

Weekly Focus

The Fed and Norges Bank turn more hawkish

This week's most important event was the Fed meeting. **The Fed was more hawkish than anticipated and the meeting most likely marked the first step of the Fed taking the foot off the gas.** The Fed is now signalling two rate hikes by end-2023 and that the FOMC members will continue discussing tapering at upcoming meetings. US Treasury yields rose significantly (especially 5yr) and EUR/USD has declined from above 1.21 to below 1.20. We discuss the Fed (including our new Fed call) in *Fed Research: Review – Slowly taking the foot off the gas*, 16 June.

On COVID-19, most focus is on the so-called delta variant (B.1.617.2 first found in India), which forced the UK government to postpone the full re-opening by four weeks. More and more cases are also found in other countries, as the delta variant seems to be around 50% more transmissible than the alpha variant (B.1.1.7 first found in the UK). **The good news is that the vaccines are still very effective according to two Public Health England studies. So if anything this is mostly a “delayed, not derailed” story.**

In China, we got data for retail sales, industrial production, fixed assets investments and property investments this week. **All data were weaker than anticipated supporting our view that Chinese growth is slowing amid tighter monetary and credit policies.**

Norges Bank sent a hawkish signal at its meeting yesterday, as it plans to normalise monetary policy faster than expected and priced in markets. **The verbal guidance clearly shows that Norges Bank plans to hike for the first time at the September meeting.** See more details in the Scandi section.

Next week, we get preliminary Markit PMIs in June for the euro area, the UK and the US. In the light of the gradual easing of restrictions, we are interested in the goods versus services dynamics, not least whether we are about to see a peak in manufacturing. In the euro area, for instance, we expect PMI services to increase but will not be surprised if the manufacturing index falls.

The Bank of England (BoE) meets next week, but it is one of the interim meetings without a Monetary Policy Report, so do not expect the BoE to make any major changes. We will keep an eye on what the BoE thinks about inflation after the higher-than-anticipated inflation in May.

In the US, we get monthly private consumption data for May on Friday. We are in particular interested in whether service consumption is making a comeback at the expense of goods consumption. We expect the PCE headline price index rose 0.5% m/m in May (3.9% y/y up from 3.6%).

In the euro area, the regional elections in France on Sunday are interesting ahead of the French presidential election next year. Focus is very much on how Marine Le Pen's Rassemblement National (RN) party is performing. Besides that, we think it is unlikely that ECB President Lagarde will send new policy signals when she speaks in front of the European Parliament.

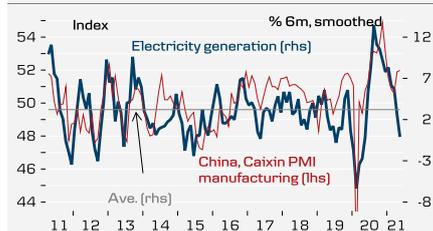
Key market movers

- **Sun:** Regional elections in France
- **Wed:** Markit PMIs (euro area, the US, the UK)
- **Thurs:** BoE meeting, US core capex
- **Fri:** US PCE

Selected reading from Danske Bank

- *COVID-19 Update - Novavax is very effective but unfortunately CureVac is not*, 18 June
- *Fed Research: Review – Slowly taking the foot off the gas*, 16 June
- *Research US: Higher inflation but not spinning out of control due to still well-behaved expectations*, 14 June
- *Norges Bank Review*, 17 June
- *Finland Outlook: Recovery does not translate to a balanced budget*, 15 June

Chinese growth is slowing



Sources: IHS Markit, China NBS, Macrobond Financial

Editor

Chief Analyst
Mikael Olai Milhøj
+45 45 12 76 07
milh@danskebank.dk

Scandi market movers

- In **Denmark**, we should receive April's wage-earner employment figures on Monday. The number of wage-earners has been increasing over the past two months, and we expect this trend to continue as restrictions are eased and society reopens further.

Tuesday is scheduled to bring consumer confidence for June, and we expect an increase to 6.2 from 2.8 in May. Everyday life is really beginning to return to normal for many people, with restrictions being eased and the vaccine rollout continuing. We expect consumers to turn optimistic again and view the Danish economy more positively.

