



Week Ahead

1 – 7 March 2014



Nordea Research, 28 February 2014

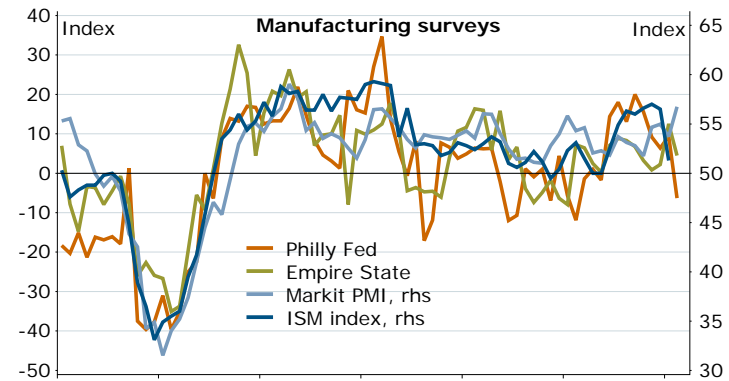
Next week's key events

- **US**
 - Two of the most important key figures are on the agenda in the US next week. The ISM report and the labour market report (NFP) at Monday and Friday respectively. We are on the low side of the consensus for both.
- **Euro area**
 - The ECB meeting on Thursday will be this weeks' highlight. Apart from that, we will have final PMI numbers, the breakdown of the Q4 GDP results and German industrial orders and output.
- **UK**
 - The Bank of England will reveal their interest rate decision next Thursday. We expect it to be a non-event, with unchanged rates and asset purchases.
- **Sweden**
 - Manufacturing PMI and production figures on the agenda next week. We forecast a setback in the PMI survey, but rising production in both the manufacturing and the private services sector.
- **Norway**
 - House prices on Wednesday will attract the most attention in Norway next week. We maintain our relatively pessimistic view on the housing market.

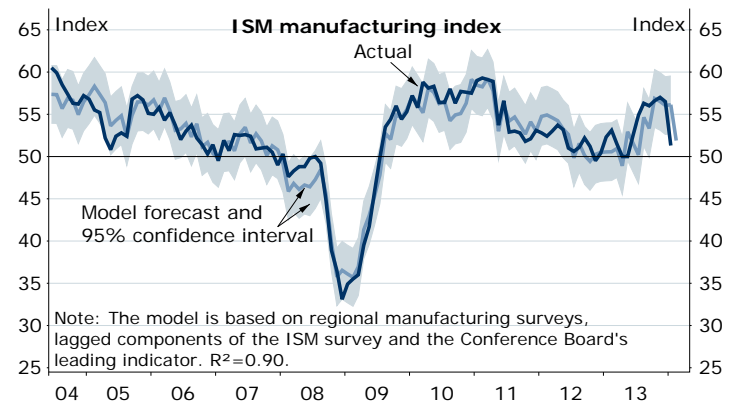
US : ISM manufacturing index to slow further (*Monday*)

- After the sharp slowing in January we expect the ISM manufacturing index to fall further, to 50.5 from 51.3, as bad weather likely continued to weigh on activity in February. The consensus forecast is 52.0.
- While February's Markit PMI was firmer at 56.5, regional manufacturing surveys point to further weakness in February, with the Philly and Richmond Fed indices even turning negative.
- Because of the unusually bad weather it will take a notably weaker-than-expected ISM report to change market expectations that the Fed will continue tapering its asset purchases by USD 10bn per FOMC meeting. That is, likely an ISM index well below 50.

