6 February 2023

Executive Briefing

Markets cheer as recession and inflation risks abate

The new year kicked off with a strong rally in risky asset classes and EUR/USD. From an investor point of view, the latest news on the real economy could not have been much better. Headline inflation is coming down sharply in the US, while the euro area seems to have passed the peak. More importantly, it seems price pressures are waning without much damage to economic growth. Supported by China's reopening, lower commodity prices and looser financial conditions, we now expect a turnaround in the global manufacturing cycle already in Q1, see *Research Global – Global manufacturing PMI heading higher in H1,* 25 January. Both the US and euro area are now set for milder and shorter recessions than previously expected. We have lifted our growth outlook both for the US and the euro area, and now longer expect a double dip recession in Europe.

While disinflationary pressures in the US already seem broad-based, in euro area, the convergence of headline and core inflation continues. Headline inflation in EA (excl. Germany whose data is missing) declined to 8.5% in January (from 9.2%). Meanwhile, core inflation kept at 5.2%. Wage pressures, based on job ads, seem to be levelling off, but same time, core goods inflation remains elevated as companies continue to pass on rising input costs to consumer prices. This year, inflation forecasting will be even cumbersome than normally as country-specific fiscal measures such as support for households' energy bills distort consumer prices, see *Euro inflation notes – January surprises*, 25 January.

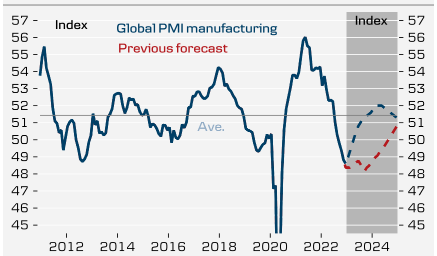
The more upbeat macroeconomic backdrop is a double-edged sword for central banks. US labour markets remain tight due to permanent damage to labour supply from the pandemic, and Europe continues to suffer from energy shortages as long as there is no permanent solution to replace energy imports from Russia. As supply side problems persist, both the Fed and the ECB have pursued demand destruction by hiking rates, hoping that cooling demand would eventually alleviate price pressures. Hence, while the improved economic outlook is positive news for businesses and households in short term, it jeopardizes central banks' strategy to tame underlying price pressures for good. Without sufficient demand adjustment and financial tightening, there is a risk that the current disinflationary period proves temporary and inflation spikes again at some point.

Major central banks delivered no surprises in the first meetings of this year. The Fed hiked rates by 25bp as widely expected. In the press conference, Chairman Powell either failed to appear hawkish or intentionally delivered a more dovish message than before. We still expect the Fed to hike rates by 25bp both in March and in May, and then pause. Powell has emphasized that policy has to remain restrictive for some time, and hence, we think markets are premature in pricing cuts later this year. That being said, should the ongoing trend in rising short real interest rates continue, Fed might opt to lower rates in order to avoid an unnecessary tightening in financial conditions. The ECB hiked by 50bps in line with expectations, and intends to hike by 50bp also in March. Markets were expecting a hawkish Lagarde, even to the extent that her pursuit to be hawkish was probably doomed to fail. We think markets may still underestimate ECB's determination, and risks remain tilted towards a peak policy rate closer to 4% rather than 3%.

Key points

- Markets have lowered expectations for interest rates at the same time as growth expectations have increased, leading to strong market rallies but also risks that expectations could be disappointed.
- Central banks are still hiking and signal that rates will not be cut this year, but markets disagree.

Global PMI outlook: earlier recovery

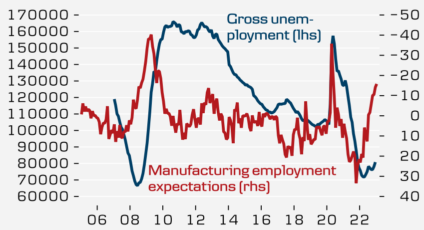


Source: Macronond Financial, Danske Bank

Denmark

Unemployment crept up in December and with some data revisions, it is now up by 8,300 persons since the bottom in April. It could be noise, but we expect this to be the expected turnaround slowly kicking in. Business sentiment improved slightly in January but remains at recessionary levels. The Danish central bank hiked interest rates by 35bp in response to the 50bp hike from ECB on February 2. The lower hike in Denmark reflects a persistent pressure for a stronger DKK driven by the strong economic fundamentals in Denmark relative to the euro area, not least the large current account surplus. Rates have now been hiked by 270bp in Denmark against 300bp in the euro area since the bottom. We expect this to be enough to stabilise the exchange rate without the need for further intervention from the central bank and hence to see Danish rate changes track the ECB going forward.

