above expectations.

Retail sales shot up in April



Source: Statistics Sweden

Riksbank's latest forecasts

	2009	2010	2011
Repo rate (%)	0,8	0,5	1,6
CPI (% y/y)	-0,3	1,3	3,2
Unemployment (%)	8,7	10,7	10,7
GDP-growth (% y/y)	-4,4	1,0	3,1

Source: Riksbank

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Norway: Has savings rate topped out?

Large borrowing and widespread use of floating mortgage rates have driven household income substantially upwards as interest rates have declined sharply. Real disposable income is expected to grow by up to 5% this year.

Like in many other countries, consumption growth in Norway has, at best, moved sideways in recent months. This is due to a sharp rise in the savings rate after several years of large indebtedness and borrowing, combined with the current fall in wealth and the increase in unemployment.

However, preliminary data from Statistics Norway show that the savings rate has been increasing for some time, up from 0.3% to 4.8% from Q1 08 to Q1 09. Hence, the savings rate is approaching the average for Norway. We therefore believe that consumption growth will begin to pick up in H2 09 as income growth increases. This outlook is supported by the rally in housing and equity markets and the fact that unemployment has stayed much lower than many had expected. As a result, we expect retail sales to have grown further in May and that consumer spending could begin to contribute to economic growth from Q2 09.

Industry still suffering

Although the worst seems to be over for global industry, activity in Norwegian industry is still contracting, especially in export-oriented industries. However, the decline in Norwegian industrial production is still very modest compared with many other western economies, partly because oil-industry investment has remained high in Norway.

Meanwhile, we have seen industrial activity start falling much later in Norway than in other countries – possibly because Norwegian suppliers of inputs have been hard hit by global destocking in the early months of this year. Hence, stronger demand for energy and commodities could give a positive boost to the Norwegian export industry, although we expect only a moderate increase in the PMI from 41.0 in May to 42.5 in June.

The unemployment conundrum

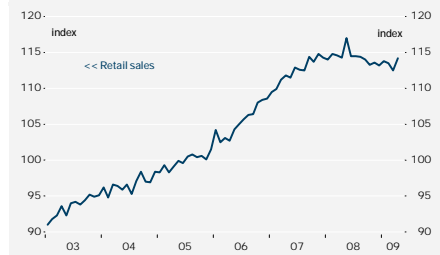
As mentioned, unemployment has increased far less than expected in Norway. For example, Norges Bank adjusted its estimate of unemployment for 2009 down from 4.25% in March to 3.5% in June. However, many analysts believe that it is only a matter of time before unemployment will begin to accelerate. This might be true, although all leading labour market indicators suggest that we have put the worst of the redundancy rounds behind us.

Meanwhile, the labour force survey data show that jobless numbers have remained relatively high, and the number of vacant positions registered by the Norwegian Labour and Welfare Administration (NAV) has stayed at a surprisingly high level. If indicators have got it right, this could be due to surprisingly long-term planning in the corporate sector. The large difficulties Norwegian businesses faced in recruiting key staff members during the period from 2005 to 2008 may have cost them dearly and hence could have made them reluctant to cut down their work force as production has declined.

Key events of the week

- We expect retail sales to grow 0.6% m/m in May (Tuesday).
- PMI expected to edged up moderately to 42.5 (Thursday).
- NAV unemployment rate likely to rise to 2.7% in June (Thursday).
- Credit growth likely stabilised at 8.0% in May (Tuesday).

Consumption growth picking up?



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USA: A less dovish FOMC

Deflation fears are easing at the Fed

The FOMC statement was less dovish than we had expected. The committee decided to retain the target range for the Fed funds rate and leave the size, timing and scope of the Fed's security purchase programmes unchanged. In general, the committee has become less worried about deflation and more optimistic on growth. Nevertheless, inflation pressures are regarded as absent, with slackness in the economy set to keep cost pressures in check despite the recent rise in commodity prices. The statement repeated that the Fed funds rate will be kept at exceptionally low levels for an extended period and sent only a very vague hint on exit strategies.

The recession has led to a huge output gap in the economy. The unemployment rate has spiked to a level well above the NAIRU. Applying standard Taylor rules suggests the Fed should keep interest rates on hold at least throughout 2010. While we believe that the central bank will move away from the zero bound before then, we expect rate hikes to be off the agenda until the economy has credibly returned to trend growth and unemployment has peaked. We look for the first rate hike in Q3 10.