	Nordea	Consensus	Previous
ISM	50.5	52	51.3



Source: Nordea Markets and Reuters Ecowin



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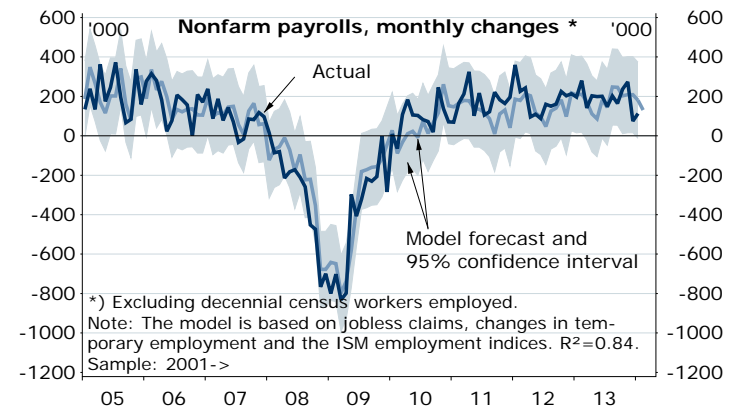
Johnny Bo Jakobsen

US : Yet another jobs report affected by bad weather (Friday)

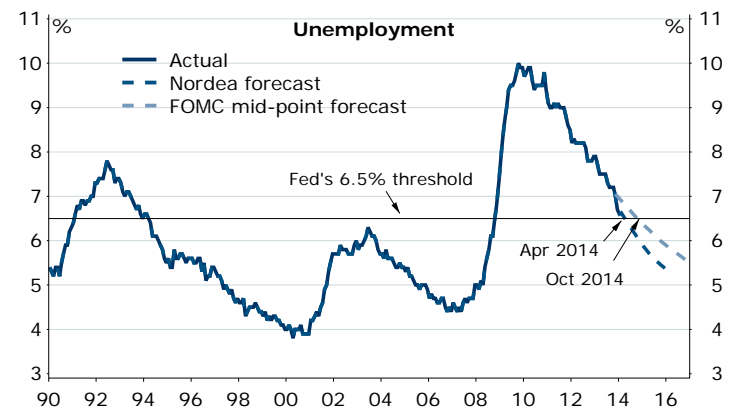
- We expect yet another weak jobs report with a 130k gain in nonfarm **payrolls** as bad weather likely continued to restrain hiring in early February. The consensus is 150k.
- The big East Coast snowstorms during the sample week of the February jobs report raise the probability of a third-straight below-trend gain in payrolls.
- In December and January payrolls rose just 75k and 113k, probably mainly due to bad weather, but there is potential for an upward revision in next week's report.
- The **unemployment** rate should be unchanged at 6.6% after three straight declines, with both weaker growth in the labour force and employment according to the household survey after strong January increases.
- Because of the unusually bad weather it will take a notably weaker-than-expected jobs report to change market expectations that the Fed will continue tapering its asset purchases by USD 10bn per FOMC meeting. That is, likely payrolls growth significantly below 100k.

	Nordea	Consensus	Previous
Nonfarm payrolls growth, k	130	150	113
Unemployment rate, %	6.6	6.6	6.6

Johnny Bo Jakobsen



Source: Nordea Markets and Reuters Ecowin

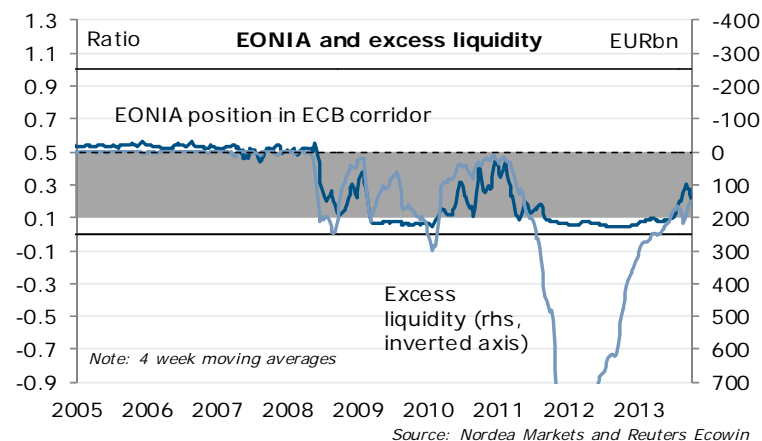
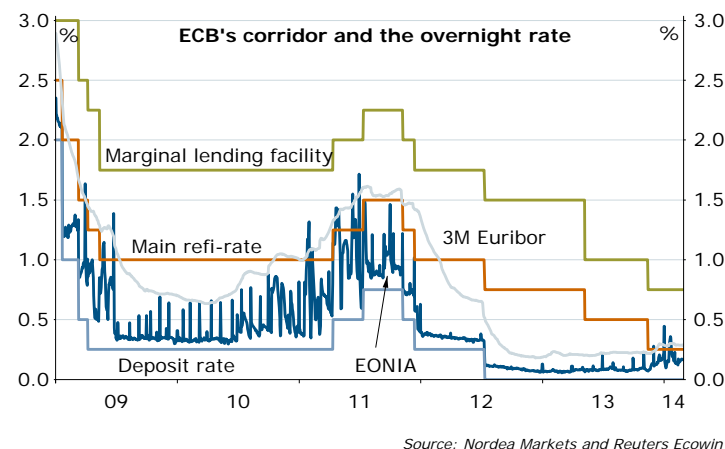


