



Week Ahead

15-21 March 2014



Nordea Research, 14 March 2014

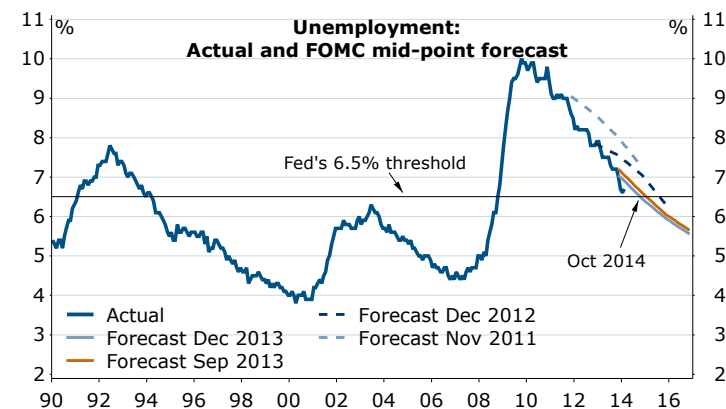
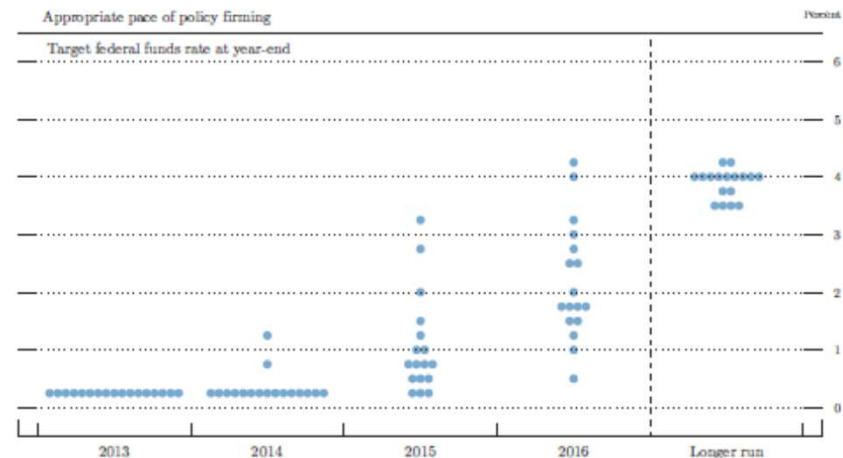
Next week's key events

- **US**
 - The outcome of the FOMC meeting will be revealed next Wednesday. We expect them to stay the course on tapering, despite some softening in economic indicators since last meeting.
- **Euro area**
 - Few but probably interesting data on the agenda. After unexpectedly weak French inflation numbers, a downward revision of the Euro area's inflation print for February to 0.7% from 0.8% is very likely (Monday). We would be back to the low of last October and March could bring a an even lower print. For German ZEW expectations on Tuesday, we expect a minor drop to a still healthy level of 54 points (from 55.7).
- **Switzerland**
 - The Swiss National Bank's policy assessment will be published on Thursday. We don't expect any changes to the 3M libor target, nor the EURCHF floor.
- **Sweden**
 - A light calendar from Sweden next week, apart from the Riksbanks assessment of how they conducted their policy in 2013, published on Thursday.

US : Fed to stay the course on tapering (*Wednesday*)

- The 175k rise in payrolls in February, despite a clear drag from the weather, was obviously encouraging and it more or less seals the case for the Fed to continue tapering its monthly bond purchases by USD 10bn, to USD 55bn, at next week's FOMC meeting, which concludes on Wednesday.
- It is also likely that the Fed will replace its threshold forward guidance with a qualitative approach, referring to a wider range of labour market indicators along the lines of the BoE.
- A move to qualitative guidance will make the so-called "dot chart" with each FOMC participant's projection of the appropriate funds rate path even more important for the markets.
- However, we expect no major changes to the dots at next week's meeting, still placing the first rate hike around mid-2015.
- We expect no significant changes to the FOMC participants' projections for GDP growth, inflation and unemployment.
- The FOMC statement will be released at 19:00 CET and Yellen's first post-meeting press conference as Fed chairman starts at 19:30.