The statement left the door open for changes to the asset purchase programmes. A scaling up in Treasury purchases can still be effected at the August meeting. However, we expect improved economic indicators, especially in the labour market, to keep the Fed sidelined. As a result, we believe 10-year Treasury yields will increase going forward in line with better economic metrics and more positive financial conditions. While this is likely to result in a steepening of the yield curve over the coming months, as we move closer to 2010 and to the start of rate hikes, we expect the curve to flatten.

We expect further improvement in the labour market

The May employment report took markets by surprise with a much smaller than expected decline in payrolls. Labour market indicators received so far point to another positive surprise in the June employment report. We expect the report to confirm that job losses moderated further in June and look for a decline in non-farm payrolls of 270,000.

Companies have in general been fast to lay-off workers in the current recession, which prepares the ground for a faster return to job growth once production picks up again. As growth heads back to positive territory in the coming months we thus expect labour market conditions to improve further and look for job growth to be back in black by year-end.

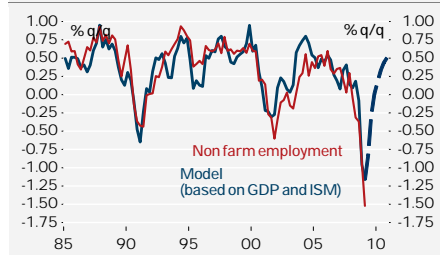
The ISM index is heading higher

We look for another increase in the ISM manufacturing index in June. We have only received three of the regional PMI indices at the time of writing, but they point to a further rise in the ISM. Taken together with the continued decrease in credit spreads and the huge gap between demand and production, we look for an above consensus rise to 46.5.

Key events of the week

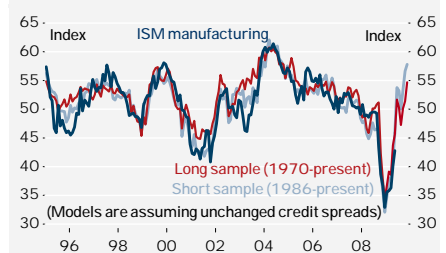
- Conference Board consumer confidence (June 30).
- ISM manufacturing index (July 1).
- Pending home sales (July 1).
- Vehicle sales (July 1).
- Employment report (July 2).
- Several interesting Fed speeches during the week.
- US markets are closed on July 3

Job growth back in Q4



Source: Ecowin and Danske Markets

Our models points to a fast rebound in the ISM



Source: Ecowin and Danske Markets

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Asia: Japanese export machine back in action

Exports disappoint on the surface, but underlying data are strong

Japanese economic data are increasingly pointing towards GDP growth turning positive as early as Q2. It is first and foremost exports that are currently performing rather better than we anticipated. On the surface, May export growth was a little disappointing, as exports in current prices fell slightly from April (see *Flash Comment - Japan: Export recovery remains in place*). However, the decrease was due solely to a fall in export prices. In fixed prices, exports climbed by 5.1% m/m in May following a sharp rise of 7.9% m/m the previous month.

The Japanese export machine is now seriously back in action, and we can now say with real certainty that GDP growth will be positive in Q2. The latest figures suggest that net exports will contribute around 5pp to annualised GDP growth in Q2. Although destocking and dwindling business investment will continue to pull down growth, this should be enough to ensure that GDP growth exceeds 2% q/q AR in Q2.

Prospect of record rise in Japanese industrial production

The coming week brings a variety of data from Japan which we expect to support our view that we are looking at a couple of quarters of strong growth in Japan. First and foremost we expect industrial production to climb by 8.0% m/m in May, the largest monthly increase of recent times. The existing record was set last month with an increase of 5.9% m/m.

Thus we are witnessing a very strong rebound in Japanese industry due to an extraordinarily strong inventory cycle in the motor and electronics industries (see *Research - Japan: From underperformer to outperformer*). Production plans indicate that car production will rise by no less than 25% m/m in May. Growth in industrial production will naturally shift into a somewhat lower gear in the coming months. We will be able to gauge just how much lower when production plans for June and July are released in connection with the industrial production data.

There is no doubt that industrial activity in Japan is currently on the up, and so we also expect the manufacturing PMI to move above the 50 mark in June. In addition, we expect the Tankan business confidence survey published by the Bank of Japan during the week to confirm that the worst is over in Japan, with particularly healthy improvements in the expectations side of the survey.