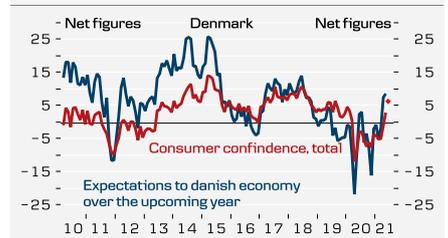
Retail sales for May are due on Friday, and we already have a good indication of consumption in May from our Spending Monitor. This indicated consumption in May was 6.0% above the norm. We expect the same picture to emerge from Friday's figures, confirming that consumers are back in force.

Finally, on 23 June we will present our latest forecast for the Nordic countries in Nordic Outlook, where we give our take on the current state of the Nordic economies and how we expect they will develop in the coming years.

- Next week is a data empty week in **Sweden** with only the labour market survey being published on Tuesday. As mentioned earlier, due to changes in LFS, the survey is not a good indicator for the unemployment rate (better to look at AMS which shows further improvements at the labour market). Hours worked, however, does not seem to be affected of the changes and hence gives a first glimpse of the economy development in May. Hours worked in April came out at low 0.2% above Q1 level indicating quite slow labour market improvement but as said, other indicators such as hiring plans/employment according to NIER suggest better improvements than that. But there are large differences if looking into sectors, especially hotel/restaurants and recreation lags behind.

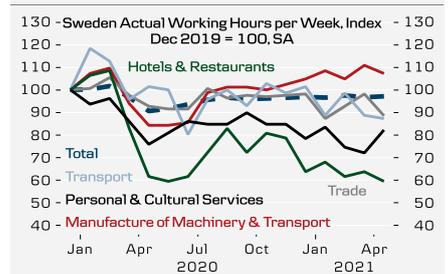
- There are no market movers in Norway next week.

Consumer confidence is set to rise further



Sources: Statistics Denmark, Danske Bank, Macrobond Financial

Large differences between sectors



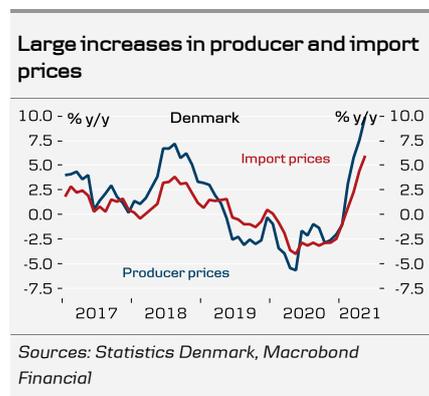
Source: SCB, Macrobond

Scandi update

Denmark – Large increases in producer and import prices

The past week has been quiet on the data front in Denmark. Total corporate sales of commodities and services for April, excluding energy, fell by 3.5% compared to March. Hence, corporate sales demonstrated the same tendency as exports and industrial production in April. However, we do not expect the figures to herald a new trend, and the decline also follows a major increase in March. Moreover, the corona crisis has also affected the normal seasonal pattern, which can produce shifts in the data.

Producer and import prices rose 9.9% and 6.0%, respectively, in May compared to the same period last year. The increases are very much driven by higher materials prices that have come on the back of the very substantial global demand for goods. We expect that materials prices will become more subdued, just as we have seen since May, when consumption begins to shift towards services again.



Sweden – nothing special

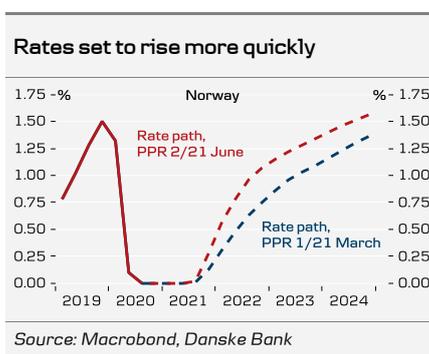
There were no economic key figures to comment on in Sweden this week.

Norway – Rates to rise in September and December

As expected, Norges Bank left its policy rate unchanged at 0.0% at its meeting during the week but signalled that it will most likely be raised in September.