The labour market may be turning

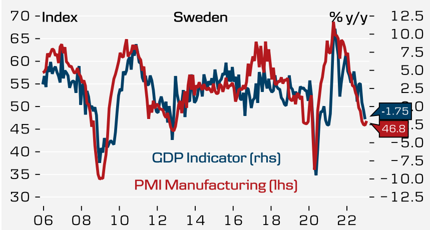


Sources: Statistics Denmark, Macrobond Financial

Sweden

Recent data show Sweden entered a recession in Q4 as GDP dropped 0.6 % both q/q and y/y. Data suggest it is the retail and construction sectors that stand for most of the drag. This is seen in plunging retail sales and property prices. Mortgage credit growth came to a halt in the past 3 months. PMI new orders bottoming out and a resilient labour market suggest, however, that the recession might be mild. Core inflation reached a new high in December, which supposedly was the peak for now. That said, the actual data was slightly better than Riksbank forecast and core inflation was in line. Riksbank is expected to hike 50 bp in February and another 25 bp in April, which should mark the peak for rates for now.

Signs of mild recession in Q4

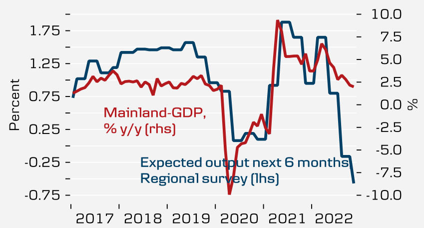


Source: Macrobond Financial

Norway

Growth held up better than expected (and feared) towards the end of last year. However, this is partly because consumption is supported by spending of savings, and deposits are now back on long-term trend. The sharp drop in retail sales in December could be the first sign of a correction, but still early days. At the same time, activity in the construction sector is holding up from the order books. On the other hand, activity in oil-related sectors is clearly picking up. The labour market remains tight, as unemployment is low and demand for labour us solid. That said, there are some tentative signs of a weaker outlook and lay-offs and bankruptcies are rising. Despite a positive surprise in December, we still expect the housing market to worsen further into 2023. There is currently a 50/50 probability for a final 25 bp. hike from Norges Bank in March.

Solid growth, weaker outlook

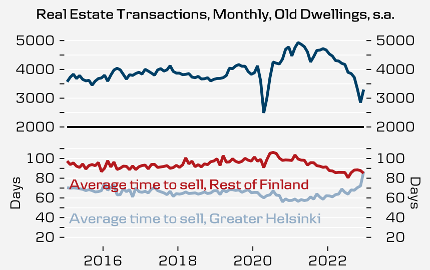


Source: Norges Bank, Macrobond Financial

Finland

In Finland, economic activity has cooled down at a moderate pace. Consumer and business confidence indicators are weak, although January brought some rebound. Open job vacancies are still plentiful in many industries, which gives a buffer against economic adversities. Inflation (9.1% in December) and rising interest rates worry consumers, but inflation fears have eased with lower energy prices. Demand for housing loans has decreased a lot. Housing prices have fallen over 5% from the peak in June. Prices are likely to fall slightly more, but there is no pressure for a large price movement. Housing construction activity is going to fall. Stock of unsold new apartments has risen. Trade with Russia has been reduced to a very low level, but companies have been able to divert most trade elsewhere. There will be additional investment into domestic energy and national security. Olkiluoto 3 nuclear reactor launch should increase electricity supply in March.

