

Danske Daily

Key news

- US markets are closed today for Labor Day, but US equities continued their positive streak on Friday on the back of the labour market report, while US Treasury yields continued to rise.
- Asian markets follow the sentiment from the US markets on Friday.
- No major moves in the major FX crosses this morning. SEK and NOK strengthening modestly against EUR.

Markets Overnight

US **equity markets** closed on Friday with a solid gain after the better-than-expected Non-farm payrolls and shrugging off a weaker-than-expected non-manufacturing ISM report, where we saw a decline in the headline index to 51.5, which was more than expected. However, the markets focused on the labour market report and the S&P500 closed up 1.3% on Friday.

The Asian markets have followed the sentiment from the US markets and the main indices are all up this morning. Nikkei is up 1.6% and Hang Seng is up 1.4% this morning.

The better-than-expected economic data also led to a rise in **US bond yields**, where 10Y yields rose some 7bp and the curve steepened 5bp between 2Y and 10Y.

In the **FX markets** the euro has held onto gains made on Friday, where it moved towards the 129 level, which it has been testing this morning. USDJPY has been fairly stable at the 84 level. There have also been small movements in the Scandi crosses, with EURSEK trading testing the 9.30 level and EURNOK breaking through the 7.87 level. The Scandi currencies are still benefiting from lower risk aversion and rising oil prices.

Market movers today:

- US markets closed for labour day
- ECB's Stark speaking
- ECOFIN meeting

Market overview

		07:30		1 day +/- %
S&P500 (close)		1104.5	↑	1.32
S&P500 fut (chg from close)		1105.7	↑	0.20
Nikkei		9272.4	↑	1.74
Hang Seng		21249.0	↑	1.32
		17:00	07:30	+/-, bp
US 2y gov	0.51	0.51	↑	0.0
US 10y gov	2.71	2.70	↓	-0.7
iTraxx Europe (IG)	99	106	↑	6.4
iTraxx Xover (Non IG)	397	482	↑	84.7
				+/-, %
EUR/USD	1.286	1.290	↑	0.26
USD/JPY	84.430	84.350	↓	-0.09
EUR/CHF	1.31	1.31	↑	0.01
EUR/GBP	0.833	0.834	↑	0.11
EUR/SEK	9.315	9.299	↓	-0.17
EUR/NOK	7.88	7.87	↓	-0.16
				USD
Oil Brent, USD	75.6	76.5	↑	1.15
Gold, USD	1246.2	1248.5	↑	0.18

Note:

* The iTraxx Europe Index show the spread development for the most liquid investment grade CDS contracts in the euro credit market.

**The iTraxx Europe Crossover show the spread development of the most liquid non-investment grade CDS contracts in the euro credit market.

Source: Bloomberg

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Global Daily

Focus today: It is likely to be a quiet day as the US is closed for Labor Day. There are only a few events scheduled today. The ECB's Stark will speak on the subject "The euro's stability: Lesson learnt from the Greek crisis". The Sentix investor index for Euroland is also due to be released. It tends to give a good signal about the German ZEW index.

Fixed income markets: Bond yields bottomed early last week and rose throughout the week, getting a further lift from Friday's payrolls report. We believe the short-term rising trend is likely to continue this week as demand in the long end from pension funds has declined. We also look for further steepening of the yield curve out to the 30-year segment. In the medium term, we still believe double-dip fears will keep a downward pressure on yields, though, and hence mainly see the rise in yields as a correction in the medium-term downward trend.

FX markets: With few key data releases today, and the US closed, trading is likely to be range-bound. EUR/USD moved higher on Friday, to test 1.29, following a rebound in risky assets after US non-farm payrolls surprised positively. However, strong technical resistance is found at 1.2923/33 and a clear short-term uptrend has not yet been established. Positioning is currently not a big risk factor on EUR/USD, as short positions are likely to be modest (net short EUR positions stand at 10.6% of open interest according to IMM data and front-end risk-reversals have corrected higher). In Australia, focus is on tomorrow morning's RBA policy meeting. We see a high probability that recent strong activity data will see the RBA move gradually back towards a tightening bias (warming up to an early October or November hike) adding support to AUD.

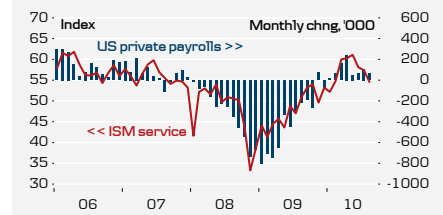
Scandi Daily

Denmark: The refinancing auctions continue today. Nykredit and BRF are selling almost DKK48bn in 1Y non-callable mortgage bonds. Given the solid excess liquidity, demand is solid at the auctions and the yield is at an historical low for the borrowers. Furthermore, the Danish Central Bank is having a bond auction today in the DGB 4'19.

Sweden: A SIFO poll over the weekend give the government a 6.4% lead against the Social Democrats ahead of the election on 19 September.

Norway: Norges Bank is selling up 3bn in the NGB May 2019. We think the bond is cheap against Euroland or as an extension trade to short-dated NGBs.

