

Danske Daily

Key news

- Chinese GDP and industrial production disappoint.
- Equity markets and bond yields lower on soft data.
- China and US to work together in North Korea crisis.
- EU extends loan to Ireland and Portugal.
- Focus today on US Empire index and NAHB housing index.

Markets Overnight

Equity markets retreated Friday and the move has continued in Asia following weak data in the US and China and continued geopolitical risks on the Korean peninsula.

US retail sales for March underpinned the expectation that the world's largest economy is heading for a soft patch as consumers scale back on purchases following the tax hike on 1 January.

Chinese GDP rose a weaker-than-expected 7.7% y/y in Q1 (consensus 8.0% y/y) down from 7.9% y/y in Q4. Industrial production also disappointed rising 8.9% y/y in March, lower than the consensus estimate of 10.1%. Fixed asset investment and retail sales came in a notch weaker than expected as well. The new releases show that the Chinese economy failed to gain further momentum in Q1 following the improvement late last year. See *Flash Comment - China: Weak Q1 GDP questions strength of recovery*, 15 April 2013.

The US secretary of State, John Kerry, has been touring Asia this weekend and is now opening up for direct dialogue with the Korean regime, either directly or through the 'six-party' format also including China, South Korea, Japan and Russia, see *FT* and *Bloomberg*. During the visit to Beijing China agreed to work together with the US to end the North Korean nuclear pursuit. After a period of very tough rhetoric a more diplomatic tone is being struck in an attempt to start talks with North Korea.

In Europe EU finance ministers on Friday agreed to extend the average maturity of loans to Portugal and Ireland by seven years to facilitate a return to markets for the two countries over the coming year, see *WSJ*.

US bond yields fell steeply on Friday on the back of lower risk appetite and the outlook for a soft patch that is likely to push tapering of US asset purchases more into the future. **The oil price has also retreated a lot recently and fell further this morning** to below USD101 per barrel of Brent oil. This is the lowest level since July last year and will give support to consumers underpinning our expectation that the US soft patch is likely to be short.

Markets will continue to focus on US data this week with the first regional business surveys for April starting with the Empire index today and Philadelphia Fed survey on Thursday.

Market movers today:

- US Empire index
- US NAHB housing index
- Earnings from Citigroup etc.

Market overview

	07:30	1 day +/-,%	
S&P500 (close)	1588.9	↓	-0.28
S&P500 fut (chg from close)	1576.1	↓	-0.37
Nikkei	13356.2	↓	-0.96
Hang Seng	21773.8	↓	-1.43
	17:00	07:30	+/-, bp
US 2y gov	0.22	0.23	↑ 0.4
US 10y gov	1.72	1.72	↑ 0.0
iTraxx Europe (IG)	111	111	↑ 0.2
iTraxx Xover (Non IG)	443	444	↑ 0.8
			+/-,%
EUR/USD	1.309	1.308	↓ -0.10
USD/JPY	98.790	97.940	↓ -0.86
EUR/CHF	1.22	1.22	↑ 0.00
EUR/GBP	0.852	0.854	↑ 0.15
EUR/SEK	8.340	8.358	↑ 0.22
EUR/NOK	7.50	7.50	↑ 0.04
			USD
Oil Brent, USD	101.2	100.9	↓ -0.27
Gold, USD	1500.0	1442.9	↓ -3.81

Note:

* The iTraxx Europe Index shows the spread development for the most liquid investment grade CDS contracts in the euro credit market.

**The iTraxx Europe Crossover show the spread development of the most liquid non-investment grade CDS contracts in the euro credit market.

***The Markit CDX North America Investment Grade Index shows the spread development for the most liquid investment grade CDS contracts in the US credit market.

Source: Bloomberg

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Global Daily

Focus today. In the European session the release of euro area trade data for February should draw some attention. Export growth is key for the euro area's ability to exit recession and may well turn out disappointingly downbeat. Import data will probably reflect that domestic demand remains very weak. In the US session the release of regional PMIs for April is kicked off with the release of Empire manufacturing PMI today. It will be interesting to see how the regional PMIs come out following last month's contraction in ISM and the weak employment report. The US housing market is also likely to be in focus this week as many US housing market data are released starting with the NAHB housing market index today. We expect that the data will confirm that the US housing market recovery is robust.

Fixed income markets seem to be in some state of Nirvana. Economic data remain soft, global central banks are easing and investors are hunting whatever yield is left. With low systemic risk periphery spreads have been tightening from 'above'. This continued on Friday with a bunch of soft US household data adding to the recent evidence of a US soft patch and with EU extending loan repayments for both Ireland and Portugal. All good news for the bond markets. There is little on the agenda today but focus will probably be on the forward-looking US data. The NAHB and the Empire manufacturing survey will provide a clue whether the softness has extended into April. The US 10yr Treasury is currently testing a double resistance level around 1.72%. A break lower would leave room for a further rally toward the 1.60% area, which most likely would pull along the Bund. We believe that positioning is heavily skewed towards lower rates. From that perspective risk/reward for higher rates has improved but to get a tactical sell-off, some event is needed to rock the boat. Most likely this should be better macro data but we are not sure about the timing.

