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Important disclosures and certifications are contained on page 14 of this report.

31 March 2026

<https://research.danskebank.com>



Market Guide

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Danske Bank

Energy shock drives global repricing

Energy prices in the driver's seat

The surge in energy prices has taken the driver's seat following the US/Israel attack on Iran and subsequent escalation in the Persian Gulf. The energy shock has triggered textbook negative supply-side dynamics, including higher inflation expectations, weaker growth expectations, and lower equities. Financial conditions have tightened globally, evident by higher bond yields, a flattening of yield curves, and wider spreads. In this environment, the USD has emerged as a key beneficiary, supported by flight-to-safety flows and a positive terms-of-trade shock stemming from its role as a net-energy exporter. Global monetary policy has undergone a hawkish repricing, despite central banks broadly opting to keep rates on hold and refraining from strong forward guidance, citing uncertainty surrounding the duration of the energy supply disruption. Recently, both the Fed, ECB, Riksbank, Norges Bank, BoE, BoC and BoJ held rates steady, while RBA hiked.

Over the past month, the USD has strengthened on the back of traditional safe-haven flows, with EUR/USD declining firmly back to the 1.15 mark. The surge in energy prices has provided significant tailwinds to energy-exporting economies, placing AUD, CAD, and NOK as top performers within the G10 space. In contrast, CEE currencies such as HUF, PLN, and CZK have faced mounting pressure due to risk-off sentiment and their reliance on energy imports. Similarly, SEK has been a notable underperformer, reaffirming its status as one of the most risk-sensitive, high-beta currencies. NOK, however, has so far been remarkably resilient, decoupling from the SEK sell-off, being one of the few European terms-of-trade beneficiaries. Finally, Japanese and Swiss authorities look set to intervene against yen weakness and Swiss franc strength.

Outlook: long-term negative on the dollar and Scandies

With no quick resolution to the war in Iran, we expect the downturn in EUR/USD to continue in the 1-3M horizon. Looking further ahead, we still think that weakening US structural growth outlook could revert the cross to a rising trend in 6-12M. For EUR/SEK, we maintain our medium-term forecast of 11.00 in 6-12M. Meanwhile, we have significantly lowered our EUR/NOK profile due to the recent energy price surge. That said, a de-escalation of the conflict could leave EUR/NOK very vulnerable to a topside correction, as weaker global growth and Norway's unit labour cost divergence to the Eurozone will continue to act as a gravitational force higher in EUR/NOK.

Near-term risks to our forecasts are closely tied to geopolitical developments regarding the Iran-escalation and by extension global energy prices. Medium- to long term risks are predominantly tied to the US outlook. If the capital rotation out of US assets continues and a sharp US recession hit, EUR/USD could break substantially higher than our forecast suggests. In this environment, commodity currencies would also face a larger hit. Finally, we will closely monitor uncertainty related to AI and broader signs of a turning global cycle.

