



Week Ahead

22 – 28 Nov



Nordea Research, 21 November 2014

Next week's key events

- **US**

An array of second-tier US data will be delivered next week. The consumer confidence index (Tuesday) is expected to see a new seven-year high in October, driven by falling gasoline prices and continued labour market improvements.

- **Euro area**

The week starts with Ifo data on Monday, where we expect a new decline, in contrast to consensus. Friday brings preliminary November inflation data. We expect the headline rate to post a new cyclical of 0.2% y/y, drive by lower energy prices.

- **Sweden**

Hard data point to a weak GDP Q3 . Exports show yet no signs of taking off and household consumption probably declined over the quarter.

- **Norway**

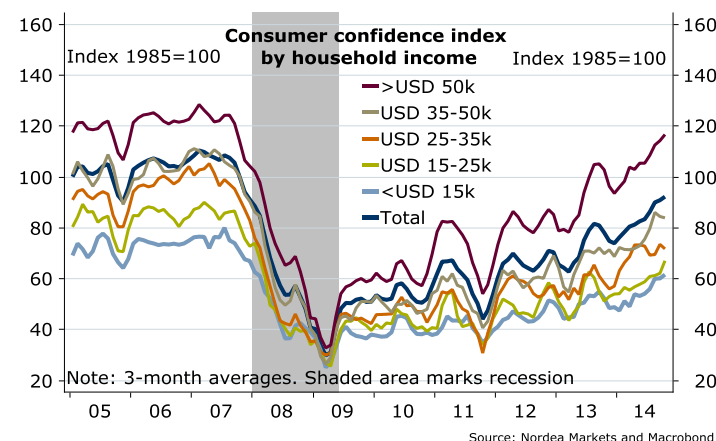
The Q4 regional network report (NB's business survey) might be the most important event in Norway this week. We expect it to indicate mainland GDP growth q/q somewhere between ¼ to ½ %. Furthermore, the upcoming week's key figures include retail sales for October and unemployment.

- **Oil**

One of next week's key event is the OPEC meeting on Thursday. We expect OPEC will cut both the cartel's current production quota at 30 mb/d to 29-29.5 mb/d and the oil production by around 1 mb/d.

US: lots of second-tier data in a holiday-shortened week

- An array of second-tier US data will be delivered next week, which will be shortened because of Thanksgiving on Thursday. **Q3 GDP** growth (Tue) is expected to be revised from a 3.5% annual rate to 3.3%, due to a downward revision to net exports.
- The Conference Board's **consumer confidence** index (Tue) is expected to see a new seven-year high in October, driven by falling gasoline prices and continued labour market improvements. The expectations index, now in line with the peaks during the housing boom, is consistent with real consumer spending rising at a 4% (!) annual rate.
- **Personal spending** (Wed) probably increased in October, following weakness in September. We estimate a 0.1% m/m rise in core PCE prices, consistent with a 1.5% increase over the past 12 months.
- In the **durable goods orders** report (Wed) our focus will as always be on core capital goods orders, a guide to business investment trends. The data are volatile, but our best guess is a 0.5% increase in October after September's 1.7% decline, in line with the signal from manufacturers' capex plans.

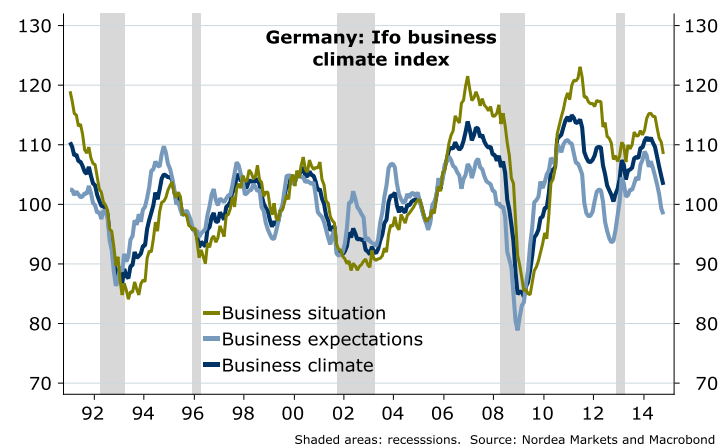


Germany: Ifo to decline again (Monday)