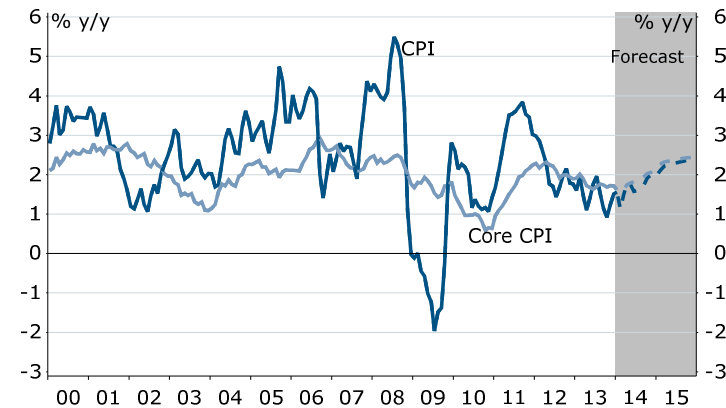
Johnny Bo Jakobsen



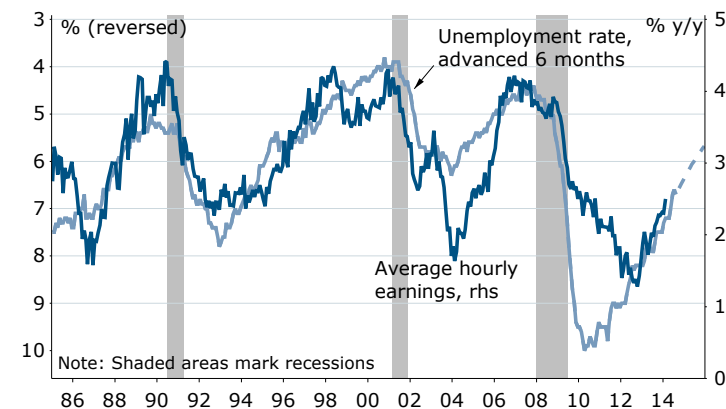
Source: Nordea Markets and Reuters Ecowin

US: CPI inflation to slip back temporarily (*Tuesday*)

- We expect CPI headline inflation to slip from 1.6% y/y in January to 1.1% in February, due to base effects related to a strong February 2013. This would be the weakest year-on-year rate since October's 1.0% print and significantly below the 1.3% consensus forecast.
- The core rate should be stable at 1.6%, in line with the consensus forecast.
- Going forward, we expect CPI inflation to see a renewed gradual move towards 2%, estimated to be reached in late 2014. The pickup is expected to be led by rents and, with a lag, some pressures from stronger wage increases.
- We still believe that signs of higher wage increases later this year will cause markets to price in more rate hikes from the Fed in 2015 and 2016.



Source: Nordea Markets and Reuters Ecowin

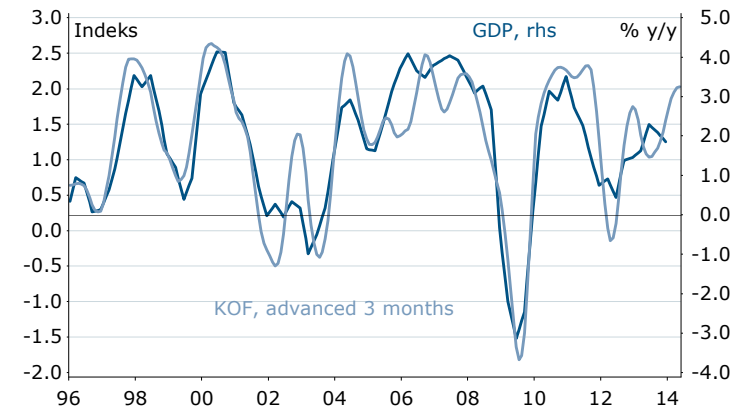


Source: Nordea Markets and Reuters Ecowin

Johnny Bo Jakobsen

Switzerland: Swiss Central Bank - on hold (*Thursday*)

- We expect no changes in the 3M Libor target at next week's SNB meeting.
- We expect no changes to the EUR/CHF floor until the spot has moved so high, that it does not really matter to have a floor or not.
- The SNB is probably still not overly concerned with the still negative CPI inflation, especially since the growth outlook is improving and house prices are increasing and as long as wage growth does not slow any further.
- The SNB meeting will likely be a non-event for CHF. What matters now – and strengthens CHF a bit – is the risk aversion in the global stock markets. The EUR/CHF also seems driven to a large extent by the USD.



