



Week Ahead

11 April – 17 April



Nordea Research, 8 April 2016

Next weeks' key events

- **US**

Next week brings another full slate of **Fed speeches**, which likely will confirm that the [FOMC is split](#) on how long to keep rates steady. Given the diverging views from Fed officials on the sustainability of the recent increase in inflation, the CPI report (Thu) is next week's most important US data release. We expect **CPI headline** inflation to remain at 1.0% y/y in March, while the **core rate** is forecast to remain at 2.3%. Additionally **retail sales** for March (Wed) and **manufacturing output** for April (Fri) will be published.

- **Euro Area**

There are few data and monetary policy-related speeches in this pre-ECB meeting week. **Industrial production** likely fell by around 0.5% in February (Wed). **Final inflation** numbers will likely confirm the flash estimate of -0.1% y/y (Thu). If we see a revision, it is more likely to the upside than to the downside.

- **UK**

The **Bank of England** is widely expected to leave policy unchanged at next week's MPC meeting (Thu), with an unchanged 9-0 vote. **Headline and core CPI inflation rates** (Tue) are expected to see little change from February's readings. Both rates are expected to rise 0.1% point, to 0.4% y/y and 1.3% y/y, respectively.

- **China**

Next week is heavy on Chinese data. The most important indicator is the **Q1 2016 GDP** (Fri). Both we and consensus expects 6.7% y/y. **Industrial production, investment and retail sales** (Fri) are likely unchanged from last month and we expect a rebound in **aggregate financing** for March (Sun-Fri) to CNY 1400bn. Furthermore **CPI** (Mon) and **exports and imports** (Wed) will be published.

- **Sweden**

Inflation figures is the most important data release next week. We expect **core inflation** as measured by the CPIF ex energy to come out at 1.8% for March and **headline CPI and CPIF** (Tue) at 0.8% y/y and 1.5% y/y, respectively. Also the governments **Spring Budget Bill** will be published on Wednesday.

- **Denmark**

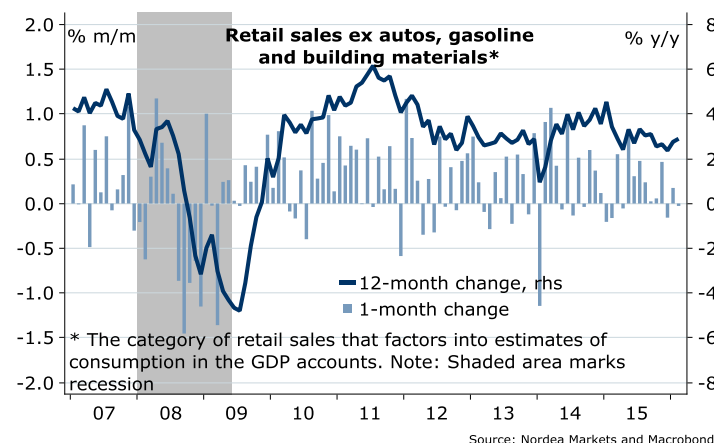
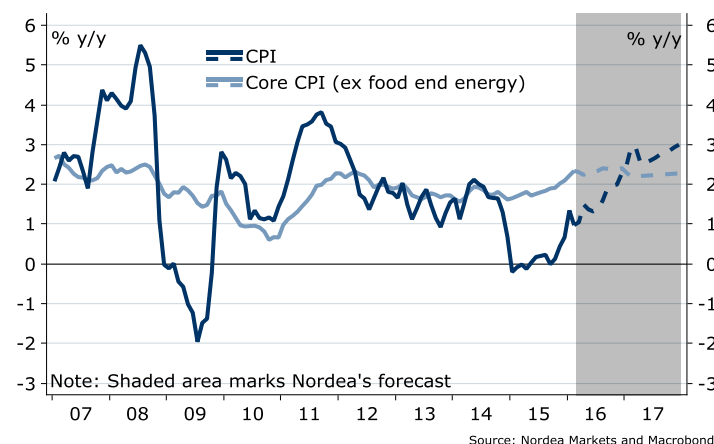
Also in Denmark, the most important data release will be **inflation figures** (Mon). We expect a drop in the y/y rate to 0.1%, which is equivalent to +0.2% m/m. However, we believe March will mark the bottom of Danish inflation.

