12 May 2022

Weekly Focus

Stagflation concerns continue to dominate markets

Stagflation concerns continued to dominate financial markets this week. Stock market implied volatility remained elevated despite main indices recovering on Tuesday and Wednesday. The US CPI release on Wednesday provided no relief for Fed as core prices increased by 0.6% m/m in April, higher than we expected (0.5% vs. cons. 0.4%). The annual increase in core prices, however, moderated to 6.2% from 6.5% in March as base effects start kicking in. Overall, the high inflation continues to add pressure on Fed to hike sooner and faster. We still expect 50bp hike in June and July, followed by 25bp hikes in September, November and December. Larger hikes are not our base case but cannot be excluded particularly if inflation pressures prove larger or more persistent than expected.

On Tuesday, German ZEW index confirmed the economy is going through a rough patch while future outlook was less gloomy than expected. The current conditions component continued to tumble to -36.5 in May from -30.8 in April, vs. consensus expectations of -35.0. The forward-looking component recovered to -34.3 from -41.0 in April against analyst expectations (-43.5). Recovery in sentiment was broad-based across industries with exceptions in retail, construction and IT sectors.

The Russian Victory Day celebration ended up a non-event for markets. While there were speculations Putin could declare a war and announce mass mobilisation of troops, none of these fears came true. While Putin's speech was filled with propaganda, there was not much new to it, and some analysts even drew conclusions it might create room for de-escalation. We think it is premature to expect such as Russia continues its attacks on multiple cities in Ukraine and seems quite determined to achieve control over the Eastern and Southern regions of Ukraine. That being said, we are relieved Putin's speech signalled no escalation and maintain our base case of a protracted conflict in Ukraine.

In *Research Global – Low metals supply could support prices despite the manufacturing downturn*, 12 May, we highlight that the recent downturn in metal prices reflects rising recession risks, which weigh on the demand outlook. Still, tight supply still points towards metal prices remaining at elevated levels, while Chinese infrastructure stimulus provides backdrop for demand. Russia is not the only factor weighing on supply: Combination of Covid-disruptions, strikes and social unrest due to rising costs of living in EM producer countries all contribute toward metal supply remaining below pre-Covid trend.

Next week, we look for signals on how the global consumer is holding up in the context of rising prices, as we get retail sales data from the US on Tuesday and the EA consumer confidence data on Friday. Central banks remain in the spotlight with some Fed speakers on the wires and ECB minutes out on Thursday. For Fed, there seems to be a broad consensus on front-loading rate hikes by hiking 50bp the next two meetings. For ECB, markets will focus on any discussion about the timing and pace of upcoming rate hikes and the Governing Council's concerns about de-anchoring inflation expectations. Final EA HICP print is due on Wednesday. The week kicks off with a batch of data releases from China: retail sales, industrial production and property sales, but the main focus remains in the Covid outbreak after this week brought some relief as new cases fell in Shanghai.

Key market movers

- Monday: China industrial production, retail sales and property sales
- Tuesday: US industrial production, retail sales, UK jobs report
- Wednesday: EA final HICP, UK CPI
- Thursday: ECB minutes
- Friday: EA consumer confidence

Key global views

- Rising 'stagflation' risk from war in Ukraine – especially in Europe
- Weaker growth in coming quarters but not a global recession
- Higher commodity prices to keep inflation elevated for longer
- Fed to hike by another 175bp this year, ECB to hike in July, September and December

Selected readings from Danske Bank

- *US Labour Market Monitor – Record-high job demand supports the case for a more aggressive Fed tightening*, 9 May
- *Euro Area Macro Monitor – Conflicting signals*, 5 May

Editor

Chief Analyst
Minna Kuusisto
minna.kuusisto@danskebank.com
+358 442 609 979

Scandi market movers

- In **Denmark,** we are set to receive the GDP indicator for Q1 22 on Monday. The range of potential outcomes is greater than normal here. On the one hand, consumption has looked rather weak, but on the other hand exports and especially industrial production have looked strong. GDP is initially calculated from the production side, so we surmise the economy came through in reasonable shape. We expect growth of 0.5%.