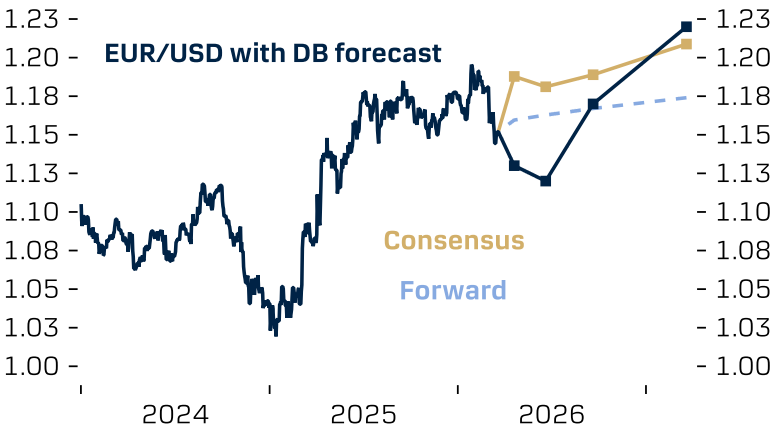


USD

Short-term dollar strength

- The war in Iran has weighed on EUR/USD via several channels. Relative terms of trade have benefitted the US, which is a net exporter of energy, while the euro area suffers from sharply rising import costs. The nominal interest rate spread has narrowed in favour of EUR, but when adjusting for changes in inflation expectations, the real interest rate has widened in favour of USD. Tighter global financial conditions have also benefitted the broad USD. Before the war erupted, cyclical growth indicators had improved in early 2026. We would normally view this as an EUR-positive environment but expect the energy price volatility to overshadow traditional macro indicators as a market driver for now.
- In March, both the ECB and the Fed left their monetary policy unchanged. Markets' forward-looking policy rate expectations have shifted notably higher, especially in the euro area, where ECB is priced as a coinflip between an imminent hike and a hold in April. On the back of recent developments, we have revised our central bank calls and now expect the ECB to hike in April and June, followed by two cuts in the spring of next year. As for the Fed, we have pushed our call for the final two cuts further out into the Autumn/Winter (September and December).
- EUR/USD has declined notably over the past month, driven primarily by the war in Iran. With no quick resolution in sight, we expect the downturn to continue in 1-3M horizon. Looking further ahead, we still think that weakening structural growth outlook in the US could revert the cross to a rising trend in 6-12M horizon. The timing of the expected turnaround is highly sensitive to the length of the war and the energy supply disruption.
- A sudden de-escalation of the war in Iran and a sharp decline in energy prices could lift EUR/USD above our 1-3M forecast.

EUR/USD



	1M	3M	6M	12M
Danske Bank	1.13	1.12	1.17	1.22
Consensus	1.19	1.18	1.19	1.21
Forward	1.16	1.16	1.17	1.17

Hedging recommendations

- Income:** We recommend hedging short-term USD income via risk reversals and long-term income via forwards.
- Expenses:** We recommend hedging long-term USD expenses via risk reversals.

Source: Macrobond, Bloomberg, Danske Bank, Note: Past performance is not a reliable indicator of current or future results

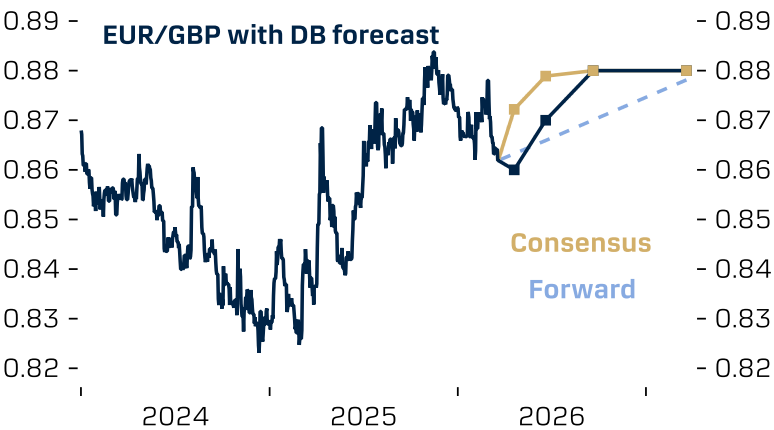


GBP

Weakness expected

- The UK growth outlook remains mixed. March PMI edged lower, driven by slower services growth and longer delivery times. January GDP data was stagnant with m/m growth hitting 0, while February inflation confirmed the disinflationary trend. Wage growth has headed lower but remains elevated with average earnings (excl. bonus) at 3.3% in January down from close to 6% in early 2025. However, data is somewhat outdated, as the war in the Middle East has turned market pricing upside down, with investors now expecting more than two hikes instead of cuts.
- The Bank of England unanimously kept the Bank Rate unchanged in March. This was a hawkish surprise, and a large part of the communication was also centred around increased risk of domestic inflationary pressures through second-round effects in wage and price-setting. We expect that the recent surge in energy prices and elevated uncertainty will keep the Bank of England on hold for the coming months. We therefore now expect the next cut in the Bank Rate in July with a final cut to 3.25% in February 2027. We see relative rates as a negative for the GBP.
- EUR/GBP has gradually edged lower following the escalations in the Middle East. While the UK is still a net-energy importer akin to the euro area, the energy mix in the UK slightly favours a relatively stronger GBP vs EUR. This poses a risk to our call of a weaker GBP the coming year combined with GBP performing in a USD positive environment. However, we highlight that the UK economy remains fragile and that we see scope for the significant repricing of the Bank of England to revert to a larger extent than for the ECB, opening up for a move higher in EUR/GBP. We forecast EUR/GBP to move higher towards 0.88 on a 6-12-month horizon.
- Near-term risks are inherently connected to global energy prices and the developments in the Middle East. The key risk to seeing EUR/GBP trade substantially higher than our forecast is a sharp sell-off in global risk, which could be triggered by further escalation in the Middle East. Other risks are related to developments in the relative growth outlook between the euro area and the UK. If growth fares better than expected in the UK, this could send EUR/GBP substantially lower.

