

Fixed Income Market Watch

Sweden

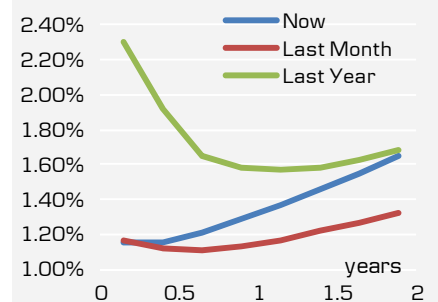
Riksbank and money market

Forecast repo rates given Riba-pricing, Riksbank and Danske Bank Markets

Repo Eff. Date	Riba	Diff. (bp)	Riksbank	Danske Bank Markets
2013-02-20	0.98	-2	0.98	1.00
2013-04-17	0.87	-11	0.96	0.75
2013-07-10	0.85	-2	0.98	0.75
2013-09-11	0.86	1	1.00	0.75
2013-10-30	0.91	5	1.00	0.75
2013-12-25	0.96	5	1.20	0.75
2014-02-19	0.96	0	1.25	0.75

Source: Danske Bank Markets

FRA rates

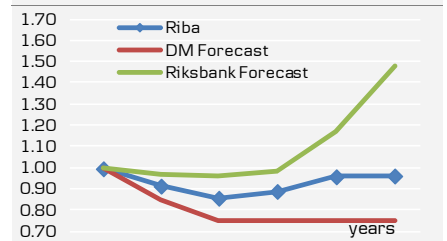


Source: Danske Bank Markets

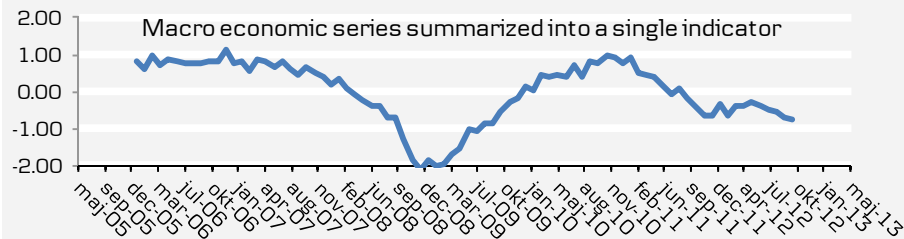
Direction of the three latest data releases for a number of macroeconomic series

	Sep	Oct	Nov	Dec	Next release
Retail sales, mom	↑	↓	↑	↑	28-feb
Consumer confidence	↓	↓	↓	↓	30-jan
Credit growth, households, yoy	↓	↓	↑	↓	27-jan
Industrial production	↑	↑	↓		08-feb
Industrial orders	↑	↑	↓		08-feb
Manufacturing PMI	↓	↓	↑	↑	01-feb
Manufacturing confidence	↓	↓	↓	↑	30-jan
Service production	↓	↓	↑		05-feb
Service PMI	↓	↑	↓	↑	05-feb
Service producers' confidence	↓	↓	↓	↑	30-jan
Construction confidence	↓	↓	↓	↓	30-jan
Economic tendency barometer	↓	↓	↓	↑	30-jan
Trade balance, yoy	↓	↑	↓	↓	27-feb
Credit growth corporates	↑	↑	↓	↓	27-feb
Employment, s.a	↑	↓	↓	↑	19-feb
Unemployment, s.a	→	↓	↑	↓	19-feb
Lay-offs, yoy	↑	↑	↑	↑	08-feb

