

Weekly Focus

Covid-19 lockdowns hit the Chinese economy

Economic releases this week point to widely different growth momentum in the global economy. Chinese activity data for April were much weaker than expected with retail sales dropping 11.1% y/y and industrial production down 2.9% y/y. The weak batch of data points to a negative q/q growth rate in GDP in Q2 and also suggests downside risk to our 4.7% growth estimate for this year. The government's 5.5% target will require a significant amount of stimulus, which China does not look prepared to provide. The credit impulse was slightly weaker in April, pointing to moderate stimulus.

A key driver of the weak Chinese data has been the outbreak of Covid-19 and the lockdowns by the Chinese authorities implemented to maintain their zero-Covid policy. While Shanghai is improving challenges persist in other cities such as Beijing and surrounding areas. The continued outbreaks highlight the difficulty in keeping Omicron contained and warns of more future lockdowns and supply chain disruptions.

On a more positive note, US data released this week showed quite resilient private consumption and industrial production despite geopolitical uncertainty and rising inflation. US retail sales data grew quite strongly in April both in nominal and real terms (taking into account the rise in inflation). At the same time, industrial production was also stronger than expected and capacity utilisation increased further to 79%. This week Fed Chair Jerome Powell said that interest rates will rise until there is "clear and convincing" evidence that inflation is retreating. Global risk appetite remains fragile amid the imminent US monetary policy tightening and weakening Chinese outlook with global equity markets seeing a significant setback this week.

In the euro area, inflation pressures are also broadening as headline and core inflation in April rose 7.4% and 3.5% compared to a year earlier. Especially service price inflation jumped higher in April due to a seasonal rebound in transport and recreational services, but also other services categories continue to rise. Rising input costs are still working their way through the consumer pricing chain. The continued building of underlying inflation pressures leaves little room for complacency from ECB, where we expect a 25bp hike at the July meeting.

This week, Finland and Sweden officially applied for NATO membership amid the Russian invasion of Ukraine. However, the application ran into problems as Turkey voiced opposition to Swedish and Finnish membership given concern about the countries' stance on the Kurds. Meanwhile, Russian president Putin said that were Sweden and Finland to join NATO it would "certainly provoke our response".

There will be plenty of data to absorb for markets over the next two weeks. In the US, a key focus will be the FOMC minutes on 25 May, personal consumption expenditures on 27 May (not so much on the inflation component as we got the CPI already but more the consumption). The jobs report on 3 June will also be very important. In the euro area, the PMIs on 24 May will be key along with the May flash CPI on 31 May, as well as the EU leaders summit on 30-31 May, where an energy embargo will be high on the agenda.

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

Key market movers

Week 21:

- Tuesday: Euro and US May PMIs
- Wednesday: US FOMC minutes and RBNZ decision
- Thursday: US initial jobless claims
- Friday: US personal consumption expenditure report

Week 22:

- Monday: EU leaders summit
- Tuesday: Euro CPI for May
- Friday: US jobs report and euro area retail sales

Selected readings from Danske Bank

- *Research Global - Five trends to drive the global economy regardless of the outcome of the war in Ukraine*, 18 May
- *Global Inflation Watch - Underlying price pressure in the US remains too high*, 12 May

Editor

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Scandi market movers

- In **Denmark**, Wednesday is scheduled to bring the Confederation of Danish Employers' (DA) private sector wage growth figures for Q1 22. The labour market continues to be very strong, and the question is when this will be reflected in wages, though wage pressures have remained modest so far.

Monday 30 May should bring retail sales for April. High levels of inflation are eroding consumer purchasing power and consumer confidence is very low. While our Spending Monitor has indicated strong consumption, real consumption has generally fallen, and we expect this will spill over onto retail sales in the coming months.

Business confidence figures for May are due on the same day. Companies are experiencing rising prices and supply problems at the moment. Nevertheless, business confidence is still running high and we expect this to continue given solid demand.

April's registered unemployment is due on Tuesday 31 May. Ministry of Employment figures point to seasonally adjusted unemployment rising by 2,500.

The national accounts for Q1 22 should arrive on 31 May. We have already seen the GDP indicator, which showed a decline of 0.1%, presumably due to a marked fall in consumption. Calculating GDP has been made more difficult by the pandemic, which has also resulted in more revisions than normal – so are we set to see yet another revision?

