

Macro Forecasts



What's on tap in October?

Quantitative easing 2 will arrive, but is it the wrong kind of medicine?

- Quantitative easing has been on everybody's lips in recent times as the September 21 FOMC meeting - and then Fed Chairman Ben Bernanke in a speech last Friday - all but confirmed its arrival. The question now changes from whether it will arrive to what the impact will be. Despite the fact that the launch of QE2 clearly confirms that QE1 *didn't* work, the markets are welcoming QE2 by pricing in as much as \$1 trillion worth of stimulus. However, judging from the amount of excess reserves currently on the banks' books, QE1 did nothing but prop up these institutions. New loans have not originated from the excess reserves because consumers are unable to take on more debt and because the banks worry sufficiently about the present situation for them to prefer to earn a risk-free return at the Federal Reserve rather than loan to the public. Are we really expected to believe that even lower rates are what are needed at the moment when the current low bond rates have not been able to achieve precisely this? What's needed is for borrowers to lower their debt to sustainable levels, *not* artificially high levels induced by Fed manipulation of the interest rate.
- The inventory restocking cycle has mostly run its course in the US, which was confirmed by September's ISM Manufacturing PMI. The survey's aggregate index fell to 54.4 from a prior reading of 56.3, but it is the decrease in the new orders to inventories differential, which worries us the most. The differential has just turned negative (-4.5) for the first since February 2009 and based on this differential alone the aggregate ISM Manufacturing index should be around 47-48 in three month's time. And, if we take this argument a tad further, industrial production should show a -7% year-on-year print in December based on a PMI of 48. Of course, this inventory argument is but one factor that will influence industrial production in the coming months, but we do expect production to decelerate even further in the last quarter of the year.
- The ZEW surveys for Germany and the Eurozone have just been released, and they show outright contraction for the former and very weak expansion in the case of the latter. The forward-looking economic sentiment index fell to -7.2 and 1.8 from 4.4 and -4.3, respectively. Judging by the ZEW report alone Eurozone growth will decelerate all the way to 0.6% year-on-year in 2Q2011 from 1.9% currently; and that is without taking austerity measures into account. Before 2Q2011 arrives, however, we do expect Eurozone growth to inch up to 2.2% in 4Q2010 as the economies of Europe will manage to put together of couple of solid - if not impressive - quarterly growth rates. We look for QoQ rates of 0.5% and 0.4% in the Eurozone for the two quarters of 2010 that are still unknown to us.

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US

Monthly forecasts

Surveys	Period	Saxo Bank	Consensus	Prior	Release date
ISM Manufacturing PMI	OCT	51.4	54.0	54.4	11/01
ISM Non-manufacturing PMI	OCT	53.5	53.0	53.2	11/03
Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Net change in Nonfarm Payrolls (Thousand, SA)	OCT	70	-	-95	11/05
Net change in Private Nonfarm Payrolls (Thousand, SA)	OCT	84	-	64	11/05
Unemployment Rate (SA)	OCT	9.6%	-	9.6%	11/05
Production	Period	Saxo Bank	Consensus	Prior	Release date
Construction Spending (MoM, SA)	SEP	-0.2%	-0.4%	0.4%	11/01
Factory Orders (MoM, SA)	SEP	0.3%	-	-0.5%	11/03
Industrial Production (MoM, SA) / Capacity Utilization (SA)	OCT	0.3% / 74.8%	- / -	-0.2% / 74.7%	11/16
Durable Goods Orders (MoM, SA) / ex. Transportation (MoM, SA)	SEP	1.4% / 0.5%	1.7% / 0.5%	-1.5% / 1.7%	10/27
Business Inventories (MoM, SA)	SEP	0.8%	-	0.6%	11/15
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales / Retail Sales ex. Autos (MoM, SA)	OCT	0.2% / 0.6%	- / -	0.6% / 0.4%	11/15
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
PPI (MoM, SA) / Core PPI (MoM, SA)	OCT	0.3% / 0.2%	- / -	0.4% / 0.1%	11/16
CPI (MoM, SA) / Core CPI (MoM, SA)	OCT	0.2% / 0.1%	- / -	0.1% / 0.0%	11/17
Housing Market	Period	Saxo Bank	Consensus	Prior	Release date
Existing Home Sales (MoM, SA)	SEP	9.0%	2.9%	7.6%	10/25
New Home Sales (MoM, SA)	SEP	0.0%	3.1%	0.0%	10/27
Case-Shiller Composite 20-City HPI (MoM SA)	AUG	-0.1%	-	-0.1%	10/26
Income & Consumption	Period	Saxo Bank	Consensus	Prior	Release date
Personal Income (MoM, SA) / Personal Consumption (MoM, SA)	SEP	0.3% / 0.5%	0.3% / 0.4%	0.5% / 0.4%	11/01
Trade Balance	Period	Saxo Bank	Consensus	Prior	Release date
Trade Balance (USD Billion)	SEP	-47.1	-	-46.3	11/10