- ZEW expectations rose in November, whereas PMIs surprisingly went down, especially in the service sector. These contradictory signs don't make forecasting the Ifo index any easier. In our view, the data to be published on Monday will show a small decline in both the expectations and the current assessment component.
- Consensus expects Ifo to rise.
- ZES expectations probably rose on the back of a weaker euro and rising equity markets. Companies surveyed by Ifo will be less impressed by that, in our view, than financial analysts surveyed by ZEW.
- At current levels, the Ifo index is broadly compatible with zero growth; for Q4, we pencil in 0.1% q/q as in Q3. Growth is likely to strengthen next year.
- A positive data surprise would not take pressure away from the ECB to add more stimulus.

Nov-14	Nordea	Consensus	Previous
Ifo business climate	102.5	103.4	103.2
Ifo business expectations	97.5	98.5	98.3
Ifo business conditions	107.7	108.2	108.4

Source: Nordea Markets and Macrobond

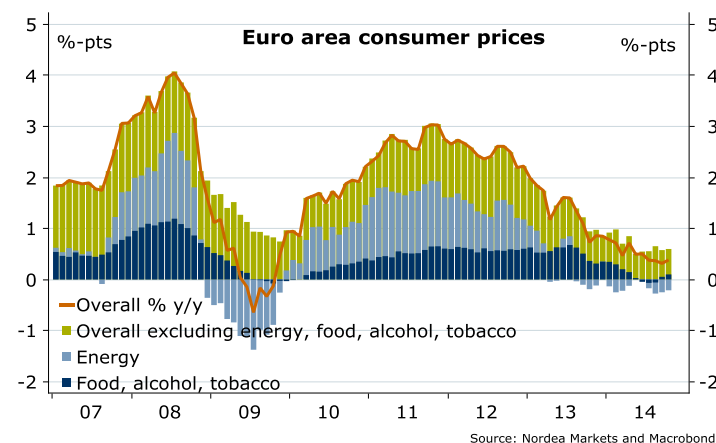
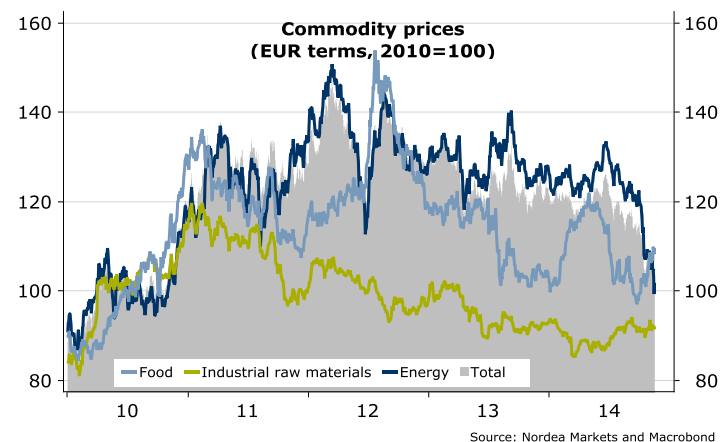


Euro area: Inflation dropping closer to zero (Friday)

- We expect the Euro area inflation rate to fall to 0.2% y/y in November (from 0.4%), driven by lower energy prices. This would be a new cyclical low. The forecast is below consensus.
- For the core rate, we expect an unchanged reading of 0.7% y/y.
- Although falling oil prices are positive for consumers and large parts of the company sectors, they increase the market impression that “bad deflation” could lie ahead.
- The fall in inflation will therefore increase the pressure on the EB to do significantly more in order to bring inflation closer to target over time.
- Ahead of the Euro-area numbers on Friday, German and Spanish numbers will be published on Thursday.