The accompanying monetary policy report presents interest rate projections showing not only a first hike in September but also a very high chance of a second hike in December. The background to this upward revision of the interest rate path is a combination of stronger wage growth, more expansionary fiscal policy, higher oil prices and oil investment, stronger global growth and growing optimism among firms in Norway. The bank now expects activity to return to normal levels as early as Q3 this year, and its projections actually show four rate increases in the next four quarters, one more in 2023 and almost another in 2024, taking the policy rate to between 1.50% and 1.75% at the end of 2024.

Hence, we still expect Norges Bank to raise its policy rate in September. Given that its projections are more or less in line with our own forecasts, we now expect a second rate increase in December, a further three next year, one in 2023 and one in 2024, taking the policy rate to 1.75% at the end of 2024.



Activity tracker

Euro area	Last obs	Value	Last 4 months	1W chg.	1M chg.	Low
Bundesbank weekly activity index*	Week 24	1.35		0.13	0.56	-6.0
German truck toll mileage (1w m.a.), % y/y	09-Jun	10.0%		5.3 p.p.	-9.4 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	16-Jun	12.6%		27.9 p.p.	102.4 p.p.	-100%
USA						
NY Fed weekly economic index*	Week 24	10.35		0.37	-1.03	-11.4
Transaction card spending, (1w m.a.), % y/y	03-Jun	39.7%		5.8 p.p.	-8.2 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	16-Jun	-13.0%		-2 p.p.	3.5 p.p.	-100%
Google mobility trends retail & recreation (1w m.a.)**						
Germany	14-Jun	-5.1%		6.6 p.p.	29 p.p.	-67.3%
France		-5.9%		5.4 p.p.	33.6 p.p.	-88.0%
Italy		-4.9%		0.9 p.p.	14.9 p.p.	-88.9%
Spain		-14.1%		0 p.p.	8.3 p.p.	-91.7%
UK		-14.4%		-3.7 p.p.	13.9 p.p.	-77.6%
Japan		-15.0%		2 p.p.	4.1 p.p.	-37.9%
United States		-3.4%		0.1 p.p.	2.7 p.p.	-46.1%
Electricity demand (1w m.a.)***						
Germany	13-Jun	2.6%		4.2 p.p.	4.8 p.p.	-16.2%
France		-0.6%		0.9 p.p.	1.8 p.p.	-23.1%
Italy		-2.0%		3 p.p.	-1.1 p.p.	-28.2%
Spain	16-Jun	1.3%		2.4 p.p.	1.5 p.p.	-24.2%
UK		0.2%		3.7 p.p.	-1.3 p.p.	-22.1%
Japan	16-Jun	-0.9%		0.7 p.p.	-0.7 p.p.	-18.3%
United States		4.4%		-0.6 p.p.	8.3 p.p.	-12.5%

*NOWcast, Actual index value, **Relative to same day/week in 2019, ***Relative to same day/week in 15-19 avg.

Source: Google mobility data, ENTSO-E, EIA, Open Table, Statistisches Bundesamt, TextilWirtschaft, Bundesbank, NY Fed, Macrobond Financial

