

Weekly Focus

Geopolitical and inflation risks remain elevated

The upbeat macro data releases continued to push markets towards pricing in tighter financial conditions. February Flash PMIs beat expectations both in the euro area and the US, with especially the services sector activity recovering faster than many had anticipated. Price indicators gave more mixed signals, as input price pressures appear to be easing while output prices continue to rise at a rapid pace.

While the strong leading indicators have eased recession fears, inflation risks remain elevated. In Sweden, the January Core CPI inflation accelerated to 8.7% y/y (from 8.4%; consensus 8.2%), which combined with the hawkish Riksbank comments and February minutes continued to support Swedish rates and the krona. We have lifted our expectations on the upcoming Riksbank rate hikes, see more in [Flash Comment Riksbank - February 2023 Minutes - We now expect 50bp in April and 25bp in June](#), 20 February.

Rising inflation expectations have lifted markets' expectations of policy rates elsewhere as well. Interestingly, the recent uptick in markets' inflation expectations has not coincided with higher commodity prices, which could signal fears of more persistent underlying inflation. **The February FOMC minutes** hawkishly signalled that some Fed members had favoured a 50bp hike in the previous meeting. In addition, some participants considered that the past easing in financial conditions could warrant a tighter monetary policy stance, even though Powell has downplayed the risk in the past. Markets are already pricing three 25bp Fed hikes by summer, and rates remaining above 5 % through 2023.

This morning, core inflation ticked higher to 4.2% even in Japan. We think it is just a matter of time before the Bank of Japan adjusts the YCC to allow the 10y government bond yield to rise further, and eventually exits the negative policy rate. The monetary policy shift will also be a supporting factor for JPY FX, which we now reflect in our [FX Trading Portfolio - Time to go short USD/JPY as tactical trade](#), 23 January.

Today marks exactly one year since Russia began its attack into Ukraine. World's foreign policy leaders met at the Munich Security Conference last weekend but failed to spark much optimism around a resolution to the war. Relations remain tense not just between the West and Russia, but increasingly also China, whose top diplomat Wang Yi visited Moscow this week to deepen the countries' bilateral relations. This morning, China published its 12-point proposal for peace (you can read the full text [here](#)), but we still think talks about peace are highly premature as neither of the sides of the conflict has shown any willingness to compromise on their original military objectives. US has even accused China of planning to deliver weapons for Russia to be used in the war, but we doubt China is willing to risk falling under severe sanctions for no economic upside.

Next week, the focus turns to the **euro area flash HICP figures** on Thursday, consensus is looking for a further downtick in the headline data, but stable core inflation around 5.3% y/y. **US February ISM indices** are likely to tick higher following the PMIs this week, and we expect a decent rise to the **Chinese Caixin Manufacturing PMI** as well. While the official NBS PMIs rebounded already in January, we generally expect the data to confirm a front-loaded recovery in China.

Key global views

- Stagnation and periodic contraction in the US and in Europe during 2023.
- US and euro area headline inflation set to decline further but core inflation likely to stay elevated.
- More rate hikes in store.

Selected reading from Danske Bank

- Tuesday: France & Spain flash inflation
- Wednesday: China NBS & Caixin Manf. PMIs, German flash inflation, ISM Manf. Index
- Thursday: Euro area flash HICP
- Friday: China Caixin & US ISM Services PMIs

Selected reading from Danske Bank

- [Research US - We expect a debt ceiling resolution only by next summer](#), 23 February.
- [Research Russia-Ukraine: One year since Russia's invasion - Europe faces three changes as it settles into new reality](#), 17 February

Editor

Analyst

Antti Ilvonen
+358 445 180 297
antti.ilvonen@danskebank.com

Scandi market movers

- In **Denmark**, we are set to receive national accounts figures for Q4 22 on Tuesday, which will include the first revision of growth in the Danish economy and also the first calculation of the GDP subcomponents. The recently released GDP indicator showed quarterly GDP growth of 1.1%, mainly driven by a huge increase in production from the Danish pharmaceutical industry of 46% in December. This increase alone can explain 0.8 percentage points of the GDP growth figure. However, the increase may prove temporary or to be driven by production that occurred abroad. Perhaps we will be enlightened by Tuesday's release of developments in the subcomponents. That being said, even without this contribution, growth in Q4 22 was still quite decent, which surprised us, especially in light of the extensive signs of weakness in private consumption during the quarter.