EUR/GBP



	1M	3M	6M	12M
Danske Bank	0.86	0.87	0.88	0.88
Consensus	0.87	0.88	0.88	0.88
Forward	0.86	0.87	0.87	0.88

Hedging recommendations

Income: We recommend hedging GBP income via knock-in forwards.

Expenses: We recommend hedging GBP expenses via risk reversals.

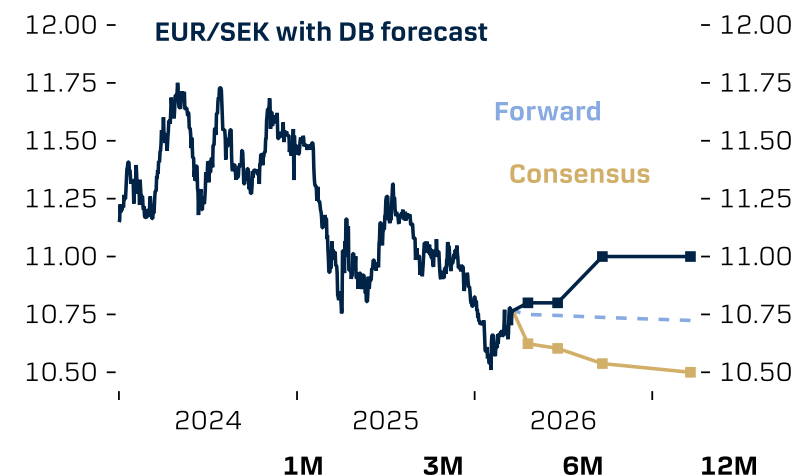
Source: Macrobond, Bloomberg, Danske Bank, Note: Past performance is not a reliable indicator of current or future results



Geopolitics and dividends in focus

- As evident by [Nordic Outlook - 4 March 2026](#), our base case remains strong Swedish growth during 2026 and a marked outperformance vs the Eurozone. However, the US/Israel-Iran war poses new challenges to the global and Swedish cyclical outlook. The expected Swedish growth acceleration hinges on a sizeable comeback for household consumption, but fragile consumer sentiment has repeatedly delayed the recovery over the past years. Elevated uncertainty and rising inflation on the back of a prolonged war act as a major downside risk, not only to Swedish growth but also the cyclically sensitive Swedish krona.
- The Riksbank kept the key rate unchanged at 1.75% with a clear “wait and see” stance. Amid geopolitical and economic uncertainty, the Riksbank's alternative scenarios highlight that previous downside risks to inflation have been superseded, at least temporarily, by the ongoing supply shock. We have updated our Riksbank call and now expect hikes in May, June and August. However, significant uncertainty remains, with outcomes ranging from further tightening in a severe scenario to a potential pause in a more benign one.
- Since the war started, the SEK has been the main underperformer and the USD the main outperformer in the G10 space. This aligns with our view that the krona remains one of the most risk-sensitive, high-beta currencies. We can just repeat that Sweden's allegedly strong economic backdrop with solid public finances and a current account surplus does not mean that the SEK should be treated as a safe-haven currency. Nor does it mean that the SEK is fundamentally cheap, but rather a reflection of the balance of capital flows. The Riksbank has seemingly adopted a similar view, presenting an almost flat forecast for the krona in the last MPR. Focus ahead lies on geopolitical developments and Sweden's dividend season. We maintain our medium-term forecast and thus see EUR/SEK at 11.00 in 6-12M.
- A prolonged US/Israel-war with negative repercussions for the global economy and financial markets is a major SEK-negative risk. A newfound appetite for Swedish assets could moderate a long-term SEK tailwind.

EUR/SEK



	1M	3M	6M	12M
Danske Bank	10.80	10.80	11.00	11.00
Consensus	10.62	10.60	10.54	10.50
Forward	10.75	10.75	10.74	10.72

Hedging recommendations

Income: We recommend hedging SEK income via FX forwards.