Despite a still very weak labour market, there are currently signs of stabilisation in private consumption, with the tax reductions from the first of the two stimulus packages in Japan presumably having begun to work. Retail sales rose in April for the first time since June last year, and we expect a further small increase in May.

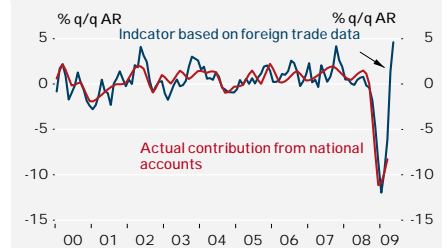
Focus in China on manufacturing PMIs

In China, we expect the two manufacturing PMIs to confirm the growing momentum in Chinese industry. However, there will probably not be any big rise in the official NBS PMI from the National Bureau of Statistics, due primarily to problems with seasonal adjustment (the NBS PMI normally falls in June). The risk to our forecast of PMIs around 53 is primarily on the upside, as economic data are currently suggesting that underlying growth in Chinese GDP could very well be back up around 10% in Q2.

Key events of the week ahead

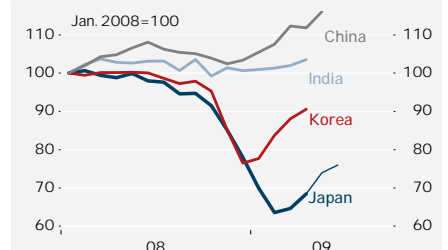
- Japanese industrial production and retail sales for May (Monday)
- Japanese manufacturing PMI for June (Tuesday)
- BoJ Tankan business confidence for Q2 (Wednesday)
- Markit/CLSA and NBS manufacturing PMIs for China (Wednesday)
- Bank Indonesia rate meeting (Friday) - we expect a 25bp cut to 6.75%

Contribution from net exports to Japanese GDP growth



Source: Reuters EcoWin

Industrial production has now picked up in Japan too



Source: Reuters EcoWin

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UK: Housing stabilisation

Mortgage loans on the rise

The past week has been very quiet on the data front. However, a couple of items of housing data were released. BBA reported a further rise in the number of mortgage loans from 29,018 loans in April to 31,162 in May. The amount of loans bottomed in November at 17,953. Although still at a low level, the numbers suggest that housing demand is slowly improving.

Rightmove house prices were also released during the week and showed a decline of 0.5% m/m. The decline came after a rise of 1.2% m/m in May and overall the rising trend in Rightmove prices has not been broken. Looking at house prices from Halifax and Nationwide the picture is less upbeat, but the indices also point to some stabilisation. Another reason for moderate optimism regarding a UK housing stabilisation is the sharp turnaround in the leading components of the RICS housing survey such as “new buyer enquiries” and “newly agreed sales”. These indices are touching the highs seen over the past 10 years.

The stabilisation can be ascribed to the dramatic decline in interest rates over the past nine months and lower house prices. These factors have improved housing affordability markedly and thus been counterweight to the negative forces from rising unemployment and tighter credit standards. As we go forward, the rise in unemployment will likely taper off further (as we have already seen in the past few months) and the banks themselves in the latest credit conditions survey said they expected to ease credit standards slightly from the current very tight levels. The headwinds will thus fade gradually, which should underpin further stabilisation in the housing market.

Retail survey points to low inventories

The Distributive Trades Survey for June didn't reveal much new about retail sales. The sales index was unchanged at -17, pointing to subdued growth in retail sales, although not as bad as in late-2008 where sales were falling steeply. One interesting feature in the survey is the inventory component. The question on stocks relative to sales expectations fell further from 8 to 6 which is a very low level. This suggests that inventories have also been cut quite substantially in the retail sector, coming from quite high levels just three months ago. This was mirrored in the orders placed with suppliers which rose to the highest level in two years.

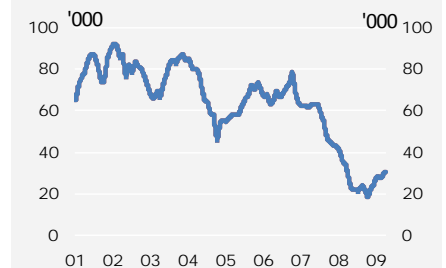
PMI data in focus in the coming week

The main mover over the next week will be the PMI data for both service and manufacturing. As seen elsewhere UK PMI has recovered quite briskly from the lows in late-2008. UK PMI has outperformed Euroland but underperformed the US ISM recovery – at least when looking at the new orders index, which is the most leading part of the PMI survey. We expect a further rise in PMI as massive stimulus (low rates, weak currency and loose fiscal policy) in combination with very lean inventories are expected to boost production in coming quarters. At the same time the headwinds from financial markets are easing giving a lift to growth.