Danmarks Nationalbank is scheduled to publish February's FX reserve figures on Thursday. The central bank intervened to sell for DKK13.2bn in January in order to weaken the Danish krone and maintain the peg to the euro, taking total sales to DKK23bn since October. To counter the DKK's strengthening trend, Danmarks Nationalbank reacted by aggressively widening the rate spread by 15 basis points in the wake of the latest ECB rate meeting. This has provided the EUR/DKK cross with additional manoeuvrability in the fluctuation band and removed the need for further intervention.

- Swedish household mortgage lending came to a virtual standstill in December looking at seasonally adjusted monthly changes. Although, there has been some recovery in property prices in January we doubt that that has pushed lending higher again as turnover remains very low.

The plunge in retail sales may have decelerated in January as suggested by Swedbank card transactions data. That said, the same data suggest volume drop accelerated again in February. Hence, there is no obvious reason to assume the worst is passed yet.

Q4 GDP will be at the centre stage this week, however. We hope to get some colour on developments in subcomponents as this is the first composition of GDP growth that is released. The preliminary GDP indicator showed a -0.6 % qoq sa/-0.6 % yoy drop.

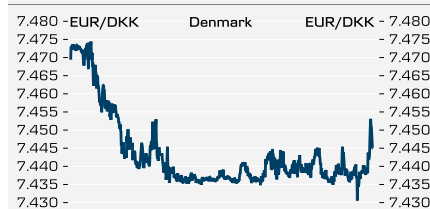
January trade balance and PPI will also give us a first shot of how foreign trade might have affected Q1.

February manufacturing and services PMI's are likely to mirror the international developments, i.e. showing levels well below 50 in manufacturing, possibly even falling, while services may turn higher from levels still above the 50 threshold.

- In **Norway**, retail sales fell 3.6% in December, largely as a result of Black Week bringing some Christmas trading forward to November. Card data from BankAxept suggest that spending was relatively healthy in January, so we expect retail sales to climb 2.0% m/m SA, but the underlying trend would still be down. Unemployment has remained surprisingly low despite leading indicators pointing to softer – albeit still strong – labour demand. We expect the jobless rate to rise moderately to 1.7% SA in January, which would be marginally below Norges Bank's projection in the December monetary policy report.

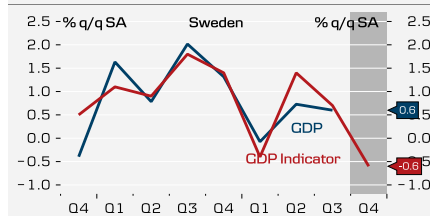
It was a huge surprise to see housing prices rising in December and holding steady in January after falling during the autumn. Agents are also reporting a solid market in February, but we reckon the rise in interest rates last year is still far from fully reflected

Widening the rate spread has provided EUR/DKK with more manoeuvrability in the fluctuation band



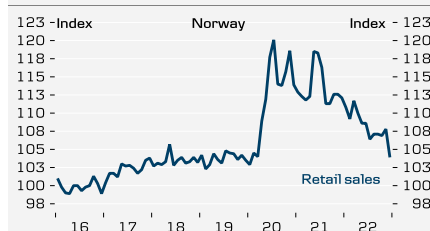
Source: Danmarks Statistik, Danske Bank, Macrobond Financial

Sweden: Indicator suggests significant decline in Q4 GDP



Source: SCB

Retail sales trending down



Source: Macrobond, Danske Bank

in prices. We also saw the stock of unsold homes grow considerably during the autumn, which is normally a harbinger of weak prices ahead. Pulling in the other direction, the changes to the mortgage regulations may have meant a degree of pent-up demand at the beginning of the year. We expect housing prices to fall 0.2% m/m SA. We reckon the PMI will hold around 50 in February, with continued weak growth in European industry probably cancelling out optimism in the oil supply sector, and Statistics Norway's confidence survey suggests some downside risk to this

Scandi update

Denmark – Collective agreement paves the way for significant pay rises

The Confederation of Danish Industry (DI) and the Central Organisation of Industrial Employees in Denmark (CO-industri) have signed a two-year collective agreement. Most of the wage bargaining in the industrial sector happens locally at company level, but this time wages have also been central to the collective deal. Wages look set to rise by around 5.5% a year for the lowest paid workers, but as mentioned this can vary considerably at the local level. That is a solid pay rise, also compared to Denmark's neighbours, and will return real wages roughly back to 2021 levels by 2024, assuming inflation pans out as expected.