Canada Monthly forecasts

Surveys	Period	Saxo Bank	Consensus	Prior	Release date
Ivey Purchasing Managers' Index	OCT	68.0	-	70.3	11/04
Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Net change in Employment (Thousand, SA)	OCT	20.0	-	-6.6	11/05
Unemployment Rate (SA)	OCT	8.0%	-	8.0%	11/05
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales (MoM, SA)	AUG	0.3%	-0.1%	-0.1%	10/22
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
CPI (YoY) / Core CPI (YoY)	SEP	1.8% / 1.5%	1.9% / 1.6%	1.7% / 1.6%	10/22
Industrial Product Price (MoM, NSA)	SEP	0.1%	-	0.4%	10/29
Gross Domestic Product	Period	Saxo Bank	Consensus	Prior	Release date
Real GDP (MoM, SA)	AUG	0.2%	-	-0.1%	10/29

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

Japan

Monthly forecasts

Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Unemployment Rate (SA)	SEP	5.1%	-	5.1%	10/28
Jobs to Applicants Ratio (SA)	SEP	0.54	-	0.54	10/28
Production	Period	Saxo Bank	Consensus	Prior	Release date
Industrial Production (MoM, SA)	SEP (P)	-0.8%	-	-0.5%	10/28
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales (MoM, SA)	SEP	0.1%	-	1.4%	10/27
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
Domestic Corporate Goods Price (YoY)	OCT	0.2%	-	-0.1%	11/10
CPI (YoY) / CPI ex. Fresh Food (YoY)	SEP	-0.8% / -1.0%	- / -	-0.9% / -1.0%	10/28

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

Australia

Monthly forecasts

Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Employment Change (1000s)	OCT	14.2	-	49.5	11/10
Unemployment Rate	OCT	5.1%	-	5.1%	11/10
Housing Market	Period	Saxo Bank	Consensus	Prior	Release date
Number of Home Loans (MoM, SA)	SEP	0.1%	-	1.0%	11/10
Value of Home Loans (MoM, SA)	SEP	1.5%	-	0.0%	11/09
Building Approvals (YoY)	SEP	-7.7%	-	4.4%	11/03
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
TD Securities Inflation (MoM)	OCT	0.1%	-	0.1%	10/31

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

Eurozone Monthly forecasts

Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Unemployment Rate (SA)	SEP	10.1%	-	10.1%	10/29
Production	Period	Saxo Bank	Consensus	Prior	Release date
Industrial Production (MoM, SA)	SEP	0.1%	-	1.0%	11/12
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales (MoM, SA)	SEP	-0.2%	-	-0.4%	11/05
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
CPI (YoY) / Core CPI (YoY)	SEP (F)	1.8% / 0.8%	- / -	1.8% / 1.0%	11/16

