

# Thursday Morning Kickoff @ Saxo

## Busy earnings schedule to spearhead events today

### Themes

- We have had the first attempt of the 1200 level in S&P500, but have failed. Look for a retest of this level today and especially look for the close of the US session.

### What's going on?

European equity markets will most likely open 0.6% higher as the close of the US was strong. Volkswagen did present surprisingly strong earnings report yesterday with a realized EPS of 4.5 EUR vs. the streets estimate of 1.8 EUR. Likewise with Novo Nordisk which not only did surprise to the upside, but rose both margin forecast and sales forecast for the rest of 2010 and 2011. Look for important earnings releases from Shell, Daimler and Sanofi-Aventis from Europe today and from the US look out for Eastman-Kodak, 3M and Microsoft.

### Thursday's Key Events

GMT	Event	Saxo Bank	Consensus	Previous
07:15	SW Consumer Confidence (OCT)		28.0	28.4
07:15	SW Manufacturing Confidence (3Q)		10	3
07:30	SW Retail Sales MoM (SEP)		0.5%	0.0%
09:00	Eurozone Consumer Confidence (OCT, final)		-11	-11
09:00	Eurozone Economic Confidence (OCT)		103.5	103.2
09:00	Eurozone Industrial Confidence (OCT)		-1	-2
09:00	Eurozone Services Confidence (OCT)		7	8
09:00	Eurozone Business Climate Indicator (OCT)		0.79	0.77
12:30	US Initial Jobless Claims		455K	452K
12:30	US Continuing Jobless Claims		4430K	4441K
15:00	Fed to buy bonds			

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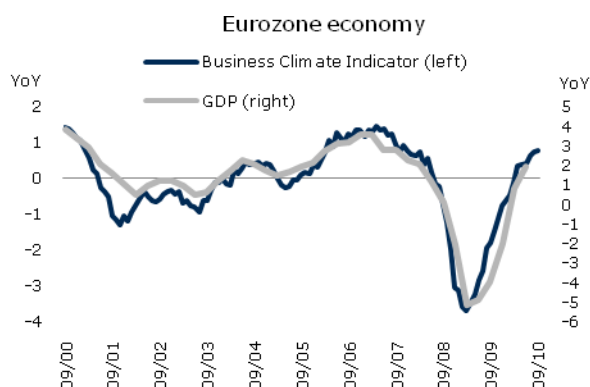
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## Markets at a glance

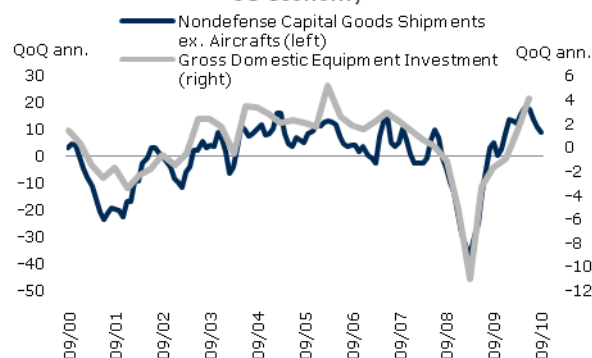
Eurozone confidence numbers are out today and the Business Climate Indicator is a solid indicator of overall economic activity in the bloc. The indicator has continued to improve throughout the third quarter and suggests GDP growth of 3% YoY vs. 1.9% in 2Q. That would imply a quarterly growth rate of no less than 6.1% (annualised). For now, we are content with our forecasts of 2% and 2.2% YoY for 3Q and 4Q, respectively.



Source: Bloomberg. Our calculations.

Durable Goods Orders (3.3% MoM) and New Home Sales (6.6% MoM) were both better than expected yesterday, but the former only managed to beat expectations due to transportations, and especially Boeing. Without transportation, orders declined 0.8% MoM. Nondefense capital goods shipments (ex. aircrafts), which increased 0.4% MoM, is a good indicator of businesses' investments. Such shipments were up by 9% annualised in the third quarter and will act as a counterweight to the decline that we will likely see in residential investment.