- **Norway**

As in Sweden and Denmark, inflation figures are the most important data this week. We forecast **core inflation** at 3.3% in March (Mon 10:00) down from 3.4% last month.

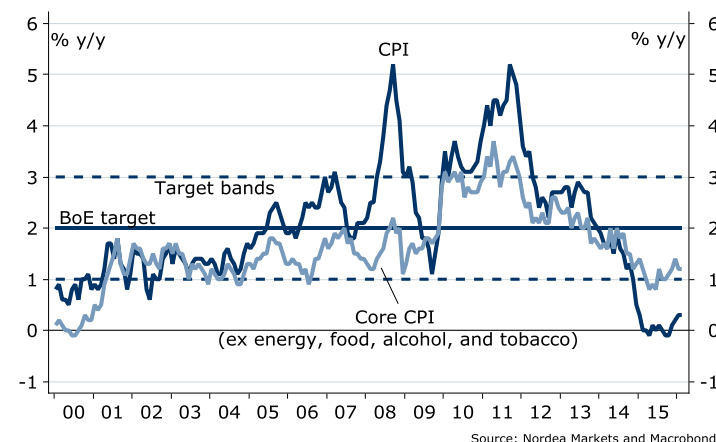
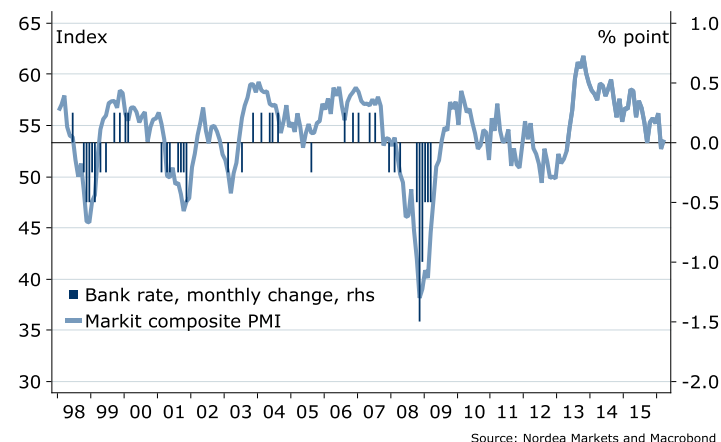
US: CPI report next week's highlight (Thu)

- Also next week brings a full slate of **Fed speeches**, which likely will confirm that the [FOMC is split](#) on how long to keep rates steady. Given the diverging views from Fed officials on the sustainability of the recent increase in inflation, the **CPI report** (Thu) is next week's most important US data release.
- We expect **CPI headline** inflation to remain at 1.0% y/y in March, while the **core rate** is forecast to remain at 2.3%, both in line with the consensus.
- Our forecast is consistent with unchanged core PCE inflation, the Fed's preferred core inflation measure, at 1.7% in March. Over the next few months we believe core PCE inflation will remain at 1.7%, or even edge marginally higher, adding more weight to the idea that the recent upturn is no fluke.
- After a weak start to 2016 **retail sales** (Wed) are expected to rebound in March, partly driven by higher gasoline prices. With strong fundamentals for consumption, control group sales (retail sales less food, gasoline, autos and building materials) should also pickup after a series of disappointments.
- March **manufacturing output** (Fri) is expected to confirm the signal from recent business surveys that the worst is now behind us in manufacturing.



UK: BoE to stay sidelined – CPI inflation to edge up

- The **Bank of England** is widely expected to leave policy unchanged at next week's MPC meeting (Thu), with an unchanged 9-0 vote.
- We expect a slightly more dovish tone in the minutes than in February given the recent weaker UK economic data, which likely to some extent reflects the uncertainty related to the upcoming EU referendum. A key question is how extensive the discussion of rate cuts was.
- Adopting a dovish tone is made easier by the fact that inflation remains low.
- **Headline and core CPI inflation** rates (Tue) are expected to see little change from February's readings. Both rates are expected to rise 0.1% point, to 0.4% y/y and 1.3% y/y, respectively.
- We expect that a continued pick up in wage pressures to have convinced the majority of the MPC that risks to the 2% inflation target will tilt to the upside by late this year. Thus, we expect the first BoE rate hike in Q4 (November), assuming no Brexit.