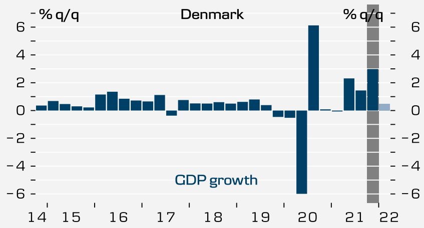
  Friday is scheduled to bring wage-earner employment for March, which has risen for 13 months in a row. The economy is facing growing headwinds from price increases, which are squeezing consumers and dampening demand. However, much would be needed for employment to decline in the short term, as labour shortages continue to be significant and unemployment low. Looking a little further ahead, there is clearly some risk of a slowdown, as this will be necessary to clip inflation in the West.

  May's consumer confidence is also due on Friday. Consumers' views on both household finances and the Danish economy have deteriorated considerably in recent months. We expect rising prices are still being felt by consumers, who will therefore have a negative opinion of their own finances. In contrast, we expect consumers' views on the Danish economy to improve, as the economy is still in fine fettle and the war in Ukraine has not escalated further. We therefore expect consumer confidence to rise to -17.0 in May.

- No data market movers in **Sweden** next week but two interesting speeches from the Riksbank to look out for. First speaker is Ohlsson (Tuesday 13:15 CET) with the title "Monetary policy in times of war" and later in the week Flodén (Thursday 17.00 CET) "Monetary policy and reference rates".

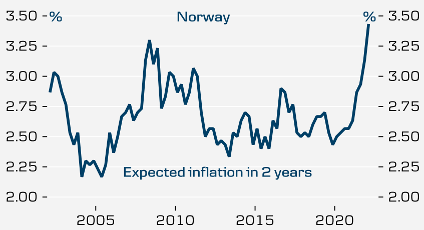
- In **Norway**, Friday brings Norges Bank's expectations survey for Q2. Both wage and price expectations have risen steadily since the start of last year, so the big question is whether they will now turn or keep on climbing. We will also be keeping a close eye on business leaders' profitability expectations. A tight labour market could bring stronger wage growth than expected, but overall costs (raw materials, energy, freight, wages, interest) for many firms are now rising so quickly that margins have to be coming under pressure. This could mean that firms' earnings deteriorate to the point where they put a damper on wages.

We expect growth of 0.5%



Source: Danske Bank, Macrobond Financial

Will inflation expectations rise further?



Source: Macrobond, Danske Bank

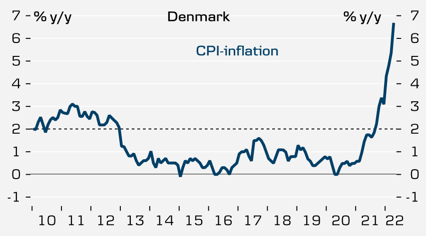
Scandi update

Denmark – Consumer prices jump again

Total exports of goods and services rose by a strong 6.7% in March, while imports rose 2.5%. Both exports and imports were boosted by an increase in prices, while the volumes traded actually appear to have declined. Nevertheless, Q1 22 looks strong overall. The current account is generally benefiting from rising export prices – particularly the high freight rates enjoyed by shippers. We continue to assess labour and materials shortages as the main hindrance to Danish exports rather than a lack of demand.

Consumer prices rose 6.7% in April compared to the same month last year. The increase continues to be very much driven by energy prices, though food and cigarette prices also made a significant contribution in April. Electricity prices pulled inflation higher by half a percentage point, as prices are almost 70% up on last year. We are also seeing price increases spread to other goods and services. Core inflation is now running at 3.6%, which is higher than in 2008, when the economy was massively overheating. However, we reckon that April will mark a peak for Danish inflation for now, as, not least, electricity prices have begun to decline again. Nevertheless, much will depend on energy prices going forward, and we also expect the still tight labour market and solid demand from export markets to result in increasing price pressures for companies in addition to energy and materials.