Source: Nordea Markets and Reuters Ecowin



Source: Nordea Markets and Reuters Ecowin

Anders Svendsen

Calendar

Saturday 15. Mar 2014					Nordea	Consensus	Previous
02:45	US	Fischer speaks in Stanford, California					
Monday 17. Mar 2014					Nordea	Consensus	Previous
09:30	EU	EUs foreign ministers hold meeting in Brussels					
10:00	NO	Foreign trade with goods (bn)	Feb				48,8bn
11:00	EU	CPI (m/m)	Feb	0.3%	0.4%		- 1.1%
11:00	EU	CPI (y/y)	Feb	0.7%	0.8%		0.8%
13:30	US	Empire manufacturing	Mar		6.5		4.48
14:00	US	TIC flows, net long-term	Jan				-\$45.9B
14:00	US	TIC flows, net total	Jan				-\$119.6B
14:15	US	Capacity utilization	Feb		78.6%		78.5%
14:15	US	Industrial production (m/m)	Feb		0.1%		- 0.3%
Tuesday 18. Mar 2014					Nordea	Consensus	Previous
03:00	CN	FDI (y/y) (Exp 14- 18 Mar)	Feb			8.0%	16.1%
03:30	AU	Minutes of the RBA meeting					
11:00	EU	ECB's Nouy Testifies in Brussels					
11:00	EU	Trade Balance, sa	Jan		14.5bn		16.0bn
11:00	DE	ZEW, current situation	Mar	53	52.4		50
11:00	DE	ZEW, economic sentiment	Mar	54	55.0		55.7
13:30	US	Building permits	Feb		965k		937K
13:30	US	CPI (m/m)	Feb	0.1%	0.1%		0.1%
13:30	US	CPI (y/y)	Feb	1.1%	1.3%		1.6%
13:30	US	CPI, core (m/m)	Feb	0.2%	0.1%		0.1%
13:30	US	CPI, core (y/y)	Feb	1.6%	1.6%		1.6%
13:30	US	Housing starts	Feb		915k		880K
13:30	US	Housing starts (m/m)	Feb		4.0%		- 16.0%
Wednesday 19. Mar 2014					Nordea	Consensus	Previous
	GB	Minutes of the 6 March BoE meeting (hike- unchanged- cut)	Mar				
01:50	JP	Exports (y/y)	Feb				9.5
01:50	JP	Imports (y/y)	Feb				25.0
09:45	SE	Ingves: "The int. regulation agenda- necessary but not enough" published					
10:30	GB	Earnings, ex bonus, average (3mma, y/y)	Jan		1.2%		1.0%
10:30	GB	Unemployment rate, claimant count	Feb		3.6%		3.6%
11:00	SE	SNDO to auction T- bills (SEK 10bn)					
12:00	US	Mortgage applications, MBA					- 2.1%
13:30	US	Current account balance	Q4			-\$88.0B	-\$94.8B
19:00	US	FOMC announces interest rates		0.25%	0.25%		0.25%
19:00	US	Fed pace of MBS purchases			\$25b	\$25B	\$30B
19:00	US	Fed pace of Treasury purchases			\$30b	\$30B	\$35B
19:30	US	Fed's Yellen holds press conference					

Calendar

Thursday 20. Mar 2014				Nordea	Consensus	Previous
	EU	EU Summit				
09:00	DK	Retail sales (sa, m/m)	Feb			- 0.4%
09:00	DK	Retail sales (y/y)	Feb			0.3%
09:30	SE	Riksbank: "Account of Monetary Policy" published				
11:00	SE	SNDO to auction inflation- linked bonds (SEK 1bn)				
14:30	US	Jobless claims, continuing				2855k
14:30	US	Jobless claims, initial				315k
15:00	US	Fed releases Dodd- Frank act supervisory stress test results				
16:00	EU	ECB's Lautenschlaeger on panel in Dusseldorf				
16:00	US	Home sales, existing	Feb		4.64M	4.62M
16:00	US	Home sales, existing (m/m)	Feb		0.0%	- 5.1%
16:00	US	Leading index	Feb		0.2%	0.3%
16:00	US	Philadelphia Fed	Mar		4.0	- 6.3
Friday 21. Mar 2014				Nordea	Consensus	Previous
	JP	Vernal Equinox				
	US	Fitch US sovereign debt rating is published today				
10:00	EU	Current account balance, sa	Jan			21.3bn
10:00	IT	Industrial Orders M/M	Jan			- 4.9%
10:00	IT	Industrial Orders Y/Y	Jan			1.9%
11:00	EU	Consumer confidence (flash)	Mar			- 12.7
14:30	CA	Bank of Canada core CPI (m/m)	Feb			0.2%
14:30	CA	Bank of Canada core CPI (y/y)	Feb			1.4%
14:30	CA	CPI (m/m)	Feb			0.2%
14:30	CA	CPI (y/y)	Feb			1.5%
16:45	US	Fed's Bullard speaks on nominal GDP				
18:45	US	Fed's Fisher speaks on forward guidance in London				
21:30	US	Fed's Kocherlakota & Stein speaks on monetary policy in Washington				
Saturday 22. Mar 2014				Nordea	Consensus	Previous
18:30	EU	ECB's Constancio Speaks in Washington				

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