Housing market slowing down

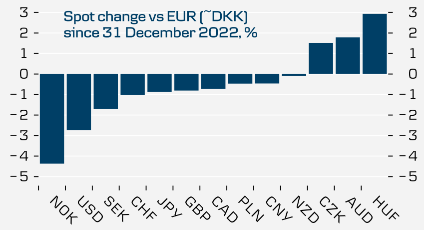


Source: Macrobond Financial, Statistics Finland

Currency markets

The first month of the year has generally been characterised by a resilient EUR as diminished growth fears and higher EUR-rates have driven the single currency higher against most peers. The CEE-currencies in HUF, CZK and PLN have all benefited from the decline in European natural gas prices while the reopening of China has benefitted AUD. NOK and SEK have had a weak start to the year attributable to both moves in relative rates, an underperforming energy complex (for NOK) and house price concerns (for SEK). Also, the USD has had a poor start to the year amid markets pricing in a lower peak in USD policy rates alongside improving growth prospects in the rest of the world. The DKK has remained in the strong end of the range vs EUR, which resulted in Danmarks Nationalbank only hiking policy rates by 35bp early February (compared to the ECB's 50bp hike).

FX. Sorted spot returns vs EUR

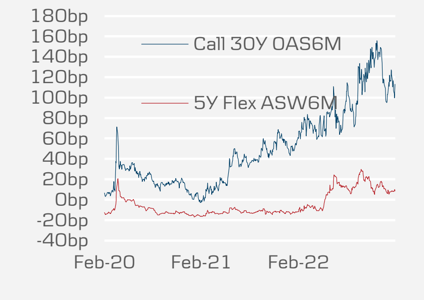


Past performance is not a reliable indicator of current or future results. Source: Macrobond Financial

Bond markets

The start of 2023 have again seen very volatile yields driven by central bank communication and lower headline (but not core) inflation figures that the market has interpret as 'dovish' and continued the push for lower yields and expectations for central banks to cut rates later in 2023. Overall, 10Y swap rates have dropped 30bp since start of the year and the yield curve has continued to flatten. The ECB hiked 2 Feb by 50bp and the Danish Nationalbank (DN) only hiked 35bp and thereby widened the interest rate spread to 40bp. The 'aggressive' move by DN surprised the market since only 4bp of widening was priced before the announcement. Danish callable bonds have widened in spread to swaps and DGBs, but performed outright closing both 30Y 6% and 5% bonds for new issuance. Mainly the 30Y 4% bonds have performed the most. Flex bonds are almost unchanged in spreads to swaps since start of the year and next week investors will focus on the refinancing auctions with DKK50bn 1Y bonds up for sale and just 13-10bn in 3Y and 5Y bonds.

Spreads may have topped in Denmark

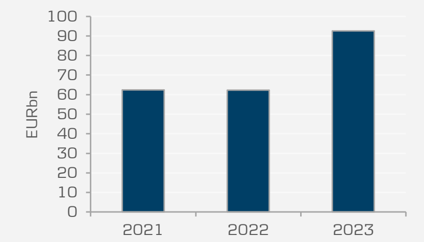


Past performance is not a reliable indicator of current or future results. Source: Danske Bank

Credit markets

Credit has seen strong tailwinds during the first month of 2023 amidst heavy issuance activity in the primary market. Both cash bonds and CDS indices have tightened markedly – particularly during the first two weeks of the month – and after the ECB meeting, iTraxx Crossover crossed below 400bp. Issuance has been characterized by the usual high January activity, but this year has been very busy with January issuance almost 50% above the level from 2021 and 2022. The high issuance pace has been driven by elevated issuance from financials, which has also included several (well-received) capital transactions. For AT1 bank capital bonds, four EUR benchmark transactions have been priced, which almost takes supply to the level for the entire 2022.

Financials (ex covered) + corporate January issuance



Past performance is not a reliable indicator of current or future results. Source: Bloomberg

Equities

Equities have enjoyed massive risk appetite in January. Global equities are up 6% in a single month. This is almost in line with the average yearly return. Equities are driven higher by the successful reopening in China, which have sparked hopes of a trough in macro data and earnings. Earnings in itself have been a disappointment in Q4: Only six out of ten S&P 500 companies have beat consensus expectations and by less than usual (2% vs the average 4%). Due to bullish macro expectations, on top of rate cut expectations on Fed, investors are managing to look beyond these figures. However, equity valuation is indeed getting increasingly rich. In terms of sectors, January has also marked a trend shift with cyclical growth stocks outperforming massively, underlined by strong profits and Fed pivot hopes.