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

UK Monthly forecasts

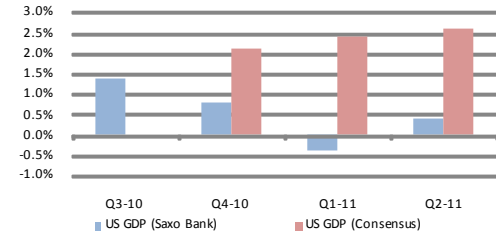
Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Claimant Count Rate (SA)	OCT	4.5%	-	4.5%	11/17
Jobless Claims Change (Thousand, SA)	OCT	5.4	-	5.3	11/17
ILO Unemployment Rate (SA)	SEP	7.7%	-	7.7%	11/17
Production	Period	Saxo Bank	Consensus	Prior	Release date
Industrial Production (MoM, SA)	SEP	-0.1%	-	0.2%	11/09
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales (MoM, SA)	SEP	0.2%	-	-0.4%	10/21
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
PPI Output (MoM, NSA)	OCT	0.2%	-	0.3%	11/05
CPI (YoY) / Core CPI (YoY)	OCT	2.9% / 2.5%	- / -	3.1% / 2.7%	11/16
Retail Price Index (YoY)	OCT	4.4%	-	4.6%	11/16
Housing Market	Period	Saxo Bank	Consensus	Prior	Release date
Halifax House Prices (MoM, SA)	OCT	-0.5%	-	-3.6%	11/02
Nationwide House Prices (MoM, SA)	OCT	0.2%	-	0.1%	10/26

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

Quarterly forecasts

USA

Gross Domestic Product	Period	Saxo Bank	Consensus
Real GDP (QoQ, SAAR)	Q3-10 (A)	1.4%	-
	Q4-10	0.8%	2.1%
	Q1-11	-0.4%	2.4%
	Q2-11	0.4%	2.6%
	Q3-10 (A)	1.8%	-
	Q4-10	1.0%	2.1%
	Q1-11	0.3%	2.4%
	Q2-11	0.8%	2.6%
Real PCE (QoQ, SAAR)			
Labour	Period	Saxo Bank	Consensus
	Unemployment Rate (SA)		
	Q4-10	9.7%	9.6%
	Q1-11	9.8%	9.5%
Prices	Period	Saxo Bank	Consensus
	Consumer Prices (YoY)		
	Q4-10	0.9%	1.1%
	Q1-11	1.0%	1.1%
	Period	Saxo Bank	Consensus
	Q2-11	1.5%	1.6%
	Q3-11	1.8%	1.7%



Gross Domestic Product to be released on 29/10/2010

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate, (A): Advance, (S): Second, (T): Third

Quarterly forecasts

Canada

Gross Domestic Product	Period	Saxo Bank	Consensus
Real GDP (YoY)	Q3-10	3.4%	2.2%
	Q4-10	3.0%	2.6%
	Q1-11	2.0%	2.8%
	Q2-11	1.5%	2.4%
Labour Market			
Unemployment Rate (SA)	Period	Saxo Bank	Consensus
	Q4-10	8.0%	7.9%
	Q1-11	7.9%	7.9%
	Q2-11	7.8%	7.8%
Prices	Period	Saxo Bank	Consensus
	Consumer Price Index (YoY)		
	Q3-10	1.8%	1.9%
	Q4-10	2.0%	1.9%
	Period	Saxo Bank	Consensus
	Q1-11	1.5%	2.0%
	Q2-11	1.0%	2.1%

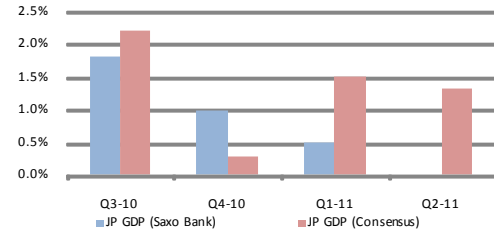


Gross Domestic Product to be released on 30/11/2010

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate, (A): Advance, (P): Preliminary, (F): Final

Quarterly forecasts

		Japan	
Gross Domestic Product	Period	Saxo Bank	Consensus
Real GDP (QoQ, SAAR)	Q3-10 (P)	1.8%	2.2%
	Q4-10	1.0%	0.3%
	Q1-11	0.5%	1.5%
	Q2-11	0.0%	1.3%
Labour Market	Period	Saxo Bank	Consensus
Unemployment Rate (SA)	Q3-10	5.2%	5.1%
	Q4-10	5.2%	5.0%
	Q1-11	5.0%	4.9%
	Q2-11	5.1%	4.9%
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q3-10	-1.1%	-1.0%
	Q4-10	-0.5%	-0.7%
	Q1-11	-0.5%	-0.7%
	Q2-11	-1.0%	-0.4%