Consumer prices jump again



Source: Danske Bank, Macrobond Financial

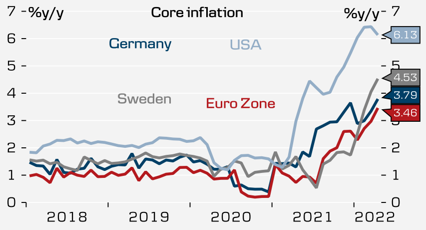
Sweden – Core inflation in line with market consensus but above Riksbank forecast

Prospera money market inflation expectations increased on all horizons on back of the surprisingly high inflation seen lately. Especially a large jump in 1Y to 4.1% (3.2). 5Y is the most important one, increase 0.2 p.p to 2.4% which is a large increase for the 5Y. Now close to uncomfortable levels for the Riksbank.

Swedish inflation was slightly higher than markets consensus (CPIF 0.6 % mom/6.4 % yoy vs market 0.5 % mom/ 6.2 % yoy). CPIF excl. Energy was in line with market though printing 0.9 % mom / 4.5 % yoy vs market 0.8 % mom/4.5 % yoy). This is a tad higher than Riksbank's base forecast 4.1 % but in line with its alternative scenario 4.445% yoy (with all decimals). Hence, energy was the main reason for the deviation today.

If looking into details, food (again) and recreation was both lower than expected while electricity was considerably higher (quite unusual miss) together with miscellaneous goods and services. So what does this mean for the Riksbank? This for sure puts pressure together with high inflation expectations. The largest deviation in inflation forecast and the alternative scenario comes in coming months. Regarding 25bp or 50bp hike in June depends a lot about inflation outcome for May.

Inflation continues higher

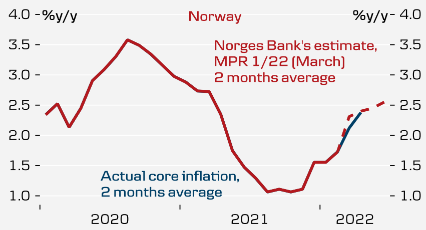


Source: Macrobond

Norway – Inflation on the up

Core inflation surprised to the upside in April at 2.6% y/y, beating both our prediction of 2.4% and Norges Bank's 2.3%. The underlying data show that imported inflation was actually slightly lower than expected, and it was domestic inflation that came out higher. This was driven partly by higher prices for domestically produced foods, but chiefly by a 40% m/m jump in airfares which explains the whole of our underestimate. There is no question that inflation is headed up in Norway – prices were also higher for domestically produced goods and for hotels and restaurants, among others, so the increase is in no way transitory. That said, it would appear that the surprise to the upside in April was driven mainly by Easter-related effects (food, airfares) which will probably turn out to be mainly temporary. All in all, therefore, we believe that the numbers confirm that inflation is on the up, but only at around the speed Norges Bank anticipated in March (averaged across March and April, core inflation was 2.38%, very close to the central bank's projection of 2.4%). This would suggest that the bank will continue its gradual normalisation of monetary policy and that there is not (as yet) any reason for it to move more quickly.

Inflation trend roughly as Norges Bank expected



Source: Macrobond, Danske Bank

Calendar

Monday, May 16, 2022

				Period	Danske Bank	Consensus	Previous
4:00	CNY	Industrial production	y/y	Apr		0.5%	5.0%
4:00	CNY	Retail sales	y/y	Apr		-6.2%	-3.5%
4:00	CNY	Fixed assets investments	y/y	Apr		7.0%	9.3%
8:00	DKK	GDP indicator	q/q	1st quarter	0.5%		1.1%
8:00	NOK	Trade balance	NOK bn	Apr			138.4
11:00	EUR	Trade balance	EUR bn	Mar			-9.4
11:47	USD	Fed's George speaks					
14:30	USD	Empire Manufacturing PMI	Index	May		15.0	24.6
14:55	USD	Fed's Williams speaks					
22:00	USD	TICS international capital flow, Net inflow	USD bn	Mar			162.6

