22 June 2009

Danske Daily

Key news

- S&P500 ended 0.3% higher on Friday but 3.5% lower on the week. Most Asian equity indices are higher overnight. Oil falls below USD70/bbl.
- In FX markets, JPY, GBP and USD gain versus AUD, SEK and NZD overnight.
- Investors remain cautious, awaiting the FOMC meeting on Wednesday. *Wall Street Journal* reports that the outcome will weigh on Treasuries.

Markets Overnight

US stocks ended slightly higher as financials bounced in what traders said were short-covering rallies. On the week though, financial shares were marked by investors' concern surrounding the White House's plans to overhaul financial regulation. Also technology shares fared well on Friday. Oil prices slumped and dragged the energy sector down. The final result was a 0.3% rise in the S&P500 index.

In **Asia**, most indices have risen overnight in a relatively quiet session. Trading volume has been rather low and markets overall looked choppy. China shares were boosted by Beijing's move on Friday to ask the state pension fund to take over some state-owned shares in listed firms.

In **US bond markets,** Treasury prices rallied on Friday and closed at the highs of the day on 'bargain-hunter buying'. The 30-year bond extended its rally. Markets were unaffected by the Treasury Department on Thursday lifting the size for this week's supply from the previous month's USD101bn. Citigroup sold a USD1.25bn credit-card-loan-backed deal on Friday. The deal is not eligible for cheap funding under a Federal Reserve programme. Markets interpreted the selling as a sign of strength for the consumer-loan-backed market.

In **FX markets**, the dollar fell in intraday trade versus all the major currencies on Friday after Moody's Investors Service issued California a downgrade warning. However, the drop in oil prices allowed the greenback to trim its losses. Overnight, EUR/USD has fallen towards 1.39. Scandinavian currencies, SEK and NOK, have not managed to perform against EUR and have remained at weak levels. In contrast, GBP has continued to appreciate against EUR and looks unstoppable despite approaching overbought territory.

Market movers today

- DKK: Consumer confidence (09.30 CET) – expect no fast rebound
- DEM: IFO (10.00 CET) – look for small positive surprise
- ECB governor Mr. Trichet speaks (14.00)

Market overview

		07:30		1 day +/-,%
S&P500 (close)		921.2	↑	0.31
S&P500 fut (chng from close)		918.7	↑	0.33
Nikkei		9882.0	↑	0.98
Hang Seng		18373.1	↑	2.52
	17:00	07:30		+/-, bp
US 2y gov	1.23	1.20	↓	-3.2
US 10y gov	3.81	3.78	↓	-3.1
iTraxx Europe (IG)	119.64	119.90	↑	26.3
iTraxx Xover (Non IG)	740.26	742.24	↑	197.4
				+/-, %
EUR/USD	1.393	1.391	↓	-0.14
USD/JPY	96.65	96.04	↓	-0.63
EUR/CHF	151.0	150.7	↓	-0.24
EUR/GBP	0.847	0.843	↓	-0.42
EUR/SEK	11.00	11.04	↑	0.38
EUR/NOK	8.92	8.92	↓	-0.01
				USD
Oil Brent, USD	71.3	69.1	↓	-2.3
Gold, USD	935.1	933.4	↓	-1.7

Note:
The iTraxx Europe Index show 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.

Source: Bloomberg

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Danske Markets

Global Daily

Focus today: We look for a slight positive surprise in the German Ifo index this morning with the expectations index performing better than current conditions, mirroring last week's ZEW index. In the afternoon focus will turn to ECB president Trichet, who will be speaking in Madrid.

Fixed income: Focus in bond markets is likely to turn back to supply this week. In the US, the Treasury will hold auctions of USD40bn in two-year notes on Tuesday, USD37bn in five-year notes on Wednesday, and USD27bn in seven-year notes on Thursday. In Euroland, the Netherlands and Italy will issue bonds during the week, starting Tuesday. The other big event will be the FOMC decision on Wednesday. We expect the message to be relatively dovish. Bond markets will thus be split between digesting the stream of supply and a Fed that will probably try to talk rates down. Today, a positive surprise in the Ifo index could put some upward pressure on bond yields in the morning but later in the day, focus will turn to the speech by Trichet.

FX markets: The euro might be affected by this week's auction of one-year funding from the ECB as expectations are that pressures will be added on short-term interest rates in Euroland. Banks are eager to secure long-term funding available and tender is likely to be heavily subscribed. This can add pressure on the euro as banks convert funds into other currencies. A positive surprise in the Ifo index today might support the single currency though.

