



Week Ahead

8 – 14 March 2014



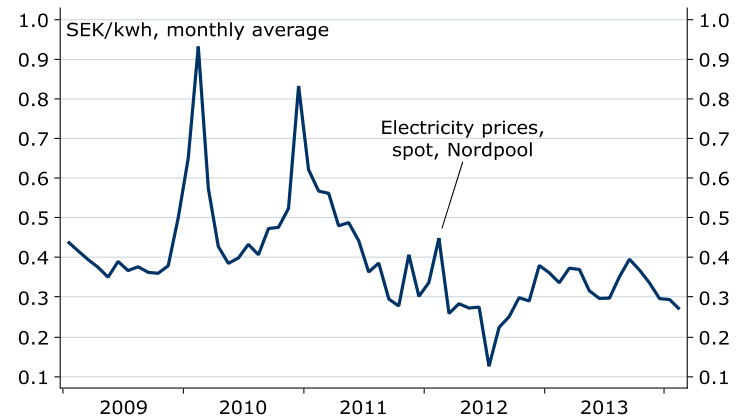
Nordea Research, 07 March 2014

Next week's key events

- **US**
 - In a week of second-tier economic data Thursday will likely bring the highlight of the week, when February retail sales are released. We expect a below-consensus outcome as bad weather likely restrained demand.
- **Euro area**
 - Tier-2 data on the agenda next week. Industrial production for January will be out on Wednesday. Survey indicators – unreliable as they are on a monthly basis – are pointing towards an increase making up for the 0.7% m/m decline in December. Germany will report on foreign trade on Tuesday and final CPI numbers on Friday.
- **Sweden**
 - The number one Riksbank indicator, the CPIF index is out on Tuesday. We expect it to close in on the Riksbank's own forecast, which should diminish the scope for the Riksbank to cut.
- **Norway**
 - The CPI print on Monday will most likely attract the most attention in Norway next week. We expect the CPI index to move more or less back in line with the Norges Bank forecast.
- **Japan**
 - Bank of Japan will reveal its latest interest rate decision on Tuesday. We see no major changes.

Sweden: February CPI (Tuesday)

- The February inflation reading will be the last print before the Riksbank's MPC meeting on 8 April (statement on 9 April). As there appears to be enhanced focus on inflation, the figures are important.
- We expect CPI inflation to be up by 0.4% m/m in February. Price for clothing and footwear were up while electricity prices and mortgage rates fell. If we are right, the difference versus the Riksbank's forecast will narrow, strengthening our view that the Riksbank is done cutting rates. Read more [here](#).
- **Market:** The market is currently pricing in around 3-4 bps for the next Riksbank meeting. If we are right in our projections, that the Riksbank are done cutting rates, the scope for SEK strengthening on the heels of next meeting is off course good.



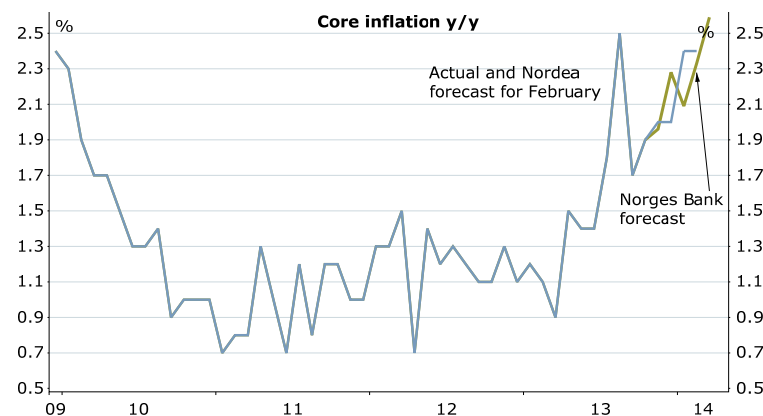
Source: Nordea Markets and Macrobond

	Nordea	Riksbank	Prior
CPI m/m	0.4		-1.2
CPI y/y	-0.2	0.0	-0.2
CPIF m/m	0.5		-1.1
CPIF y/y	0.4	0.5	0.4
CPI, index	312.70		311.39

Torbjörn Isaksson
Andreas Steno Larsen

Norway: CPI – back on Norges Bank forecast (*Monday*)

- February core inflation (Mon 10:00 CET) is expected to be 2.4% y/y (0.6% mm) unchanged from last month. That is in line with Norges Bank forecast. There is yet no consensus
- If we are right inflation will be back at Norges Bank's forecast after being 0.3% points above in January and 0.3% below in December. Inflation will in that case have no effect on changes in the coming March interest rate path.
- Main risk to follow this time is food prices which usually increase strongly in February but to a varied degree. Pull up in our forecast.
- Clothes and shoes and furnishing is also difficult this time after unusual small price cuts in January. We assume this means smaller rise in February/March when the winter sale usually ends. Pull down in our forecast
- Base effects on beer also pull down (beer prices rose by 5% m/m last year)