Tuesday, May 17, 2022

				Period	Danske Bank	Consensus	Previous
7:30	FRF	ILO unemployment	%	1st quarter			7.4%
8:00	GBP	Average weekly earnings ex bonuses (3M)	y/y	Mar			4.0%
8:00	GBP	Unemployment rate (3M)	%	Mar			3.8%
11:00	EUR	GDP, preliminary	q/q|y/y	1st quarter	0.2%		0.2%|5.0%
11:00	EUR	Employment, preliminary	q/q|y/y	1st quarter			0.5%|2.2%
11:00	ITL	HICP, final	m/m|y/y	Apr			...|6.6%
11:47	USD	Fed's George speaks					
14:00	USD	Fed's Bullard speaks					
14:30	USD	Retail sales control group	m/m	Apr			0.7%
15:15	USD	Fed's Harker speaks					
15:15	USD	Capacity utilization	%	Apr		78.5%	78.3%
15:15	USD	Industrial production	m/m	Apr		0.4%	0.9%
15:15	USD	Manufacturing production	m/m	Apr		0.3%	0.9%
16:00	USD	NAHB Housing Market Index	Index	May		75.0	77.0
20:30	USD	Fed's Mester speaks					

Wednesday, May 18, 2022

				Period	Danske Bank	Consensus	Previous
0:45	USD	Fed's Evans speaks					
1:00	USD	Fed's George speaks					
1:50	JPY	GDP deflator, preliminary	y/y	1st quarter		-1.1%	-1.3%
1:50	JPY	GDP, preliminary	q/q|ann.	1st quarter		-0.5%|-1.8%	1.1%|4.6%
6:30	JPY	Industrial production, final	m/m|y/y	Mar			0.3%|-1.7%
8:00	GBP	CPI	m/m|y/y	Apr			1.1%|7.0%
8:00	GBP	CPI core	y/y	Apr			5.7%
11:00	EUR	HICP inflation, final	m/m|y/y	Apr	7.4%		0.6%|7.4%
11:00	EUR	HICP - core inflation, final	y/y	Apr			3.5%
11:47	USD	Fed's George speaks					
14:30	USD	Building permits	1000 (m/m)	Apr		1810	1870.0 (0.3%)
14:30	USD	Housing starts	1000 (m/m)	Apr		1763	1793.0 (0.3%)
14:30	CAD	CPI	m/m|y/y	Apr			...|6.7%
16:30	USD	DOE U.S. crude oil inventories	K				8487
22:00	USD	Fed's Harker speaks					

Thursday, May 19, 2022

				Period	Danske Bank	Consensus	Previous
1:50	JPY	Exports	y/y (%)	Apr		0.1	0.1
1:50	JPY	Import	y/y (%)	Apr		0.3	0.3
1:50	JPY	Trade balance, s.a.	JPY bn	Apr		-1459.8	-899.8
3:30	AUD	Employment change	1000	Apr		30	17.9
8:00	SEK	Capacity utilization, industry	%	1st quarter			90.8%
10:00	EUR	Current account	EUR bn	Mar			20.8
11:47	USD	Fed's George speaks					
14:30	USD	Philly Fed index	Index	May		17.6	17.6
16:00	USD	Existing home sales	m (m/m)	Apr		5.65	5.77|-0.027

Friday, May 20, 2022

				Period	Danske Bank	Consensus	Previous
1:01	GBP	GfK consumer confidence	Index	May			-38.0
1:30	JPY	CPI - national ex. fresh food	y/y	Apr		2.1%	0.8%
1:30	JPY	CPI - national	y/y	Apr		2.5%	1.2%
8:00	GBP	Retail sales ex fuels	m/m|y/y	Apr			-1.1%|-0.6%
8:00	DKK	Consumer confidence	Net. bal.	May			-20.9
11:47	USD	Fed's George speaks					
16:00	EUR	Consumer confidence, preliminary	Net bal.	May			-22.0

