

# Danske Daily

April 03, 2009

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## Today's key points

- **G20 to give more money to the IMF (about USD1trn) and impose tougher regulation on the financial industry. Equity markets responded positively to the measures from the G20 meeting.**
- **No major movement in the major currencies overnight.**
- **Key events today: US labour market report and ISM non-manufacturing.**

## Markets Overnight

At the G20 Summit, global leaders took their biggest steps yet towards a more heavily regulated financial industry and a greater role for international institutions and emerging markets. The leaders also pledged to triple the resources of the IMF and to give China and other developing economies a greater say in the management of the world economy

A new Financial Stability Board will be established to unite regulators and join the IMF in providing early warnings of potential threats.

There was an increase in IMF rescue funds to USD750bn from USD250bn currently. Japan, the EU and China will provide the first USD250bn of the increase. The G20 also agreed to an allocation of USD250bn in Special Drawing Rights (SDR). The increase in SDRs will allow countries to tap IMF money without having to accept changes to economic policies often demanded as a condition of aid.

US stock markets rose in response to the steps taken by the G20 leaders. The S&P500 climbed 2.9%, while the Dow gained 2.8%. Both closed at their highest levels since the second week of February. Emerging market stocks, bonds and currencies rallied yesterday on speculation that other developing nations will follow Mexico's lead from Wednesday on borrowing from the IMF. Gains in Polish, Czech and Brazilian stocks helped push the MSCI Emerging Markets Index up 5.6% yesterday.

Asian stock markets are also in a positive mood this morning with modest rises in most indices. The Nikkei is up 0.2%, while the Hang Seng is up with 0.5%. On the major currencies both EUR/USD and USD/JPY has been range trading this morning. EUR/SEK and EUR/NOK have also been stable this morning.

In Denmark we may get more information regarding a new prime minister today or over the weekend as PM Fogh has announced that he is a candidate for post as Secretary General for Nato. However, a successor is in place and there should be no impact on the Danish financial markets.

Today's events			Period	Our forecast	Consensus	Latest
09:15	CHF CPI	m/mly/y	Mar			0.2% 0.2%
09:30	DKK Industrial production	m/m	Feb			-1.8%
09:50	FRF PMI Services, final	Index	Mar	42.9	42.9	42.9
09:55	DEM PMI Services, final	Index	Mar	41.7	41.7	41.7
10:00	EUR PMI Services, final	Index	Mar	40.1	40.1	40.1
12:00	LVL Industrial production	y/y	Feb	-29.3%		-23.9%
14:30	USD Nonfarm payroll	1000	Mar	-700	-657	-651
14:30	USD Unemployment	%	Mar	8.4	8.5	8.1
14:30	USD Average hourly earnings, non-farm	m/mly/y	Mar		0.2% ..	0.2% 3.6%
16:00	USD ISM non-manufacturing	Index	Mar	42.5	41.9	41.6
18:00	USD Fed's Bernanke (voter, neutral) speaks					

## Global Daily

Euroland bond markets will continue to digest the disappointing 25bp rate cut from the ECB yesterday. While we see scope for a final 25bp cut in the refi rate at the meeting in May or in June, the window for further rate cuts will close when we get to late summer as we expect economic data to have improved meaningfully by then (see [Flash Comment - ECB: A non-standard event](#)). In the short term, markets could range trade further, but we believe we are at the low end of the range. Yesterday's market reaction increased our conviction that we are nearing the bottom of the cycle and we see current yield levels as attractive to shorten duration for medium- to long-term investors as yields are set to head higher over the next 3-6 months.

There are a couple of interesting releases on the economic data calendar today with the main event being the US employment report for March. Following some weaker-than-expected labour market data over the past week, we have revised down our forecast for non-farm payrolls and now expect a drop in employment of 700K. We continue to look for a rise in the unemployment rate to 8.4%. It will probably take a larger deviation from consensus expectations of -660K to get a strong market reaction for several reasons. First, the current severe weakness in the labour market is well known and second, the labour market is usually a lagging indicator. The biggest potential for a market reaction lies in a positive surprise. The biggest potential for a market reaction will come from a positive surprise. Later in the day the ISM non-manufacturing index is due. We expect the index to show a marginal increase from 41.6 to 42.5, which is only slightly above the consensus expectation of 42.0.