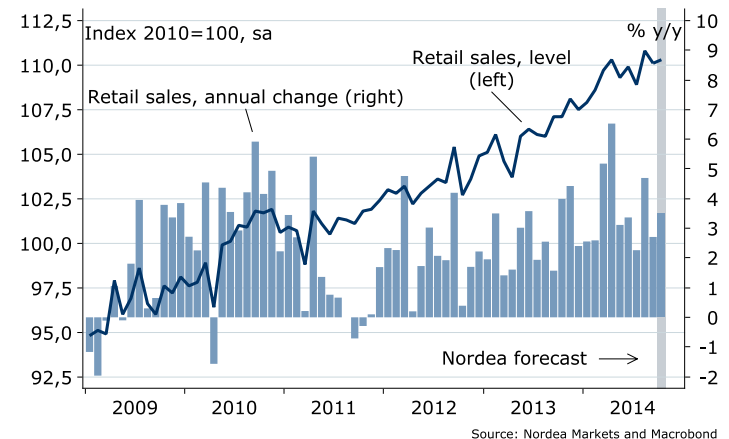
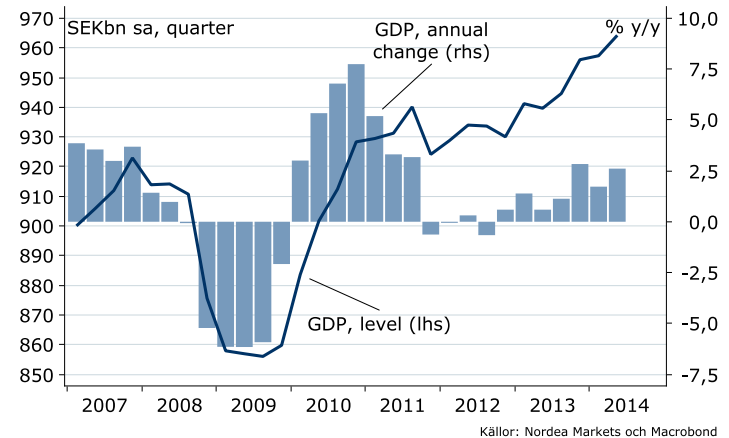
November 2014, % y/y	Nordea	Consensus	Previous
HICP headline rate	0.2	0.3	0.4
HICP ex food, energy, alc., tob.	0.7		0.7

Source: Nordea Markets and Macrobond



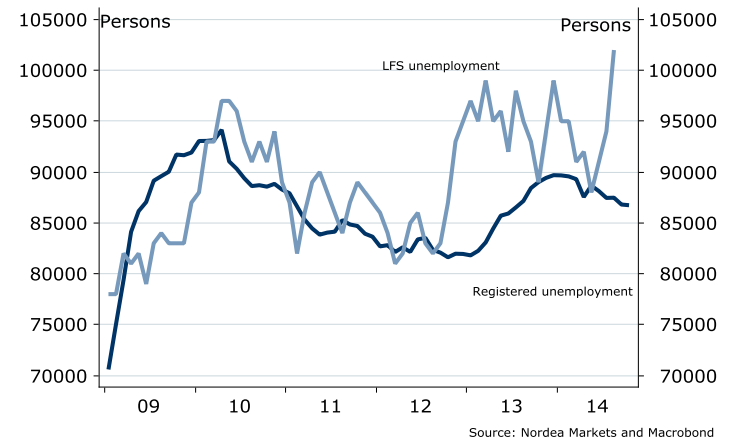
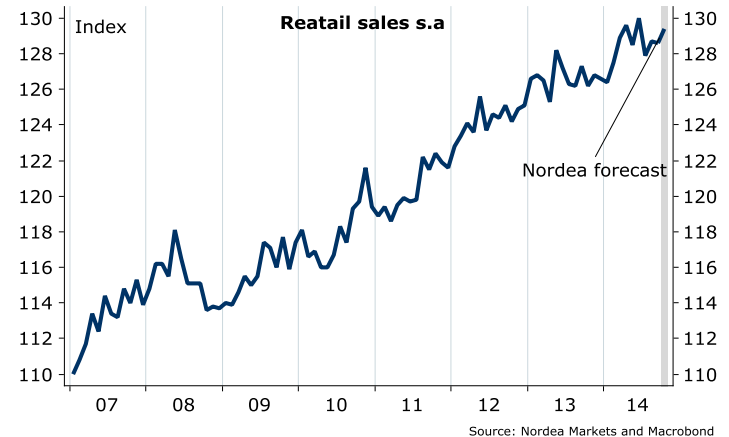
Sweden: Weak Q3 GDP (Wednesday & Friday)