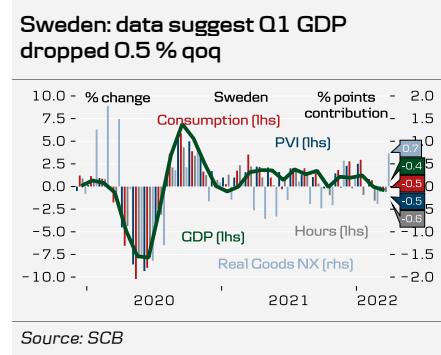
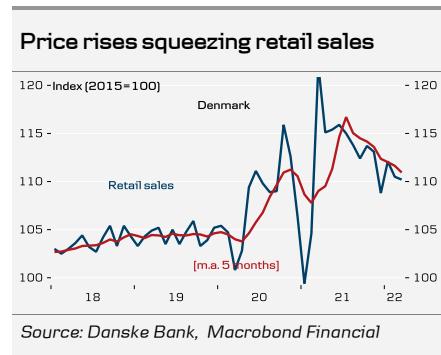
- In **Sweden**, weaker growth outlook, additional government fiscal measures, higher bond yields and outflows from the tax account is likely to cause a significant upward revision to the Debt Office's funding forecast (SEK 139 bn surplus) for 2022. The new forecast is released on May 24.

The April LSF is likely to show another dip down in the seasonally adjusted unemployment rate to, say, the previous low of 7.4 % in February. That said, we note that both the employment and the activity rates stalled in past months. There are also signs that while hours worked is recovering from the sick-leave depression in H2 2021, employment is possibly slowing.

The May NIER confidence survey is likely to have shown a broad-based decline in basically all business sectors and in households as surging inflation is hitting household income and corporate earnings, while rate expectation is rising and asset deflation is causing a negative sentiment in general. Soaring price expectations are at multi-year highs in all sectors, however, it is questionable whether they can go even higher.

Swedbank daily credit card data and CPI statistics suggest real retail sales growth may have remained unchanged at 1.2 % yoy in April. Arguably, the risk is skewed to the downside under current circumstances.

We expect Q1 GDP to print -0.4 % qoq sa as indicated by the advance GDP indicator. This constitutes a slight downside to our 2022 GDP forecast for 2.5 % GDP growth. Again, current macro trends are not supportive and rather suggest moderate downside risks.



- In Norway, the coming fortnight is a busy one. The oil investment survey will probably show more and more projects getting off the ground, which points to a substantial increase in oil investment in the autumn and especially going into next year. The PMI surprised to the upside in April, signalling an acceleration in industrial production. Both the PMI and other leading indicators for Norwegian manufacturing still seem to be much stronger than hard production data. This could mean that activity will now start to pick up speed, but we are increasingly concerned that this optimism is due partly to strong revenue growth as a result of high producer prices. We therefore expect a moderate fall in the PMI to around 57.0 in May. Retail sales have swung wildly from month to month since summer 2020, which no doubt has to do with Covid restrictions and high energy prices eroding purchasing power. There is therefore more uncertainty than usual, especially with Easter also in the equation, but we predict a moderate drop of 0.5% m/m in April. Unemployment has continued to fall so far this year, which is a good indication that growth is still stronger than normal and capacity utilisation is still rising. With labour shortages hitting record highs, how much further unemployment can come down will depend on the size of matching problems in the labour market. We expect the jobless rate to drop to 1.8% in May, which would be below Norges Bank's projection of 2.0% in the March monetary policy report.

Big swings in retail sales



Source: Macrobond, Danske Bank

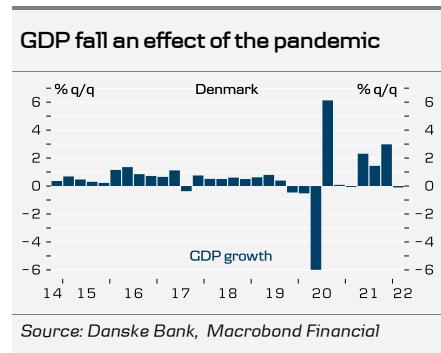
Scandi update

Denmark – GDP fall an effect of the pandemic

The GDP indicator for Q1 22 showed a slowdown of 0.1% relative to Q4 21. The decline came as a slight surprise, as industry and export figures had been very strong, but obviously this was offset by weakness elsewhere. January was marked by restrictions on restaurants, in particular, which reduced activity, plus efforts to tackle Covid-19 have been scaled back, which meant less activity in the public sector. The fall in GDP should definitely not be interpreted as a sign that the Danish economy is now in crisis, but rather as being very much due to the pandemic and a reaction to a very strong Q4 21.