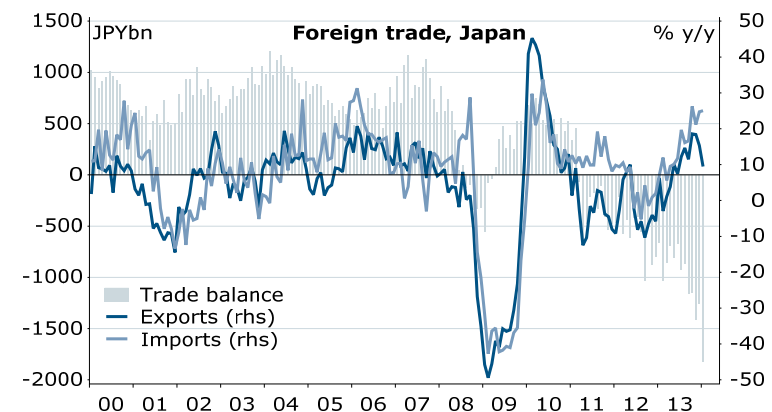
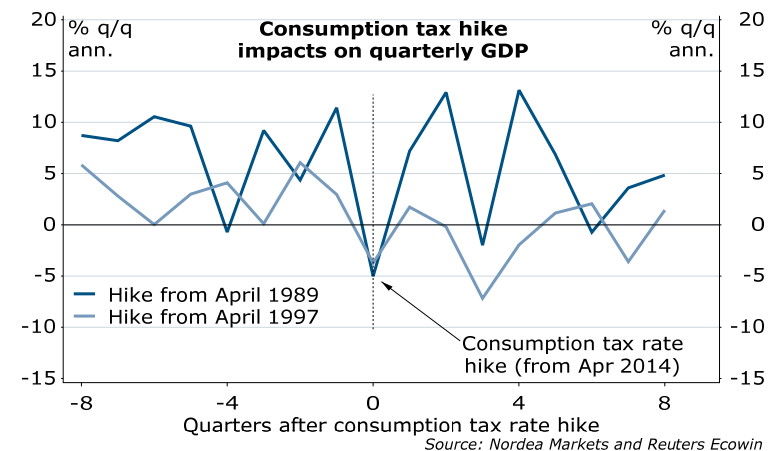
Source: Nordea Markets and Reuters Ecowin

Monthly change in core inflation and contr. to change in y/y growth from Jan to Feb				
M-o-m	Weight	Feb(13)	Feb(14)	Contr.to ch.
Food and non-alcoholic bev.	0.14	0.7%	1.5%	0.11 %
Alcoholic beverages and tobacco	0.04	1.8%	0.5%	-0.06 %
Clothing and footwear	0.06	1.4%	0.3%	-0.06 %
Housing (incl. rents)	0.19	0.4%	0.3%	-0.02 %
Furnishings etc.	0.06	4.4%	2.5%	-0.11 %
Medical care	0.03	0.2%	0.3%	0.00 %
Transport (include airfares)	0.13	1.5%	1.4%	-0.01 %
Communications	0.03	-0.1%	0.0%	0.00 %
Culture and recr. (incl books)	0.14	-0.9%	-0.8%	0.01 %
Education	0.00	0.0%	0.0%	0.00 %
Restaurants and hotels	0.06	0.6%	0.6%	0.00 %
Misc.goods and serv.	0.11	0.1%	0.2%	0.02 %
Total core inflation	1.00	0.7 %	0.6 %	

Erik Bruce

Japan: BoJ (*Tuesday*)

- We expect the **BoJ to stay on hold** at the monetary meeting on Tuesday.
- **Inflation** is rising in line with the official expectation and does not warrant a change in monetary policy at the moment. However, two other factors may influence BoJ's decision.
- First, the BoJ will take additional easing measures if the **consumption tax hike** in April slashes growth more than expected. Given previous experience, we expect the annualised quarterly GDP to drop by 4.5% points in Q2 this year, followed by a rebound in Q3. Thus, the sales tax hike will not prompt an action before H2 2014.
- The second factor is the BoJ's concern about Japan's **export outlook**, which according to some central bank officials has been a "major disappointment." Export value adjusted for price changes, BoJ's preferred gauge of exports, fell 2.3% y/y in January.