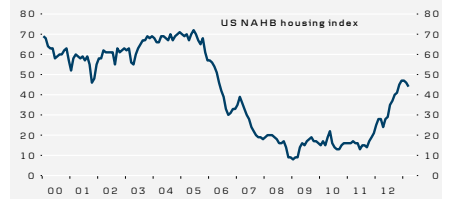
FX markets. The aggressive policy response from Bank of Japan (BoJ) remains a main market driver and while the yen has weakened after the announcement, the response also triggered renewed demand for euro area bonds last week and thus added support to the euro through the European government bond market. Hence, there is currently considerable focus on Japanese investor behaviour in the wake of the BoJ easing, and the weekly Japanese flow data regarding Japanese investors' net purchase of foreign assets that will be published at 01:50 CET on 18 April will probably get an unusual amount of attention this week.

Meanwhile the rhetoric regarding competitive currency devaluations has intensified ahead of this week's G20 meeting on 18 and 19 April in Washington. Last week the US Treasury said in its semi-annual report to Congress that Japan must refrain from competitive devaluations and targeting its exchange rate for competitive purposes. However, while the topic is likely to get a lot of attention in the media this week and while some investors might consider reducing their short yen exposure ahead of the G20 meeting, we doubt that it would trigger a significant yen rally. We also doubt that the G20 stance has changed much from February when the members pledged not to target exchange rates for competitive reasons.

Scandi Daily

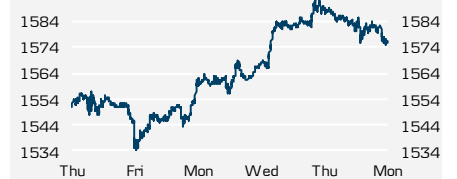
In **Sweden** Finance Minister Anders Borg will present the spring fiscal bill and from what can be gathered, not much new is in the pipeline. However, the outlook has apparently been revised downward somewhat, which should leave less fiscal room in the negotiations for the more important autumn budget.

US NAHB index stalled lately, should rise again in April



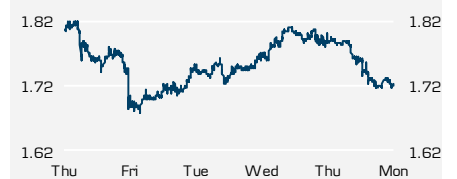
Source: Reuters EcoWin

US S&P500 future



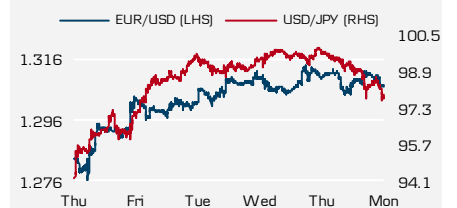
Source: Danske Bank Markets

US 10y gov yield



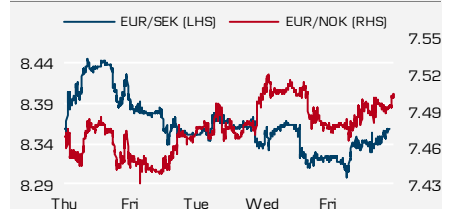
Source: Danske Bank Markets

Global FX



Source: Danske Bank Markets

Scandi FX



Source: Danske Bank Markets

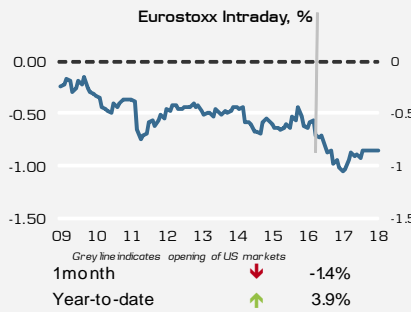
Key figures and events

Monday, April 15, 2013			Period	Danske Bank	Consensus	Previous
-	OTH	EU & Japan hold economic partnership meeting				
6:30	JPY	Industrial production, final	m/m y/y	Feb		-0.1% -11.0%
9:00	DKK	Wholesale prices	m/m y/y	Mar		0.5% 1.1%
10:00	NOK	Trade balance	NOK bn	Mar		33.7
11:00	EUR	Trade balance	EUR bn	Feb	9,2	9,0
14:30	USD	Empire manufacturing PMI	m/m	Apr	7,00	9,24
15:00	USD	TICS international capital flow, Net inflow	USD bn	Feb		110,9
19:00	USD	NAHB Housing Market Index	Index	Apr	45	44

Source: Bloomberg, Danske Bank Markets

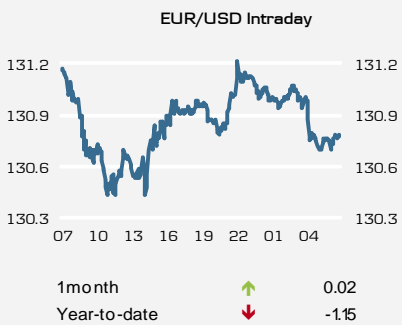
Today's market data: 15 April 2013

STOCKS



	Close	+/-
DJSTOXX50	2679	↓ -0.9%
OMXC20	535	↓ -1.1%
OMXS30	185	↓ -0.9%
OSE BX	470	↓ -0.7%
DOW JONES	14865	↓ 0.0%
NASDAQ	3295	↓ -0.2%
S&P 500	1589	↓ -0.3%
NIKKEI (07:30)	13356	↓ -0.9%