Consumer confidence ticked up slightly from -26.1 in January to -25.1 in February, meaning the metric has risen continuously since bottoming out in October 2022, although it remains very low. Progress was driven, in particular, by a more optimistic view on the state of the Danish economy compared to one year ago. Good news, of course, but when asked about the state of their own family's finances over the past year, Danes have become a little more negative. Expectations about the future still point to the economy being worse in a year's time compared to the present.

Wage-earner employment rose by 1,800 persons m/m in December (seasonally adjusted). As expected, 2022 was a strong year for employment and the trend continued to the very end of the year. That being said, employment growth has clearly almost stalled after the very significant increases in 2021 and the first half of last year, and that is also reflected in the December figures, which showed just 700 more jobs in the private sector that month, which is next to nothing. We expect employment to decline slightly in 2023.

February's business confidence figures from Statistics Denmark showed companies were once again a little less pessimistic. Nevertheless, the slowdown is still being felt by most businesses. Retail sales developed a little more favourably compared to recent months, whereas the mood darkened slightly once more in the construction sector, where both employment and order book expectations declined. The developments are also reflected in fewer companies reporting labour shortages.

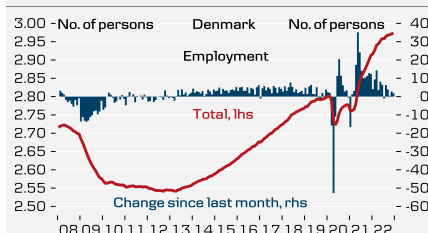
Looking more closely at retail sales, they rose some 2.3% from December to January (seasonally and price adjusted). Nevertheless, they were still down 6.2% y/y – a very pronounced decline, fuelled in particular by a post-pandemic shift towards service consumption and a rise in prices that has prompted a change in shopping habits.

Sweden – New call on the Riksbank

Underlying inflation surprised on the upside printing 8.7% y/y compared to Riksbank 8.15% y/y (and our projection of 8.4%) adding further pressure on the Riksbank. Hence, we have revised our call to now expect +50bp hike in April followed by 25bp in June (to 3.75%). We still see some upside risks to our call (another 50bp in June can't be ruled out), but the Riksbank will also receive two more inflation prints ahead of the April meeting, which will be very important.

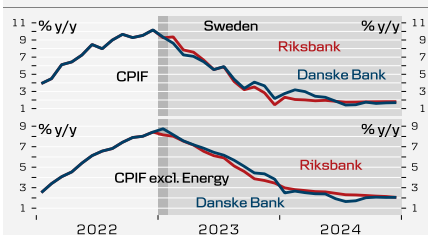
The minutes from the February meeting also gave little in terms of suggestions that the Riksbank is ready to relax, especially as core inflation has seemingly not yet peaked. Also, with US and EUR pricing suggesting a higher peak rate, this also adds to the pressure on the Riksbank, not at least given the new focus on stemming the SEK depreciation.

Employee numbers still growing, but pace is slowing month by month



Source: Danske Bank, Statistics Denmark, Macrobond Financial

Coming inflation prints will be of great importance



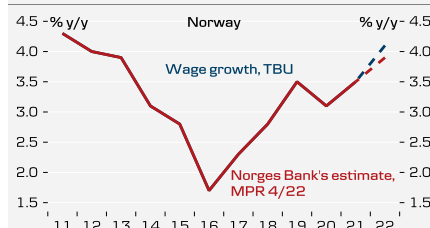
Source: SCB, Danske Bank, Riksbank, Macrobond

The Debt Office released its new borrowing forecast and left 2023 unchanged while 2024 was revised slightly higher for nominal bonds and T-bills. On the macro front, the GDP forecast was revised slightly higher 2023 to -0.7% from -1.0% while 2024 was unchanged at +1.3%. The budget balance moving from expected surpluses to deficits in 2023 and 2024.