- Hard data point to a **weak GDP Q3** . Exports show yet no signs of taking off and household consumption probably declined over the quarter. We regard the weakness in consumption as mainly temporary, partly due to the warm summer (have you forgotten?). Inventories most likely contributed positively to growth. The Riksbank's forecast is 0.2% q/q and 2.3% y/y. (*Friday*)
- During the week we also receive:
 - * **The NIER survey** for November (*Wednesday*)
 - will sentiment hold up?
 - * **Trade balance** for October (*Wednesday*)
 - will we see export growth?
 - * **Retail sales** for October (*Friday*)
 - was slowdown in Q3 temporary?



Norway: Small rebound in retail sales (Friday)

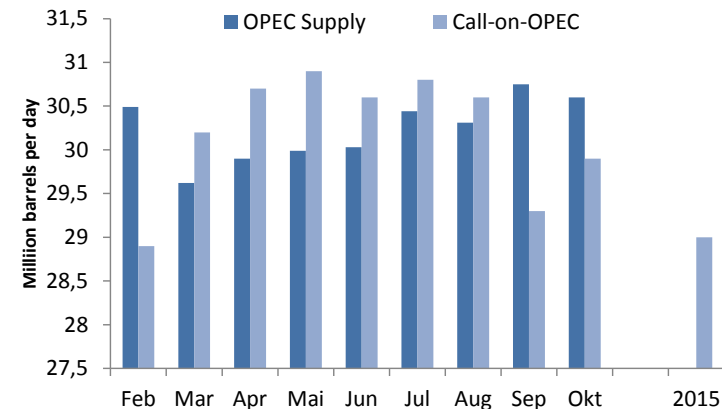
- We expect **October retail sales (Fri 10:00)** to increase by 0,4 % m/m s.a. after a drop of 0,1 % in September
- Retail sales contracted in Q3 after strong growth in the first part of the year. If we are right retail sales would signal no more than moderate growth in private consumption, on the weak side of Norges Bank's forecast
- **Registered unemployment (Fri 10:00)** is expected to move about sideways s.a. and the unadjusted rate to remain unchanged
- **September LFS unemployment** forecasted to drop to 3.6% after the sharp rise to 3.7% the previous month
- **The Q4 regional network report (NB's business survey)** might be the most important event. We expect it to indicate mainland GDP growth q/q somewhere between ¼ to ½%. Norges Bank forecast is 0.5%. There is no consensus forecast on this



Oil: OPEC meeting – a thriller for a change (Thursday)

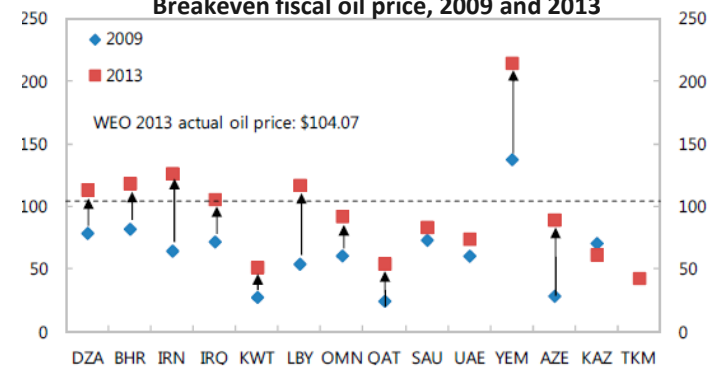
- We expect OPEC will cut both the cartel's current production quota at 30 mb/d to 29-29.5 mb/d and the oil production by around 1 mb/d.
- Oil demand growth for 2015 looks weaker and the supply from large oil producers such as the US (mainly shale) and Russia has grown markedly. Thus, the expected supply from OPEC (Call-on-OPEC) to balance the market next year is lower than the current quota.
- OPEC is highlighting it does not have a target price, but members are highlighting USD 100/barrel as a fair price.
- OPEC secretary general has expressed at a conference in London recently that: "Prices at current level are not sustainable" and that he expected that prices will move back to USD 95-100/barrel. Prices follow the market cycle and will move down in the short term. Then as more expensive oil will go out of the market and supply will tighten pushing prices higher in the medium term.
- The general expected call-on-OPEC in 2015 to be within the range 29-30 mb/d
- If we are right in our assumption that OPEC cuts quota and production, the oil price should move up to USD 85-90/barrel. If we are wrong and the cartel does not change its quota and production the oil price is expected to remain in the weaker USD 75-80/barrel