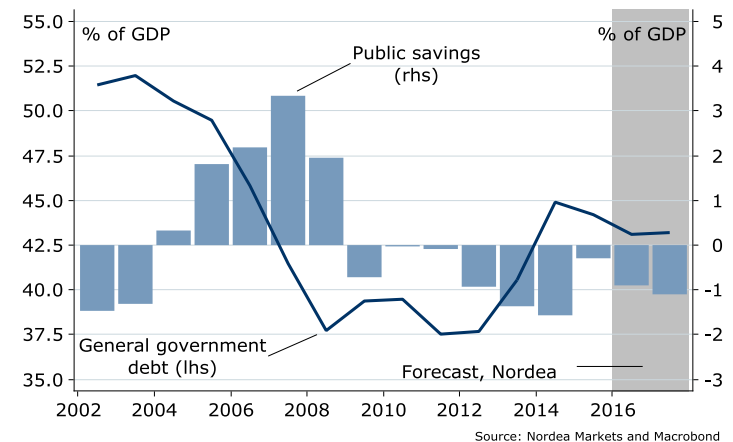
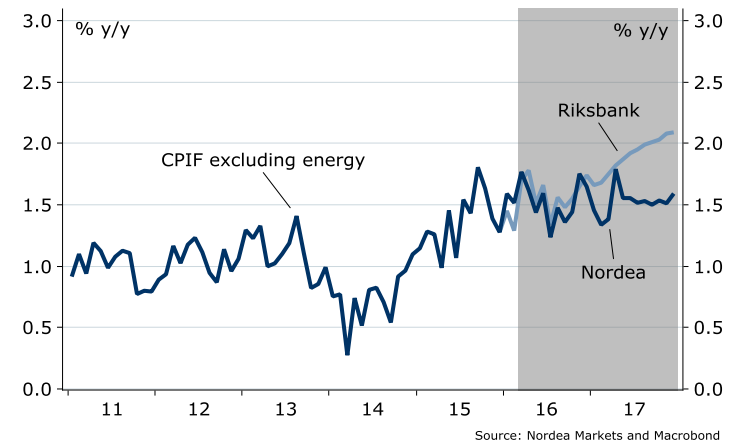
China: GDP, credit, production, trade and CPI (all week)

- Next week is heavy on Chinese data. The most important indicator is the **Q1 2016 GDP** (Fri). Both we and consensus expects 6.7% y/y, which will be the lowest reading since the global financial crisis. By now, declining GDP growth should no longer come as a surprise. Structural changes and the need for transforming the economy from industry and service will make growth to drop further in the coming years.
- **Industrial production, investment and retail sales** (Fri) are likely unchanged from last month, another sign that the economy is weak but no on a brink of collapse.
- We expect a rebound in **aggregate financing** for March (10-15 Mar) to CNY 1400bn (nearly double February level). In the past year, shadow banking has grown beyond the products encountered by the PBoC, so the actual amount of credit in the system is likely even higher than suggested by headline numbers.
- **CPI** (Mon) will likely rise further due to sky-rocketing food prices lately.
- While **exports** (Wed) could improve in March, market's expectation of +9.3% y/y may be too optimistic. **Imports** will likely rise as well, on better exports and commodity price increases earlier this year.



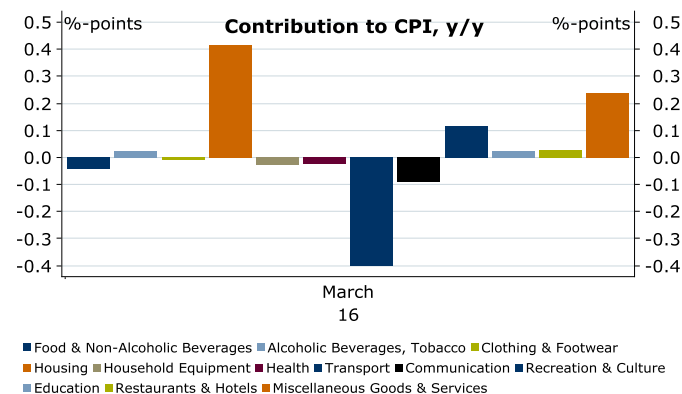
Sweden: Inflation figures and Spring Budget (Tue, Wed)

