

April 7, 2010

## Macro Forecasts

### What's on tap in April?

#### Homebuyer Tax Credit programme to expire

The (first time) homebuyer tax credit will expire at the end of this month (though existing home sales can benefit until June), which will put renewed pressure on an already weak US housing market. Both sales and prices have double dipped using most statistics though the Case-Shiller Home Price Index still produces positive MoM numbers. We do, however, expect it to soon follow the rest and reverse course. It is a three-month average and trend changes therefore happen at a slower pace. The Existing Home Price Median peaked in June and has since fallen 10% while the FHFA House Price Index (Purchase Only) has started to fall again after showing some stabilisation in 2009.

Despite a hefty dose of medicine the house market is still far from healthy, but we expect a small pick-up in housing-related statistics as people take advantage of the tax credit before it expires. We question, however, whether the impact will be as large as was the case when the initial programme ended in November 2009.

New Home Sales should increase in April due to the expiration, while sales of existing houses may take a month or two to register. Pending Home Sales for February (8.2% MoM) erased January's poor -7.8% growth and supports the story of additional sales activity in the spring.

#### Europe to have a manufacturing-led recovery of their own?

True to form Europe's economies are lagging behind the US. Wednesday's (April 7) third revision of Eurozone GDP showed a slight downward revision to -2.2% YoY from -2.1% (Saxo: -2.1%, consensus: -2.1%). The engine, put differently, stalled in the fourth quarter, producing no growth at all (0% QoQ). The downward revision is due to smaller contributions from government spending and inventories though household consumption countered it to some extent.

There is nevertheless reason to be optimistic concerning the first quarter even if we are not expecting a full-blown party. Purchasing managers in the Eurozone countries point to an uptick in activity, especially in the manufacturing sector. Manufacturing PMI is up 3 points in Q1 with stronger and stronger readings throughout the quarter while the Services PMI meanwhile is down a little. We saw the same thing in the US when the wheels began to spin again in that economy and we expect the outcome to be similar; a manufacturing-led recovery. Mind you, it will be weaker than we observed across the pond. We look for 0.8% YoY in the first quarter, which will be the first positive year-on-year reading since 2008Q3.



*David Karsbøl*  
Chief Economist  
DKA@saxobank.com

*John Hardy*  
FX Consultant  
JJH@saxobank.com

*Christian T. Blaabjerg*  
Chief Equity Strategist  
CTB@saxobank.com

*Mads Koefoed*  
Market Strategist  
MKOF@saxobank.com

*Robin Bagger-Sjöbäck*  
Research Analyst  
RSJO@saxobank.com

## US

### Monthly forecasts

Surveys	Period	Saxo Bank	Consensus	Prior	Release date
ISM Manufacturing PMI	APR	60.4	-	59.6	05/03
ISM Non-manufacturing PMI	APR	55.7	-	55.4	05/05
Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Net change in Nonfarm Payrolls (Thousand, SA)	APR	235	-	162	05/07
Unemployment Rate (SA)	APR	9.6%	-	9.7%	05/07
Production	Period	Saxo Bank	Consensus	Prior	Release date
Construction Spending (MoM, SA)	MAR	-0.4%	-	-1.3%	05/03
Factory Orders (MoM, SA)	MAR	1.0%	-	0.6%	05/04
Industrial Production (MoM, SA) / Capacity Utilization (SA)	MAR	0.7% / 73.2%	0.6% / 73.2%	0.1% / 72.7%	04/15
Durable Goods Orders (MoM, SA) / ex. Transportation (MoM, SA)	MAR	1.3% / 1.2%	- / -	0.9% / 1.4%	04/23
Business Inventories (MoM, SA)	FEB	0.3%	0.3%	0.0%	04/14
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales / Retail Sales ex. Autos (MoM, SA)	MAR	0.7% / 0.2%	0.9% / 0.4%	0.3% / 0.8%	04/14
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
PPI (MoM, SA) / Core PPI (MoM, SA)	MAR	0.5% / 0.1%	0.5% / 0.1%	-0.6% / 0.1%	04/22
CPI (MoM, SA) / Core CPI (MoM, SA)	MAR	0.2% / 0.1%	0.1% / 0.1%	0.0% / 0.1%	04/14
Housing Market	Period	Saxo Bank	Consensus	Prior	Release date
Existing Home Sales (MoM, SA)	MAR	-2.6%	-	-0.6%	04/22
New Home Sales (MoM, SA)	MAR	3.0%	-	-2.2%	04/23
Case-Shiller Composite 20-City HPI (YoY NSA)	FEB	0.9%	-	-0.7%	04/27
Income & Consumption	Period	Saxo Bank	Consensus	Prior	Release date
Personal Income (MoM, SA) / Personal Consumption (MoM, SA)	MAR	0.1% / 0.1%	- / -	0.0% / 0.3%	05/03
Trade Balance	Period	Saxo Bank	Consensus	Prior	Release date
Trade Balance (USD Billion)	FEB	-37.5	-39.0	-37.3	04/13