Calendar

Monday, June 21, 2021				Period	Danske Bank	Consensus	Previous
15:30	USD	Fed's Bullard (non-voter, dovish) speaks					
21:00	USD	Fed's Williams (voter, neutral) speaks					
Tuesday, June 22, 2021				Period	Danske Bank	Consensus	Previous
8:00	DKK	Consumer confidence	Net. bal.	Jun	6.2		2.8
14:00	HUF	Central Bank of Hungary rate decision	%		0.6%	0.9%	0.6%
16:00	USD	Existing home sales	m (m/m)	May		5.72	5.85 -0.027
16:00	EUR	Consumer confidence, preliminary	Net bal.	Jun		-3.3	-5.1
16:30	USD	Fed's Mester (voter, hawkish) speaks					
17:00	USD	Fed's Daly (non-voter, neutral) speaks					
20:00	USD	Fed chair Powell (voter, neutral) speaks					
Wednesday, June 23, 2021				Period	Danske Bank	Consensus	Previous
2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Jun			53.0
2:30	JPY	Markit PMI services, preliminary	Index	Jun			46.5
6:00	DKK	Danske Bank publish Nordic Outlook					
7:00	JPY	Leading economic index, final	Index	Apr			103.0
9:15	FRF	PMI manufacturing, preliminary	Index	Jun		59.0	59.4
9:15	FRF	PMI services, preliminary	Index	Jun		59.1	56.6
9:15	SEK	NIER economic forecasts					
9:30	DEM	PMI manufacturing, preliminary	Index	Jun		63.0	64.4
9:30	DEM	PMI services, preliminary	Index	Jun		55.0	52.8
10:00	EUR	PMI manufacturing, preliminary	Index	Jun		62.2	63.1
10:00	EUR	PMI composite, preliminary	Index	Jun		58.8	57.1
10:00	EUR	PMI services, preliminary	Index	Jun		57.7	55.2
10:30	GBP	PMI manufacturing, preliminary	Index	Jun		64.0	65.6
10:30	GBP	PMI services, preliminary	Index	Jun		63.3	62.9
14:30	CAD	Retail sales	m/m	Apr		-5.0%	3.6%
14:30	USD	Current account	USD bn	1st quarter		-207.1	-188.5
15:00	USD	Fed's Bowman (voter, neutral) speaks					
15:45	USD	Markit PMI manufacturing, preliminary	Index	Jun		61.8	62.1
15:45	USD	Markit PMI service, preliminary	Index	Jun		69.9	70.4
16:00	USD	New home sales	1000 (m/m)	May		875	863.0 (-5.9%)
16:30	USD	DOE U.S. crude oil inventories	K				-7355
17:00	USD	Fed's Bostic (non-voter, neutral) speaks					
22:30	USD	Fed's Rosengren (non-voter, hawk) speaks					
Thursday, June 24, 2021				Period	Danske Bank	Consensus	Previous
8:45	FRF	Business confidence	Index	Jun		110.0	108.0
9:00	ESP	GDP, final	q/q/y/y	1st quarter		-0.5% -4.3%	-0.5% -4.3%
9:30	SEK	PPI	m/m/y/y	May			1.7% 5.6%
10:00	DEM	IFO - business climate	Index	Jun		100.2	99.2
10:00	DEM	IFO - current assessment	Index	Jun		97.8	95.7
10:00	DEM	IFO - expectations	Index	Jun		103.6	102.9
10:00	EUR	ECB Publishes Economic Bulletin					
13:00	GBP	BoE minutes				0.001	0.001
13:00	GBP	BoE government bond purchases (APF)	GBP bn	Jun	875	875	875
13:00	GBP	BoE corporate bond purchases (CBPP)	GBP bn	Jun	20	20	20
13:00	GBP	BoE Bank rate	%		0.1%	0.1%	0.1%
14:30	USD	GDP, release	q/q AR	1st quarter		0.064	0.064
14:30	USD	Initial jobless claims	1000				412
14:30	USD	Core capital goods orders, preliminary	%	May			2.2%
14:30	USD	Advance goods trade balance	USD bn	May		-88.2	-85.2
14:30	USD	PCE core	q/q AR	1st quarter			0.025
15:30	USD	Fed's Harker (voter, neutral) speaks					
15:30	USD	Fed's Bostic (non-voter, neutral) speaks					
17:00	USD	Fed's Williams (voter, neutral) speaks					
19:00	USD	Fed's Bullard (non-voter, dovish) speaks					
Friday, June 25, 2021				Period	Danske Bank	Consensus	Previous
1:01	GBP	GfK consumer confidence	Index	Jun		-7.0	-9.0
8:00	DEM	GfK consumer confidence	Net. Bal.	Jul		-4.3	-7
8:00	DKK	Retail sales	m/m/y/y	May			-8.3% 9.8%
10:00	EUR	Money supply (M3)	y/y	May		8.5%	9.2%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	May		8.5%	9.2%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	May		8.5%	9.2%
14:30	USD	PCE headline	m/m/y/y	May	0.5% 3.9%	0.6% 4.0%	0.6% 3.6%
14:30	USD	PCE core	m/m/y/y	May	0.5% 3.4%	0.6% 3.5%	0.7% 3.1%
14:30	USD	Personal spending	m/m	May		0.3%	0.5%
16:00	USD	University of Michigan Confidence, final	Index	Jun		86.8	86.4
17:35	USD	Fed's Mester (voter, hawkish) speaks					
19:00	USD	Fed's Rosengren (non-voter, hawk) speaks					