- We expect **core inflation** as measured by the CPIF ex energy to come out at 1.8% for March, thus touching the five year high from September 2015. Moreover, risks to our forecast are mainly on the upside. **We see headline CPI and CPIF** at 0.8% y/y and 1.5% y/y, respectively. The temporary effects in March, and the key upside risk to our forecast, are related to prices of international flights as they tend to rise during holiday periods. Read our preview [here](#), (Tue)
- The governments Spring Budget Bill will be published on Wednesday. The main reform is increased transfers to municipalities. The budget will most likely be accepted by the parliament as the opposition parties will not present a common Budget proposal. Read more [here](#). (Wed)

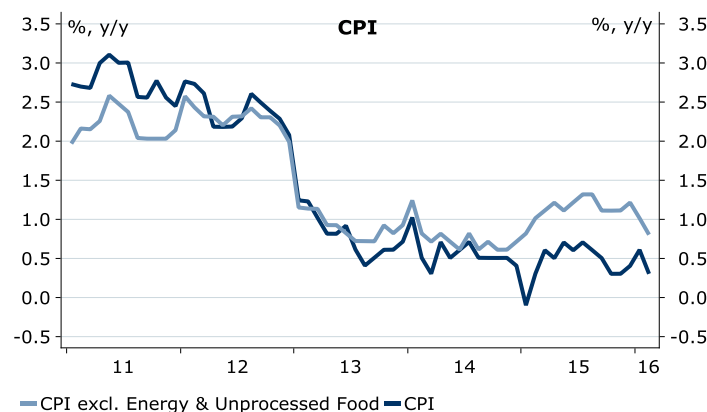


Danish inflation: March will mark the bottom (Mon)

- The Danish **inflation** figures for March will be released on Monday. We expect a drop in the year-over-year rate to 0.1%, down from 0.3% in February. Month-over-month this is equivalent to +0.2%
- Lower prices of oil is still the main reason for the unusually low inflation numbers. Even though prices of gasoline rose slightly in March, Transport is expected to subtract 0.4% point from the year-over-year CPI numbers. On the other hand, Housing is expected to add 0.4% point and Recreation & Culture 0.24% point.
- We expect the inflation numbers in March to mark the bottom this time around. Starting next month inflation will start to drift higher as the base effects from the lower oil prices start to evaporate. Under the assumption that oil prices will increase to around USD 50 at the end of 2016, we expect Danish inflation to exceed 1.0% at end-2016.



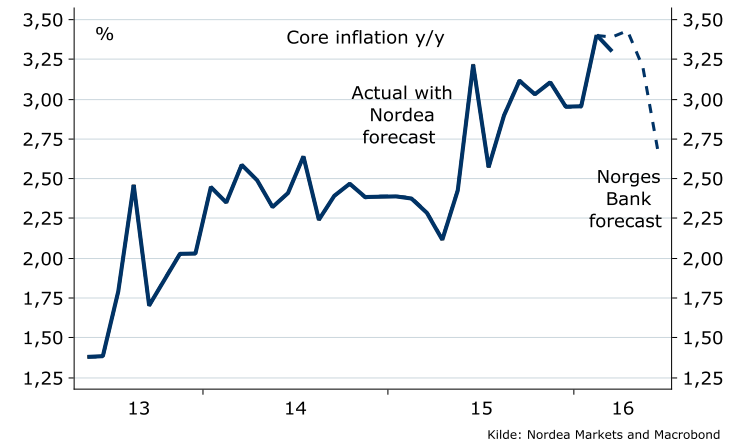
Source: Nordea Markets and Macrobond



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Norway: Still high, but somewhat lower core inflation

- We forecast **core inflation** at 3.3% in March (Mon 10:00) down from 3.4% last month. Norges Bank's forecast is 3.4%.
- Easter was at the end of March this year while it normally is in April. That makes the March forecast difficult. Add to this that there has been much noise in food prices lately.
- Those price indicators we follow points to very strong price cuts on food in March. They are however local and covering only some items. Still a sharp, and sharper than last year, drop in food prices is the main reason why we forecast lower core inflation.
- Some prices will however most likely rise due to the timing of Easter such as airfares.