Riba prices and forecasts



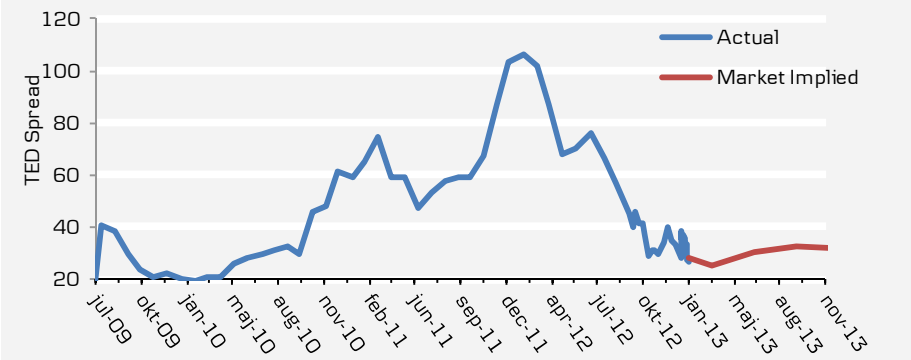
Source: Danske Bank Markets



Source: Danske Bank Markets

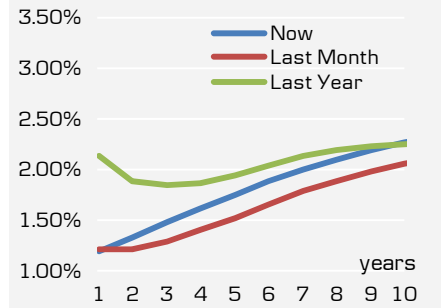
Quant/Strategy Analyst
 Marcus Söderberg
 +46-8-56880564
 marsd@danskebank.se

TED-spread* and the spread between Riba and FRA contracts



* Spread between 3M Stibor and a generic 3M point on the Riba-curve
Source: Danske Bank Markets

Swap rates



Source: Danske Bank Markets

Technical chart of the week

It is hard to look for a bounce back but if it is time, it might be now as there is a divergence in RSI versus interest rates; the same picture is in Bunds and Swedish government bonds. The problem is to get the timing right as always...but buy here and sell at 1.89 in USD10 year.



Source: Danske Bank

Nominal bonds

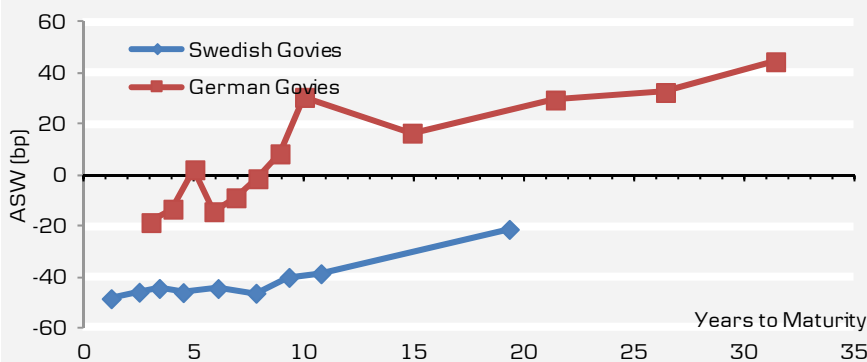
Swedish government bonds

Bond	Yield	Change			Spread				
		Week	Mth	YTD	Mrg Rate	vs DE	ASW	Carry	RD
SGB1041	0.78%	+4.5	+4.5	+3.5	0.78%	41	-46	-2.9	-0.4
SGB1049	1.00%	+5.5	+17.0	+15.5	1.23%	63	-45	-0.5	1.1
SGB1050	1.16%	+7.0	+28.0	+26.0	1.62%	72	-44	0.6	1.1
SGB1051	1.32%	+9.0	+35.5	+33.0	1.87%	68	-45	0.8	0.9
SGB1052	1.54%	+8.5	+35.5	+32.5	2.28%	61	-44	1.1	0.9
SGB1047	1.71%	+6.0	+34.0	+30.5	2.45%	48	-45	0.8	0.6
SGB1054	1.88%	+6.5	+35.5	+32.0	2.83%	37	-40	0.8	0.6
SGB1057	1.98%	+6.5	+35.5	+31.5	2.47%	23	-40	0.8	0.2
SGB1056	2.46%	+7.0	+36.0	+32.0	3.25%	13	-22	0.8	0.3