The Fed's Kohn is due to speak on the economic crisis at 15:10 CET and later in the evening Bernanke is due to speak on the Fed's balance sheet.

Following the smaller-than-expected rate cut from the ECB yesterday, EUR/USD is now back well above 1.34. However, while the ECB certainly helped the euro regain some of its recent weeks' losses against the dollar, we still see the potential for ECB monetary policy to put pressure on the single currency in the months to come. We thus still look for the refi rate to be reduced to 1.0% and given that the ECB will decide on any further non-standard measures at its next meeting, we could be looking for a delayed reaction on the euro. However, for now, the recent pick-up in market risk sentiment (catalysed by the G20 statement) should support EUR/USD. That said, the non-farm payroll number today will be important to watch. While a larger-than-expected employment loss should be USD negative, we still see potential for EUR/USD to move lower on US negative data surprises - given that these are significant enough to erode market risk appetite.

## Scandi Daily

There are no events on the agenda in the Scandi markets today, and both the Swedish and Norwegian markets are expected to follow the core markets today. In respect of the FX market, the positive risk appetite still favours lower EUR/SEK and EUR/NOK. The NOK might get further support from the jump in the oil price to above USD50/bbl. Hence, if anything, we would prefer to be long NOK/SEK.

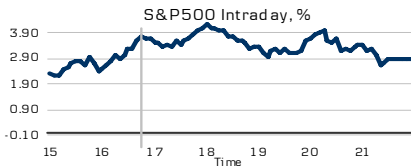
Fixed Income				
	17:00	07:30	+/-, bp	
USD 10Y	2.66	2.76	↑	10
USD 30Y	3.52	3.58	↑	6
JPY 10Y	1.35	1.42	↑	7
	07:30(-1)*	17:00	+/-, bp	
DEM 10Y	2.99	2.99	↓	0
DKK 10Y	3.38	3.37	↓	0
SEK 10Y	3.02	3.03	↑	1
NOK 10Y	3.79	3.79	↑	0
PLN 10Y	6.25	6.27	↑	1

\* As of closing previous trading day

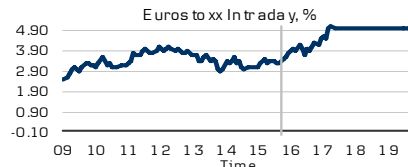
FX				
	17:00	07:30	+/-	
EUR				
USD	132.19	134.21	↑	2.01
JPY	130.66	133.68	↑	3.02
GBP	91.83	91.34	↓	-0.49
NOK	891.50	883.34	↓	-8.16
SEK	1087.26	1081.50	↓	-5.76
DKK	744.79	744.80	↑	0.01
PLN	455.75	440.66	↓	-15.09
	17:00	07:30	+/-	
USD				
JPY	98.83	99.61	↑	0.77
GBP	143.96	146.96	↑	3.00
CHF	114.76	113.65	↓	-1.11

# Today's market data

## STOCKS



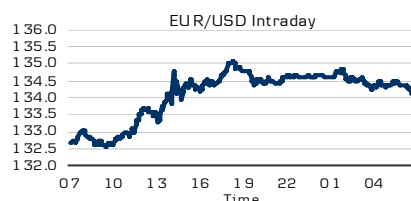
1 month	↑	19.8%
Year-to-date	↓	-7.6%



1 month	↑	17.4%
Year-to-date	↓	-7.5%

	Close		+/-
DJSTOXX50	1928	↑	5.0%
OMXC20	246	↑	3.3%
OMXS30	714	↑	5.0%
OSEBX	240	↑	5.2%
<b>DOW JONES</b>			
NASDAQ	7978	↑	2.8%
S&P500	1603	↑	3.3%
NIKKEI(07:30)	834	↑	2.9%
	8766	↑	0.5%

## FX & COMMODITIES

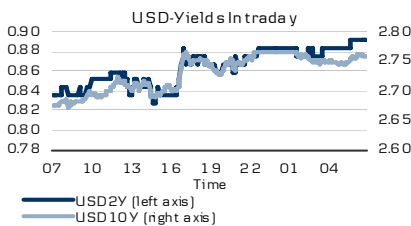


1 month	↑	8.60
Year-to-date	↓	-5.51

EUR	17:00	07:30	+/-
USD	132.19	134.21	↑ 2.01
JPY	130.66	133.68	↑ 3.02
GBP	91.83	91.34	↓ -0.49
NOK	891.50	883.34	↓ -8.16
SEK	1087.26	1081.50	↓ -5.76
DKK	744.79	744.80	↑ 0.01
PLN	455.75	440.66	↓ -15.09
<b>USD</b>			
USD	17:00	07:30	+/-
JPY	98.83	99.61	↑ 0.77
GBP	143.96	146.96	↑ 3.00
CHF	114.76	113.65	↓ -1.11