Winners and losers over the last year

Past performance is not a reliable indicator of current or future results. Source: Refinity

Names and contact information of analysts

Editor:			
Las Olsen, *Chief Economist*	Denmark	+45 45 14 14 94	laso@danskebank.com
Minna Emilia Kuusisto, *Chief Analyst*	Global	+358 44 260 9979	mkuus@danskebank.com
Michael Grahn, *Chief Economist*	Sweden	+46 8 568 807 00	mika@danskebank.com
Frank Jullum, *Chief Economist*	Norway	+47 85 40 65 40	fju@danskebank.com
Pasi Petteri Kuoppamäki, *Chief Economist*	Finland	+358 10 546 7715	paku@danskebank.com
Kristoffer Lomholt, *Chief Analyst*	FX Research	+45 45 12 85 29	klom@danskebank.com
Jan Weber Østergaard, *Chief Analyst*	Fixed Income Research	+45 45 13 07 89	jast@danskebank.com
Mark Thybo Naur, *Senior Analyst*	Credit Research	+45 45 12 84 30	mnau@danskebank.com
Bjarne Breinholt Thomsen, *Senior Equity Strategist*	Equities Research	+45 61 22 56 13	bt@danskebank.com

Macroeconomic forecast

Macro forecast. Scandinavia

	Year	GDP [1]	Private cons. [1]	Public cons. [1]	Fixed inv. [1]	Ex-ports [1]	Im-ports [1]	Infla-tion [1]	Wage growth [1]	Unem-ploym [3]	Public budget [4]	Public debt [4]	Current acc. [4]
Denmark	2022	2.9	-2.6	-1.1	4.4	7.4	3.2	7.7	3.5	2.6	1.2	29.7	11.8
	2023	-1.0	-2.3	0.0	-3.3	1.3	-0.7	4.9	4.1	3.1	1.0	28.1	9.5
	2024	1.0	1.8	0.9	-2.1	1.2	0.4	2.0	4.2	3.4	0.8	27.0	9.5
Sweden	2022	2.6	2.6	-0.2	5.6	4.6	7.9	8.4	2.5	7.5	0.7	31.0	3.9
	2023	-1.2	-1.3	1.1	-3.0	1.3	0.2	8.5	3.2	8.2	-0.9	29.0	4.4
	2024	1.2	2.0	1.2	1.8	2.8	2.6	1.3	2.7	8.1	-0.4	29.0	4.5
Norway	2022	3.7	6.6	0.3	4.0	3.0	12.1	5.8	3.9	1.8	-	-	-
	2023	0.6	-0.5	1.3	0.5	3.5	2.5	4.8	4.3	2.2	-	-	-
	2024	1.5	0.9	1.5	4.0	2.0	2.0	2.1	3.8	2.4	-	-	-

Macro forecast. Euroland

	Year	GDP [1]	Private cons. [1]	Public cons. [1]	Fixed inv. [1]	Ex-ports [1]	Im-ports [1]	Infla-tion [1]	Wage growth [1]	Unem-ploym [3]	Public budget [4]	Public debt [4]	Current acc. [4]
Euro area	2022	3.5	4.0	1.2	4.4	7.5	8.6	8.4	4.2	6.7	-3.9	93.7	1.5
	2023	0.1	-0.3	0.8	1.7	3.5	5.2	5.6	4.9	6.9	-4.0	92.5	1.9
	2024	0.3	0.9	1.0	0.0	3.6	4.6	2.5	3.6	7.0	-3.5	91.6	2.4
Germany	2022	1.9	4.6	1.6	0.4	3.2	6.7	8.7	4.1	3.0	-2.3	67.4	3.7
	2023	-0.4	-0.6	0.9	-0.7	3.3	4.4	6.6	5.4	3.3	-2.7	65.5	4.6
	2024	0.1	0.8	1.2	0.0	3.2	4.6	2.6	4.3	3.5	-1.9	66.2	4.9
Finland	2022	1.8	2.3	2.5	4.5	1.5	7.0	7.1	2.6	6.8	-1.8	70.7	-3.3
	2023	-0.7	-0.3	1.5	-1.0	-1.5	-2.0	4.8	4.0	7.3	-2.5	71.0	-2.7
	2024	0.5	0.4	1.0	0.5	1.5	1.0	2.2	3.5	7.2	-2.0	71.7	-2.1