* Carry and roll down (RD) for one month forward

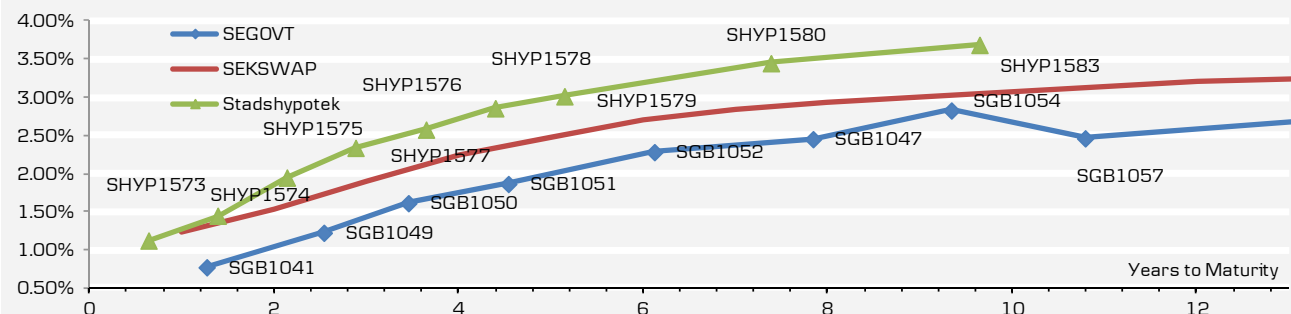
Source: Danske Bank Markets

German and Swedish government bonds swapped into a 3M Stibor-based cash-flow



Source: Danske Bank Markets

Marginal rates*



* Computed from a zero-coupon curve

Source: Danske Bank Markets

Mortgage bonds

Bond	Cpn	Mat.	Yield	Wk	Mth	YTD	Mrg Rte	ASW	Carry	RD
SHYP1574	6.00%	sep-13	1.13%	-4.5	-12.5	-13.5	1.13%	-4.9		-1.3
SHYP1575	6.00%	jun-14	1.30%	+2.5	+2.0	+1.0	1.45%	4.8	-3.2	1.1
SHYP1576	6.00%	mar-15	1.52%	+4.5	+12.0	+11.0	1.95%	14.9	-0.9	1.7
SHYP1577	6.00%	dec-15	1.72%	+7.0	+17.5	+16.5	2.34%	22.0	0.0	1.6
SHYP1578	6.00%	sep-16	1.89%	+7.5	+20.5	+19.0	2.58%	25.7	1.6	1.2
SHYP1579	6.00%	jun-17	2.04%	+8.0	+23.0	+21.0	2.86%	29.1	1.7	1.1
SHYP1580	3.00%	mar-18	2.19%	+8.0	+25.5	+23.0	3.02%	33.4	1.7	1.0
SHYP1583	4.25%	jun-20	2.52%	+7.5	+27.0	+23.5	3.45%	40.5	1.8	0.8
SHYP1586	4.50%	sep-22	2.75%	+7.5	+27.0	+23.5	3.69%	44.8	1.7	0.5
SWH177	4.75%	jun-13	1.14%	-4.0	-10.5	-10.5	1.14%	-2.9		-2.1
SWH166	6.75%	maj-14	1.26%	+2.5	+2.5	+1.5	1.32%	2.3	-3.8	0.2
SWH182	3.75%	mar-15	1.51%	+4.0	+11.0	+10.0	1.89%	13.9	-1.0	1.7
SWH183	3.75%	sep-15	1.65%	+6.0	+15.0	+14.0	2.26%	18.7	-0.2	1.6
SWH184	3.75%	jun-16	1.81%	+6.5	+18.5	+17.5	2.43%	22.6	1.4	1.3
SWH185	3.75%	mar-17	1.98%	+7.5	+21.0	+19.5	2.78%	27.2	1.6	1.3
SWH186	3.75%	dec-17	2.16%	+8.0	+23.5	+21.5	3.25%	34.2	1.7	1.5
SWH180	5.70%	maj-20	2.54%	+9.5	+26.5	+23.0	3.53%	43.5	1.9	0.9
NDH5525	4.25%	jun-13	1.14%	-4.0	-10.5	-10.5	1.14%	-2.9		-2.1
NDH5526	4.00%	jun-14	1.30%	+2.5	+2.0	+1.0	1.36%	4.8	-3.1	0.5
NDH5520	3.25%	jun-15	1.60%	+6.0	+16.0	+15.0	2.02%	18.1	-0.5	1.8
NDH5527	4.50%	jun-16	1.82%	+6.5	+19.5	+18.5	2.39%	23.1	1.5	1.3
NDH5528	3.00%	jun-17	2.03%	+7.5	+23.5	+21.5	2.77%	28.6	1.6	1.2
NDH5521	3.25%	jun-20	2.52%	+7.5	+26.5	+24.0	3.34%	40.5	1.7	0.9
SEB566	4.25%	jun-13	1.14%	-4.0	-10.5	-10.5	1.14%	-2.9		-2.1
SEB567	4.50%	jun-14	1.30%	+2.5	+3.0	+2.0	1.36%	4.8	-3.1	0.5
SEB568	4.00%	jun-15	1.60%	+6.0	+15.5	+14.5	2.03%	18.1	-0.5	1.8
SEB569	4.25%	jun-16	1.82%	+6.5	+19.0	+18.0	2.38%	23.1	1.5	1.3
SEB570	3.00%	jun-17	2.05%	+7.5	+21.5	+20.0	2.85%	30.1	1.6	1.3
SEB571	3.00%	jun-18	2.24%	+7.5	+23.0	+21.0	3.18%	35.5	1.7	1.2
LFH505	4.50%	sep-13	1.13%	-4.5	-12.5	-13.5	1.13%	-4.9		-1.3
LFH506	4.50%	maj-14	1.26%	+2.5	+2.0	+1.0	1.39%	2.3	-3.7	0.9
LFH510	2.25%	jun-15	1.60%	+6.5	+13.5	+12.5	2.00%	18.6	-0.5	1.9
LFH508	4.00%	mar-16	1.78%	+6.5	+17.0	+16.0	2.41%	23.8	1.5	1.4
LFH507	4.50%	jun-17	2.12%	+8.0	+21.5	+19.0	3.03%	37.1	1.9	1.7
LFH511	2.50%	jun-18	2.31%	+7.5	+22.0	+19.5	3.16%	42.5	1.9	1.0
SCBC125	4.00%	apr-13	1.10%	-3.0	-14.5	-14.5	1.10%	-5.8		-4.7
SCBC126	4.00%	apr-14	1.22%	0.0	-2.5	-3.5	1.24%	-0.8	-4.4	-0.1
SCBC127	4.00%	apr-15	1.56%	+6.0	+14.0	+13.0	1.97%	17.0	-0.7	2.0
SCBC131	4.00%	nov-15	1.70%	+6.5	+17.5	+16.5	2.27%	21.2	0.0	1.4
SCBC132	4.00%	sep-16	1.88%	+7.0	+20.5	+19.0	2.53%	25.2	1.5	1.2
SCBC133	4.00%	jun-17	2.03%	+7.0	+22.5	+20.5	2.79%	28.1	1.6	1.1