	Gold, \$	Oil, Brent, \$
07:30	904.00	522.1
1 day	↓ -0.05	↓ -0.54
1 month	↓ -12.28	↑ 8.51
Year-t-date	↑ 21.95	↑ 6.62
<b>CRB</b>		
	CRB	CRB, Raw
07:30	226.29	3403.0
1 day	↑ 8.48	↑ 0.96
1 month	↑ 22.62	↑ 6.80
Year-t-date	↓ -3.25	↑ 10.09

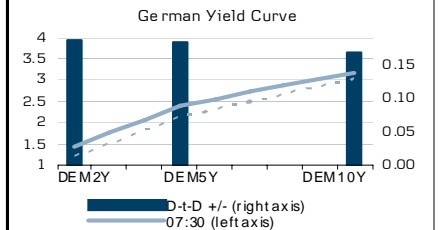
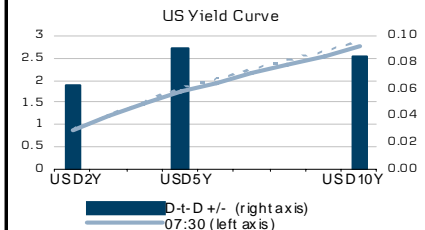
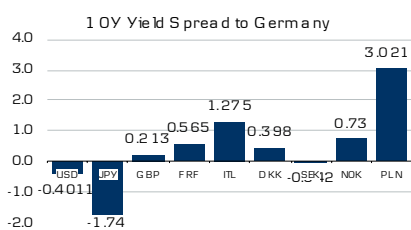
## YIELDS & INTEREST RATES



	Policy Rate	3M	Spread, bp
USD	0.25	1.17	92
EUR	1.25	1.48	23
GBP	0.50	1.62	112
DKK	2.25	2.89	64
SEK	1.00	1.12	12
NOK	2.00	3.00	100
PLN	3.75	4.06	31

	17:00	07:30	+/-, bp
USD 10Y	2.66	2.76	↑ 10
USD 30Y	3.52	3.58	↑ 6
JPY 10Y	1.35	1.42	↑ 7
<b>DEM</b>			
	07:30(-1)*	17:00	+/-, bp
DEM 10Y	2.99	2.99	↓ 0
DKK 10Y	3.38	3.37	↓ 0
SEK 10Y	3.02	3.03	↑ 1
NOK 10Y	3.79	3.79	↑ 0
PLN 10Y	6.25	6.27	↑ 1

\* As of closing previous trading day



	07:30	1 day	1 month
Europe	360	↓ -20	↓ -2
HiVol	400	↓ -10	↓ -26
Crossover	1146	↓ -11	↓ -25
<b>Finan. Sr.</b>			
	223	↓ -10	↑ 40
Finan. Sub.	373	↓ -22	↑ 24
Non-finan.	403	↓ -6	↑ 21

	17:00	07:30	+/-, bp
USD 10Y	2.86	2.96	↑ 10
JPY 10Y	1.31	1.41	↑ 10
<b>07:30(-1)*</b>			
EUR 10Y	3.39	3.38	↓ -1
DKK 10Y	3.67	3.65	↓ -2
SEK 10Y	3.25	3.24	↓ 0
NOK 10Y	4.36	4.37	↑ 1
PLN 10Y	5.40	5.35	↓ -6

	17:00	07:30	+/-
USD 10Y	22	21	↓ -1
JPY 10Y	-2	3	↑ 6
<b>07:30(-1)*</b>			
EUR 10Y	40	39	↓ -1
DKK 10Y	6	4	↓ -2
SEK 10Y	23	21	↓ -2
NOK 10Y	58	60	↑ 1

\* Ask price

\* As of closing previous trading day

\* As of closing previous trading day

\*\* Ask price

\*\* Ask price

Source: Bloomberg

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

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