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

## Canada

### Monthly forecasts

Surveys	Period	Saxo Bank	Consensus	Prior	Release date
Ivey Purchasing Managers' Index	MAR	54.4	55.0	51.9	04/07
<b>Labour Market</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Net change in Employment (Thousand, SA)	MAR	27	26	21	04/09
Unemployment Rate (SA)	MAR	8.1%	8.1%	8.2%	04/09
<b>Retail Sales</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Retail Sales (MoM, SA)	FEB	0.4%	-	0.7%	04/23
<b>Price Indices</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
CPI (YoY) / Core CPI (YoY)	MAR	1.6% / 2.0%	- / -	1.6% / 2.1%	04/23
Industrial Product Price (MoM, NSA)	MAR	-0.4%	-	0.0%	04/30
<b>Gross Domestic Product</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Real GDP (MoM, SA)	FEB	0.5%	-	0.6%	04/30

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

## Japan

### Monthly forecasts

<b>Labour Market</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Unemployment Rate (SA)	MAR	4.8%	-	4.9%	04/29
Jobs to Applicants Ratio (SA)	MAR	0.48	-	0.47	04/29
<b>Production</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Industrial Production (MoM, SA)	MAR (P)	1.2%	-	-0.9%	04/29
<b>Retail Sales</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Retail Sales (MoM, SA)	MAR	0.4%	-	0.9%	04/27
<b>Price Indices</b>	<b>Period</b>	<b>Saxo Bank</b>	<b>Consensus</b>	<b>Prior</b>	<b>Release date</b>
Domestic Corporate Goods Price (YoY)	MAR	-1.5%	-	-1.5%	04/12
CPI (YoY) / CPI ex. Fresh Food (YoY)	MAR	-1.1% / -1.2%	- / -	-1.1% / -1.2%	04/29

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

## Eurozone Monthly forecasts

Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Unemployment Rate (SA)	MAR	10.0%	-	10.0%	04/30
Production	Period	Saxo Bank	Consensus	Prior	Release date
Industrial Production (MoM, SA)	FEB	0.7%	-	1.5%	04/14
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales (MoM, SA)	FEB	0.0%	0.0%	-0.2%	04/08
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
CPI (YoY) / Core CPI (YoY)	MAR	0.8% / 0.2%	- / -	0.9% / 0.8%	04/16

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

## UK Monthly forecasts

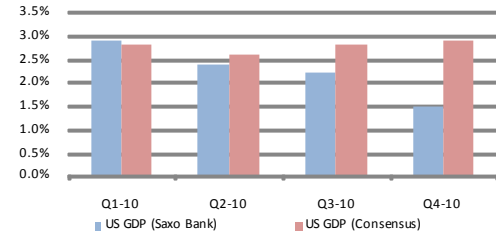
Labour Market	Period	Saxo Bank	Consensus	Prior	Release date
Claimant Count Rate (SA)	MAR	4.9%	-	4.9%	04/21
Jobless Claims Change (Thousand, SA)	MAR	-5.2	-	-32.3	04/21
ILO Unemployment Rate (SA)	FEB	7.8%	-	7.8%	04/21
Production	Period	Saxo Bank	Consensus	Prior	Release date
Industrial Production (MoM, SA)	FEB	0.3%	0.5%	-0.4%	04/08
Retail Sales	Period	Saxo Bank	Consensus	Prior	Release date
Retail Sales (MoM, SA)	MAR	0.5%	-	1.6%	04/23
Price Indices	Period	Saxo Bank	Consensus	Prior	Release date
PPI Output (MoM, NSA)	MAR	0.4%	0.4%	0.3%	04/09
CPI (YoY) / Core CPI (YoY)	MAR	3.0% / 2.5%	- / -	3.0% / 2.9%	04/20
Retail Price Index (YoY)	MAR	4.2%	-	3.7%	04/20
Housing Market	Period	Saxo Bank	Consensus	Prior	Release date
Halifax House Prices (MoM, SA)	MAR	1.2%	0.5%	-1.5%	04/07
Nationwide House Prices (MoM, SA)	APR	0.1%	-	0.7%	04/26