* Carry and roll down (RD) for one month forward

Source: Danske Bank Markets

Top 5 monthly winners

Bond			bp
SCBC125	apr-13	4.00%	-14.5
SHYP1574	sep-13	6.00%	-12.5
LFH505	sep-13	4.50%	-12.5
SWH177	jun-13	4.75%	-10.5
NDH5525	jun-13	4.25%	-10.5

Source: Danske Bank Markets

Top 5 largest Z-Score*

Bond			Z-Score
SGB1051	aug-17	3.75%	2.42
SHYP1577	dec-15	6.00%	2.33
SEB571	jun-18	3.00%	2.31
SGB1050	jul-16	3.00%	2.27
SGB1052	mar-19	4.25%	2.24

* Std from 3 months mean

Source: Danske Bank Markets

Top 5 ASW

Bond			bp
SWH180	maj-20	5.70%	51.1
SHYP1586	sep-22	4.50%	49.9
SHYP1583	jun-20	4.25%	44.2
LFH511	jun-18	2.50%	42.0
NDH5521	jun-20	3.25%	41.6

Source: Danske Bank Markets

Top 5 winners total return*

Bond			YTD
SHYP1574	sep-13	6.00%	0.21%
LFH505	sep-13	4.50%	0.21%
SCBC126	apr-14	4.00%	0.16%
NDH5525	jun-13	4.25%	0.16%
SEB566	jun-13	4.25%	0.16%

* Period: YTD

Source: Danske Bank Markets

Top 5 monthly losers

Bond			bp
SGB1056	jun-32	2.25%	36.0
SGB1053	mar-39	3.50%	35.5
SGB1051	aug-17	3.75%	35.5
SGB1052	mar-19	4.25%	35.5
SGB1054	jun-22	3.50%	35.5

Source: Danske Bank Markets

Top 5 yield volatility*

Bond			bp/day
SGB1056	jun-32	2.25%	4.1
SGB1054	jun-22	3.50%	4.1
SGB1047	dec-20	5.00%	4.0
SGB1057	nov-23	1.50%	4.0
SGB1053	mar-39	3.50%	4.0

* Period: past month

Source: Danske Bank Markets

Top 5 ASW gainers*

Bond			bp
SGB1054	jun-22	3.50%	7.5
SGB1051	aug-17	3.75%	7.3
SGB1052	mar-19	4.25%	6.1
SGB1047	dec-20	5.00%	6.1
SGB1057	nov-23	1.50%	5.8

* Change during last month

Source: Danske Bank Markets

Top 5 losers total return*

Bond			YTD
SGB1053	mar-39	3.50%	-5.92%
SGB1056	jun-32	2.25%	-5.26%
SGB1057	nov-23	1.50%	-3.33%
SGB1054	jun-22	3.50%	-2.72%
SGB1047	dec-20	5.00%	-2.18%