Wage-earner employment surprised positively, increasing by 16,000 in March across a broad swathe of sectors, though especially hotels and restaurants as well as trade and shipping, which are still in recovery mode after the pandemic. A significant slowdown would be needed to reverse the current upward trend in employment, which we reckon will continue in the coming months, depending on whether companies can continue to attract more people into work.

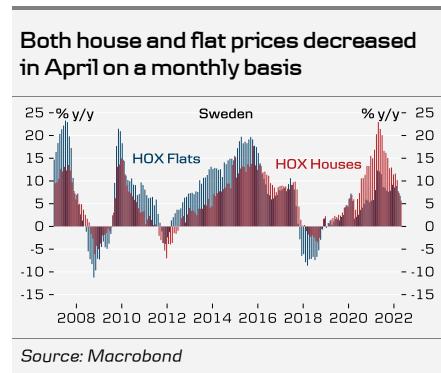
Consumers have never been as negative about the Danish economy as right now, at least according to consumer confidence figures. May saw a further decline from -20.9 to -22.4, pulled lower by a plummeting assessment of the current economic situation compared to one year ago. While we do not expect consumption to tumble by quite as much as the extremely weak consumer confidence figures indicate, there is no doubt this will put a damper on consumption.



Sweden – Uncertain times at the housing market

Riksbank has increased the repo rate by 0.25bp and is expected to increase in a quite rapid pace from here with 50bp in June, followed by hikes at every meeting through the rest of the year and reaching 1.25% by year-end. This happens as household purchasing power has eroded given the rise in inflation driven by almost everything else except wage growth. Fixed mortgage rates have increased the last couple of months given the market pricing on Riksbank, but actual hikes from Riksbank will now also increase the floating mortgage rate. According to our simulations, households' share of interest expenses to disposable income will more than double, from low 2% to 4.5% IF the Riksbank hikes like the repo rate path indicates.

This together with a tough start for the stock market makes the outlook for the housing market much more uncertain. However, we do expect the unemployment rate to decrease further in coming months (albeit in a slower pace) which will probably function like a buffer for prices. According to April data – both our own based on Hemnet transactions and data from Mäklarstatistik – the turnover was below 2021 trend for the first time this year, a first indication of households being more cautious. This means that the uncertain times is driving away home buyers but it also appears to be discouraging some homeowners from selling.



Norway – Wage and price expectations rise, but not dramatically

Wage and price expectations climbed once again in Norges Bank's expectations survey, but more moderately than in previous rounds. On average, wages are now expected to rise by 4.0% this year and 3.7% next year, up from 3.9% and 3.5% respectively in February. The 2022 figure is above Norges Bank's forecast in the March monetary policy report of 3.7%, while the 2023 figure is below its forecast of 4.0%. We do not therefore expect the bank to revise up its wage growth forecast for either year in the June monetary policy report.

Meanwhile, average inflation expectations two years ahead climbed from 3.4% to 3.8%, the highest since the series began in 2002. It is mainly business leaders who have upped their expectations here, with little change among economists and the social partners. This is probably right on the limit of what Norges Bank can accept without worrying about expectations becoming de-anchored, but long-term expectations (five years ahead) increased only moderately to 2.6%. We therefore expect the bank to conclude that the credibility of the inflation target is intact.

All in all, the report suggests that wages and prices are set to accelerate, which would support further increases in interest rates. On the other hand, the results are more or less as expected and give Norges Bank little reason to step up the tempo (i.e. by also hiking at its "interim" meetings). We still expect the bank to raise its policy rate in June and signal that it will most likely go up again in September.