M-o-m growth this month and same month last year. Contribution to change in y-o-y growth				
M-o-m	Weight	Mar(15)	Mar16)	Contr.to ch.
Food and non-alcoholic bev.	0.14	-1.5%	-2.5%	-0.15 %
Alcoholic beverages and tobacco	0.04	-0.1%	0.0%	0.00 %
Clothing and footwear	0.05	4.7%	4.4%	-0.01 %
Housing (incl. rents)	0.20	0.1%	0.1%	0.00 %
Furnishings etc.	0.07	2.8%	2.0%	-0.05 %
Medical care	0.03	0.0%	0.0%	0.00 %
Transport (include airfares)	0.14	0.4%	1.0%	0.08 %
Communications	0.03	1.2%	0.6%	-0.02 %
Culture and recr. (incl books)	0.12	0.3%	0.4%	0.01 %
Education	0.01	0.0%	0.0%	0.00 %
Restaurants and hotels	0.06	0.2%	0.5%	0.02 %
Misc.goods and serv.	0.10	0.1%	0.4%	0.03 %
Total core inflation	1.00	0.39 %	0.30 %	-0.1 %

Calendar

Monday, 11/04/2016					Nordea	Consensus	Actual	Previous
03:30	CN	CPI (y/y)	Mar			2.4%		2.3%
08:00	RO	CPI (y/y)	Mar			-2.8%		-2.7%
09:00	CZ	CPI (y/y)	Mar			0.4%		0.5%
09:00	DK	CPI (m/m)	Mar		0.2%			0.7%
09:00	DK	CPI (y/y)	Mar		0.1%			0.3%
09:00	DK	CPI, EU harmonized (m/m)	Mar					0.5%
09:00	DK	CPI, EU harmonized (y/y)	Mar					0.1%
09:00	DK	Current account balance (sa)	Feb		10.5bn			10.8bn
09:00	DK	Trade balance, ex. ships (sa)	Feb					5.6bn
10:00	NO	CPI (y/y)	Mar		3.1%			3.1%
10:00	NO	CPI, core (y/y)	Mar		3.3%			3.4%
14:00	PL	CPI (m/m, final)	Mar					0.1%
14:00	PL	CPI (y/y, final)	Mar					-0.9%
15:00	RU	Trade balance (USD)	Feb			7.9bn		7.9bn
15:25	US	Fed's Dudley Speaks on Community Development in New York						
19:00	US	Fed's Kaplan Speaks in Ruston, Louisiana						
Tuesday, 12/04/2016					Nordea	Consensus	Actual	Previous
04:00	CN	FDI (y/y) (Exp 08- 12 Apr)	Mar					1.8%
08:00	DE	HICP (y/y, final)	Mar		0.1%	0.1%		0.1%
08:00	SE	Unemployment, Swedish Public Employment Service	Mar					4.1%
09:00	SE	Meeting of the Executive Board of the Riksbank						
09:30	SE	CPI (m/m)	Mar					0.3%
09:30	SE	CPI (y/y)	Mar		0.8%			0.4%
09:30	SE	CPI, index	Mar					314.14
09:30	SE	CPIF (m/m)	Mar					0.3%
09:30	SE	CPIF (y/y)	Mar		1.5%			1.1%
10:30	GB	CPI (m/m)	Mar			0.3%		0.2%
10:30	GB	CPI (y/y)	Mar		0.4%	0.4%		0.3%
14:00	IN	CPI (y/y)	Mar			5.0%		5.2%
14:30	US	Import prices (m/m)	Mar			1.0%		-0.3%
14:30	US	Import prices (y/y)	Mar					-6.1%
15:00	US	Fed's Harker Speaks on Economic Outlook in Philadelphia						
15:00	US	NFIB small business optimism index	Mar			93.8		92.9
21:00	US	Fed's Williams Speaks in San Francisco						
22:00	US	Fed's Lacker Speaks in Wilmington, North Carolina						