* Period: YTD

Source: Danske Bank Markets

Top 5 carry and roll down, maturity<3Y

Bond	Carry	RD
SHYP1577 dec-15 6.00%	0.0	1.6
SCBC131 nov-15 4.00%	0.0	1.4
LFH510 jun-15 2.25%	-0.5	1.9
SWH183 sep-15 3.75%	-0.2	1.6
SCBC127 apr-15 4.00%	-0.7	2.0

Source: Danske Bank Markets Period: 1 mth forward

Top 5 carry and roll down, maturity>3Y

Bond	Carry	RD
LFH507 jun-17 4.50%	1.9	1.7
SWH186 dec-17 3.75%	1.7	1.5
SEB570 jun-17 3.00%	1.6	1.3
SWH185 mar-17 3.75%	1.6	1.3
SEB571 jun-18 3.00%	1.7	1.2

Source: Danske Bank Markets Period: 1 mth forward

2Y spread vs SGB1041

Bond	bp Week	Month	YTD
SHYP1575 jun-14 6.00%	53	-2.0	-2.5
SWH166 maj-14 6.75%	49	-2.0	-2.0
NDH5526 jun-14 4.00%	53	-2.0	-2.5
SEB567 jun-14 4.50%	53	-2.0	-1.5
LFH506 maj-14 4.50%	49	-2.0	-2.5
SCBC126 apr-14 4.00%	45	-4.5	-7.0

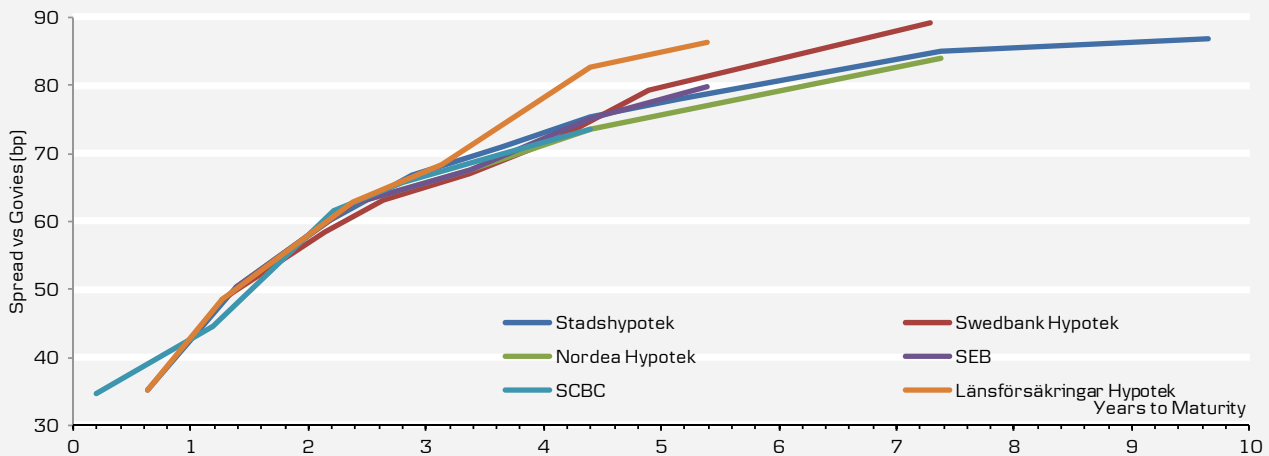
Source: Danske Bank Markets

5Y spread vs SGB1051

Bond	bp Week	Month	YTD
SHYP1579 jun-17 6.00%	72	-1.0	-12.5
SWH185 mar-17 3.75%	66	-1.5	-14.5
NDH5528 jun-17 3.00%	72	-1.5	-12.0
SEB570 jun-17 3.00%	73	-1.5	-14.0
LFH507 jun-17 4.50%	80	-1.0	-14.0
SCBC133 jun-17 4.00%	71	-2.0	-12.5