Little change in wage expectations



Source: Macrobond, Danske Bank

Calendar - 23 May - 3 June 2022

During the week				Period	Danske Bank	Consensus	Previous
Sat 21	USD	Fed's George speaks					
Sun 22	USD	Fed's George speaks					
Monday, May 23, 2022				Period	Danske Bank	Consensus	Previous
10:00	DEM	IFO - business climate	Index	May	91.4	91.8	
10:00	DEM	IFO - current assessment	Index	May	97.0	97.2	
10:00	DEM	IFO - expectations	Index	May	86.5	86.7	
18:00	USD	Fed's Bostic speaks					
Tuesday, May 24, 2022				Period	Danske Bank	Consensus	Previous
1:30	USD	Fed's George speaks					
2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	May	53.5		
2:30	JPY	Markit PMI services, preliminary	Index	May	50.7		
6:30	NOK	Consumer confidence	Net. bal.	2nd quarter	5.5		
8:45	FRF	Business confidence	Index	May	105.0	106.0	
9:15	FRF	PMI manufacturing, preliminary	Index	May	55.2	55.7	
9:15	FRF	PMI services, preliminary	Index	May	58.6	58.9	
9:15	EUR	S&P may publish France's debt rating, preliminary		May	55.2	55.7	
9:15	EUR	S&P may publish France's debt rating, preliminary		May	58.6	58.9	
9:15	EUR	S&P may publish France's debt rating, preliminary		May	56.9	57.6	
9:30	DEM	PMI manufacturing, preliminary	Index	May	54.0	54.6	
9:30	DEM	PMI services, preliminary	Index	May	57.2	57.6	
9:30	EUR	S&P may publish Germany's debt rating, preliminary		May	54	54.6	
9:30	EUR	S&P may publish Germany's debt rating, preliminary		May	57.2	57.6	
9:30	EUR	S&P may publish Germany's debt rating, preliminary		May	53.8	54.3	
10:00	EUR	PMI manufacturing, preliminary	Index	May	54.6	55.5	
10:00	EUR	PMI composite, preliminary	Index	May	55.1	55.8	
10:00	EUR	PMI services, preliminary	Index	May	57.5	57.7	
10:00	EUR	S&P may publish <PLACE>'s debt rating, preliminary		May	54.6	55.5	
10:00	EUR	S&P may publish <PLACE>'s debt rating, preliminary		May	57.5	57.7	
10:00	EUR	S&P may publish <PLACE>'s debt rating, preliminary		May	55.1	55.8	
10:30	GBP	PMI manufacturing, preliminary	Index	May	55.1	55.8	
10:30	GBP	PMI services, preliminary	Index	May	57.3	58.9	
15:45	USD	Markit PMI manufacturing, preliminary	Index	May	57.9	59.2	
15:45	USD	Markit PMI service, preliminary	Index	May	55.2	55.6	
16:00	USD	New home sales	1000 (m/m)	Apr	750	763.0 (-8.6%)	
Wednesday, May 25, 2022				Period	Danske Bank	Consensus	Previous
4:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%	2.0%	2.0%	1.5%	
7:00	JPY	Leading economic index, final	Index	Mar	101.0		
8:00	SEK	PPI	m/m/y/y	Apr		5.5% 24.5%	
8:00	DEM	GfK consumer confidence	Net. Bal.	Jun	-26	-26.5	
8:00	DEM	GDP, final	q/q/y/y	1st quarter	0.2% 3.7%	0.2% 3.7%	
8:00	DEM	Private consumption	q/q	1st quarter	0.3%	-1.8%	
8:00	DEM	Government consumption	q/q	1st quarter	1.0%	1.0%	
8:00	DEM	Gross fixed investments	q/q	1st quarter	1.5%	0.5%	
8:45	FRF	Consumer confidence	Index	May	89.0	88.0	
9:00	SEK	Consumer confidence	Index	May	74.9		
9:00	SEK	Economic Tendency Survey	Index	May	109.5		
9:00	SEK	Manufacturing confidence	Index	May	121.4		
13:05	JPY	BoJ Kuroda speaks					
14:30	USD	Core capital goods orders, preliminary	%	Apr		1.3%	
16:30	USD	DOE U.S. crude oil inventories	K			-3394	
17:15	EUR	ECB's Draghi speaks in Milan					
18:00	USD	Fed's George speaks					
20:00	USD	FOMC minutes					
Thursday, May 26, 2022				Period	Danske Bank	Consensus	Previous
13:00	TRY	Central Bank of Turkey rate decision	%		14.0%	14.0%	
14:30	USD	GDP, __ release	q/q AR	1st quarter	-0.013	-0.014	
14:30	USD	Initial jobless claims	1000		218		
14:30	CAD	Retail sales	m/m	Mar	0.1%		
14:30	USD	PCE core	q/q AR	1st quarter	0.052		
16:00	USD	Pending home sales	m/m/y/y	Apr	-1.8% -	-1.2% -8.9%	
Friday, May 27, 2022				Period	Danske Bank	Consensus	Previous
3:30	CNY	Industrial profits	y/y	Apr			
6:00	USD	Fed's George speaks					
8:00	SEK	Retail sales s.a.	m/m/y/y	Apr		0.2% 1.2%	
8:00	SEK	Household lending	y/y	Apr	6.8%		
10:00	EUR	Money supply (M3)	y/y	Apr	6.3%	6.3%	
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Apr	6.3%	6.3%	
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Apr	6.3%	6.3%	
14:30	USD	Personal spending	m/m	Apr	0.6%	1.1%	
14:30	USD	Advance goods trade balance	USD bn	Apr	-115.0	-127.1	
14:30	USD	PCE headline	m/m/y/y	Apr	0.2% 6.3%	0.9% 6.6%	
14:30	USD	PCE core	m/m/y/y	Apr	0.3% 4.9%	0.3% 5.2%	
16:00	USD	University of Michigan Confidence, final	Index	May	59.1	59.1	