Key events of the week

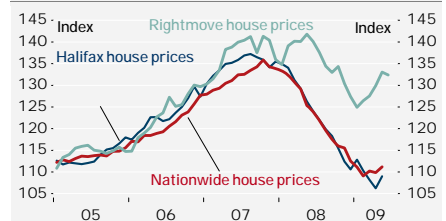
- PMI manufacturing (Wednesday) and PMI service (Friday) expected to rise further.
- Nationwide house prices (date not specified) and mortgage approvals (Monday) to give more input to housing puzzle.
- Consumer confidence (Tuesday).

UK: Number of loans for house purchase



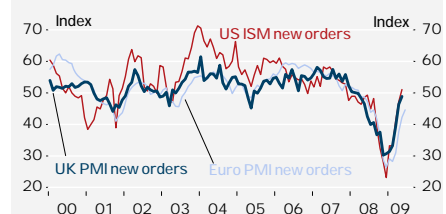
Source: Bloomberg, BBA

House prices indices



Source: Reuters Ecowin

A synchronized turn in PMI



Source: Reuters Ecowin

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Switzerland: SNB draws line in sand

CHF hits lowest level since March

Wednesday saw the biggest movement in the CHF for more than three months in what bore the unmistakable signs of intervention by the Swiss National Bank (SNB). This followed gradual appreciation of the CHF since the rate-setting meeting on 18 June, which had taken EUR/CHF down towards the 1.50 mark and thus towards the level where the SNB had could be expected to intervene. The market was not disappointed, as EUR/CHF drifted no lower than 1.5012 before the cross was bid more than two big figures higher to trade around 1.52. Neither the SNB nor the BIS would comment, but there is reason to believe that BIS was active in the market. However, the franc did not hold at this level for more than a couple of hours before EUR/CHF was bid higher once again by has been suggested was USD/CHF buying by the SNB. As a result, EUR/CHF rose above 1.53 for the first time since March.

Confidence remains in the 'SNB put'

Three things are important to note in connection with Wednesday's CHF movements:

1. There is reason to believe that the SNB intervened in both EUR/CHF and USD/CHF. If correct, this is somewhat surprising given the bank's previous communication. This may have been because (i) the SNB wanted to counter the rise in the trade-weighted CHF index from a lower USD/CHF, or (ii) the SNB wanted to optimise the effect of intervention by being active outside EUR/CHF.
2. EUR/CHF has once again been rejected around the 1.50 level, and although the SNB went to great lengths at last week's press conference to convince the market that it does not have any pre-determined level where it will intervene, 1.50 seems to be a strong contender.
3. The weakening of the franc has so far proved sustainable, and EUR/CHF is still trading around 1.53. This indicates that some of the support for the CHF is fading, and although we can definitely see the market testing the SNB once again in the coming days or weeks, the fundamental picture seems to point increasingly to a higher EUR/CHF.

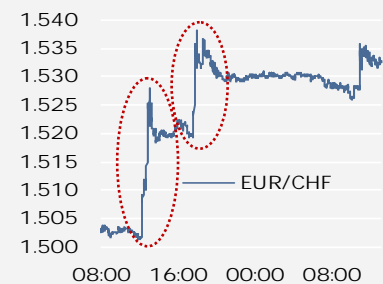
New OECD forecast

The OECD published its latest *Economic Outlook* during the week. Its forecast for Switzerland is downbeat but does not depart far from both our own and the market's expectations for 2009. The OECD's forecasts GDP growth at -2.7% in 2009, driven largely by a marked negative contribution from exports. On the other hand, the OECD notes that economy is being buoyed by discretionary fiscal policy measures such as increased investment in infrastructure. Like us, the OECD sees no immediate inflationary pressure due to favourable base effects from oil price movements and low capacity utilisation in the economy. Where the OECD does perhaps differ most from our general view of the Swiss economy is in 2010. Here it still anticipates negative growth of 0.2%, driven partly by further negative export growth. We, on the other hand, expect the Swiss economy to be boosted by recovery in Euroland, where we are anticipating 2.0% growth in 2010.