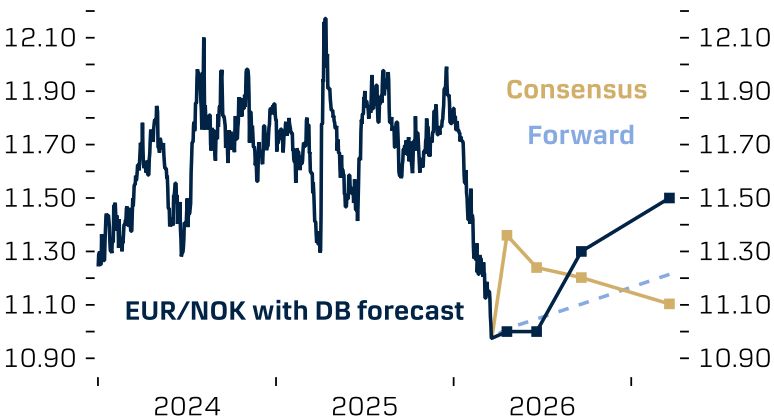
Expenses: We recommend hedging SEK expenses via risk reversals.

Source: Macrobond, Bloomberg, Danske Bank, Note: Past performance is not a reliable indicator of current or future results

Driven by energy dynamics

- The Q1 Regional Network Survey painted a picture of the mainland economy very similar to that of the last survey in December. Namely, an economy with modest activity- and employment growth and with capacity utilisation running close to a normal level – albeit with considerable sector differences. As Norway is an energy net-exporter, the economy is somewhat better shielded from the negative global supply shock – but importantly still not a net winner. Inflation has been running hotter than forecasted in recent months, but through volatility there is little sign of a renewed acceleration in domestic service price inflation, which, alongside a stronger NOK, should add downside pressure on core inflation in the coming quarter – irrespective of the Iran war. The upcoming central wage negotiations will be key for the inflation backdrop.
- At the March monetary policy meeting, Norges Bank unanimously kept rates unchanged. Meanwhile, the decision was clearly a hawkish hold. The statement indicated that a rate hike is likely in the near term, with the rate path favouring June over May, while markets price a near 50/50 split between the two. We have modified our call and expect two hikes - in June and September - followed by five rate cuts in 2027-2028.
- The surge in energy prices following the Iran-escalation has contributed to sending EUR/NOK to multi year lows. Noteworthy, the NOK has so far been fairly resilient to the souring risk appetite and the worse growth backdrop for Norway’s trading partners. In light of the recent move in energy prices, we have lowered our forecast profile considerably. That said, if/when the conflict de-escalates the backdrop could leave EUR/NOK very vulnerable to a topside correction. Not only does the global growth backdrop look worse but the unit labour cost divergence to the Eurozone will continue to act as a gravitational force higher in EUR/NOK. In the near-term spot will remain in the hands of energy.
- Near-term risks are inherently connected to global energy prices and the development in Iran and the Persian Gulf.

EUR/NOK



	1M	3M	6M	12M
Danske Bank	11.00	11.00	11.30	11.50
Consensus	11.36	11.24	11.20	11.10
Forward	11.01	11.05	11.10	11.21

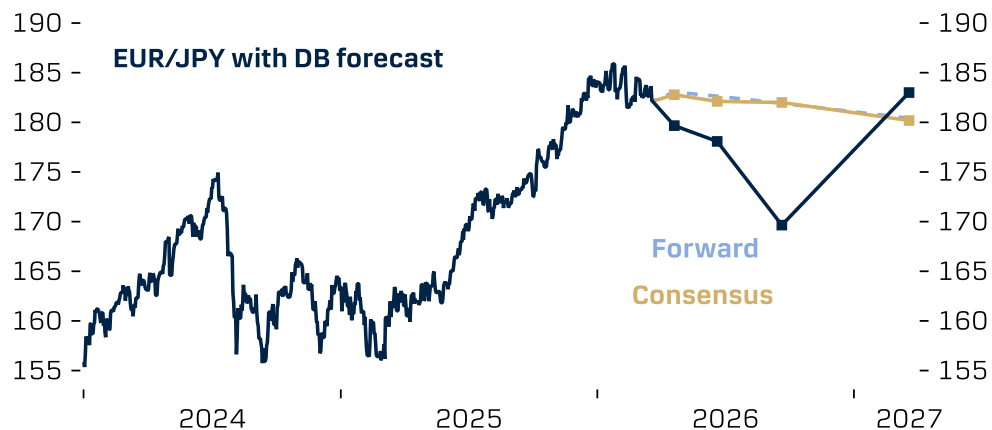
Hedging recommendations

Income: We recommend hedging NOK income via FX forwards.

Expenses: We recommend hedging NOK expenses via risk reversals.