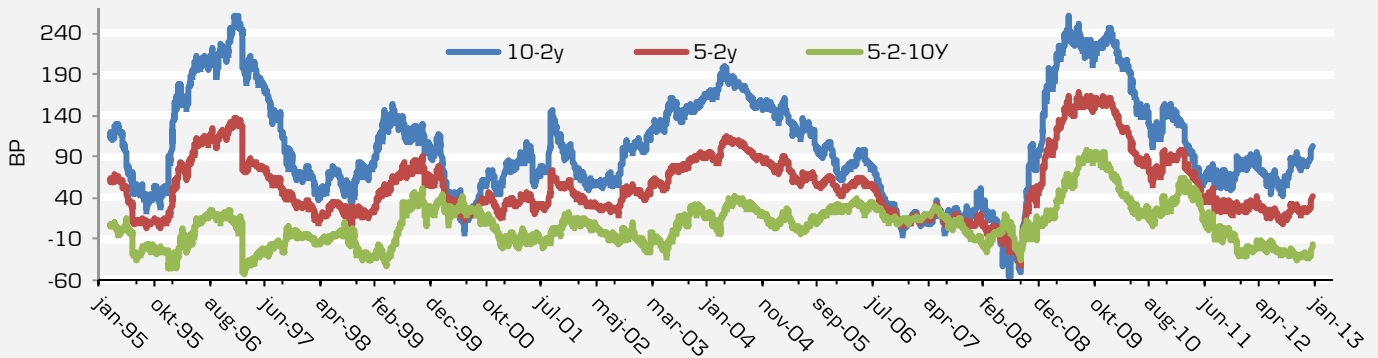
Source: Danske Bank Markets

Swedish mortgage vs government bonds



* Computed spread is based on a zero-coupon based government curve
Source: Danske Bank Markets

Historic slope and curvature of swap term structure



Source: Danske Bank Markets

Swap spreads vs government bonds

Bond		bp	Week	Month	YTD
SGB1041	maj-14 6.75%	-60	-2.8	-11.2	-11.1
SGB1051	aug-17 3.75%	-55	-1.3	+1.5	+1.8
SGB1054	jun-22 3.50%	-47	-3.5	+3.5	+4.2

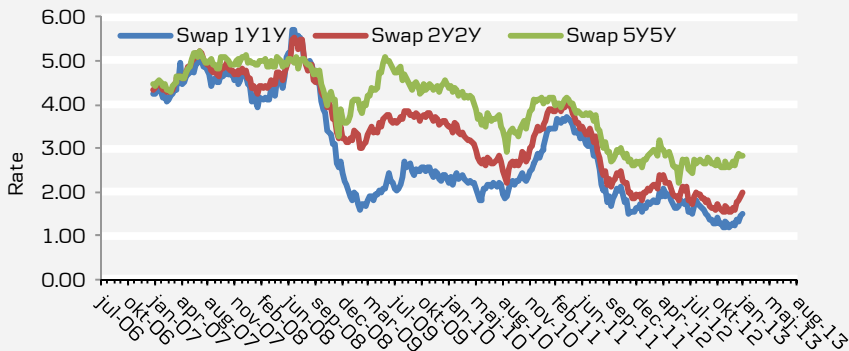
Source: Danske Bank Markets

Swap spreads vs EUR swaps

Bond		bp	Week	Month	YTD
SWAP2Y	jan-15 1.37%	71	-2.8	-12.5	-12.4
SWAP5Y	jan-18 1.86%	70	-4.1	-5.4	-6.0
SWAP10Y	jan-23 2.35%	50	+0.3	+3.3	+1.0