SA: Seasonally Adjusted, SAAR: Seasonally Adjusted Annual Rate

## Quarterly forecasts

### USA

Gross Domestic Product	Period		Saxo Bank	Consensus
Real GDP (QoQ, SAAR)	Q1-10	(A)	2.9%	2.8%
	Q2-10		2.4%	2.6%
	Q3-10		2.2%	2.8%
	Q4-10		1.5%	2.9%
	Q1-10	(A)	2.8%	2.8%
	Q2-10		2.4%	2.6%
	Q3-10		2.1%	2.8%
	Q4-10		1.8%	2.9%
Labour	Period		Saxo Bank	Consensus
Unemployment Rate (SA)	Q2-10		9.7%	9.7%
	Q3-10		9.8%	9.6%
	Q4-10		9.8%	9.5%
	Q1-11		10.0%	9.2%
Prices	Period		Saxo Bank	Consensus
Consumer Prices (YoY)	Q1-10		2.5%	2.5%
	Q2-10		2.0%	2.3%
	Q3-10		1.7%	1.9%
	Q4-10		1.8%	1.6%



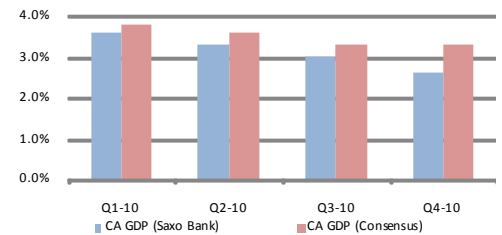
Gross Domestic Product to be released on 30-04-2010

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

## Quarterly forecasts

### Canada

Gross Domestic Product	Period		Saxo Bank	Consensus
Real GDP (YoY)	Q1-10		3.6%	3.8%
	Q2-10		3.3%	3.6%
	Q3-10		3.0%	3.3%
	Q4-10		2.6%	3.3%
Labour Market	Period		Saxo Bank	Consensus
Unemployment Rate (SA)	Q1-10		8.1%	8.3%
	Q2-10		8.0%	8.2%
	Q3-10		8.0%	8.1%
	Q4-10		8.0%	8.0%
Prices	Period		Saxo Bank	Consensus
Consumer Price Index (YoY)	Q1-10		1.6%	1.7%
	Q2-10		1.7%	1.5%
	Q3-10		1.8%	1.9%
	Q4-10		1.8%	2.0%

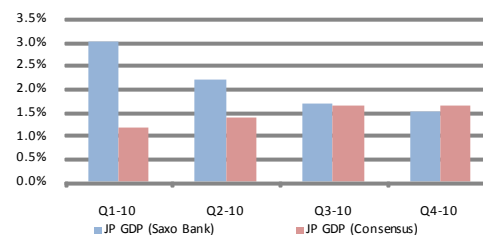


Gross Domestic Product to be released on 31-05-2010

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)	Q1-10 (P)	3.0%	1.2%
	Q2-10	2.2%	1.4%
	Q3-10	1.7%	1.7%
	Q4-10	1.5%	1.7%
Labour Market	Period	Saxo Bank	Consensus
Unemployment Rate (SA)	Q1-10	4.8%	5.2%
	Q2-10	4.8%	5.2%
	Q3-10	4.6%	5.2%
	Q4-10	4.6%	5.1%
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q1-10	-1.1%	-1.2%
	Q2-10	-1.1%	-1.3%
	Q3-10	-0.8%	-1.1%
	Q4-10	-0.6%	-0.8%