Key events of the week ahead

- UBS consumption indicator for May (Tuesday)
- PMI for June (Wednesday)
- SNB's Thomas Jordan speaks in Lucerne (Thursday)
- CPI for June (Friday) - we expect zero inflation

EUR/CHF on 24-25 June



Source: Danske Markets

No inflationary pressure in Switzerland



Source: Reuters EcoWin

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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	2008	-1.1	-0.1	1.1	-3.6	0.3	2.2	3.7	3.4	1.8	2.7	32.9	2.0
	2009	-2.4	-2.5	1.8	-8.8	-0.2	-5.5	-6.3	1.4	3.3	-1.2	31.7	0.9
	2010	0.8	2.3	1.6	-5.3	0.1	1.9	1.5	1.9	4.4	-1.4	30.3	0.9
Sweden	2008	-0.2	-0.2	1.3	3.5	-0.7	1.7	3.0	3.4	6.2	3.0	37.4	7.2
	2009	-4.6	-1.9	1.9	-13.7	-1.4	-17.4	-19.9	-0.3	10.0	-5.0	39.7	6.7
	2010	0.8	0.7	3.8	-5.5	-0.3	0.5	-1.1	0.9	12.0	-2.0	42.7	7.2
Norway	2008	2.0	1.3	3.7	3.3	0.9	0.8	4.3	3.8	2.6	8.0	26.0	19.0
	2009	-1.0	0.3	4.8	-6.6	-0.5	-3.3	-4.1	1.9	3.9	12.0	26.0	24.9
	2010	2.4	3.2	4.9	1.3	0.0	1.0	2.1	2.2	4.4	13.9	26.0	24.8

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	2008	0.6	0.4	1.9	-0.3	0.1	0.9	1.0	3.3	7.6	-1.9	69.3	-0.8
	2009	-3.9	-0.6	1.7	-8.7	-0.4	-12.9	-10.1	0.4	9.6	-4.8	77.2	-1.7
	2010	2.0	0.6	2.4	3.2	0.2	2.4	5.1	1.3	10.8	-5.5	82.3	-1.5
Germany	2008	1.3	-0.6	1.9	2.6	0.1	3.5	5.5	2.9	7.4	-0.5	63.0	7.1
	2009	-5.4	0.2	1.9	-4.0	-0.4	0.2	2.5	0.3	8.4	-3.5	67.0	5.2
	2010	2.4	1.2	1.9	1.5	0.2	4.0	4.5	1.1	9.7	-5.5	72.0	5.4
France	2008	0.8	0.8	1.4	0.5	0.0	2.0	1.8	3.3	7.8	-2.9	66.0	-1.6
	2009	-2.1	-0.4	1.6	-3.8	-0.3	-0.3	-0.4	0.4	8.6	-5.0	71.0	-1.4
	2010	1.9	1.6	1.4	2.1	0.2	2.9	2.9	1.3	9.1	-6.0	78.0	-1.6
Italy	2008	-0.3	-0.6	1.2	-1.5	0.0	0.3	-1.5	3.6	7.0	-2.6	103.0	-2.6
	2009	-4.6	0.2	1.2	-4.8	-0.3	-0.6	-0.9	0.8	8.5	-4.0	107.0	-2.1
	2010	1.6	0.3	1.0	2.0	0.2	2.0	2.4	1.9	9.1	-4.5	111.0	-2.5
Spain	2008	0.9	1.1	4.0	-2.5	0.0	3.2	0.7	4.4	11.0	-1.6	38.0	-10.0
	2009	-2.9	-0.4	4.5	-9.0	-0.4	3.5	-2.0	0.0	18.2	-8.5	47.0	-6.0
	2010	1.4	0.2	3.5	-3.0	0.2	5.5	2.5	1.4	21.0	-9.5	56.0	-6.0
Finland	2008	0.9	2.0	1.7	1.0	-0.6	-1.1	-1.3	4.1	6.4	4.2	33.4	2.5
	2009	-3.5	-0.8	1.5	-11.0	0.0	-12.0	-9.5	1.0	7.6	0.0	38.0	1.6
	2010	1.0	1.0	1.5	-2.0	0.0	4.0	2.5	1.3	8.5	-3.0	43.0	2.1