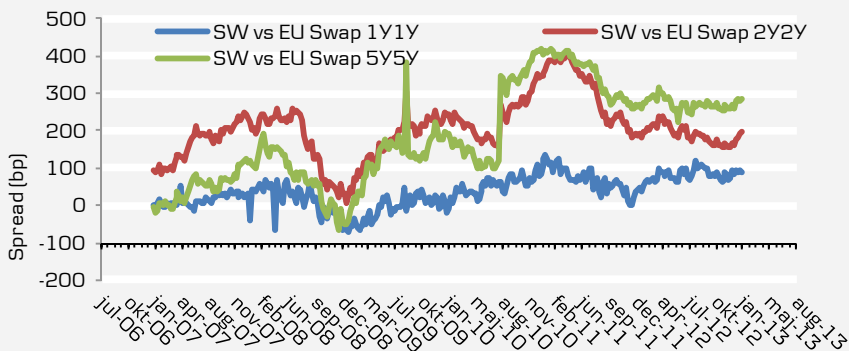
Source: Danske Bank Markets

Forward swap rates



Source: Danske Bank Markets

Forward swap spread vs Euro



Source: Danske Bank Markets

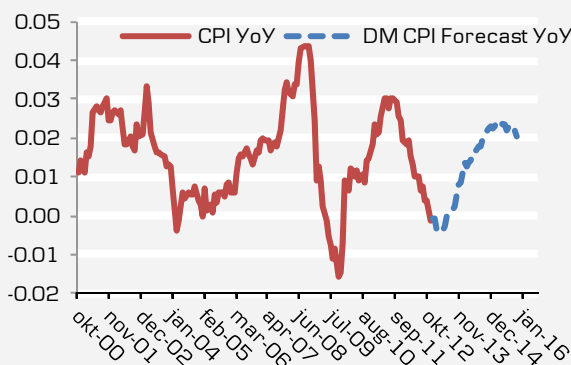
Inflation-linked bonds

Swedish inflation-linked bonds

Bond	Cpn	Mat.	Yield	Week	Mth	YTD	Z-Cpn	BEI	CPI	Delta	Mrg Rte	Nom. Bond	BEI vs Nom	Sprd vs DE
SGB3001	0.00%	apr-14	0.48%	0.0	+4.5	+3.0	0.30%	8.61	0.48%	SGB1041	0.30%	-93.5		
SGB3105	3.50%	dec-15	-0.12%	-0.5	+4.0	+3.0	1.22%	3.65	-0.56%	SGB1049	1.13%	34.5		
SGB3107	0.50%	jun-17	-0.01%	+4.5	+15.0	+13.5	1.33%	2.33	0.24%	SGB1051	1.34%	77.8		
SGB3102	4.00%	dec-20	0.20%	+2.0	+20.5	+18.0	1.58%	1.44	0.48%	SGB1047	1.53%	63.8		
SGB3108	0.25%	jun-22	0.25%	+1.0	+24.0	+21.5	1.70%	1.09	0.46%	SGB1054	1.65%	53.4		
SGB3104	3.50%	dec-28	0.42%	+1.5	+24.0	+22.0	1.87%	0.77	0.76%	SGB1057	1.57%	65.7		

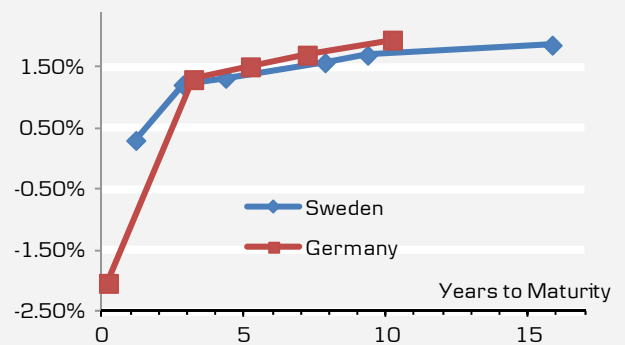
Source: Danske Bank Markets

Swedish CPI and forecast



Source: Danske Bank Markets * Zero-coupon based generic BEIs

BEI Spreads in Sweden and Germany



Source: Danske Bank Markets

Carry at 1.25% Repo

Bond	1M	3M	6M
SGB3001	7.7	-48.3	-16.0
SGB3105	1.0	-23.8	-18.1
SGB3107	0.9	-14.0	-9.2
SGB3102	0.8	-7.6	-3.8
SGB3108	0.7	-5.6	-2.5
SGB3104	0.6	-3.6	-1.1

* Based on Danske Bank Markets CPI forecast

Source: Danske Bank Markets

Forward BEI at 1.25% Repo

Bond	1M	3M	6M
SGB3001	0.21%	0.73%	0.31%
SGB3105	1.12%	1.37%	1.31%
SGB3107	1.34%	1.50%	1.48%
SGB3102	1.54%	1.64%	1.63%
SGB3108	1.65%	1.74%	1.73%
SGB3104	1.58%	1.64%	1.64%

* Based on Danske Bank Markets CPI forecast

Source: Danske Bank Markets

Asset and position correlations

Top 10 correlations vs 10Y yield

Asset	Correlation
5Y SEGOVT	0.95
DE 10Y	0.92
Norway 10Y	0.85
US 10Y	0.81
Slope	0.80
UK 10Y	0.78
2Y SEGOVT	0.68
S&P 500	0.67
MSCI World	0.66
Eurostoxx	0.65