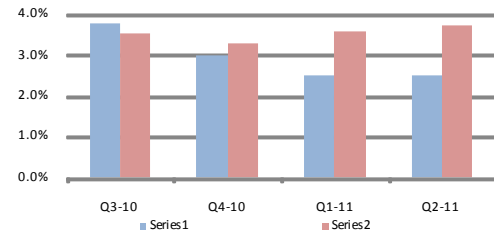


Gross Domestic Product to be released on 14/11/2010

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate, (A): Advance, (P): Preliminary, (F): Final

Quarterly forecasts

		Australia	
Gross Domestic Product	Period	Saxo Bank	Consensus
Real GDP (YoY)	Q3-10	3.8%	3.6%
	Q4-10	3.0%	3.3%
	Q1-11	2.5%	3.6%
	Q2-11	2.5%	3.7%
Labour Market	Period	Saxo Bank	Consensus
Unemployment Rate (SA)	Q4-10	5.1%	5.0%
	Q1-11	5.3%	5.0%
	Q2-11	5.2%	4.9%
	Q3-11	4.7%	-
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q3-10	3.0%	3.0%
	Q4-10	3.0%	3.2%
	Q1-11	2.5%	3.2%
	Q2-11	2.0%	3.2%



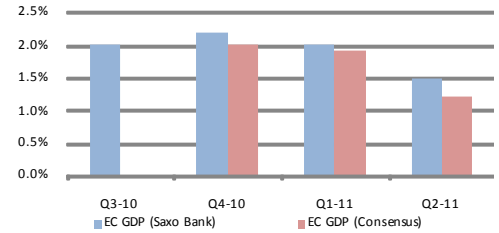
Gross Domestic Product to be released on 30/11/2010

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate, (A): Advance, (P): Preliminary, (F): Final

Quarterly forecasts

Eurozone

Gross Domestic Product	Period	Saxo Bank	Consensus
Real GDP (YoY)	Q3-10 (A)	2.0%	-
	Q4-10	2.2%	2.0%
	Q1-11	2.0%	1.9%
	Q2-11	1.5%	1.2%
Labour Market	Period	Saxo Bank	Consensus
Unemployment Rate (SA)	Q3-10	10.0%	10.1%
	Q4-10	9.9%	10.0%
	Q1-11	9.8%	10.0%
	Q2-11	9.9%	9.9%
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q3-10	1.8%	1.7%
	Q4-10	1.5%	1.7%
	Q1-11	1.0%	1.5%
	Q2-11	0.5%	1.6%



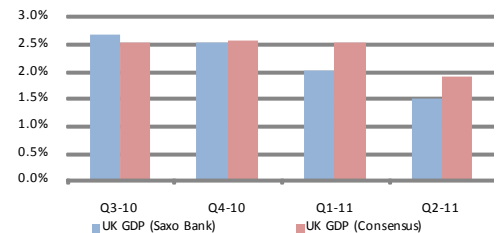
Gross Domestic Product to be released on 12/11/2010

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate, (A): Advance, (P): Preliminary, (F): Final

Quarterly forecasts

UK

Gross Domestic Product	Period	Saxo Bank	Consensus
Real GDP (YoY)	Q3-10 (A)	2.7%	2.5%
	Q4-10	2.5%	2.6%
	Q1-11	2.0%	2.5%
	Q2-11	1.5%	1.9%
Labour Market	Period	Saxo Bank	Consensus
ILO Unemployment Rate (SA)	Q3-10	7.8%	7.8%
	Q4-10	7.6%	7.8%
	Q1-11	7.7%	7.8%
	Q2-11	7.6%	7.8%
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q4-10	2.8%	2.8%
	Q1-11	2.5%	2.8%
	Q2-11	2.0%	2.7%
	Q3-11	2.0%	2.7%



Gross Domestic Product to be released on 26/10/2010

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate, (A): Advance, (P): Preliminary, (F): Final

General

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