Source: Nordea Markets and Reuters Ecowin

Euro area: No cut from the ECB (*Thursday*)

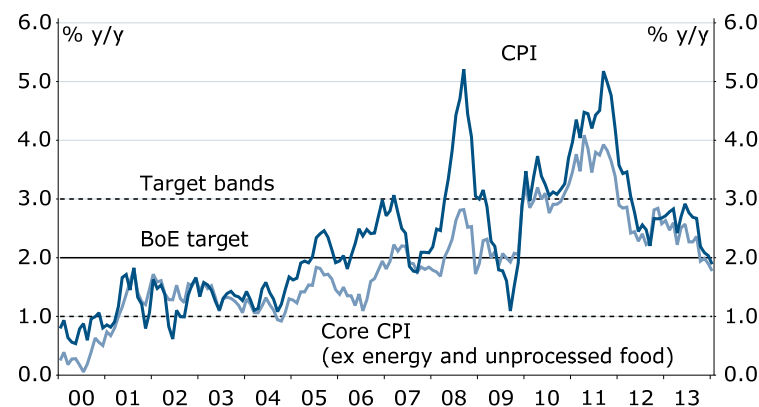
- We do not expect the ECB to change its key rates at next week's meeting.
- The pressure is clearly on, though.
 - In January, Mr Draghi said that a deteriorating inflation outlook would trigger new ECB easing.
 - In February, Mr Draghi said that more clarity was needed, probably referring to the new staff projections for inflation and GDP to be discussed thoroughly at the March meeting.
- We believe the new staff projections will put the key 2016 inflation projections somewhere around 1.6-1.7%.
- With the recent upwards move in core inflation to 1.0% and continued decent key figures out of the Euro area, we believe the ECB will choose not to ease monetary policy further.
- A 10 bp refi rate cut or ending SMP sterilisation would be a strong signal that the ECB is ready to act, but will probably not change a lot for the economy or for inflation.
- We expect inflation to reach the bottom in March.

Anders Svendsen

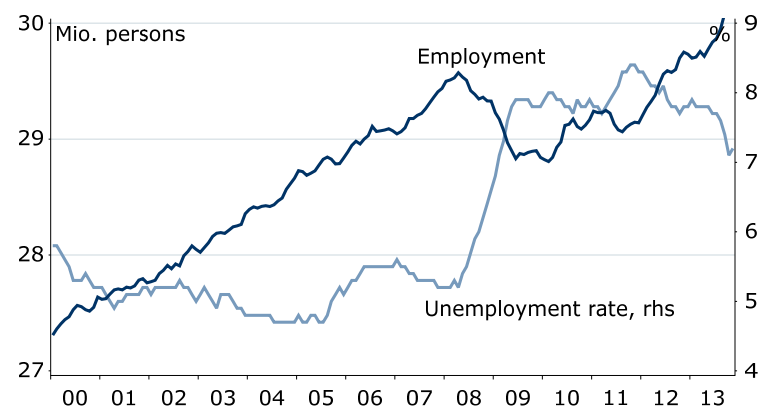


UK: BoE – A non-event? *(Thursday)*

- We do not expect the MPC to change the Bank rate or change the size of the Asset Purchase Programme (QE) at next week's meeting.
- The March MPC meeting could be a non-event. It is just one month since the BoE scrapped forward guidance and held its big press conference on the new inflation report, and there has been no major news in the mean time.
- Key figures continue to surprise to the upside and the upswing looks stronger and more broad based now compared with a few quarters ago.
- It will probably take more positive surprises to make the BoE turn hawkish and we do not see a big potential for markets to start pricing in the first rate hike much earlier than currently.