OPEC oil production and call-on-OPEC



Source: IEA and Nordea Markets

Breakeven fiscal oil price, 2009 and 2013



Source: IMF, Fall 2013 Regional Economic Outlook for the Middle East and Central Asia.

Calendar

Monday, November 24, 2014					Nordea	Consensus	Actual	Previous
08:30	SE	Riksbank's Skinglsej: "The payment market in change", published						
10:00	DE	Ifo, business climate (main)	Nov	102.5	103.4			103.2
10:00	DE	Ifo, current assessment	Nov	107.7	108.2			108.4
10:00	DE	Ifo, expectations	Nov	97.5	98.5			98.3
15:45	US	Markit composite PMI (preliminary)	Nov					57.2
15:45	US	Markit services PMI (preliminary)	Nov					57.1
16:30	US	Dallas Fed Man. Activity	Nov		8			10.5
Tuesday, November 25, 2014					Nordea	Consensus	Actual	Previous
07:00	NO	Consumer confidence	Q4					20.0
08:00	DE	GDP (sa, q/q, final)	Q3	0.1	0.1			0.1%
08:45	FR	Business confidence, INSEE	Nov					91
09:00	SE	Meeting of the Executive Board of the Riksbank						
09:30	SE	PPI (y/y)	Oct					1.7%
10:00	NO	Housing starts (s.a.)	Oct					1529
10:00	NO	Mortgage rate, banks and mortgage companies (SSB)	Q3					3.88%
10:30	ZA	GDP (y/y)	Q3					1.0%
14:00	HU	MNB announces interest rates (Base rate)	Nov		2.10%			2.10%
14:30	US	GDP (q/q annualised, advance)	Q3		3.2%			3.5%
14:30	US	GDP deflator (q/q annualised, advance)	Q3		1.3%			1.3%
14:30	US	PCE prices, core (q/q, annualised) (advance)	Q3					1.4%
14:30	US	Personal consumption (q/q annualised, advance)	Q3					1.8%
15:00	US	House prices, S&P/Case-Shiller, composite-20 (y/y)	Sep		4.45%			5.57%
15:00	US	House prices, purchases (q/q)	Q3					0.81%
16:00	US	Consumer confidence	Oct		95.7			94.5
16:00	US	Richmond Fed manufacturing index	Nov		16			20

Calendar

Wednesday, November 26, 2014					Nordea	Consensus	Actual	Previous
	US	Home sales, pending (m/m)	Oct			0.8%		0.3%
08:45	FR	Consumer confidence	Nov					85
09:00	SE	Consumer confidence	Nov					98.0
09:00	SE	Economic tendency survey	Nov					104.3
09:00	SE	Manufacturing confidence	Nov					107.7
09:30	SE	Trade Balance	Oct					1.4bn
10:00	NO	Unemployment rate, LFS	Sep		3.6%			3.7%
10:30	GB	GDP (q/q, preliminary)	Q3		0.7%			0.7%
10:30	GB	GDP (y/y, preliminary)	Q3		3.0%			3.0%
13:00	US	Mortgage applications, MBA						4.9%
14:30	US	Durable goods orders (m/m)	Oct			- 0.5%		- 1.3%
14:30	US	Jobless claims, continuing						
14:30	US	PCE prices (y/y)	Oct					1.4%
14:30	US	PCE prices, core (m/m)	Oct			0.1%		0.1%
14:30	US	Personal income (m/m)	Oct			0.4%		0.2%
14:30	US	Personal spending (m/m)	Oct			0.3%		- 0.2%
15:15	US	Chicago PMI	Nov			63		66.2
15:55	US	Consumer confidence, University of Michigan (final)	Nov			90		89.4
Thursday, November 27, 2014					Nordea	Consensus	Actual	Previous
	US	Thanksgiving						
09:00	DK	Unemployment rate, gross	Oct					5.0%
09:30	SE	Financial market statistics, household lending (y/y)	Oct					6.0%
09:55	DE	Unemployment rate (sa)	Nov		6.7	6.7%		6.7%
10:00	EU	M3 (y/y)	Oct		2.7%	2.7%		2.5%
11:00	EU	Consumer confidence (final)	Nov			- 10.7		- 11.1
11:00	EU	Economic Sentiment Indicator (ESI)	Nov		100.2	100.9		100.7
12:00	NO	Norges Bank announces auction of Treasury bonds						
13:00	DE	Consumer confidence, GfK	Dec		8.5	8.6		8.5
14:00	DE	HICP (m/m, preliminary)	Nov		- 0.1%	0.0%		- 0.3%
14:00	DE	HICP (y/y, preliminary)	Nov		0.4%	0.6%		0.7%