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	2008	1.1	0.2	2.9	-5.0	-0.2	6.2	-3.5	3.8	5.8	-3.2	69.0	-4.7
	2009	-2.4	-0.5	0.8	-19.4	-0.2	-11.9	-14.5	-0.9	9.2	-13.1	82.0	-2.5
	2010	2.6	1.9	2.4	1.0	0.9	5.2	5.9	2.4	9.6	-9.0	88.0	-3.5
Japan	2008	-0.7	0.6	0.8	-4.8	-0.2	1.9	0.9	1.5	4.0	-5.6	196.0	3.3
	2009	-6.2	-1.7	1.7	-16.7	-0.4	-27.0	-13.1	-0.6	5.3	-9.8	212.0	2.4
	2010	3.2	1.3	1.6	1.8	0.2	19.3	1.1	0.2	5.2	-8.0	220.0	3.6
UK	2008	0.7	1.7	3.3	-4.0	0.0	0.5	1.2	3.7	2.8	-2.5	50.1	-3.6
	2009	-2.7	-0.3	1.5	-0.3	0.0	-3.6	0.0	2.3	5.0	-8.8	60.0	-3.4
	2010	1.0	1.6	2.0	2.2	0.0	4.6	4.9	1.5	6.4	-9.6	68.0	-2.9
Switzer-land	2008	1.6	1.7	0.0	-1.7	-0.4	2.3	-0.2	2.4	2.6	0.9	42.0	9.2
	2009	-2.7	0.2	2.3	-6.4	1.2	-11.7	-7.4	-0.5	3.9	-1.5	40.7	7.6
	2010	1.0	0.5	1.5	-0.5	-0.2	1.3	-1.1	0.7	5.1	-2.5	43.5	8.1

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	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK
USD	26-Jun	0.13	1.51	3.79	140.5	-	530.0
	+3m	0.13	1.85	4.40	139	-	536
	+6m	0.13	2.20	4.60	144	-	517
	+12m	0.13	2.70	5.00	140	-	533
EUR	26-Jun	1.00	1.79	3.70	-	140.5	744.6
	+3m	1.00	2.00	3.95	-	139	745.0
	+6m	1.00	2.15	4.10	-	144	745.0
	+12m	1.00	2.75	4.30	-	140	746.0
JPY	26-Jun	0.10	0.67	1.39	134.7	95.9	5.53
	+3m	0.10	0.70	1.55	139	100	5.36
	+6m	0.10	0.80	1.70	151	105	4.93
	+12m	0.10	1.05	1.95	151	108	4.94
GBP	26-Jun	0.50	2.23	4.21	85.3	164.7	873.2
	+3m	0.50	2.30	4.40	84.0	165	887
	+6m	0.50	2.60	4.65	82.0	176	909
	+12m	1.00	3.20	4.90	78.0	179	956
CHF	26-Jun	0.25	0.80	2.75	153.1	109.0	486.3
	+3m	0.25	0.90	2.90	152	109	490
	+6m	0.25	0.95	2.90	154	107	484
	+12m	0.25	1.35	3.00	158	113	472
DKK	26-Jun	1.55	2.55	3.98	744.6	530.0	-
	+3m	1.45	2.60	4.25	745	536	-
	+6m	1.35	2.60	4.40	745	517	-
	+12m	1.35	3.10	4.55	746	533	-
SEK	26-Jun	0.50	1.59	3.76	1101.0	783.6	67.6
	+3m	0.50	1.50	3.90	1050	755	71.0
	+6m	0.50	1.60	4.05	1020	708	73.0
	+12m	0.50	2.30	4.50	1000	714	74.6
NOK	26-Jun	1.25	2.74	4.63	903.4	643.0	82.4
	+3m	1.25	3.00	4.50	850	612	87.6
	+6m	1.25	3.25	4.70	830	576	89.8
	+12m	1.75	4.05	4.90	820	586	91.0
PLN	26-Jun	3.50	4.93	5.67	448.8	319.5	165.9
	+3m	3.50	5.00	5.85	450	324	166
	+6m	3.50	5.20	6.00	455	316	164
	+12m	3.50	5.80	6.20	460	329	162

Equity markets

Regional	Risk	Price trend 3 mth.	Price trend 12 mth.	Regional recommendations
USA	Low	-5% to +5%	More than +10%	Overweight
Japan	High	-5% to +5%	More than +10%	Neutral
Emerging markets (USD)	High	-5% to +5%	More than +10%	Underweight
Pan-Europe (EUR)	Low	-5% to +5%	More than +10%	Overweight
Nordics				
Sweden	Average	-5% to +5%	More than +10%	Neutral
Norway	High	-5% to +5%	More than +10%	Neutral
Denmark	High	-5% to +5%	More than +10%	Neutral