Source: Danske Bank

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	2021	4.7	4.3	3.7	5.6	7.8	8.2	1.9	3.0	3.7	2.4	36.7	8.3
	2022	3.5	2.2	0.6	2.0	6.0	4.0	5.5	3.7	2.4	1.7	32.6	7.5
	2023	1.3	2.5	0.5	1.1	3.1	4.1	1.7	4.0	2.5	1.8	30.3	7.7
Sweden	2021	4.5	5.7	2.5	5.9	7.2	9.1	2.2	2.7	8.8	-0.2	37.7	1.4
	2022	2.5	3.3	1.3	2.8	5.1	5.6	4.0	2.0	7.0	0.8	33.0	4.8
	2023	2.0	1.9	1.2	2.2	3.9	3.4	1.3	2.1	6.8	0.8	30.0	5.1
Norway	2021	4.2	5.0	3.9	-0.3	4.8	2.0	3.5	3.5	3.2	-	-	-
	2022	3.8	6.5	1.3	3.1	6.0	7.5	3.3	3.7	2.0	-	-	-
	2023	2.0	2.5	1.3	2.0	4.0	4.0	1.8	3.7	1.9	-	-	-

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	2021	2.5	2.8	3.9	3.7	7.3	9.4	7.0	2.5	6.7	-3.6	97.6	3.2
	2022	2.8	1.2	3.7	4.5	5.3	4.9	2.0	3.4	6.5	-2.1	96.7	3.4
	2023	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Germany	2021	2.9	0.1	3.1	1.3	9.8	9.1	3.2	3.4	3.6	-3.7	69.3	7.5
	2022	1.0	2.8	2.6	0.2	6.2	8.8	7.4	3.2	3.1	-2.1	69.2	6.6
	2023	3.6	1.6	4.1	4.0	6.4	4.9	2.7	3.8	2.9	-0.5	68.1	6.8
Finland	2021	3.5	3.1	3.2	1.2	4.7	5.3	2.2	2.3	7.7	-2.6	65.8	0.7
	2022	1.7	2.3	1.0	3.0	3.0	4.0	4.4	2.8	7.0	-3.0	66.1	0.2
	2023	2.0	2.5	1.0	3.0	3.0	3.5	2.0	2.6	6.6	-1.8	65.5	0.4

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	2021	5.7	7.9	0.5	7.8	4.5	14.0	4.7	4.0	5.4	-13.4	129.7	-3.5
	2022	2.8	2.5	0.1	2.9	4.9	5.5	7.5	5.0	4.0	-4.7	125.6	-3.5
	2023	2.0	1.9	1.0	3.5	1.5	1.8	3.3	4.6	3.8	-3.1	124.0	-3.3
China	2021	8.0	10.2	-	5.2	-	-	0.7	5.0	-	-5.6	68.9	3.0
	2022	4.7	6.0	-	3.0	-	-	3.0	5.5	-	-7.0	72.0	1.0
	2023	5.3	6.0		4.5			2.5	5.5		-6.8	74.5	0.7
UK	2021	7.4	6.2	14.3	5.9	-1.3	3.8	2.6	4.9	4.5	-8.1	95.6	-3.0
	2022	5.1	6.1	3.3	6.5	3.3	4.8	5.2	3.2	4.0	-3.9	95.5	-4.6
	2023	2.4	2.5	0.8	4.8	3.4	3.7	2.9	3.9	3.7	-1.9	94.1	-4.2
Japan	2021	1.7	1.1	2.1	-1.3	11.8	5.2	-0.2	-	2.8	-	-	-
	2022	2.1	3.3	1.5	-2.2	4.6	1.4	1.6	-	2.6	-	-	-
	2023	1.0	1.4	0.7	-0.6	3.2	2.0	1.1	-	2.5	-	-	-