Calendar

Wednesday, 13/04/2016					Nordea	Consensus	Actual	Previous
	CN	Exports (y/y)	Mar			10.0%		- 25.4%
	CN	Imports (y/y)	Mar			- 10.1%		- 13.8%
	CN	Trade balance (USD)	Mar			35.0bn		32.6bn
08:00	SE	Prospera, inflation expectations survey						
08:00	SE	The Swedish budget bill is published						
08:45	FR	HICP (m/m, final)	Mar			0.7%		0.7%
08:45	FR	HICP (y/y, final)	Mar			- 0.1%		- 0.1%
09:30	SE	Current account balance	Feb					
11:00	EU	Industrial production (m/m, sa)	Feb		- 0.5%			2.1%
11:00	SE	SNDO to auction bonds (SEK 4 bn)						
13:00	US	Mortgage applications, MBA	Apr					2.7%
14:00	HU	Minutes of MNB rate meeting						
14:30	US	PPI final demand (m/m)	Mar			0.2%		- 0.2%
14:30	US	PPI final demand (y/y)	Mar			0.3%		0.0%
14:30	US	PPI, core (m/m)	Mar			0.1%		0.0%
14:30	US	PPI, core (y/y)	Mar			1.3%		1.2%
14:30	US	Retail sales (m/m)	Mar			0.2%		- 0.1%
14:30	US	Retail sales control group	Mar			0.3%		0.0%
14:30	US	Retail sales, ex auto and gas (m/m)	Mar			0.4%		0.3%
14:30	US	Retail sales, less autos (m/m)	Mar			0.4%		- 0.1%
16:00	CA	BoC Monetary Policy Report						
16:00	CA	BoC announces interest rate	Apr			0.50%		0.50%
16:00	US	Business inventories (m/m)	Feb			0.1%		0.1%
20:00	US	U.S. Federal Reserve Releases Beige Book						
Thursday, 14/04/2016					Nordea	Consensus	Actual	Previous
01:01	GB	House price balance, RICS	Mar			51%		50%
08:00	SE	House prices, Mäklarstatistik (y/y)	Mar					14%
08:00	SE	Mortgage report published by FI						
08:30	SE	The Sw. Financial Supervisory Authority's mortgage report is published						
11:00	EU	HICP (y/y, final)	Mar		- 0.1%	- 0.1%		- 0.1%
11:00	EU	HICP core - ex food, energy, alcohol & tobacco (y/y, final)	Mar		1.0%	1.0%		1.0%
11:00	EU	Trade balance (sa)	Feb			21.8bn		21.2bn
13:00	GB	BoE announces asset purchase target	Apr		375bn	375bn		375bn
13:00	GB	BoE announces interest rates	Apr		0.50%	0.50%		0.50%

Calendar

Thursday, 14/04/2016 (Continued)				Nordea	Consensus	Actual	Previous
14:30	US	CPI (m/m)	Mar		0.2%		-0.2%
14:30	US	CPI (y/y)	Mar	1.0%	1.0%		1.0%
14:30	US	CPI, core (m/m)	Mar		0.2%		0.3%
14:30	US	CPI, core (y/y)	Mar	2.3%	2.3%		2.3%
14:30	US	Jobless claims, continuing	Apr				2191k
14:30	US	Jobless claims, initial	Apr				267k
16:00	US	Fed's Lockhart Speaks in Chicago					
16:00	US	Fed's Powell Appears Before Senate Banking Committee					
Friday, 15/04/2016				Nordea	Consensus	Actual	Previous
04:00	CN	Fixed asset inv. excl. rural YTD (y/y)	Mar		10.4%		10.2%
04:00	CN	GDP (q/q)	Q1		1.5%		1.6%
04:00	CN	GDP (y/y)	Q1	6.7%	6.7%		6.8%
04:00	CN	Industrial production (y/y)	Mar		6.0%		5.9%
04:00	CN	Retail sales (y/y)	Mar		10.4%		11.1%
08:00	EU	IMF Spring Meeting (15- 17 Apr)					
09:00	CN	Money supply, M2 (y/y)	Mar		13.5%		13.3%
14:30	US	Empire manufacturing	Apr		2		0.62
15:00	US	TIC flows, net long- term	Feb				- 12.0bn
15:00	US	TIC flows, net total	Feb				118.4bn
15:15	US	Capacity utilization	Mar		75.3%		76.7%
15:15	US	Industrial production (m/m)	Mar		-0.1%		-0.5%
16:00	US	Consumer confidence, U. of Mich., 5- 10Y inflation (prelim.)	Apr				
16:00	US	Consumer confidence, University of Michigan (preliminary)	Apr		92		91
18:30	US	Fed's Evans Speaks on Economy and Policy in Washington					

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