Source: Danske Bank

Calendar

During the week			Period	Danske Bank	Consensus	Previous
Mon 30	DEM	Retail sales	m/mly/y	Apr	-0.3%...	0.9% -4.4%
Monday, May 30, 2022						
-	DEM	Retail sales	m/mly/y	Apr	-0.3%...	0.9% -4.4%
8:00	SEK	GDP	q/qly/y	1st quarter	-0.4	1.1% 5.2%
8:00	SEK	Wages (blue collars/white collars)	y/y	Mar		2.2%
8:00	SEK	Trade balance	SEK bn	Apr		4.7
8:00	NOK	Retail sales, s.a.	m/m	Apr		3.3%
8:00	DKK	Retail sales	m/mly/y	Apr		-0.3% -10.9%
9:00	ESP	HICP, preliminary	m/mly/y	May		-0.3% 8.3%
11:00	EUR	Industrial confidence	Net bal.	May		7.9
11:00	EUR	Economic confidence	Index	May		105.0
11:00	EUR	Consumer confidence, final	Net bal.	May		
11:00	EUR	Service confidence	Net bal.	May		13.5
14:00	DEM	HICP, preliminary	m/mly/y	May		0.7% 7.8%
Tuesday, May 31, 2022						
1:30	JPY	Unemployment rate	%	Apr		2.6%
1:30	JPY	Job-to-applicant ratio		Apr		1.22
1:50	JPY	Retail trade	m/mly/y	Apr		1.7% 0.7%
1:50	JPY	Industrial production, preliminary	m/mly/y	Apr		0.3% -1.7%
3:30	CNY	PMI manufacturing	Index	May		47.4
3:30	CNY	PMI non-manufacturing	Index	May		41.9
3:30	CNY	PMI manufacturing	Index	May		47.4
3:30	CNY	PMI non-manufacturing	Index	May		41.9
7:00	JPY	Consumer confidence	Index	May		33.0
8:00	NOK	Credit indicator (C2)	y/y	Apr		5.0%
8:00	DKK	Gross unemployment s.a.	K (%)	Apr		0.025
8:00	DKK	GDP, preliminary	q/qly/y	1st quarter		3.0%...
8:45	FRF	Household consumption	m/mly/y	Apr		-1.3% 2.4%
8:45	FRF	HICP, preliminary	m/mly/y	May		0.5% 5.4%
8:45	FRF	GDP, final	q/qly/y	1st quarter		0.0% 5.3%
9:00	CHF	GDP	q/qly/y	1st quarter		0.3% 3.7%
9:00	CHF	KOF leading indicator	Index	May		101.7
9:55	DEM	Unemployment	%	May		5.0%
10:00	ITL	GDP, final	q/qly/y	1st quarter		-0.2% 5.8%
10:00	NOK	Norges Bank's daily FX purchases	m	Jun		2000
11:00	ITL	HICP, preliminary	m/mly/y	May		0.4% 6.3%
11:00	EUR	HICP inflation, preliminary	m/mly/y	May		0.6%...
11:00	EUR	HICP - core inflation, preliminary	y/y	May		3.5%
11:00	EUR	HICP inflation, preliminary	y/y	May		7.5%
12:00	EUR	Portugal, GDP, final	q/qly/y	1st quarter		2.6% 11.9%