Macro forecast. Global

	Year	GDP [1]	Private cons. [1]	Public cons. [1]	Fixed inv. [1]	Ex-ports [1]	Im-ports [1]	Infla-tion [1]	Wage growth [1]	Unem-ploym [3]	Public budget [4]	Public debt [4]	Current acc. [4]
USA	2022	2.1	2.8	-0.6	-0.3	7.2	8.1	8.0	5.2	3.6	-4.2	124.0	-3.9
	2023	0.3	0.3	1.5	-5.2	1.0	-5.7	3.1	4.0	4.0	-3.8	121.0	-3.1
	2024	0.9	0.8	1.3	1.5	1.2	1.7	1.7	2.1	5.6	-3.9	120.5	-2.8
China	2022	3	2.8	-	4.5	-	-	2.0	3.0	-	-8.9	76.9	1.6
	2023	5.5	5.1	-	5.2	-	-	2.2	5.0	-	-7.2	84.1	1.0
	2024	5.2	5.5	-	5.5	-	-	2.5	5.5	-	-7.5	89.8	0.8
UK	2022	4.2	-	-	-	-	-	8.9	-	3.8	-	-	-
	2023	-0.7	-	-	-	-	-	6.2	-	4.4	-	-	-
	2024	0.8	-	-	-	-	-	2.6	-	5.0	-	-	-
Japan	2022	1.4	3.0	1.6	-0.8	4.7	8.0	2.2	-	2.6	-	-	-
	2023	0.7	0.9	0.6	1.3	2.5	3.2	2.4	-	2.8	-	-	-
	2024	0.9	0.8	0.5	0.6	1.5	0.5	1.4	-	2.8	-	-	-

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

Financial forecast

Bond and money markets

		Key interest rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK	Currency vs NOK	Currency vs SEK
USD	03-Feb	4.75	4.80	4.37	3.38	109.3	-	681.1	1004.5	1036.2
	+3m	5.25	5.40	5.20	4.05	107.0	-	695.3	972.0	1056.1
	+6m	5.25	5.40	5.10	4.05	105.0	-	709.0	971.4	1085.7
	+12m	5.25	5.24	4.80	3.65	103.0	-	723.3	980.6	1068.0
EUR	03-Feb	2.50	2.55	3.18	2.72	-	109.3	744.5	1097.9	1132.6
	+3m	3.00	3.36	3.35	3.00	-	107.0	744.0	1040.0	1130.0
	+6m	3.25	3.41	3.20	2.85	-	105.0	744.5	1020.0	1140.0
	+12m	3.25	3.39	2.90	2.55	-	103.0	745.0	1010.0	1100.0
JPY	03-Feb	-0.10	-0.03	-	-	120.5	128.4	6.18	9.11	9.40
	+3m	-0.10	-	-	-	133.8	125.0	5.56	7.78	8.45
	+6m	-0.10	-	-	-	131.3	125.0	5.67	7.77	8.69
	+12m	-0.10	-	-	-	128.8	125.0	5.79	7.84	8.54
GBP*	03-Feb	4.00	-	3.79	3.11	89.1	122.6	835.1	1231.7	1270.5
	+3m	4.25		4.20	3.50	87.0	123.0	855.2	1195.4	1298.9
	+6m	4.25		4.20	3.50	85.0	123.5	875.9	1200.0	1341.2
	+12m	4.25		4.00	3.30	85.0	121.2	876.5	1188.2	1294.1
CHF*	03-Feb	1.00	-	1.37	1.63	99.8	91.3	745.6	1099.7	1134.4
	+3m	1.25	-	-	-	100.0	93.5	744.0	1040.0	1130.0
	+6m	1.25	-	-	-	99.0	94.3	752.0	1030.3	1151.5
	+12m	1.25	-	-	-	99.0	96.1	752.5	1020.2	1111.1
DKK	03-Feb	2.10	2.75	3.27	2.80	744.45	681.11	-	147.48	152.14
	+3m	2.60	3.45	3.50	3.15	744.00	695.33	-	139.78	151.88
	+6m	2.85	3.50	3.35	3.00	744.50	709.05	-	137.00	153.12
	+12m	2.85	3.50	3.05	2.70	745.00	723.30	-	135.57	147.65
SEK	03-Feb	2.50	2.97	2.97	2.53	1132.6	1036.2	65.7	96.9	100.0
	+3m	3.25	3.05	3.35	2.95	1130.0	1056.1	65.8	92.0	-
	+6m	3.25	3.10	3.15	2.85	1140.0	1085.7	65.3	89.5	-
	+12m	3.25	3.10	2.85	2.55	1100.0	1068.0	67.7	91.8	-
NOK	03-Feb	2.75	3.19	3.25	2.90	1097.9	1004.5	67.8	100.0	103.2
	+3m	2.75	2.95	3.45	3.15	1040.0	972.0	71.5	-	108.7
	+6m	2.75	2.95	3.20	2.80	1020.0	971.4	73.0	-	111.8
	+12m	2.50	2.95	3.05	2.70	1010.0	980.6	73.8	-	108.9