Norway – Wage and price inflation more or less as expected

In the Norwegian collective bargaining model, both sides rely on estimates for wages and prices from the Technical Calculation Committee for Wage Settlements (TBU), which has now released its report ahead of the year's pay talks. TBU reckons wages rose by 4.1% last year, which is marginally higher than Norges Bank's estimate in December of 3.9% and means that the central bank has slightly – but not greatly – underestimated how tight the labour market has been. TBU's forecast for price inflation this year will be particularly important for this year's pay demands and is exactly in line with Norges Bank's projection in December of 4.8%. This means that wages and prices in 2022 and 2023 look like being more or less as expected, which would indicate that Norges Bank can stick to its “gradual approach” to rate setting. The policy rate will probably go up in March, but we see little reason for this to be a double hike of 50bp, and the bank will probably then take the time to see how things play out before its next full meeting in June and so leave the policy rate unchanged at the interim meeting in May.

Wage growth in 2022 marginally higher than Norges Bank thought



Source: Macrobond, Danske Bank

Calendar – 27 February – 3 March 2023

Monday, February 27, 2023					Period	Danske Bank	Consensus	Previous
6:00	JPY	Leading economic index, final	Index	Dec				97.2
8:00	SEK	Retail sales s.a.	m/mly/y	Jan				-1.8% -8.0%
8:00	SEK	Household lending	y/y	Jan				3.5%
8:00	NOK	Retail sales, s.a.	m/m	Jan		2.0%		-3.6%
10:00	EUR	Money supply (M3)	y/y	Jan			3.9%	4.1%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Jan			3.9%	4.1%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Jan			3.9%	4.1%
11:00	EUR	Service confidence	Net bal.	Feb			11.5	10.7
11:00	EUR	Industrial confidence	Net bal.	Feb			1.8	1.3
11:00	EUR	Economic confidence	Index	Feb			100.9	99.9
11:00	EUR	Consumer confidence	Net bal.	Feb				-19.0
14:30	USD	Core capital goods orders, preliminary	%	Jan			0.0%	-0.1%
16:00	USD	Pending home sales	m/mly/y	Jan			0.9% _	2.5% -34.3%
Tuesday, February 28, 2023					Period	Danske Bank	Consensus	Previous
0:50	JPY	Industrial production, preliminary	m/mly/y	Jan			-2.9% -0.7%	0.3% -2.4%
0:50	JPY	Retail trade	m/mly/y	Jan			0.7% 4.1%	1.1% 3.8%
8:00	SEK	GDP	q/qly/y	4th quarter		-0.6% _	-0.6% 0.5%	0.6% 2.5%
8:00	SEK	PPI	m/mly/y	Jan				2.1% 18.7%
8:00	SEK	Wages (blue collars/white collars)	y/y	Dec				3.4%
8:00	SEK	Trade balance	SEK bn	Jan				-1.2
8:00	DKK	GDP, preliminary	q/qly/y	4th quarter				0.3% _
8:45	FRF	Household consumption	m/mly/y	Jan				-1.3% -5.6%
8:45	FRF	HICP, preliminary	m/mly/y	Feb			1.0% 7.1%	0.4% 7.0%
8:45	FRF	GDP, final	q/qly/y	4th quarter			0.1% 0.5%	0.1% 0.5%
9:00	CHF	GDP	q/qly/y	4th quarter			0.2% 0.8%	0.2% 0.5%
9:00	CHF	KOF leading indicator	Index	Feb			97.8	97.2
9:00	ESP	HICP, preliminary	m/mly/y	Feb				-0.4% 5.9%
10:00	NOK	Norges Bank's daily FX purchases	m	Mar				1900
12:00	EUR	Portugal, GDP, final	q/qly/y	4th quarter				0.2% 3.1%
14:00	USD	Fed's George speaks						
14:00	HUF	Central Bank of Hungary rate decision	%			13.0%	13.0%	13.0%
14:30	CAD	GDP	m/mly/y	Dec				0.1% 2.8%
14:30	USD	Advance goods trade balance	USD bn	Jan			-91.0	-89.7
15:00	USD	FHFA house price index	m/m	Dec			-0.2%	-0.1%
15:45	USD	Chicago PMI	Index	Feb			45.0	44.3
16:00	USD	Conference Board consumer confidence	Index	Feb			108.4	107.1
Wednesday, March 1, 2023					Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Feb			14.85	15.74
1:30	AUD	GDP	q/qly/y	4th quarter			0.7% 2.7%	0.6% 5.9%
1:30	JPY	Nikkei Manufacturing PMI	Index	Feb				47.4
2:30	CNY	PMI manufacturing	Index	Feb			50.7	50.1
2:30	CNY	PMI non-manufacturing	Index	Feb			55.0	54.4
2:45	CNY	Caixin PMI manufacturing	Index	Feb			51.3	49.2
6:00	USD	Fed's George speaks						
8:00	NOK	GDP (mainland)	m/m	Jan				0.4%
8:30	SEK	PMI manufacturing	Index	Feb				46.8
9:15	ESP	PMI manufacturing	Index	Feb			48.8	48.4
9:45	ITL	PMI manufacturing	Index	Feb			50.8	50.4
9:50	FRF	PMI manufacturing	Index	Feb			48.0	47.9
9:55	DEM	PMI manufacturing	Index	Feb			46.5	46.5
9:55	DEM	Unemployment	%	Feb			5.5%	5.5%
10:00	EUR	PMI manufacturing	Index	Feb			48.5	48.5
10:00	NOK	PMI manufacturing	Index	Feb		50.0		50.0
10:30	GBP	PMI manufacturing	Index	Feb			49.2	49.2
11:00	ITL	GDP	y/y					6.6%
14:00	DEM	HICP, preliminary	m/mly/y	Feb			0.7% 9.0%	0.5% 9.2%
15:30	CAD	RBC manufacturing PMI	Index	Feb				51.0
15:45	USD	Markit PMI manufacturing	Index	Feb			47.8	47.8
16:00	USD	Construction spending	m/m	Jan			0.3%	-0.4%
16:00	USD	ISM manufacturing	Index	Feb			47.8	47.4
16:30	USD	DOE U.S. crude oil inventories	K					7647