Scandi Daily

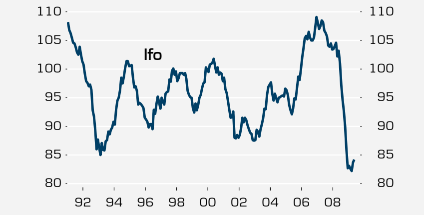
The Scandi markets are probably in for a week with focus on global key events. The tier 2 domestic key indicators are not expected to move markets to any significant degree. However, in **Sweden** the market will be warming up for the all-important monetary policy meeting next week. We think the market is far too optimistic on how early the Riksbank will hike rates. Hence, the monetary policy outlook together with the uncertain situation in the Baltics might very well continue to weigh on the SEK this week – even at the current depressed level.

In **Denmark**, the consumer confidence for June can perhaps create some headlines. Although we look for a small bettering, we do not expect to see a huge rebound.

Key figures and events

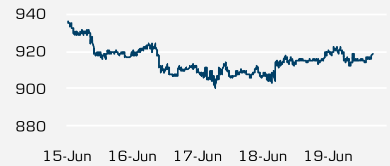
Monday, June 22, 2009				Period	Danske Bank	Consensus	Previous
9:30	DKK	Consumer confidence	Net balance	Jun	-4.0	-2.5	-4.7
10:00	DEM	IFO-indicator (current conditions)	Index	Jun	83.3	83.1	82.5
10:00	DEM	IFO-indicator (expectations)	Index	Jun	87.7	87.0	85.9
10:00	DEM	IFO-indicator (business climate)	Index	May	85.5	85.0	84.2
14:00	EUR	ECB's Trichet speaks					

Chart of the day: German Ifo



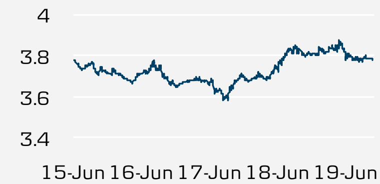
Source: Reuters Ecowin

US S&P500 future



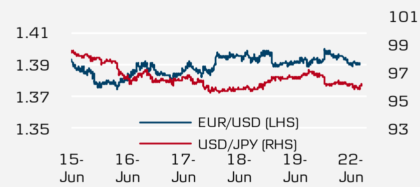
Source: Danske Markets

US 10y gov yield



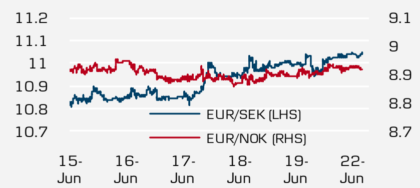
Source: Danske Markets

Global FX



Source: Danske Markets

Scandi FX

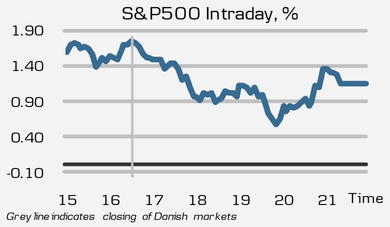


Source: Danske Markets

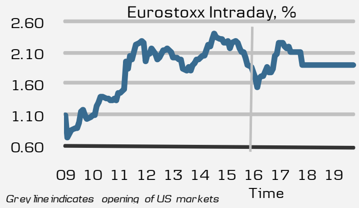
Danske Markets

Today's market data: 22 June 2009

STOCKS



1month	↑	3.9%
Year-to-date	↑	2.0%

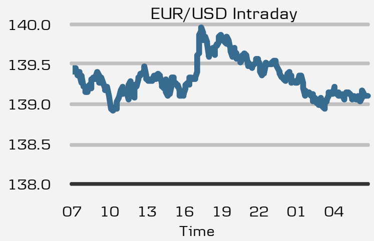


1month	↑	2.1%
Year-to-date	↑	2.6%

	Close		+/-
DJSTOXX50	2138	↑	13%
OMXC20	293	↑	0.4%
OMXS30	778	↑	0.5%
OSE BX	289	↑	0.3%

	Close		+/-
DOW JONES	8540	↓	-0.2%
NASDAQ	1827	↑	11%
S&P500	921	↑	0.3%
NIKKEI (07:30)	9882	↑	13%

FX & COMMODITIES



1month	↓	-0.87
Year-to-date	↓	-0.60

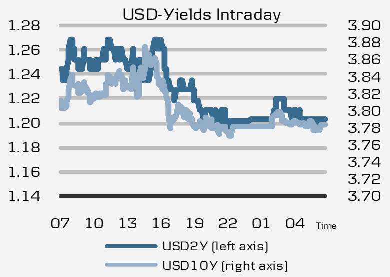
* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