Mixed news Friday – stronger payrolls but weaker ISM service



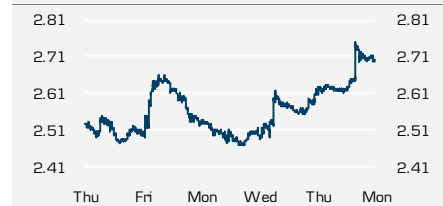
Source: Reuters Ecowin

US S&P500 future



Source: Danske Markets

US 10y gov yield



Source: Danske Markets

Global FX



Source: Danske Markets

Scandi FX



Source: Danske Markets

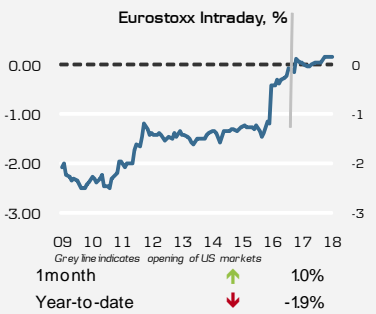
Key figures and events

Monday, September 6, 2010					
	Period	Danske Bank	Consensus	Previous	
-	USD	Labor Day - Market closed			
10:30	EUR	Sentix investor confidence			
11:00	EUR	Sep	9.0	8.2	ECB's Stark speaks on "The euro's stability: Lesson learnt from the Greek crisis"

Source: Bloomberg

Today's market data: 06 September 2010

STOCKS



Index	Close	Change	% Change
DJSTOXX50	2537	↑	1.1%
OMXC20	408	↑	0.4%
OMXS30	1048	↑	0.5%
OSE BX	369	↑	0.0%
DOW JONES	10448	↑	12%
NASDAQ	2234	↑	15%
S&P500	1105	↑	1.3%
NIKKEI (07:30)	9272	↑	1.1%

FX & COMMODITIES

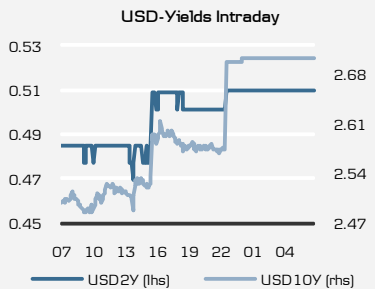


Pair	17:00	07:30	Change
EUR/USD	128.61	128.95	↑ 0.34
EUR/JPY	108.58	108.76	↑ 0.18
EUR/GBP	83.28	83.37	↑ 0.09
EUR/NOK	787.96	786.67	↓ -1.29
EUR/SEK	931.49	929.94	↓ -1.55
EUR/DKK	744.46	744.48	↑ 0.02
EUR/PLN	394.03	393.72	↓ -0.31
USD/JPY	84.43	84.35	↓ -0.08
USD/GBP	154.44	154.68	↑ 0.24
USD/CHF	101.71	101.44	↓ -0.27

Commodity	Price	Change
Gold, \$	1248.45	↑
Brent, \$	76.47	↓
Oil, \$	76.47	↓
CRB	272.77	↑
CRB, Raw	509.44	↑
CRB, Industrials	20.37	↑

* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

YIELDS & INTEREST RATES

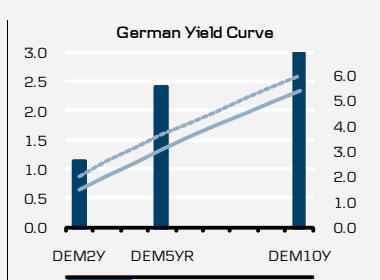
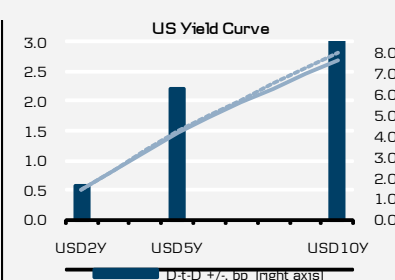
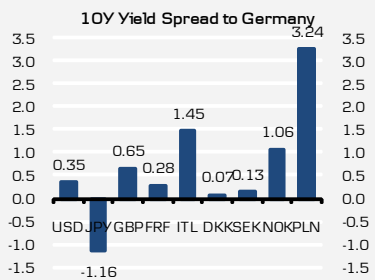


Policy Rate	3M	Spread, bp
USD	0.25	4
EUR	1.00	-12
GBP	0.50	23
DKK	1.05	10
SEK	0.50	58
NOK	2.00	69
PLN	3.50	21

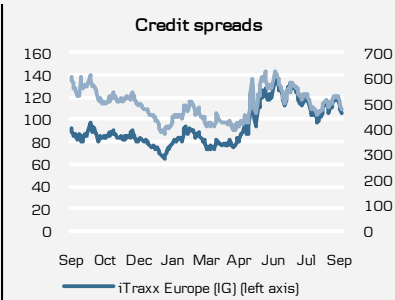
Yield	17:00	07:30	Change
USD 10Y	2.71	2.70	↓ -1
USD 30Y	3.79	3.78	↓ -1
JPY 10Y	1.15	1.20	↑ 5
DEM 10Y	2.29	2.35	↑ 6
DKK 10Y	2.30	2.42	↑ 12
SEK 10Y	2.42	2.49	↑ 7
NOK 10Y	3.41	3.41	↑ 0
PLN 10Y	5.46	5.59	↑ 13

* The chart plots 07:30 - 23:00 Fri and 23:00 Sun to 07:30 Mon

* As of closing previous trading day



Category	07:30	1day	1month
Europe (IG)	106	↓ -3	↑ 2
HiVol	160	↓ -6	↑ 8
Xover (N-IG)	482	↓ -12	↑ 9
Finan. Sr.	120	↓ -7	↑ 6
Finan. Sub.	182	↓ -12	↑ 8
Non-finan.	182	↓ -12	↑ 8



Swap	17:00	07:30	Change
USD 10Y	-1	0	↑
JPY 10Y	6	6	0
EUR 10Y	25	27	↑ 2
DKK 10Y	35	37	↑ 2
SEK 10Y	27	28	↑ 1
NOK 10Y	57	63	↑ 6

* Ask price

** Ask price

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First date of publication

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