Commodities

	26-Jun	2009				2010				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2009	2010
ICE Brent	71	46	60	68	73	73	74	75	76	62	75
Aluminium	1,685	1,401	1,525	1,550	1,600	1,900	1,900	2,100	2,100	1,519	2,000
Copper	5,130	3,494	4,700	5,000	5,400	5,300	5,300	5,300	5,500	4,649	5,350
Nickel	1,644	1,208	1,475	1,500	1,500	1,700	1,800	1,800	1,800	1,421	1,775
Gold	946	909	930	920	940	930	930	930	930	925	930
CBOT Wheat*	536	548	560	600	660	700	700	700	700	592	700
CBOT Corn*	403	377	400	450	480	480	480	480	480	427	480

* Note: US\$/bushel

Source: Danske Markets

Calendar

Key Data and Events in Week 27

Monday, June 29, 2009				Period	Danske Bank	Consensus	Previous
0:45	NZD	Trade balance		May		250M	276M
1:50	JPY	Industrial production, preliminary	m/m y/y	May	8.0% -26.0%	6.9% -28.8%	5.9% -30.7%
1:50	JPY	Retail trade	m/m y/y	May	0.6% -2.0%	0.2% -2.7%	0.6% -2.9%
9:00	ESP	Inflation (HICP), preliminary	m/m y/y	Jun			.. -0.9%
9:30	DKK	Confidence indicator, industry	Index	May	-15		-23
11:00	EUR	Economic Confidence	Index	Jun		71.0	69.3
11:00	EUR	Business confidence (industry)	Net balanc	Jun		-32	-34
11:00	EUR	Consumer confidence	Net balanc	Jun		-30	-31
15:30	USD	Fed's Rosengren (non-voter, dove) speaks					

Tuesday, June 30, 2009				Period	Danske Bank	Consensus	Previous
-	JPY	Business conditions indices small	Index	Jun			34.1
1:01	GBP	Gfk Consumer confidence	Index	Jun		-25	-27
1:15	JPY	Manufacturing PMI	Index	Jun	50.5		46.6
1:30	JPY	Unemployment rate	%	May	5.2	5.2	5.0
1:30	JPY	Job-to-applicant ratio		May	0.45	0.45	0.46
1:30	JPY	Household Spending	y/y	May		-1.3%	-1.3%
3:30	AUD	Private sector credit	m/m y/y	May		0.2% 4.2%	0.1% 4.6%
3:30	JPY	Labour cash earnings	%	May		-3.0	-2.5 (rev. -2.7)
7:00	JPY	Housing starts	y/y	May			-32.4
8:00	CHF	UBS consumption indicator	Index	May			0.922
8:00	DEM	Retail sales, real s.a.	m/m y/y	May		-0.1% .	0.5% -0.8%
9:30	SEK	Retail sales	m/m y/y	May	.. 4.0%		3.5% 5.0%
9:30	DKK	GDP	q/q y/y	1st quarter	-1.75% -4.1%		-1.9% -3.7%
9:55	DEM	Unemployment rate	%	Jun	8.4		8.2
10:00	NOK	Credit indicator (C2)	y/y	May	8.0%		8.0%
10:00	EUR	M3 Money supply	y/y	May		4.6%	4.9%
10:00	NOK	Retail sales, s.a.	m/m y/y	May	0.6% -3.2%		1.4% -3.2%
10:30	GBP	GDP, final	q/q y/y	1st quarter		-2.2% -4.4%	-1.9% -4.1%
11:00	EUR	CPI Flash estimate	y/y	Jun		-0.2%	0.0%
11:00	ITL	Inflation (HICP), preliminary	m/m y/y	Jun		0.2% 0.6%	0.2% 0.8%
11:00	EUR	ECB's Novotny speaks					
14:30	CAD	GDP	m/m	Apr		-0.1%	-0.3%
15:00	USD	S&P / CaseShiller house price index	y/y	Jun		-18.75%	-18.70%
15:45	USD	Chicago PMI	Index	Jun	42.9	38.5	34.9
16:00	USD	Consumer confidence	Index	Jun	54.0	55.2	54.9
18:00	USD	Fed's Bullard (non-voter, neutral) speaks					
22:10	USD	Fed's Hoenig (non-voter, hawk) speaks					