Calendar

Friday, November 28, 2014					Nordea	Consensus	Actual	Previous
	US	Day after Thanksgiving						
00:30	JP	CPI, national (y/y)	Oct					3.2%
00:30	JP	CPI, national, excluding food and energy (y/y)	Oct					2.3%
00:50	JP	Industrial Production (y/y, preliminary)	Oct					0.6%
01:05	GB	Consumer Confidence, Gfk	Nov					- 2
08:00	GB	House prices, nationwide (nsa, y/y) (Exp 24-28 Nov)	Nov					9.0%
08:45	FR	Consumer spending (m/m)	Oct					- 0.8%
09:00	CZ	GDP (q/q, preliminary)	Q3					0.3%
09:00	CH	Leading indicator, KOF	Nov					99.8
09:30	SE	GDP (sa, q/q) (flash)	Q3					0.7%
09:30	SE	Retail Sales (y/y)	Oct					2.8%
10:00	NO	Consumption of goods indicator (m/m)	Oct					- 1.5%
10:00	NO	Norges Bank publishes FX transactions to Pension Fund- International						250m
10:00	NO	Norges Bank regional network report						
10:00	NO	Retail sales (m/m)	Oct		0.6%			- 0.1%
10:00	NO	Unemployment rate, registered (unadj. and excl. labour market s	Nov		2.7%			2.7%
10:00	NO	Unemployment, registered and persons on labour market schen	Nov		87000			86 742
10:00	PL	GDP (y/y, final)	Q3					3.3%
11:00	EU	HICP (flash, y/y)	Nov		0.2%	0.3%		0.4%
11:00	EU	HICP core (flash, y/y)	Nov		0.7%			0.7%
11:00	EU	Unemployment rate	Oct		11.5%	11.5%		11.5%
11:00	IT	HICP (m/m, preliminary)	Nov		- 0.4%			0.3%
11:00	IT	HICP (y/y, preliminary)	Nov		0.1%			0.2%
12:00	BR	GDP (q/q)	Q3			0.1%		- 0.6%
13:00	IN	GDP (y/y)	Q3					5.7%
14:00	NO	Norges Bank's survey of inflation expectations	Q4					
14:30	CA	GDP (y/y)	Sep					2.2%

Nordea Markets is the name of the Markets departments of Nordea Bank Norge ASA, Nordea Bank AB (publ), Nordea Bank Finland Plc and Nordea Bank Danmark A/S.

The information provided herein is intended for background information only and for the sole use of the intended recipient. The views and other information provided herein are the current views of Nordea Markets as of the date of this document and are subject to change without notice. This notice is not an exhaustive description of the described product or the risks related to it, and it should not be relied on as such, nor is it a substitute for the judgement of the recipient.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision. It is important to note that past performance is not indicative of future results.

Nordea Markets is not and does not purport to be an adviser as to legal, taxation, accounting or regulatory matters in any jurisdiction.

This document may not be reproduced, distributed or published for any purpose without the prior written consent from Nordea Markets.

Editor:

Sofie Roer Højgaard
Assistant Analyst
Global Research
+45 33 33 61 02

sofie.roer.hojgaard@nordea.com