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	2020	-2.7	-2.0	-0.1	2.1	-7.7	-4.8	0.4	2.3	4.6	-1.1	42.2	8.3
	2021	3.0	2.5	1.5	4.4	5.1	5.7	1.2	2.2	4.6	-2.5	40.0	7.9
	2022	3.4	4.0	-0.3	3.5	6.8	5.9	1.2	2.2	4.0	-1.0	37.6	8.2
Sweden	2020	-3.1	-4.7	-0.5	0.6	-5.2	-5.8	0.5	2.0	8.3	-3.1	37.9	1.4
	2021	3.4	3.2	1.6	3.6	7.5	7.3	1.2	1.9	8.5	-1.7	39.0	5.1
	2022	3.3	4.2	1.5	3.2	4.1	4.1	0.8	1.9	7.3	-0.4	36.0	5.1
Norway	2020	-2.5	-6.9	1.7	-3.8	-0.5	-11.9	1.3	3.1	5.0	-	-	-
	2021	3.7	6.0	2.0	1.0	2.6	5.0	2.8	2.6	3.3	-	-	-
	2022	3.4	7.0	2.0	2.0	6.0	6.0	1.4	3.0	2.5	-	-	-

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	2020	-6.7	-8.0	1.4	-8.4	-9.6	-9.1	0.3	-0.6	8.0	-7.2	98.0	3.0
	2021	4.7	2.6	3.3	5.0	10.0	8.2	1.9	3.1	8.4	-7.8	102.2	3.1
	2022	4.1	5.7	1.8	2.1	4.6	4.3	1.5	2.0	8.3	-4.4	102.3	3.1
Germany	2020	-5.1	-6.2	3.7	-3.5	-10.2	-9.0	0.4	0.0	4.2	-4.2	69.8	6.9
	2021	3.2	-0.7	1.8	3.2	12.0	9.9	2.5	1.2	4.3	-7.5	73.0	7.5
	2022	4.0	5.1	1.4	2.1	5.0	4.3	1.6	1.8	3.8	-2.5	72.1	6.9
Finland	2020	-2.8	-4.9	2.3	-3.1	-6.6	-6.6	0.3	1.8	7.8	-5.4	69.2	0.3
	2021	2.3	4.0	1.5	2.0	3.5	5.0	1.4	2.5	8.0	-3.5	70.0	-0.2
	2022	3.0	3.0	1.0	3.0	6.0	5.0	1.5	2.5	7.2	-2.3	69.6	-0.2