Source: Danske Bank

Calendar – 27 February – 3 March 2023

Thursday, March 2, 2023			Period	Danske Bank	Consensus	Previous
2:00	USD	Fed's George speaks				
6:00	JPY	Consumer confidence	Index		32.0	31.0
8:00	DKK	Gross unemployment s.a.	K (%)	2.7%		2.7%
11:00	ITL	HICP, preliminary	m/mly/y			-1.5% 10.7%
11:00	EUR	Unemployment	%		6.6%	6.6%
11:00	EUR	HICP inflation, preliminary	m/mly/y		0.5%	-0.2%
11:00	EUR	HICP - core inflation, preliminary	y/y		5.3%	5.3%
11:00	EUR	HICP inflation, preliminary	y/y		8.1%	8.6%
14:30	USD	Initial jobless claims	1000			192
14:30	USD	Unit labour cost, final	q/q	4th quarter	1.6%	1.1%
17:00	DKK	Currency reserves	DKK bn	Feb		594.6
20:00	USD	Fed's Waller speaks				
Friday, March 3, 2023			Period	Danske Bank	Consensus	Previous
0:30	JPY	Unemployment rate	%		2.5%	2.5%
0:30	JPY	Job-to-applicant ratio			1.36	1.35
1:30	JPY	Markit PMI services	Index			53.6
2:45	CNY	Caixin PMI service	Index		54.8	52.9
8:30	SEK	PMI services	Index			51.0
8:45	FRF	Industrial production	m/mly/y		0.3% 0.3%	1.1% 1.4%
9:15	ESP	PMI services	Index		54.8	52.7
9:45	ITL	PMI services	Index		52.1	51.2
9:50	FRF	PMI services	Index		52.8	52.8
9:55	DEM	PMI services	Index		51.3	51.3
10:00	EUR	PMI composite	Index		52.3	52.3
10:00	EUR	PMI services	Index		53.0	53.0
10:00	ITL	GDP, final	q/qly/y	4th quarter	-0.1%	-0.1% 1.7%
10:00	NOK	Unemployment	%	1.7%		1.9%
10:30	GBP	PMI services	Index		53.3	53.3
11:00	EUR	PPI	m/mly/y		18.8%	24.6% 1.1%
12:00	EUR	Ireland, GDP, final	q/qly/y	4th quarter		3.5% 13.5%
15:45	USD	Markit PMI service	Index			50.5
16:00	USD	ISM non-manufacturing	Index		54.5	55.2
18:00	USD	Fed's Bostic speaks				
21:00	USD	Fed's Bowman 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	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	4.3	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	3.8	6.8	0.1	4.4	5.9	9.3	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	-0.2	7.2	8.2	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	3.8	4.0	4.0	-3.8	121.0	-3.1
	2024	0.9	0.8	1.3	1.5	1.2	1.7	1.6	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	24-Feb	4.75	4.93	5.05	3.91	105.7	-	704.0	1033.7	1041.5