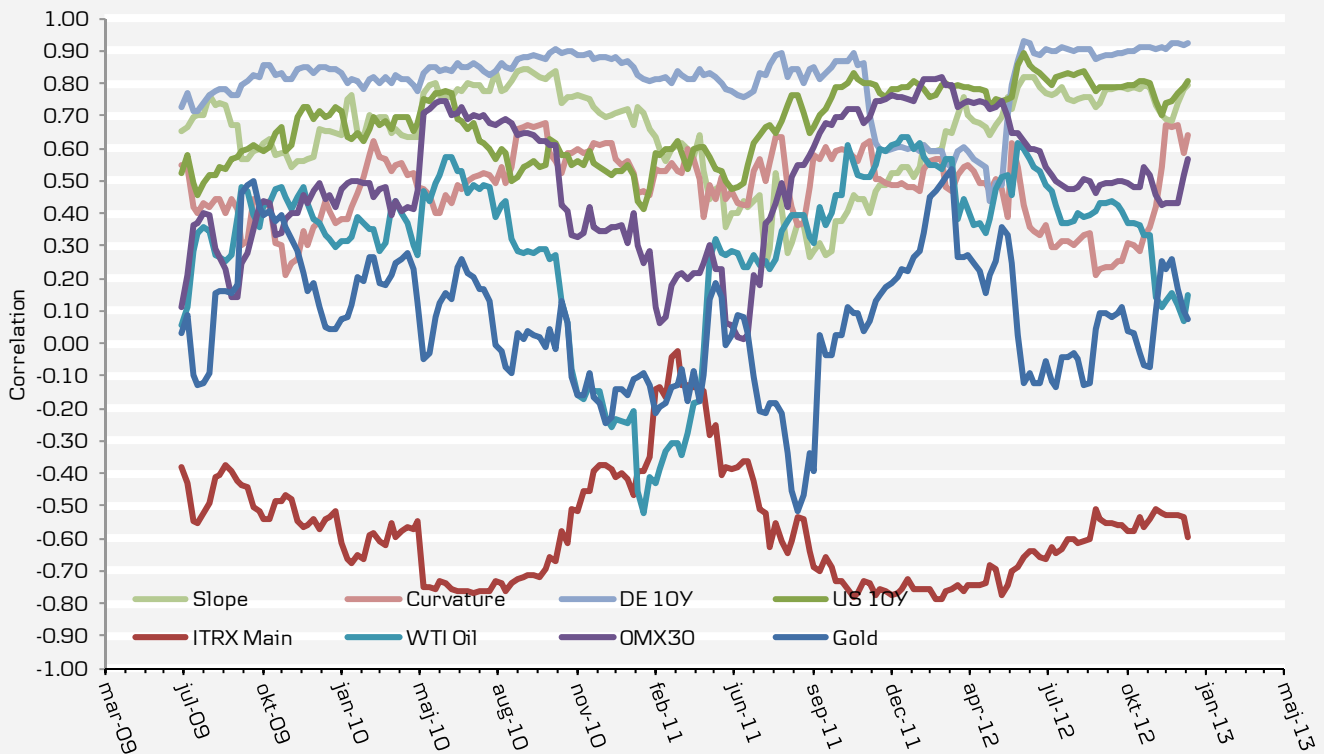
*Weekly data, 24-week window
Source: Danske Bank Markets

Top 10 negative corr. vs 10Y yield

Asset	Correlation
ITRX Sr Fin	-0.65
ITRX Main	-0.59
ITRX X-over	-0.58
Italy 10Y	-0.46
VIX	-0.43
Nibor 3M	-0.31
STIB3M Index	-0.28
USDSEK	-0.24
Baltic Dry	-0.21
GBPSEK	-0.12

*Weekly data, 24-week window
Source: Danske Bank Markets

Correlations between the yield of a 10Y generic Swedish government bond and other assets and indices



Note: Correlations are computed from weekly data and a 24-week rolling window of log-returns
Source: Danske Bank Markets, Bloomberg

Disclosures

This research report has been prepared by Danske Bank Markets, a division of Danske Bank A/S ('Danske Bank'). The author of this research report Marcus Söderberg, Quant/Strategy Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Services Authority (UK). Details on the extent of the regulation by the Financial Services Authority are available from Danske Bank upon request.

The research reports of Danske Bank are prepared in accordance with the Danish Society of Financial Analysts' rules of ethics and the recommendations of the Danish Securities Dealers Association.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from and do not report to other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank is a market maker and may hold positions in the financial instruments mentioned in this research report.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to the companies mentioned in this publication and have whatever rights are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding the companies mentioned in this publication that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

See <http://www-2.danskebank.com/Link/researchdisclaimer> for further disclosures and information.

General disclaimer

This research has been prepared by Danske Bank Markets (a division of Danske Bank A/S). It is provided for informational purposes only. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that Danske Bank considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and Danske Bank, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgement as of the date hereof. These opinions are subject to change, and Danske Bank does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for retail customers in the United Kingdom or the United States.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank's prior written consent.

Disclaimer related to distribution in the United States

This research report is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank who have prepared this research report are not registered or qualified as research analysts with the NYSE or FINRA but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.