EUR	*17:00*	*07:30*		*+/-*
USD	139.31	139.12	↓	-0.19
JPY	134.65	133.61	↓	-1.05
GBP	84.68	84.32	↓	-0.36
NOK	891.96	891.91	↓	-0.05
SEK	1099.68	1103.90	↑	4.21
DKK	744.41	744.35	↓	-0.06
PLN	449.34	453.05	↑	3.71
USD	*17:00*	*07:30*		*+/-*
JPY	96.65	96.04	↓	-0.61
GBP	164.54	164.98	↑	0.44
CHF	108.40	108.30	↓	-0.11

		Gold, $		Oil, Brent, $
07:30		933.38		69.06
1day	↓	-0.68	↓	-0.13
1month	↓	-23.97	↑	8.28
Year-t-date	↑	51.33	↑	23.47

		CRB 1M future		CRB, Raw Industrials
07:30		252.79		400.28
1day	↓	-4.06	↓	-0.38
1month	↑	8.69	↑	18.75
Year-t-date	↑	23.25	↑	70.07

YIELDS & INTEREST RATES



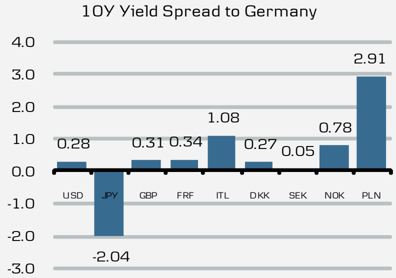
* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

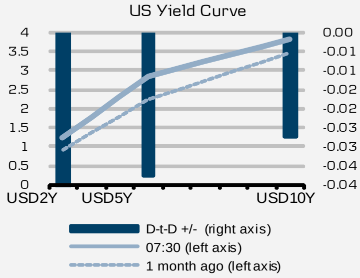
	Policy Rate	3M	Spread, bp
USD	0.25	0.61	36
EUR	1.00	1.22	22
GBP	0.50	1.24	74
DKK	1.55	2.30	75
SEK	0.50	0.98	48
NOK	1.25	1.96	71
PLN	3.75	4.55	80

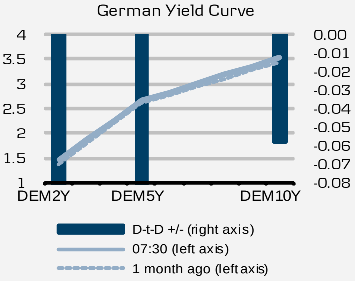
	17:00	*07:30*		*+/-, bp*
USD 10Y	3.81	3.78	↓	-3
USD 30Y	4.57	4.52	↓	-5
JPY 10Y	1.45	1.47	↑	1

	*07:30(-1)**	*17:00*		*+/-, bp*
DEM 10Y	3.56	3.51	↓	-5
DKK 10Y	3.77	3.76	↓	0
SEK 10Y	3.55	3.55	↑	0
NOK 10Y	4.27	4.28	↑	1
PLN 10Y	6.33	6.34	↑	2

* As of closing previous trading day



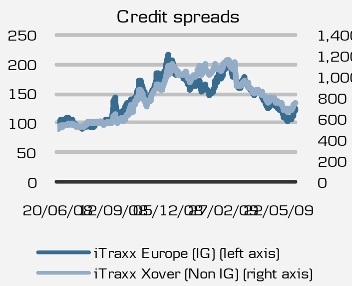




Credit spread, iTraxx s. 10*

	07:30		1day		1month
Europe (IG)	120	↓	-3	↓	-5
HiVol	242	↓	-8	↓	-13
Xover (N-IG)	742	↓	-5	↓	-12
Finan. Sr.	117	↓	-3	↓	-1
Finan. Sub.	215	↓	-3	↑	8
Non-finan.	215	↓	-3	↑	8

* Ask price



Swap Spread, bp**

	17:00	*07:30*		*+/-*
USD 10Y	28	27	↓	0
JPY 10Y		-3		

	*07:30(-1)**	*17:00*		*+/-*
EUR 10Y	24	22	↓	-2
DKK 10Y	5	7	↑	2
SEK 10Y	25	25	↑	0
NOK 10Y	42	45	↑	3

* As of closing previous trading day

** Ask price

Source: Bloomberg

7:30(-1) og 17:00 refers to the previous (trade) day

Disclosure

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