Source: Macrobond, Bloomberg, Danske Bank Note: Past performance is not a reliable indicator of current or future results

EUR/JPY



Hedging recommendations

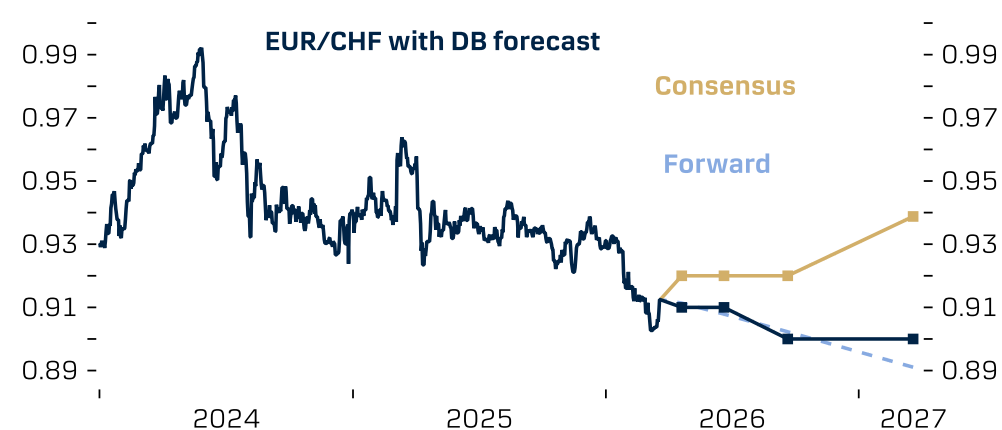
Income: We recommend hedging JPY income via risk reversals.

Expenses: We recommend hedging JPY expenses via forwards.

Source: Macrobond, Bloomberg, Danske Bank

Note: Past performance is not a reliable indicator of current or future results

EUR/CHF



Hedging recommendations

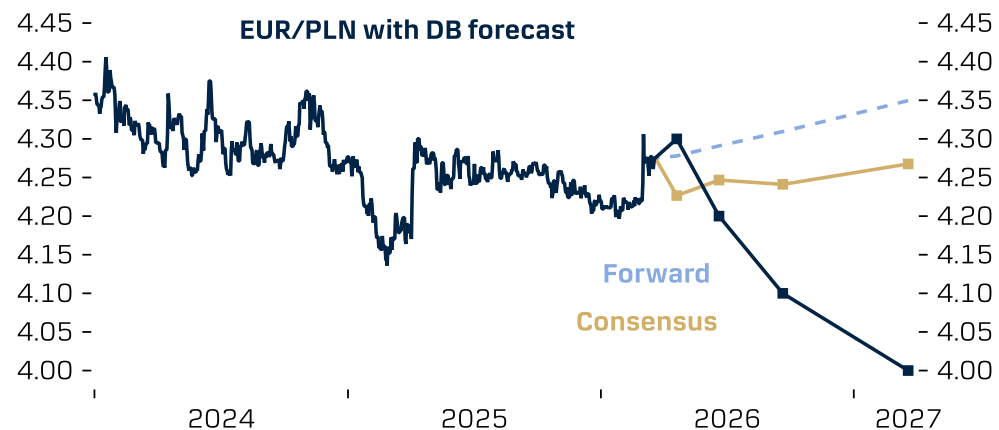
Income: We recommend hedging CHF income via risk reversals.

Expenses: We recommend hedging CHF expenses via forwards.

Source: Macrobond, Bloomberg, Danske Bank

Note: Past performance is not a reliable indicator of current or future results

EUR/PLN



Hedging recommendations

Income: We recommend hedging PLN income via knock-in forwards.