Source: Nordea Markets and Reuters Ecowin

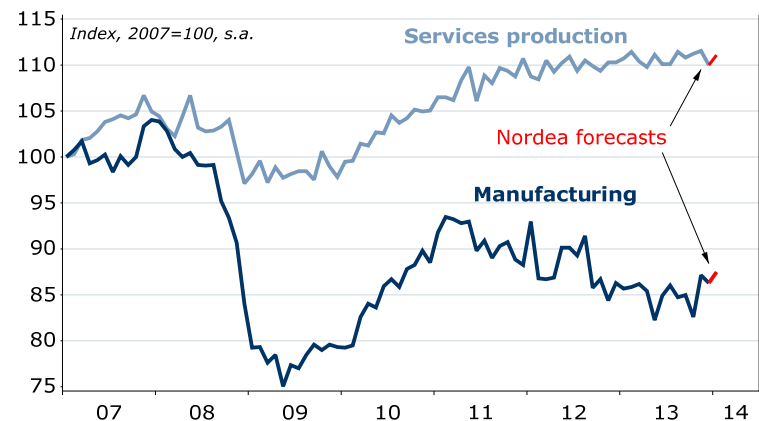
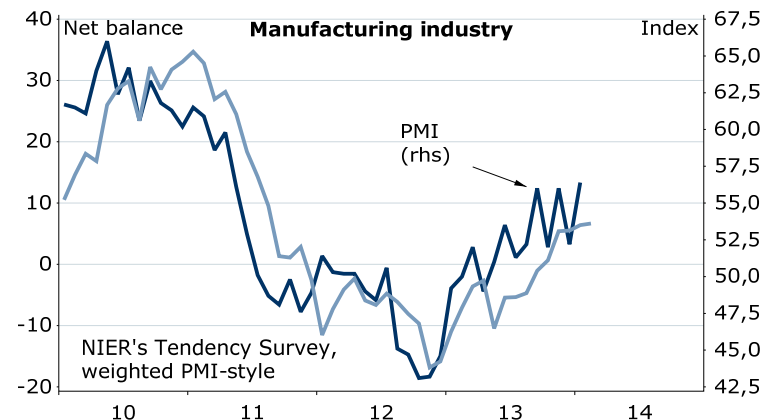


Source: Nordea Markets and Reuters Ecowin

Anders Svendsen

Sweden: PMI & production (*Monday & Wednesday*)

- The **manufacturing PMI** has altered between 56 and 52 since August last year. We see no reason why this pattern would change and since it was 56 in January we forecast 52 in February.
(*Monday*)
- We forecast **rising production** in both **manufacturing** and **private services sector**. If forecasts materialize we'll conclude that the manufacturing finally seems out of the woods, while weak trend in the services sector worries.
(*Wednesday*)
- **Market:** We revisited our Swedish FX and rates outlook earlier this week. For more:
<https://nexus.nordea.com/#/article/3828>

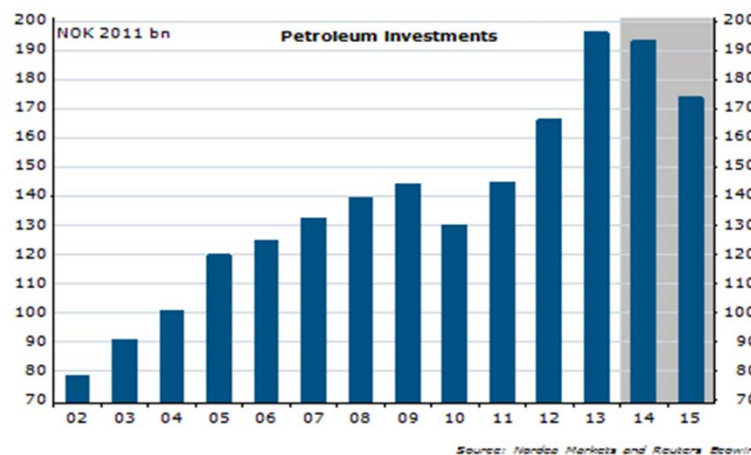


Andreas Wallström

Norway: Housing market figures center of attention

(Wednesday)