	+3m	5.25	5.40	5.10	3.85	104.0	-	715.6	1019.2	1057.7
	+6m	5.25	5.40	4.90	3.65	102.0	-	729.9	1019.6	1098.0
	+12m	5.25	5.07	4.70	3.45	102.0	-	730.4	1000.0	1098.0
EUR	24-Feb	2.50	2.70	3.59	3.08	-	105.7	744.4	1092.9	1101.1
	+3m	3.25	3.41	3.35	3.00	-	104.0	744.3	1060.0	1100.0
	+6m	3.25	3.41	3.20	2.85	-	102.0	744.5	1040.0	1120.0
	+12m	3.25	3.39	2.90	2.55	-	102.0	745.0	1020.0	1120.0
JPY	24-Feb	-0.10	-0.03	-	-	120.5	135.6	6.18	9.07	9.14
	+3m	-0.10	-	-	-	130.0	125.0	5.73	8.15	8.46
	+6m	-0.10	-	-	-	127.5	125.0	5.84	8.16	8.78
	+12m	-0.10	-	-	-	127.5	125.0	5.84	8.00	8.78
GBP*	24-Feb	4.00	-	4.36	3.65	88.3	119.8	843.4	1238.4	1247.7
	+3m	4.25	-	4.10	3.40	87.0	119.5	855.5	1218.4	1264.4
	+6m	4.25	-	4.10	3.40	85.0	120.0	875.9	1223.5	1317.6
	+12m	4.00	-	3.90	3.30	85.0	120.0	876.5	1200.0	1317.6
CHF*	24-Feb	1.00	-	1.68	1.89	99.0	93.6	752.0	1104.2	1112.5
	+3m	1.25	-	-	-	98.0	94.2	759.4	1081.6	1122.4
	+6m	1.25	-	-	-	97.0	95.1	767.5	1072.2	1154.6
	+12m	1.25	-	-	-	97.0	95.1	768.0	1051.5	1154.6
DKK	24-Feb	2.10	2.95	3.72	3.19	744.35	704.01	-	146.83	147.93
	+3m	2.85	3.10	3.50	3.15	744.25	715.63	-	142.43	147.80
	+6m	2.85	3.10	3.35	3.00	744.50	729.90	-	139.69	150.44
	+12m	2.85	3.10	3.05	2.70	745.00	730.39	-	136.91	150.34
SEK	24-Feb	3.00	3.21	3.77	3.17	1101.1	1041.5	67.6	99.3	100.0
	+3m	3.50	3.70	3.35	2.85	1100.0	1057.7	67.7	96.4	-
	+6m	3.75	3.85	3.15	2.80	1120.0	1098.0	66.5	92.9	-
	+12m	3.50	3.60	2.80	2.75	1120.0	1098.0	66.5	91.1	-
NOK	24-Feb	2.75	3.28	3.91	3.49	1092.9	1033.7	68.1	100.0	100.8
	+3m	3.00	3.39	3.35	3.15	1060.0	1019.2	70.2	-	103.8
	+6m	3.25	3.43	3.20	2.85	1040.0	1019.6	71.6	-	107.7
	+12m	3.00	3.20	3.05	2.70	1020.0	1000.0	73.0	-	109.8

*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

	24-Feb	2023				2024				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024
ICE Brent	83	90	90	85	80	80	80	80	80	86	80

Source Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Antti Ilvonen, 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 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.

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: 24 February 2023, 14:15 CET

Report first disseminated: 24 February 2023, 14:30 CET