14:00	HUF	Central Bank of Hungary rate decision	%			5.4%
14:30	CAD	GDP	m/mly/y	Mar		1.1% 4.5%
15:00	USD	FHFA house price index	m/m	Mar		2.1%
15:45	USD	Chicago PMI	Index	May		56.4
16:00	USD	Conference Board consumer confidence	Index	May		107.3
Wednesday, June 1, 2022						
-	EUR	Ireland, GDP	q/qly/y	1st quarter		-5.4% 9.6%
-	USD	Total vehicle sales	m	May		14.29
2:30	JPY	Nikkei Manufacturing PMI, final	Index	May		
3:30	AUD	GDP	q/qly/y	1st quarter		3.4% 4.2%
3:45	CNY	Caixin PMI manufacturing	Index	May		46.0
8:30	SEK	PMI manufacturing	Index	May		55.0
9:00	EUR	S&P may publish Netherlands's debt rating		May		59.9
9:15	ESP	PMI manufacturing	Index	May		53.3
9:15	EUR	S&P may publish Spain's debt rating		May		53.3
9:45	ITL	PMI manufacturing	Index	May		54.5
9:45	EUR	S&P may publish Italy's debt rating		May		54.5
9:50	FRF	PMI manufacturing, final	Index	May		
9:50	EUR	S&P may publish France's debt rating, final		May		
9:55	DEM	PMI manufacturing, final	Index	May		
9:55	EUR	S&P may publish Germany's debt rating, final		May		
10:00	EUR	S&P may publish Greece's debt rating		May		54.8
10:00	EUR	S&P may publish <PLACE>'s debt rating, final		May		
10:00	EUR	PMI manufacturing, final	Index	May		
10:00	NOK	PMI manufacturing	Index	May		60.6
10:30	GBP	PMI manufacturing, final	Index	May		
11:00	EUR	Unemployment	%	Apr		6.8%
15:30	CAD	RBC manufacturing PMI	Index	May		56.2
15:45	USD	Markit PMI manufacturing, final	Index	May		
16:00	USD	Construction spending	m/m	Apr		0.1%
16:00	USD	ISM manufacturing	Index	May		55.4
16:00	CAD	Bank of Canada rate decision	%		1.5%	1.5%

Source: Danske Bank

Calendar

Thursday, June 2, 2022

			Period	Danske Bank	Consensus	Previous
8:30	CHF	CPI	m/m/y/y	May		0.4% 2.5%
11:00	EUR	PPI	m/m/y/y	Apr		36.8% 5.3%
14:15	USD	ADP employment	1000	May		247
14:30	USD	Unit labour cost, final	q/q	1st quarter		11.6%
14:30	USD	Initial jobless claims	1000			
16:00	USD	Core capital goods orders, final	%	Apr		
17:00	USD	DOE U.S. crude oil inventories	K			
17:00	DKK	Currency reserves	DKK bn	May		535.1
19:00	USD	Fed's Mester speaks				