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	12-May	1.00	1.40	2.86	2.91	104.1	-	715.1	987.2	1015.1
	+3m	2.00	2.30	3.10	3.20	107.0	-	695.6	915.9	953.3
	+6m	2.25	2.76	3.40	3.25	106.0	-	702.4	943.4	952.8
	+12m	3.25	3.30	3.50	3.25	105.0	-	709.5	933.3	971.4
EUR	12-May	-0.50	-0.41	0.78	1.68	-	104.1	744.1	1027.2	1056.3
	+3m	-0.25	-0.11	0.95	1.75	-	107.0	744.3	980.0	1020.0
	+6m	0.00	0.16	1.15	1.80	-	106.0	744.5	1000.0	1010.0
	+12m	0.50	0.57	1.35	1.85	-	105.0	745.0	980.0	1020.0
JPY	12-May	-0.10	-0.02	0.10	0.43	120.5	128.6	6.17	8.52	8.76
	+3m	-0.10	-	-	-	133.8	125.0	5.56	7.33	7.63
	+6m	-0.10	-	-	-	130.4	123.0	5.71	7.67	7.75
	+12m	-0.10	-	-	-	125.0	119.0	5.96	7.84	8.16
GBP*	12-May	1.00	-	2.00	1.76	85.3	121.9	871.9	1203.7	1237.7
	+3m	1.25		2.25	2.10	84.0	127.4	886.0	1166.7	1214.3
	+6m	1.50		2.35	2.10	84.0	126.2	886.3	1190.5	1202.4
	+12m	1.75		2.40	2.20	84.0	125.0	886.9	1166.7	1214.3
CHF*	12-May	-0.75	-	0.13	1.21	103.7	99.7	717.2	990.1	1018.1
	+3m	-0.75	-	-	-	101.0	94.4	736.9	970.3	1009.9
	+6m	-0.50	-	-	-	100.0	94.3	744.5	1000.0	1010.0
	+12m	0.00	-	-	-	99.0	94.3	752.5	989.9	1030.3
DKK	12-May	-0.60	-0.16	1.07	1.95	744.11	715.09	-	138.05	141.95
	+3m	-0.35	0.13	1.20	2.00	744.25	695.56	-	131.68	137.05
	+6m	-0.10	0.39	1.40	2.05	744.50	702.36	-	134.32	135.66
	+12m	0.40	0.80	1.60	2.10	745.00	709.52	-	131.54	136.91
SEK	12-May	0.25	0.46	1.91	2.40	1056.3	1015.1	70.4	97.3	100.0
	+3m	0.50	0.73	1.65	2.20	1020.0	953.3	73.0	96.1	-
	+6m	0.75	1.00	1.65	2.15	1010.0	952.8	73.7	99.0	-
	+12m	1.25	1.50	1.75	2.10	1020.0	971.4	73.0	96.1	-
NOK	12-May	0.75	1.30	2.62	2.96	1027.2	987.2	72.4	100.0	102.8
	+3m	1.00	1.49	2.70	3.10	980.0	915.9	75.9	-	104.1
	+6m	1.25	1.76	2.90	3.15	1000.0	943.4	74.5	-	101.0
	+12m	1.75	2.26	3.05	3.25	980.0	933.3	76.0	-	104.1

*Note: GBP swaps are SONIA and CHF swaps are SHARON

Commodities

		2022				2023				Average	
	12-May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023
ICE Brent	106	98	125	115	100	95	95	95	95	110	95

Source Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S (‘Danske Bank’). The author of this research report is Minna Kuusisto, Chief Analyst.

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 subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank on request.

Danske Bank’s research reports are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

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: 12 May 2022, 14:00 CET

Report first disseminated: 12 May 2022, 14:25 CET