- House prices (Wed 11:00 CET) have leveled out the last couple of months, after falling this fall
- We still see weakness in the housing market. Houses for sale are up by 40 % since same period last year, and we expect this to put a drag on house prices going forward.
- We do not make an estimate for the month-to-month growth, nor is there a consensus estimate. With our relatively pessimistic view on the housing market we expect prices to drop on average 0,5 % m/m in both 2014 and 2015
- Other figures this week include manufacturing PMI (Mon 09:00 CET). Norges Bank do not care about this figure, but the market seems to do.
- In this week's oil investment survey (Thu 10:00 CET) we will get the oil companies' last projection for investments this year. Both we and Norges Bank care about this figures, but the survey in May will be more interesting as it includes estimates also for 2015



Joachim Bernhardsen

Calendar

Monday 3. Mar 2014				Nordea	Consensus	Previous
	BP	National Day				
	GB	House prices, Halifax (3mma, y/y)	Feb			7.3%
	GB	House prices, Halifax (m/m)	Feb			1.1%
04:30	CN	PMI, manufacturing (final), HSBC	Feb		48.5	49.5
08:30	SE	PMI, manufacturing	Feb	52.0		56.4
09:00	NO	PMI (s.a. index)	Feb			52,8
09:30	SE	Current account balance	Q4			
09:30	SE	Registration of vehicles	Feb			
09:55	DE	PMI, manufacturing (final)	Feb		54.7	54.7
10:00	EU	PMI, manufacturing (final)	Feb		53	
10:00	NO	Credit growth, domestic, C2 (y/y)	Jan	6.0%		6.0%
10:00	NO	Investment survey, manufacturing	Q1			
10:30	GB	PMI, manufacturing	Feb		56.5	56.7
11:00	DK	PMI survey	Feb			56.3
14:30	US	PCE prices (y/y)	Jan		1.1%	1.1%
14:30	US	PCE prices, core (m/m)	Jan		0.1%	0.1%
14:30	US	PCE prices, core (y/y)	Jan		1.1%	1.2%
14:30	US	Personal income (m/m)	Jan		0.2%	0.0%
14:30	US	Personal spending (m/m)	Jan		0.1%	0.4%
14:58	US	PMI (final)	Feb		56.6	
16:00	US	Construction spending (m/m)	Jan		- 0.1%	0.1%
16:00	US	ISM, manufacturing	Feb	50.5	52.0	51.3
16:00	US	ISM, prices paid	Feb	57.0	56.5	60.5
23:00	US	Vehicle sales, domestic	Feb		11.9m	11.94m
23:00	US	Vehicle sales, total	Feb		15.4m	15.16m
Tuesday 4. Mar 2014				Nordea	Consensus	Previous
	AU	Reserve Bank Board Meeting				
06:30	AU	RBA Board Meeting (Interest Rate Decision)	Mar		2.50%	2.50%
16:00	DK	Foreign currency reserves	Feb	475		475.7
16:00	US	Senate Banking Committee confirmation hearing on Fed nominees				
22:15	US	Fed's Lacher speaks on economy in New York				