*Notes: GBP swaps are SONIA and CHF swaps are SHARON.
We have updated our Norges Bank forecasts after yesterday's Norges Bank meeting but not yet our Norwegian yield outlook

Commodities

		2022				2023				Average	
	03-Feb	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023
ICE Brent	82	98	112	105	100	95	95	95	95	104	95

Source Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S (‘Danske Bank’). The authors of this report are listed on page 4 of this report.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst’s personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Danske Bank is authorised by the Prudential Regulation Authority in the UK and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Danske Bank’s research reports are prepared in accordance with the recommendations of Capital Market Denmark.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank’s research policies. Employees within Danske Bank’s Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank’s Research Departments are organised independently from and do not report to other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank is a market maker and liquidity provider and may hold positions in the financial instruments mentioned in this research report.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to the companies mentioned in this publication and have whatever rights are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding the companies mentioned in this publication that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual fixed income asset.

We base our conclusion on an estimation of the financial risk profile of the financial asset. By combining these risk profiles with market technical and financial asset-specific issues such as rating, supply and demand factors, macro factors, regulation, curve structure, etc., we arrive at an overall view and risk profile for the specific financial asset. We compare the financial asset to those of peers with similar risk profiles and on this background, we estimate whether the specific financial asset is attractively priced in the specific market. We express these views through buy and sell recommendations. These signal our opinion about the financial asset’s performance potential in the coming three to six months.

More information about the valuation and/or methodology and the underlying assumptions is accessible via *https://danskeci.com/ci/research/research-disclaimer*. Select *Fixed Income Research Methodology*.

Risk warning

Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank’s editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the final page of this research report for the date and time of completion and first dissemination.

Validity time period

This communication as well as the communications in the list referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

Investment recommendations disseminated in the preceding 12-month period

A list of previous investment recommendations disseminated by the lead analyst(s) of this research report in the preceding 12-month period can be found at *https://danskeci.com/ci/research/research-disclaimer*. Select Fixed Income Trade Recommendation History

Other previous investment recommendations disseminated by Danske Bank are also available in the database.

See *https://danskeci.com/ci/research/research-disclaimer* for further disclosures and information.

This research has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) (‘Relevant Financial Instruments’).

This research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom (see separate disclaimer below) and retail customers in the European Economic Area as defined by Directive 2014/65/EU.

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank A/S is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank A/S who have prepared this research report are not registered or qualified as research analysts with the New York Stock Exchange or Financial Industry Regulatory Authority but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 6 February 2023, 7:45 CET

Report first disseminated: 6 February 2023, 9:30 CET