



Week Ahead

18 – 24 April



Nordea Research, 17 April 2015

Next week's key events

- **US**

In the **durable goods orders** report (Fri) our focus will as always be on core capital goods orders . The consensus forecast is a weak 0.3% increase after a 1.4% decline in February. The **Markit manufacturing PMI** (Thu) is likely to see little change in April after March's solid 55.7, judging from early April regional surveys.

- **Euro area**

In the run-up to the Eurogroup meeting on 24/25 April, **Greece** will continue to grab headlines and market attention. After so many missed opportunities, it is hard to be convinced that a solution will be found this time. **Our baseline continues to be a last-minute compromise, not Grexit.** The Eurogroup summit is by no means the last opportunity. On the data front, we feel the time may be ripe for a small setback for Euro-area **PMIs**, but probably not yet for the **Ifo** index.

- **UK**

As expected the BoE kept its monetary policy stance unchanged at the MPC meeting on 8-9 April (Bank rate at 0.5% and the size of the Asset Purchase Programme at GBP 375bn). We believe that the April **MPC minutes** will focus on the strengthening of the GBP and on inflation expectations.

- **China**

HSBC's flash April PMI will gather a lot of attention next week. [The March flash was much below expectations](#) and though even if it was revised higher in the final number, another negative surprise would add to the downside risk to the economic outlook and most likely add to the risk of more economic policy easing.

- **Sweden**

We expect **unemployment to decline** to 7.7% in March from 7.9% in February (the Labour Force Survey, seasonally adjusted). Robust employment growth and favourable panel effects explains the drop.

US: Only second-tier data delivered

- In the **durable goods orders** report (Fri) our focus will as always be on core capital goods orders, a guide to business investment trends. Core capital goods orders have declined over the past six months, likely reflecting the stronger USD, bad weather, port disputes and lower oil prices. Rising inventory-to-sales ratios will probably cap any near-term rebound. The consensus forecast is a weak 0.3% increase after a 1.4% decline in February.
- The **Markit manufacturing PMI** (Thu) is likely to see little change in April after March's solid 55.7, judging from early April regional surveys. However, the Markit PMI has recently been running much stronger than the hard output data. This week's April Philly Fed manufacturing survey pointed to a weak recovery in Q2 factory output after contraction in Q1.



Euro area: PMIs (Thu); Germany: Ifo (Fri)

- Sentiment indicators are in our view **not far away from their cyclical peak**. Time may be ripe for a small setback in PMIs, but probably not yet in the Ifo index.
- PMIs:** We think that the momentum provided by lower energy prices and the weaker EUR will lift the manufacturing PMI a bit higher. By contrast, we expect a small decline for services after recent strong increases.

Euro-area PMIs

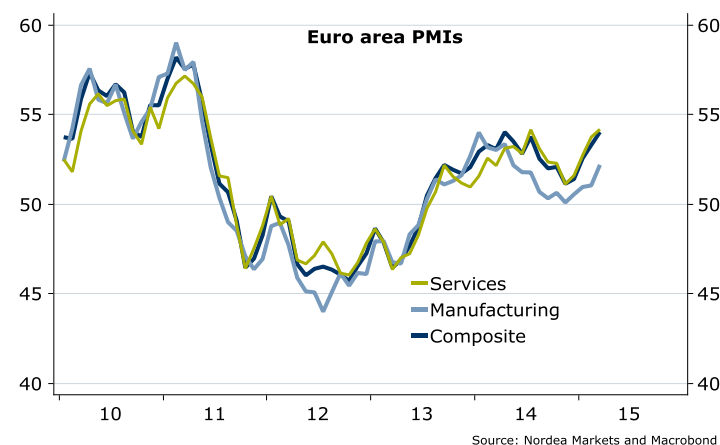
Apr-15	Nordea	Consensus	Previous
Composite	53.8	54.3	54.0
Manufacturing	52.6	52.6	52.2
Services	54.0	54.5	54.2

Source: Nordea Markets & Macrobond

- Ifo:** We expect an increase in both components, driven by the factors mentioned above.
- Our growth forecast for Germany for this year (1.7%) could be too cautious, but it's worth noting that several hard data have recently fallen short of the bullish sentiment.