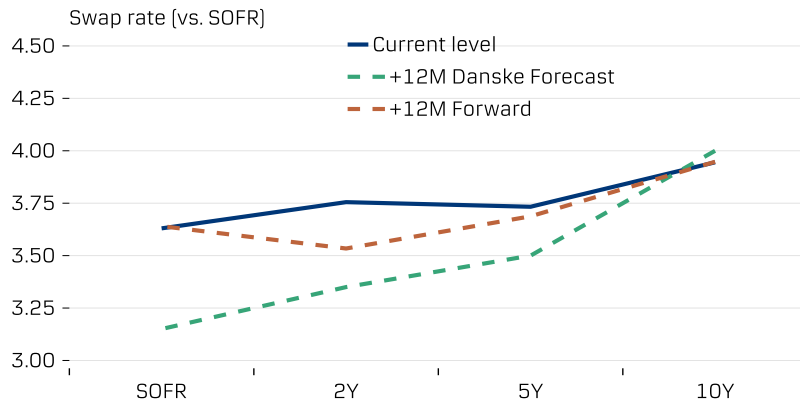
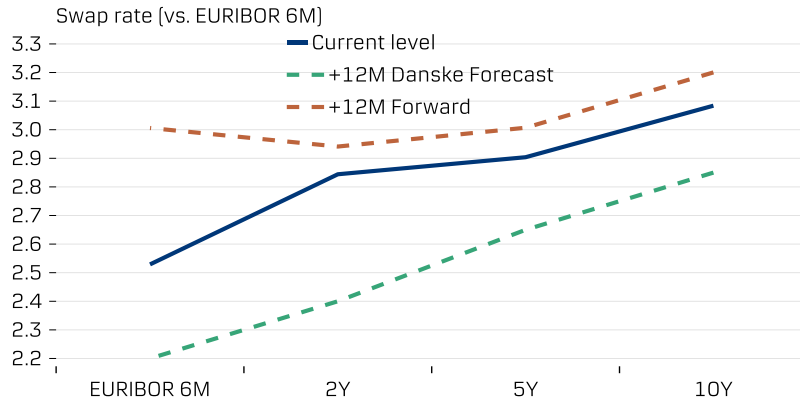
Expenses: We recommend hedging PLN expenses via FX forwards.

Source: Macrobond, Bloomberg, Danske Bank

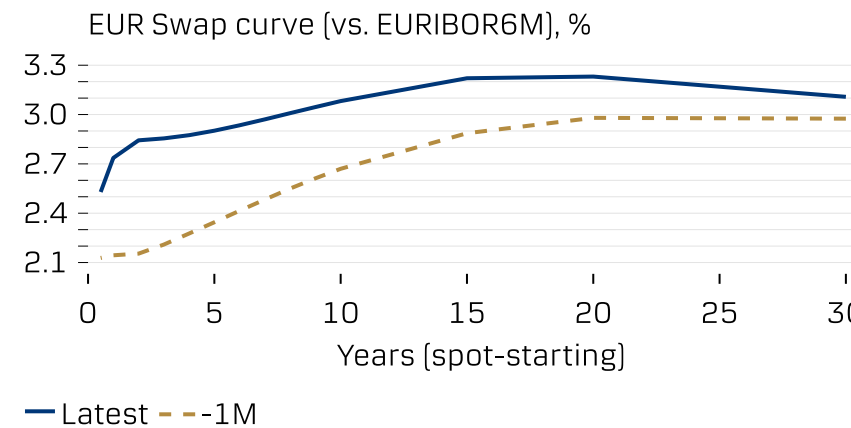
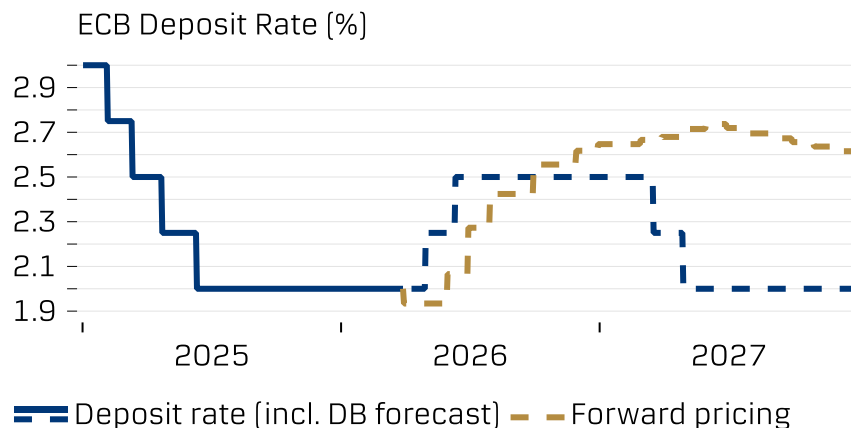
Note: Past performance is not a reliable indicator of current or future results

Overview – Rates

Rates

Region	Forecast	Comments
	Swap rate (vs. SOFR) 	- The Fed kept rates unchanged at its latest meeting in March. However, renewed geopolitical unrest has reduced the need for imminent rate cuts. - We expect two additional rate cuts of 0.25 percentage points in September and December, respectively. This is slightly later than previously expected but exceeds market expectations. - We expect term premia will continue to rise due to the worsening debt burden. However, we view the risk outlook as more balanced, as deteriorating growth prospects driven by high energy prices and tighter financial conditions are exerting downward pressure on long-end rates.
	Swap rate (vs. EURIBOR 6M) 	- The ECB kept the deposit rate unchanged at 2.00% at its latest meeting in March but signalled elevated uncertainty with upside risks to inflation and downside risks to growth. - We expect a 0.25 percentage point rate hike from the ECB in both April and June 2026, followed by two rate cuts in spring 2027. However, we emphasise that uncertainty is significant, and the range of possible outcomes is wide. - We expect the long end of the EUR swap curve to decline over the coming year.