Calendar

Wednesday 5. Mar 2014					Nordea	Consensus	Previous
08:30	SE	PMI, service sector	Jan				
09:30	SE	Industrial orders (y/y)	Jan				
09:30	SE	Industrial production (m/m)	Jan	1.5%			- 1.0%
09:30	SE	Industrial production (y/y)	Jan	2.0%			0.1%
09:30	SE	Private service sector production (m/m)	Jan	1.0%			
09:30	SE	Private service sector production (y/y)	Jan	0.5%			
09:55	DE	PMI, services (final)	Feb		55.4		55.4
10:00	EU	PMI, composite (final)	Feb				
10:00	EU	PMI, services (final)	Feb		51.7		
10:30	GB	PMI, services	Feb		58		58.3
11:00	EU	GDP (sa, q/q, preliminary)	Q4		0.3%		0.3%
11:00	EU	GDP (sa, y/y, preliminary)	Q4		0.5%		0.5%
11:00	EU	Retail sales (m/m)	Jan		0.9%		- 1.6%
11:00	EU	Retail sales (y/y)	Jan		- 0.4%		- 1.0%
11:00	NO	House prices NEF (m/m, s.a.)	Feb				- 0.1%
11:00	SE	SNDO to auction T-bills (SEK 10bn)					
14:15	US	Employment, ADP (absolute change m/m)	Feb		158k		175K
15:00	CA	BoC announces interest rate	Mar				
16:00	US	ISM, non-manufacturing, composite	Feb		53.6		54.0
20:00	US	Fed's Beige Book					
Thursday 6. Mar 2014					Nordea	Consensus	Previous
	EU	ECB Governing Council meeting					
	US	Fed's Fisher, Plosser, Dudley and Williams speak					
09:30	SE	House prices, Statistics Sweden (y/y)	Feb				
10:00	NO	Investment survey, oil	Q1				
10:00	NO	Speech by Norges Bank Governor Olsen (Charts published)					
12:00	DE	Factory orders (m/m), sa	Jan		0.8%		- 0.5%
12:00	DE	Factory orders (y/y), nsa	Jan				6.0%
13:00	GB	BoE announces asset purchase target	Mar	375bn	375bn		375bn
13:00	GB	BoE announces interest rates	Mar	0.5%	0.50%		0.50%
13:45	EU	ECB announces interest rates	Mar	0.25%	0.25%		0.25%
14:00	EU	ECB to publish its first inflation projection for 2016					
14:15	US	Fed's Dudley to be interviewed by WSJ's Jon Hilsenrath					
14:30	US	Jobless claims, continuing					2964k
14:30	US	Jobless claims, initial			335k		348k
14:30	US	Nonfarm productivity (q/q annualised, final)	Q4		2.6%		3.2%
14:30	US	Unit labor costs (q/q annualised, final)	Q4		- 1.0%		- 1.6%
16:00	US	Factory orders (m/m)	Jan		- 0.5%		- 1.5%
17:00	NO	Speech by Norges Bank Governor Olsen (Charts published)					

Calendar

Friday 7. Mar 2014				Nordea	Consensus	Previous
	US	Fed's Lockhart speaks on the economy in Washington				
09:00	DK	Industrial production, excl. shipbuilding (sa, m/m)	Jan			- 2.9%
09:30	SE	Business sector production (m/m)	Jan			- 1.4%
09:30	SE	Business sector production (y/y)	Jan			- 0.5%
09:30	SE	Central Government Debt	Feb			
10:00	NO	Manufacturing production (m/m)	Jan			1.7%
11:00	IT	Bank of Italy Report on Balance- Sheet Aggregates				
11:00	SE	SNDO to auction (change) inflation- linked bonds (SEK 4bn)				
12:00	DE	Industrial production (m/m)	Jan		0.7%	- 0.6%
12:00	DE	Industrial production (y/y)	Jan			2.6%
14:30	US	Average weekly hours	Feb		34.4	34.4
14:30	US	Hourly earnings, average (m/m)	Feb		0.2%	0.2%
14:30	US	Hourly earnings, average (y/y)	Feb		2.0%	1.9%
14:30	US	Nonfarm payrolls (absolute change m/m)	Feb	130k	150k	113K
14:30	US	Nonfarm private payrolls (absolute change m/m)	Feb		155k	142K
14:30	US	Trade balance	Jan		- 39.0b	- 38.7b
14:30	US	Unemployment rate	Feb	6.6%	6.6%	6.6%
18:30	US	Bernanke speaks at energy industry conference in Houston				

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