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	2020	-3.5	-3.9	1.1	-1.8	-12.9	-9.3	1.2	4.6	8.1	-16.0	126.4	-2.1
	2021	7.5	8.4	1.6	8.9	5.6	11.2	3.5	2.0	4.7	-12.2	132.3	-2.1
	2022	5.3	6.7	3.1	3.7	2.0	4.4	2.6	2.3	3.5	-7.2	131.9	-2.1
China	2020	2.3	1.5	-	3.0	-	-	3.0	7.5	-	-11.9	-	0.6
	2021	9.0	9.0	-	10.0	-	-	2.0	7.0	-	-11.8	-	0.4
	2022	5.4	7.0	-	4.0	-	-	2.5	7.0	-	10.9	-	0.4
UK	2020	-9.8	-10.6	-6.5	-8.8	-15.8	-17.8	0.9	2.0	4.5	-12.3	104.5	-2.0
	2021	5.2	4.2	4.0	6.2	6.4	6.1	1.5	1.2	4.9	-7.7	109.3	-3.8
	2022	6.9	8.3	2.1	11.9	5.9	8.2	1.8	1.6	4.6	-4.5	108.3	-3.6
Japan	2020	-4.9	-6.4	2.7	-4.2	-12.4	-6.8	-0.2	-	2.8	-	-	-
	2021	3.1	1.3	3.3	3.3	10.5	2.5	0.3	-	2.7	-	-	-
	2022	2.0	2.4	-1.1	3.2	4.1	3.5	0.6	-	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	18-Jun	0.25	0.12	0.28	1.45	119.2	-	624.0	859.5	857.7
	+3m	0.25	0.11	0.30	1.70	119.0	-	625.2	865.5	857.1
	+6m	0.25	0.11	0.40	2.00	117.0	-	636.3	888.9	880.3
	+12m	0.25	0.28	0.85	2.20	115.0	-	647.4	913.0	904.3
EUR	18-Jun	-0.50	-0.54	-0.47	0.09	-	119.2	743.7	1024.2	1022.1
	+3m	-0.50	-0.54	-0.45	0.25	-	119.0	744.0	1030.0	1020.0
	+6m	-0.50	-0.54	-0.45	0.35	-	117.0	744.5	1040.0	1030.0
	+12m	-0.50	-0.54	-0.40	0.65	-	115.0	744.5	1050.0	1040.0
JPY	18-Jun	-0.10	-0.09	-0.04	0.09	120.5	110.2	6.17	8.50	8.48
	+3m	-0.10	-	-	-	130.9	110.0	5.68	7.87	7.79
	+6m	-0.10	-	-	-	129.9	111.0	5.73	8.01	7.93
	+12m	-0.10	-	-	-	128.8	112.0	5.78	8.15	8.07
GBP	18-Jun	0.10	0.08	0.39	1.00	85.7	139.0	867.6	1195.0	1192.5
	+3m	0.10	0.07	0.40	1.25	85.0	140.0	875.3	1211.8	1200.0
	+6m	0.10	0.07	0.45	1.35	84.0	139.3	886.3	1238.1	1226.2
	+12m	0.10	0.07	0.60	1.75	83.0	138.6	897.0	1265.1	1253.0
CHF	18-Jun	-0.75	-0.76	-0.65	-0.01	109.4	91.9	679.5	935.8	933.9
	+3m	-0.75	-	-	-	111.0	93.3	670.3	927.9	918.9
	+6m	-0.75	-	-	-	112.0	95.7	664.7	928.6	919.6
	+12m	-0.75	-	-	-	113.0	98.3	658.8	929.2	920.4
DKK	18-Jun	-0.50	-0.21	-0.12	0.39	743.65	624.03	-	137.73	137.44
	+3m	-0.60	-0.30	-0.15	0.52	744.00	625.21	-	138.44	137.10
	+6m	-0.60	-0.30	-0.17	0.60	744.50	636.32	-	139.69	138.35
	+12m	-0.60	-0.30	-0.12	0.90	744.50	647.39	-	141.03	139.69
SEK	18-Jun	0.00	-0.03	0.04	0.76	1022.1	857.7	72.8	100.2	100.0
	+3m	0.00	-0.04	0.07	0.90	1020.0	857.1	72.9	101.0	-
	+6m	0.00	-0.04	0.05	0.95	1030.0	880.3	72.3	101.0	-
	+12m	0.00	-0.04	0.05	1.05	1040.0	904.3	71.6	101.0	-
NOK	18-Jun	0.00	0.20	1.00	1.72	1024.2	859.5	72.6	100.0	99.8
	+3m	0.25	0.40	1.15	2.00	1030.0	865.5	72.2	-	99.0
	+6m	0.25	0.89	1.45	2.15	1040.0	888.9	71.6	-	99.0
	+12m	0.50	0.90	1.65	2.30	1050.0	913.0	70.9	-	99.0

Commodities												
		2021				2022				Average		
	18-Jun	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2021	2022	
ICE Brent	73	55	65	70	70	73	73	73	73	65	73	

Source Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Mikael Olai Milhøj, Senior 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.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

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(c) 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: 18 June 2021, 13:00 CET

Report first disseminated: 18 June 2021, 13:25 CET