Rates hedging views (EUR)

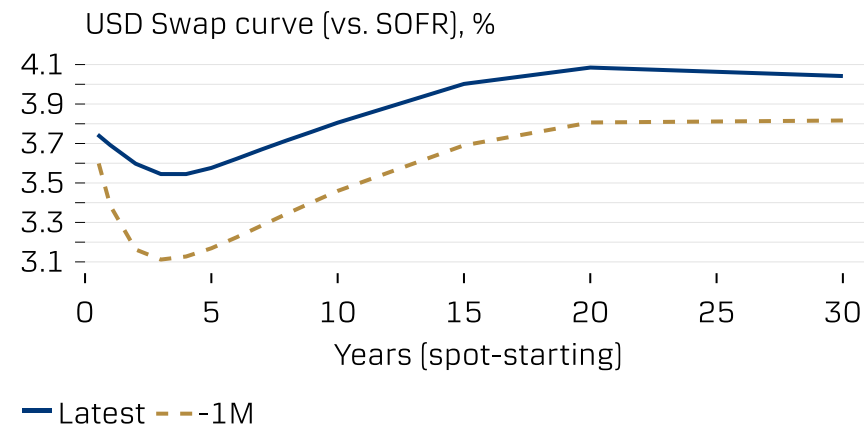
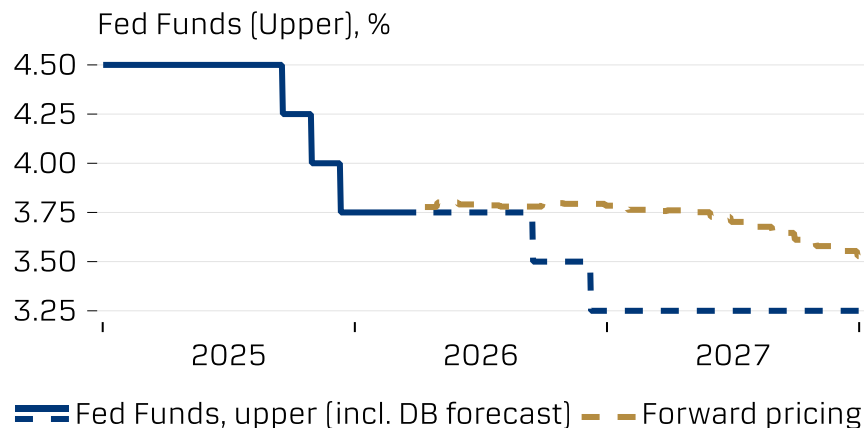


Hedging views

Recommendation

Curve point (spot-start)	Comment	vs EURIBOR6M	Relative
Front (≈2Y)	The markets expectation for rate hikes from the ECB has increased over the past month and now expects approximately three rate hikes before year-end, which is more than we have penciled in. For borrowers looking to hedge on shorter horizons (1-3 years), we recommend using cap/floor structures to protect against a more aggressive tightening of monetary policy by the ECB than what the market (and we) expect.	Increase delta	Increase delta
Belly (≈5Y)	Over the past month, 5Y EUR swap rates have also risen, albeit to a more limited extent. Renewed inflation concerns and the prospect of rate hikes have exerted upward pressure, while weaker growth prospects weigh on the five-year point.	Neutral	Neutral
Back (≈10Y)	Long-end EUR rates have risen since our last update and are now trading above our forecasts. We expect the long end of the EUR swap curve to decline over the coming year. We emphasise that a deterioration in growth prospects due to high energy prices and tightening financial conditions is exerting downward pressure on the long end of the curve.	Neutral	Reduce delta

Rates hedging views (USD)