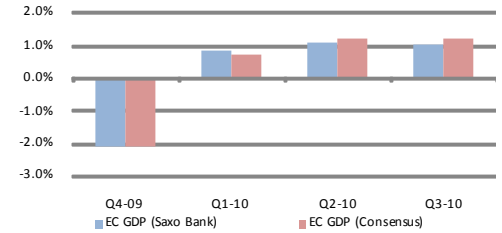
Gross Domestic Product to be released on 19-05-2010

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)	Q4-09 (F)	-2.1%	-2.1%
	Q1-10	0.8%	0.7%
	Q2-10	1.1%	1.2%
	Q3-10	1.0%	1.2%
Labour Market	Period	Saxo Bank	Consensus
Unemployment Rate (SA)	Q1-10	10.2%	10.1%
	Q2-10	10.3%	10.3%
	Q3-10	10.4%	10.5%
	Q4-10	10.3%	10.5%
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q1-10	1.1%	1.0%
	Q2-10	1.0%	1.1%
	Q3-10	1.0%	1.4%
	Q4-10	0.8%	1.3%



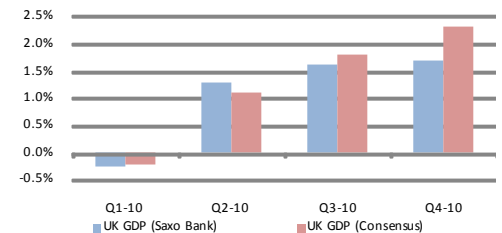
Gross Domestic Product to be released on 07-04-2010

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)	Q1-10 (A)	-0.2%	-0.2%
	Q2-10	1.3%	1.1%
	Q3-10	1.6%	1.8%
	Q4-10	1.7%	2.3%
Labour Market	Period	Saxo Bank	Consensus
ILO Unemployment Rate (SA)	Q1-10	7.8%	7.8%
	Q2-10	7.7%	7.8%
	Q3-10	7.5%	7.7%
	Q4-10	7.3%	7.6%
Prices	Period	Saxo Bank	Consensus
Consumer Prices (YoY)	Q1-10	3.0%	3.1%
	Q2-10	2.5%	2.8%
	Q3-10	2.1%	2.4%
	Q4-10	1.5%	2.2%



Gross Domestic Product to be released on 23-04-2010

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

## General

These pages contain information about the services and products of Saxo Bank A/S (hereinafter referred to as "Saxo Bank"). The material is provided for informational purposes only without regard to any particular user's investment objectives, financial situation, or means. Hence, no information contained herein is to be construed as a analysis; or an offer to buy or sell; or the solicitation of an offer to buy or sell any security, financial product, or instrument; or to participate in any particular trading strategy in any jurisdiction in which such an offer or solicitation, or trading strategy would be illegal. Saxo Bank does not guarantee the accuracy or completeness of any information or analysis supplied. Saxo Bank shall not be liable to any customer or third person for the accuracy of the information or any market quotations supplied through this service to a customer, nor for any delays, inaccuracies, errors, interruptions or omissions in the furnishing thereof, for any direct or consequential damages arising from or occasioned by said delays, inaccuracies, errors, interruptions or omissions, or for any discontinuance of the service. Saxo Bank accepts no responsibility or liability for the contents of any other site, whether linked to this site or not, or any consequences from your acting upon the contents of another site. Opening this website shall not render the user a customer of Saxo Bank nor shall Saxo Bank owe such users any duties or responsibilities as a result thereof.

## Analysis Disclosure & Disclaimer

### Risk warning

Saxo Bank A/S shall not be responsible for any loss arising from any investment based on any analysis, forecast or other information herein contained. The contents of this publication should not be construed as an express or implied promise, guarantee or implication by Saxo Bank that clients will profit from the strategies herein or that losses in connection therewith can or will be limited. Trades in accordance with the analysis in an analysis, especially leveraged investments such as foreign exchange trading and investment in derivatives, can be very speculative and may result in losses as well as profits, in particular if the conditions mentioned in the analysis do not occur as anticipated.