## US economy

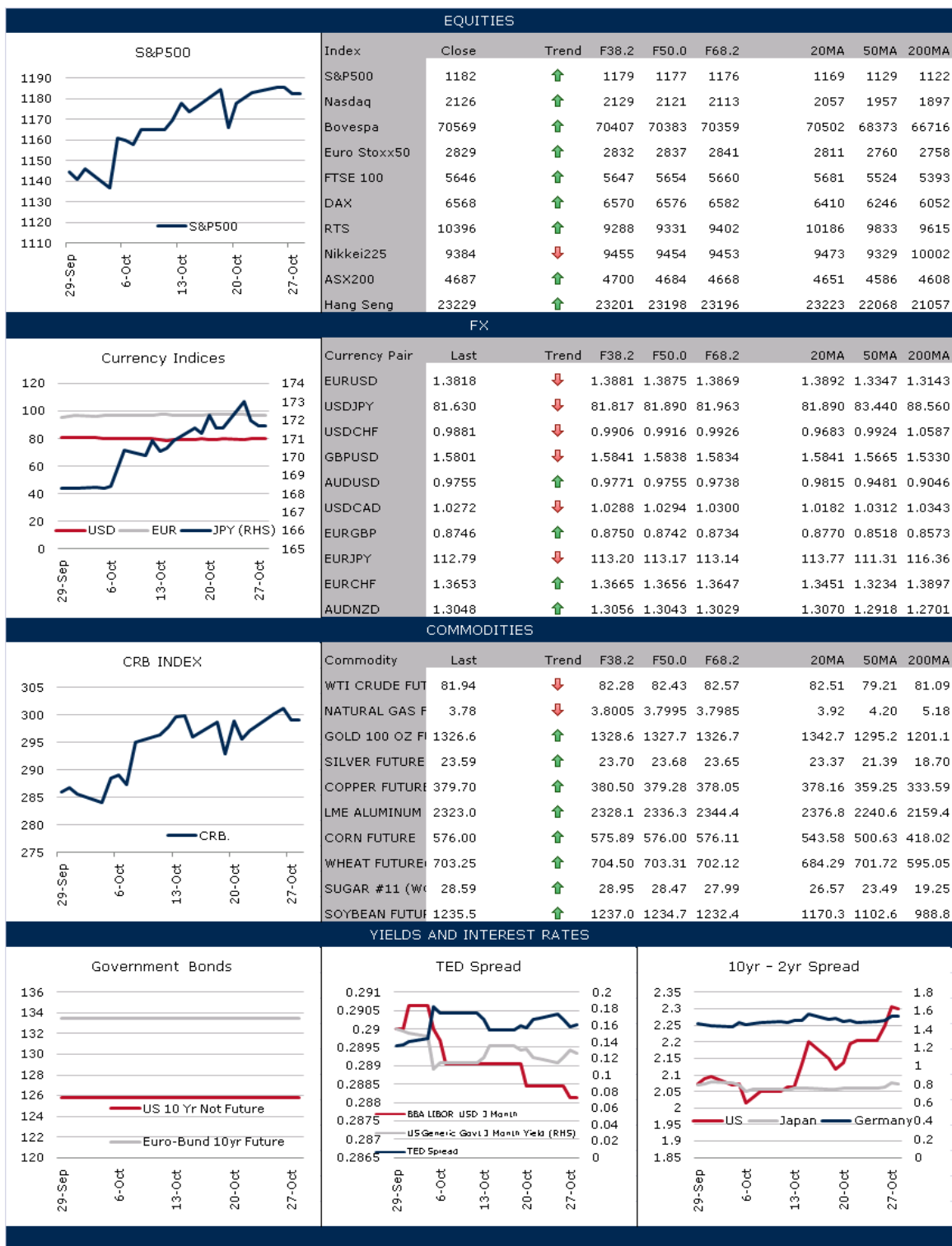


Source: Bloomberg. Our calculations.

## Equities: a closer look

Volkswagen posted very strong earnings yesterday and this is driven by a large extent due to sales in emerging markets. Their forecast for the remains of 2010 both in terms of sales and margins are in the upper end of the analysts' band. Furthermore Novo Nordisk did also present an impressive earnings report. Like with Volkswagen the sales forecast for 2011 was in the upper end of the range and they expected a margin increase by 50-100 bps next year. This is very good news and was driven almost solely by their new insulin drug, Victoza.

Economic data highlights	Saxo Bank	Consensus	Actual	Previous	Revised
Eurozone M3 YoY (SEP)		1.3%	1.0%	1.1%	
NO Deposit Rates		2.00%	2.00%	2.00%	
US Durable Goods Orders MoM (SEP)	1.4%	2.0%	3.3%	-1.3%	-1.0%
US Durable Goods Orders ex. Transportation MoM (SEP)	0.5%	0.5%	-0.8%	2.0%	1.9%
US New Home Sales MoM (SEP)	0.0%	4.2%	6.6%	0.0%	1.1%
NZ RBNZ Official Cash Rate		3.00%	3.00%	3.00%	



Source: Bloomberg. Our calculations.

Note: the trend is defined as the slope of the 13-day exponential moving average.

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