Friday, June 3, 2022

			Period	Danske Bank	Consensus	Previous
2:30	JPY	Markit PMI services, final	Index	May		
6:00	USD	Fed's George speaks				
8:30	SEK	PMI services	Index	May		68.1
8:45	FRF	Industrial production	m/m/y/y	Apr		-0.5% 0.1%
9:15	EUR	S&P may publish Spain's debt rating		May		57.1
9:15	EUR	S&P may publish Spain's debt rating		May		55.7
9:15	ESP	PMI services	Index	May		57.1
9:45	ITL	PMI services	Index	May		55.7
9:45	EUR	S&P may publish Italy's debt rating		May		55.7
9:45	EUR	S&P may publish Italy's debt rating		May		54.5
9:50	FRF	PMI services, final	Index	May		
9:50	EUR	S&P may publish France's debt rating, final		May		
9:50	EUR	S&P may publish France's debt rating, final		May		
9:55	EUR	S&P may publish Germany's debt rating, final		May		
9:55	EUR	S&P may publish Germany's debt rating, final		May		
9:55	DEM	PMI services, final	Index	May		
10:00	EUR	S&P may publish <PLACE>'s debt rating, final		May		
10:00	EUR	S&P may publish <PLACE>'s debt rating, final		May		
10:00	EUR	PMI composite, final	Index	May		
10:00	EUR	PMI services, final	Index	May		
10:00	NOK	Unemployment	%	May	1.8%	1.9%
11:00	EUR	Retail sales	m/m/y/y	Apr		-0.4% 0.8%
14:30	USD	Unemployment	%	May		3.6%
14:30	USD	Average hourly earnings, non-farm	m/m/y/y	May		0.3% 5.5%
14:30	USD	Non farm payrolls	1000	May	300	360
15:45	USD	Markit PMI service, final	Index	May		428
16:00	USD	ISM non-manufacturing	Index	May		57.1
19:00	USD	Fed's Bullard 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	Inflation 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	4.1	4.9	3.8	-0.9	4.7	2.3	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	Inflation 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	2.4
	2022	2.8	1.2	3.7	4.5	5.3	4.9	2.0	3.4	6.5	-2.1	96.7	2.9
	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	Inflation 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	20-May	1.00	1.48	2.91	2.92	105.7	-	703.8	970.5	992.3
	+3m	2.00	2.52	3.25	3.40	107.0	-	695.6	915.9	953.3
	+6m	2.50	3.01	3.55	3.60	106.0	-	702.4	943.4	952.8
	+12m	3.25	3.40	3.65	3.40	105.0	-	709.5	933.3	971.4
EUR	20-May	-0.50	-0.35	0.96	1.71	-	105.7	744.2	1026.2	1049.3
	+3m	-0.25	0.00	1.25	2.05	-	107.0	744.3	980.0	1020.0
	+6m	0.00	0.26	1.50	2.30	-	106.0	744.5	1000.0	1010.0
	+12m	0.50	0.59	1.55	2.20	-	105.0	745.0	980.0	1020.0
JPY	20-May	-0.10	-0.02	0.09	0.40	120.5	127.9	6.18	8.52	8.71
	+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*	20-May	1.00	-	2.25	1.95	84.8	124.7	877.4	1209.8	1237.0
	+3m	1.50	-	2.15	2.10	84.0	127.4	886.0	1166.7	1214.3
	+6m	1.75	-	2.25	2.10	84.0	126.2	886.3	1190.5	1202.4
	+12m	1.75	-	2.15	1.90	84.0	125.0	886.9	1166.7	1214.3
CHF*	20-May	-0.75	-	0.26	1.25	102.8	97.2	724.0	998.3	1020.7
	+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	20-May	-0.60	-0.13	1.25	1.98	744.23	703.83	-	137.89	140.98
	+3m	-0.35	0.23	1.50	2.30	744.25	695.56	-	131.68	137.05
	+6m	-0.10	0.48	1.75	2.55	744.50	702.36	-	134.32	135.66
	+12m	0.40	0.80	1.80	2.45	745.00	709.52	-	131.54	136.91
SEK	20-May	0.25	0.48	2.05	2.49	1049.3	992.3	70.9	97.8	100.0
	+3m	0.50	0.85	2.25	2.65	1020.0	953.3	73.0	96.1	-
	+6m	0.75	1.10	2.45	2.65	1010.0	952.8	73.7	99.0	-
	+12m	1.25	1.40	2.40	2.60	1020.0	971.4	73.0	96.1	-
NOK	20-May	0.75	1.26	2.64	2.96	1026.2	970.5	72.5	100.0	102.2
	+3m	1.00	1.53	2.70	3.25	980.0	915.9	75.9	-	104.1
	+6m	1.25	1.82	2.80	3.40	1000.0	943.4	74.5	-	101.0
	+12m	1.75	2.29	2.95	3.35	980.0	933.3	76.0	-	104.1

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

Commodities

	20-May	2022				2023				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023
ICE Brent	113	98	125	115	100	95	95	95	95	110	95

Source Danske Bank

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