Wednesday, July 1, 2009				Period	Danske Bank	Consensus	Previous
-	USD	Total Vehicle Sales	m	Jun		9.8	9.9
1:50	JPY	Tankan Lge Manufacturing Index	Index	2nd quarter	-47	-43	-58
1:50	JPY	Tankan Lge Manufacturing Outlook	Index	2nd quarter	-36	-34	-51
1:50	JPY	Tankan non-manufacturing index	Index	2nd quarter	-30	-27	-31
1:50	JPY	Tankan non-manufacturing outlook	Index	2nd quarter	-21	-23	-30
3:00	USD	Fed's Yellen (voter, dove) speaks					
3:00	CNY	NBS Manufacturing PMI	Index	Jun	53.5		53.1
4:30	CNY	CLSA Manufacturing PMI	Index	Jun	53		51.2
8:30	SEK	PMI	Index	May			43.7
9:30	CHF	PMI	Index	Jun		41.2	39.8
9:30	DKK	Retail sales, volume	m/m y/y	May	0.7% .		-0.6% .
9:50	FRF	PMI Manufacturing, final	Index	Jun	45.5		45.5
9:55	DEM	PMI Manufacturing, final	Index	Jun	40.5	40.5	40.5
10:00	EUR	PMI Manufacturing, final	Index	Jun	42.4	42.4	42.4
10:30	GBP	PMI, Manufacturing	Index	Jun		46.0	45.4
11:00	DKK	Danish PMI		Jun			
13:00	USD	MBA mortgage applications					
16:00	USD	ISM manufacturing	Index	May	46.5	44.0	42.8
16:00	USD	ISM prices paid	Index	Jun		46.9	43.5
16:00	USD	Construction spending	m/m	May		-0.5%	0.8%
16:00	USD	Pending home sales	m/m y/y	May		1.1% .	6.7% 3.3%
17:15	USD	Fed's Evans (voter, dove) speaks					

Source: Danske Markets

Calendar - continued

Thursday, July 2, 2009			Period	Danske Bank	Consensus	Previous	
3:30	AUD	Trade balance	May		-1.25M	-91M	
8:30	CHF	SNB's Jordan speaks in Luzern					
9:00	NOK	PMI	Index	Jun	42.5	43.0	41.0
9:30	DKK	Unemployment, s.a.	K (%)	May	101.8(3.6)		92.8(3.3)
9:30	SEK	Riksbank, Rate decision	%		0.5	0.5	0.5
10:00	NOK	Unemployment nsa. (Aetat)	%	Jun	2.7	2.8	2.6
10:30	GBP	PMI, Construction	Index	Jun			45.9
11:00	EUR	Unemployment	%	May	9.4	9.3	9.2
11:00	EUR	PPI	m/m y/y	May		0.1% -5.6%	-1.0% -4.6%
13:45	EUR	ECB Meeting	%		1.00	1.00	1.00
14:30	EUR	ECB Press Conference					
14:30	USD	Nonfarm payroll	1000	Jun	-270	-370	-345
14:30	USD	Unemployment	%	Jun	9.6	9.6	9.4
14:30	USD	Average hourly earnings, non-farm	m/m y/y	Jun		0.1% 2.9%	0.1% 3.1%
14:30	USD	Initial jobless claims	1000				627
16:00	USD	Factory Orders	m/m	May		0.2%	0.7%
16:00	DKK	Currency reserves	DKK bn	Jun			325.3
Friday, July 3, 2009			Period	Danske Bank	Consensus	Previous	
-	USD	Independence Day - Market closed					
9:15	CHF	CPI	m/m y/y	Jun		0.0% -1.1%	0.2% -1.0%
9:50	FRF	PMI Services, final	Index	Jun	47.5		47.5
9:55	DEM	PMI Services, final	Index	Jun	44.3	44.3	44.3
10:00	EUR	PMI Services, final	Index	Jun	44.5	44.5	44.5
10:30	GBP	PMI, Services	Index	Jun		51.5	51.7
11:00	EUR	Retail sales	m/m y/y	May	0.1% .	-0.1% .	0.2% -2.3%
During the week			Period	Danske Bank	Consensus	Previous	
Tue 30 - 03	GBP	Nationwide House Prices	m/m y/y	Jun		-0.5% -10.8%	-1.2% -11.3%

Source: Danske Markets

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