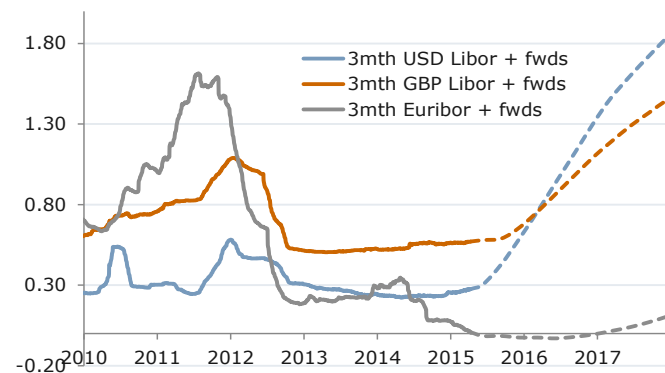
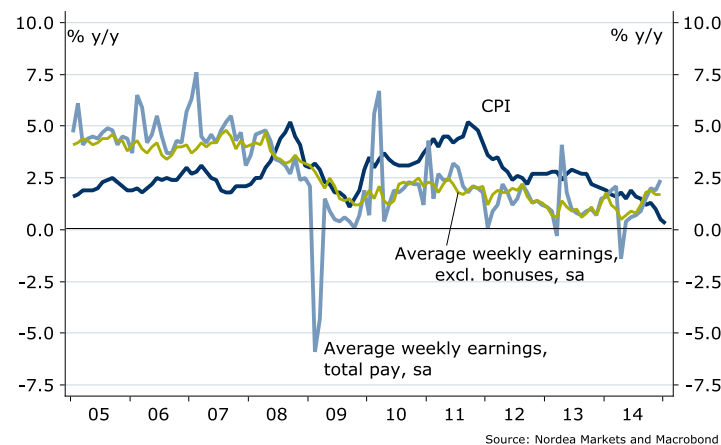
German Ifo	Apr 15	Nordea	Consensus	Previous
Ifo business climate		108.4	108.2	107.9
Ifo business expectations		104.5	104.5	103.9
Ifo business conditions		112.5	112.4	112.0

Source: Nordea Markets and macrobond



BoE: Low inflation keeps BoE on hold (Wed)

- As expected the BoE kept its monetary policy stance unchanged at the MPC meeting on 8-9 April (Bank rate at 0.5% and the size of the Asset Purchase Programme at GBP 375bn).
- Most likely the MPC members unanimously voted for unchanged policy stance.
- The minutes from the March MPC meeting stated that "...two members regarded this month's decision as finely balanced. There was a range of views over the most likely path of Bank Rate in future, but all members agreed that it was more likely than not that Bank Rate would increase over the next three years."
- We believe that the April MPC minutes will focus on the strengthening of the GBP and on inflation expectations.
- Our forecast is that the BoE will start to hike rates in Q4 2015.** Risks to our forecast are however skewed to a later rate hike. Main risks:
 - Outcome of the May 7 general election (future fiscal policy and the EU referendum)
 - Stronger than expected sterling
 - Inflation expectations not remaining well-anchored at the inflation target
- Market is currently expecting a first rate hike in Q2 2016.



Sweden: Unemployment to edge down (Tue)

- We expect unemployment to decline to 7.7% in March from 7.9% in February (the Labour Force Survey, seasonally adjusted). Robust employment growth and favorable panel effects explains the drop.
- Unemployment will average 7.8% for Q1 if our forecast proves right. This is in line with the Riksbank's view.
- Labour market trends is not the focal point for the Riksbank, while inflation and the SEK are. Thus, the gradually falling unemployment and the strong indicators for employment will not stop the Riksbank from taking more action (Tue).