FX & COMMODITIES

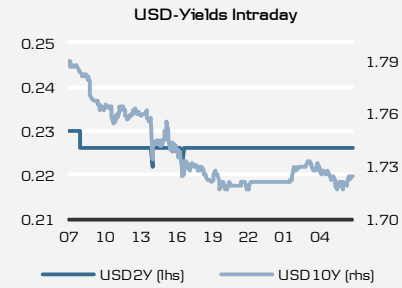


	EUR	17:00	07:30	+/-
USD	130.91	130.78	↓	-0.13
JPY	129.32	128.08	↓	-1.24
GBP	85.23	85.35	↑	0.13
NOK	749.85	750.15	↑	0.30
SEK	833.95	835.79	↑	1.84
DKK	745.62	745.60	↓	-0.02
PLN	410.42	410.95	↑	0.53
USD	17:00	07:30	+/-	
JPY	98.79	97.94	↓	-0.85
GBP	153.60	153.23	↓	-0.37
CHF	92.92	93.01	↑	0.09

	Oil, \$	Brent, \$
07:30	1442.85	100.93
1day	↓ -40.15	↓ -2.18
1month	↓ -149.10	↓ -8.89
Year-t-date	↓ -232.50	↓ -10.18
	CRB	CRB, Raw
	1M future	Industrials
07:30	287.21	533.44
1day	↓ -2.73	↓ -120
1month	↓ -9.22	↓ -7.31
Year-t-date	↓ -7.80	↑ 3.04

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

YIELDS & INTEREST RATES

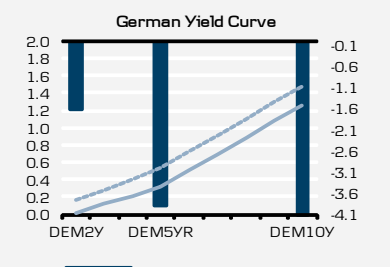
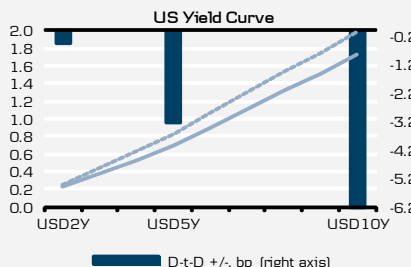
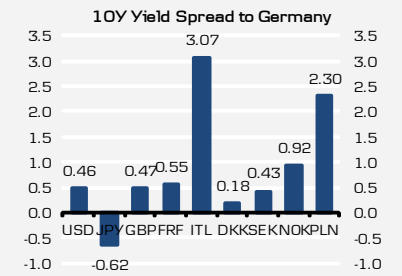


	Policy Rate	3M	Spread, bp
USD	0.25	0.28	3
EUR	0.75	0.21	-54
GBP	0.50	0.51	1
DKK	0.30	0.27	-4
SEK	1.00	1.25	25
NOK	1.50	1.84	34
PLN	3.25	3.25	0

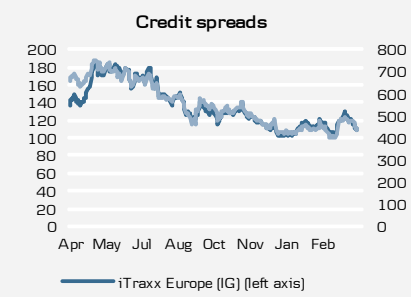
	17:00	07:30	+/-, bp
USD 10Y	1.72	1.72	↑ 0
USD 30Y	2.92	2.93	↑ 1
JPY 10Y	0.61	0.64	↑ 2
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	1.30	1.25	↓ -5
DKK 10Y	1.49	1.44	↓ -6
SEK 10Y	1.74	1.68	↓ -6
NOK 10Y	2.18	2.18	↑ 0
PLN 10Y	3.59	3.56	↓ -4

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

* As of closing previous trading day



	07:30	1day	1month
Europe (IG)	111	↑ 3	↑ 6
HiVol	165	↑ 4	↑ 8
Xover (N-IG)	444	↑ 8	↑ 41
Finan. Sr.	169	↑ 10	↑ 25
Finan. Sub.	268	↑ 12	↑ 22
Non-finan.	29	↑ 0	↓ -5



	17:00	07:30	+/-
USD 10Y			
JPY 10Y	17	17	↑ 0
	07:30(-1)*	17:00	+/-
EUR 10Y	0		
DKK 10Y	32	33	↑ 1
SEK 10Y	31	31	↓ -1
NOK 10Y	49	52	↑ 3

* Ask price

* As of closing previous trading day

** Ask price

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First date of publication

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