Hedging views		Recommendation	
Curve point (spot-start)	Comment	vs SOFR	Relative
Front (≈2Y)	Over the past month, markets have pushed expectations for Federal Reserve rate cuts further into the future. We expect two additional 0.25 percentage point rate cuts in September and December 2026, respectively. This is slightly later than previously anticipated but both earlier and more extensive than what investors currently expect.	Neutral	Reduce delta
Belly (≈5Y)	The 5Y point is sensitive to both monetary policy expectations, economic outlooks, and term premia. As we expect the Fed to continue easing monetary policy into the autumn, we anticipate this will exert downward pressure on 5-year rates. Adding to this is the ongoing gradual weakening of the labour market and headwinds from tighter financial conditions.	Neutral	Neutral
Back (≈10Y)	Long-term rates have risen over the past month. We expect term premia to continue increasing due to the mounting deterioration of debt burdens. However, we view the risk outlook as more balanced, as a worsening of growth prospects stemming from high energy prices and tighter financial conditions is exerting downward pressure on the long end of the curve.	Increase delta	Increase delta

FX Forecast Table

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Exchange rates vs EUR

G10	Last Update: 31/03/2026				
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs EUR					
EUR/USD	1.15	1.13	1.12	1.17	1.22
EUR/JPY	183	180	178	170	183
EUR/GBP	0.87	0.86	0.87	0.88	0.88
EUR/CHF	0.92	0.91	0.91	0.90	0.90
EUR/SEK	10.97	10.80	10.80	11.00	11.00
EUR/NOK	11.24	11.00	11.00	11.30	11.50
EUR/DKK	7.4725	7.4725	7.4675	7.4625	7.4600
EUR/AUD	1.67	1.64	1.62	1.65	1.67
EUR/NZD	2.01	1.95	1.93	1.95	1.97
EUR/CAD	1.60	1.56	1.55	1.63	1.71
EM					
	Spot	+1m	+3m	+6m	+12m
EUR/PLN	4.29	4.30	4.20	4.10	4.00
EUR/HUF	387	390	390	400	410
EUR/CZK	24.5	24.5	24.4	24.2	24.0
EUR/TRY	51.0	51.0	52.1	57.1	64.9
EUR/ZAR	19.6	19.2	19.0	19.7	20.2
EUR/CNY	7.92	7.77	7.67	7.96	8.17
EUR/INR	109.0	105.1	103.9	109.3	114.7

Yield Forecast Table

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Yield forecast

	Horizon	Policy rate	3M xlbbr	6m xlbbr	2y gov	5y gov	10y gov	2y swap	5y swap	10y swap
USD**	Spot	3.75			3.83	3.98	4.35	3.65	3.65	3.88
	+3M	3.75			3.75	3.95	4.35	3.50	3.60	3.85
	+6M	3.50			3.75	3.95	4.40	3.45	3.55	3.90
	+12M	3.25			3.65	3.90	4.45	3.35	3.50	4.00
EUR*	Spot	2.00	2.12	2.53	2.62	2.75	3.03	2.87	2.93	3.12
	+3M	2.50	2.55	2.65	2.45	2.70	3.00	2.60	2.75	2.95
	+6M	2.50	2.55	2.60	2.40	2.70	3.00	2.50	2.70	2.90
	+12M	2.25	2.15	2.20	2.30	2.65	2.95	2.40	2.65	2.85
GBP**	Spot	3.75			4.45	4.50	4.94	4.32	4.24	4.45
	+3M	3.75			4.20	4.25	4.90	4.00	3.95	4.35
	+6M	3.50			4.00	4.25	4.90	3.80	3.90	4.30
	+12M	3.25			3.80	4.20	4.80	3.60	3.80	4.20
DKK	Spot	1.60	2.11	2.52	2.28	2.54	2.91	2.97	3.11	3.30
	+3M	2.10	2.62	2.81	2.25	2.50	2.85	2.70	2.90	3.10
	+6M	2.10	2.61	2.76	2.25	2.50	2.85	2.60	2.85	3.05
	+12M	1.85	2.17	2.29	2.15	2.45	2.80	2.50	2.80	3.00
SEK	Spot	1.75	2.19		2.44	2.62	2.91	2.74	2.91	3.13
	+3M	2.25	2.60		2.70	2.95	3.05	3.00	3.20	3.30
	+6M	2.50	2.70		2.35	2.60	2.90	2.60	2.80	3.00
	+12M	2.50	2.60		2.40	2.65	3.00	2.50	2.70	3.00
NOK	Spot	4.00	4.32	4.63	4.51	4.42	4.4	4.97	4.65	4.47
	+3M	4.25	4.55	4.75	4.60	4.60	4.5	4.90	4.80	4.60
	+6M	4.50	4.75	4.85	4.30	4.40	4.3	4.60	4.60	4.40
	+12M	4.25	4.45	4.45	3.80	4.00	4.1	4.10	4.20	4.20



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