Calendar

Monday, 20/04/2015					Nordea	Consensus	Actual	Previous
10:00	NO	House prices SSB (y/y)	Q1					5.8%
12:00	NO	Norges Bank announces auction of Treasury bonds						
Tuesday, 21/04/2015					Nordea	Consensus	Actual	Previous
03:30	AU	Minutes of the RBA meeting						
09:30	SE	Unemployment, labour force survey (AKU)	Mar					8.4%
09:30	SE	Unemployment, labour force survey (AKU), sa	Mar	7.7%				7.9%
11:00	DE	ZEW, current situation	Apr	55				55.1
11:00	DE	ZEW, expectations	Apr	56				54.8
14:00	HU	MNB announces interest rates (Base rate)	Apr			1.80%		1.95%
Wednesday, 22/04/2015					Nordea	Consensus	Actual	Previous
01:50	JP	Merchnds Trade Exports (y/y)	Mar			7.6		2.5%
01:50	JP	Merchnds Trade Imports (y/y)	Mar			- 11.9		- 3.6%
09:00	DK	Consumer confidence	Apr	11.0				13.9
09:00	DK	Retail sales (sa, m/m)	Mar	0.6%				- 0.2%
09:00	DK	Retail sales (y/y)	Mar	1.6%				0.8%
10:00	ZA	CPI (y/y)	Mar			4.2%		3.9%
10:30	GB	Minutes of the BoE meeting						
11:00	NO	Auction of Treasury Bonds						
11:00	SE	SNDO to auction bonds (SEK 4 bn)						
13:00	TR	CBT announces interest rates (Benchmark repo rate)	Apr			7.5%		7.50%
13:00	TR	CBT announces interest rates (Overnight lending rate)	Apr			10.75%		10.75%
13:00	US	Mortgage applications, MBA	Apr					- 2.30%
15:00	US	House prices, FHFA (m/m)	Feb			0.6%		0.3%
16:00	EU	Consumer confidence (flash)	Apr					- 3.7
16:00	US	Home sales, existing	Mar			5.04%		4.88m
16:00	US	Home sales, existing (m/m)	Mar			3.3%		1.2%

Calendar

Thursday, 23/04/2015				Nordea	Consensus	Actual	Previous
	KR	GDP (y/y, preliminary)	Q1		2.3%		2.7%
03:45	CN	PMI, manufacturing (flash), HSBC	Apr		49.4		49.6
08:45	FR	Business confidence (manufacturing), INSEE	Apr				99
09:00	FR	PMI, manufacturing (preliminary)	Apr				48.8
09:00	FR	PMI, services (preliminary)	Apr				52.4
09:00	SE	Meeting of the Executive Board of the Riksbank					
09:30	DE	PMI, manufacturing (preliminary)	Apr				52.8
09:30	DE	PMI, services (preliminary)	Apr				55.4
10:00	EU	PMI, composite (flash)	Apr	53.8	54.3		54
10:00	EU	PMI, manufacturing (flash)	Apr	52.6	52.6		52.2
10:00	EU	PMI, services (flash)	Apr	54	54.5		54.2
10:00	NO	Norges Bank's survey of bank lending	Q1				
10:30	GB	Retail sales ex auto (y/y)	Mar				5.1%
10:30	GB	Retail sales ex auto fuel (m/m)	Mar				0.7%
14:30	US	Jobless claims, continuing	Apr				
14:30	US	Jobless claims, initial	Apr				
15:45	US	Markit manufacturing PMI (preliminary)	Apr		56		55.7
16:00	US	Home sales, new	Mar		510k		539k
16:00	US	Home sales, new (m/m)	Mar		- 5.4%		7.8%
16:00	US	Kansas City Fed manufacturing activity	Apr				- 4
Friday, 24/04/2015				Nordea	Consensus	Actual	Previous
10:00	DE	Ifo, business climate (main)	Apr	108.4	108.2		107.9
10:00	DE	Ifo, current assessment	Apr	112.5	112.4		112
10:00	DE	Ifo, expectations	Apr	104.5	104.5		103.9
10:00	NO	Housing starts (s.a.)	Mar				2 210
14:30	US	Durable goods orders (m/m)	Mar		0.6%		- 1.4%
14:30	US	Durable goods orders, ex transportation (m/m)	Mar		0.3%		- 0.4%
	EU	Eurogroup meeting					

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