Amy Yuan Zhuang, CFA

Calendar

Monday 10. Mar 2014				Nordea	Consensus	Previous
	US	10- 14 March. EU & US hold trade talks in Brussels				
00:50	JP	GDP (q/q annualised, final)	Q4		0.9%	1.0%
00:50	JP	GDP (q/q, final)	Q4		0.2%	0.3%
08:45	FR	Industrial production (m/m)	Jan		0.2%	-0.3%
08:45	FR	Industrial production (y/y)	Jan			0.5%
09:00	DK	CPI (m/m)	Feb	1.0%		-0.2%
09:00	DK	CPI (y/y)	Feb	0.7%		1.0%
09:00	DK	CPI, EU harmonized (m/m)	Feb			-0.2%
09:00	DK	CPI, EU harmonized (y/y)	Feb			0.8%
10:00	IT	Industrial Production M/M	Jan		0.4%	-0.9%
10:00	NO	CPI (y/y)	Feb	2.2%		2.3%
10:00	NO	CPI, core (y/y)	Feb	2.4%		2.4%
14:00	NO	CPIXE and other inflation indicators	Feb			2.2%
Tuesday 11. Mar 2014				Nordea	Consensus	Previous
	JP	BoJ announces interest rates	Mar			
	EU	Eurogroup/ECOFIN meeting				
08:00	SE	Unemployment, Swedish Public Employment Service	Feb			
09:00	DK	Current account balance	Jan			9.4bn
09:00	DK	Trade balance, excl. ships (sa)	Jan			5.5bn
09:30	SE	CPI (m/m)	Feb	0.4%		-1.2%
09:30	SE	CPI (y/y)	Feb	-0.2%		-0.2%
09:30	SE	CPIF (m/m)	Feb	0.5%		-1.1%
09:30	SE	CPIF (y/y)	Feb	0.4%		0.4%
10:30	GB	Industrial production (m/m)	Jan			0.4%
10:30	GB	Industrial production (y/y)	Jan			1.8%
11:30	US	NFIB small business optimism index	Feb			94.1
15:00	US	JOLTs job openings	Jan			3990
Wednesday 12. Mar 2014				Nordea	Consensus	Previous
08:00	SE	Prospera, Inflation Exp., Purchase Managers & Labour Market				
09:00	EU	ECB's Linde Speaks in Madrid	Mar			
09:00	EU	ECB's Praet Speaks in Frankfurt	Mar			
11:00	EU	ECB's Coeure and Issing Speak in Frankfurt	Mar			
11:00	EU	Industrial production (sa, m/m)	Jan		0.5%	-0.7%
11:00	EU	Industrial production (wda, y/y)	Jan		1.9%	0.5%
11:00	SE	SNDO to auction bonds (SEK 3.5 bn)				
12:00	US	Mortgage applications, MBA				
14:00	EU	ECB's Mersch Speaks in Frankfurt	Mar			
18:00	US	Federal Budget Balance			-\$170B	-\$10.4B

Calendar

Thursday 13. Mar 2014				Nordea	Consensus	Previous
01:01	GB	House price balance, RICS	Feb			53%
08:45	FR	CPI (m/m)	Feb			-0.6%
08:45	FR	CPI (y/y)	Feb			0.7%
09:30	SE	Unemployment, labour force survey (AKU)	Feb			
10:00	NO	Statistics Norway publishes new forecasts				
12:30	US	Business inventories (m/m)	Jan		0.3%	0.5%
12:30	US	Import prices (m/m)	Feb		0.6%	0.1%
12:30	US	Import prices (y/y)	Feb			-1.5%
12:30	US	Jobless claims, continuing				2907k
12:30	US	Jobless claims, initial				323k
12:30	US	Retail sales (m/m)	Feb	-0.1%	0.2%	-0.4%
12:30	US	Retail sales control group	Feb		0.3%	-0.3%
12:30	US	Retail sales, ex auto and gas (m/m)	Feb	-0.2%		-0.2%
12:30	US	Retail sales, less autos (m/m)	Feb	-0.2%	0.2%	0.0%
21:00	NZ	RBNZ announces interest rates (cash rate)				
Friday 14. Mar 2014				Nordea	Consensus	Previous
05:30	JP	Industrial Production (y/y)	Jan			10.6%
08:00	SE	House prices, Mäklarstatistik (y/y)	Feb			
10:00	NO	Norges Bank regional network report	Q1			
11:15	SE	Ingves speech: "Have we learned the lessons of earlier financial crises?"				
12:30	US	PPI (m/m)	Feb		0.2%	0.2%
12:30	US	PPI (y/y)	Feb		1.2%	1.2%
12:30	US	PPI, core (m/m)	Feb		0.1%	0.2%
12:30	US	PPI, core (y/y)	Feb		1.4%	1.3%
14:00	DE	CPI (m/m, final)	Feb		0.5%	0.5%
14:00	DE	CPI (y/y, final)	Feb		1.2%	1.2%
14:55	US	Consumer confidence, University of Michigan (preliminary)	Mar		81.7	81.6
15:00	SE	Riksbank's Ekholm speech				

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:

Andreas Steno Larsen
Junior Analyst
Global Strategy
+45 3333 1501
andreas.steno.larsen@nordea.com