

Weekly Focus

Recession fears dominate

After a constructive start to the week, risk sentiment soured again as recession fears crept back into markets, with equities trading heavy and global yields moving lower. However, the discussion regarding the ECB anti-fragmentation tool has brought some stability to the closely-watched 10Y Italian-German government bond spread, which has fallen back below 200bp. After surprising resilience during the spring, rising global growth concerns took their toll on oil prices this week and Brent Crude has fallen back to 111 USD/bbl. The broad USD strengthened and cyclically sensitive currencies like NOK and SEK traded on the back-foot, despite Norges Bank surprising with a hawkish 50bp hike at the June meeting (read more in [Reading the Markets Norway](#), 23 June). The JPY slide has also resumed this week, after Prime Minister Kishida confirmed his backing of Bank of Japan's continued yield curve control.

Markets' recession fears were further stoked by gloomy PMIs reports for June. The euro area economy registered a noticeable slowdown in the growth pace at the end of Q2, as the tailwind to services from pent-up demand is already fading amid the cost of living squeeze to consumers and manufacturing production fell for the first time in two years amid ongoing supply chain disruptions and weakening demand prospects. But the slowdown was not contained to Europe, as also US PMIs fell well short of expectations, with a noticeable drop in demand for goods and services compared to prior months and deteriorating forward-looking indicators. A positive side-effect of weaker demand are easing pressure on prices, with input and output cost measures increasingly pointing to an approaching peak in inflation on both sides of the Atlantic and supplier delivery times also continuing to normalize.

French President Macron's party and allies lost their absolute majority in parliament, while hard left and far right parties gained. Weeks of negotiations will now follow, as Macron has to seek allies from rival parties, but he will face difficulties in implementing his ambitious reform agenda. The election result points towards an increasingly divided France and political uncertainty is just returning at a time when the economy has lost steam and fiscal vulnerabilities have resurfaced with rising public borrowing costs. While he retains significant powers over foreign and defence policy, a challenging second term awaits Macron on the domestic front.

Next week, markets will keep a close watch on the ECB's Sintra forum. Focus is on any discussions of the new anti-fragmentation tool and we particularly look forward to Lagarde's speech on Tuesday at 9:00 CET, and on Wednesday at 14:30 CET, Bank of England's Bailey, BIS' Carstens and Fed's Powell will join Lagarde for a policy panel. We also keep an eye on headlines from the G7 meeting ending on Tuesday, where leaders will discuss solutions to the global food crisis and a possible "price cap" on Russian oil. Euro area HICP inflation (Friday) will likely show a further increase in headline and core inflation (Danske forecast: 8.6% and 4.0%, respectively), keeping the pressure high on ECB to hike policy rates. In China focus will be on the PMI's for June (Thursday), which we expect to show a further rebound after the Shanghai lockdown ended, which could help calming global recession fears somewhat.

Key market movers

- **Tue:** ECB Sintra Forum, G7 meeting
- **Thu:** China PMIs, US personal spending
- **Fri:** Euro area HICP, US ISM manufacturing

Key global views

- US to fall into recession in Q2 23, Europe will follow later in 2023
- Higher commodity prices, higher wage growth and high inflation expectations will keep inflation elevated for longer
- Fed to hike by another 225bp this year, ECB to hike by a total of 125bp this year (upside risk)

Selected readings from Danske Bank

- [Reading the Markets Norway - Hawkish surprise - but we do not expect NB to ultimately deliver on its new rate path](#), 23 June
- [Nordic Outlook - Past the peak](#), 21 June
- [Yield Outlook: Yields set to tick up further but recession fears will likely dominate over time](#), 21 June

Editor

Senior Analyst
Aila Mihr
+45 45 12 85 35
amih@danskebank.dk

Scandi market movers

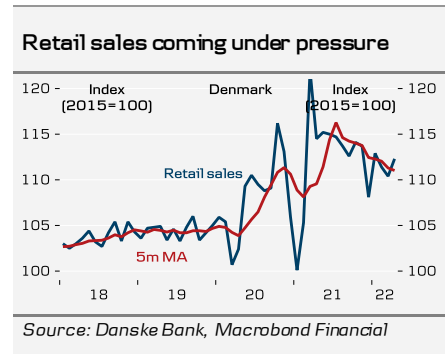
- In **Denmark**, retail sales figures for May are due on Tuesday. Retail sales rose in April, even after adjusting for rising prices, which is noteworthy given that inflation is eroding purchasing power. This tends to indicate that many Danes still have the financial wherewithal to consume as before. Nevertheless, we expect retail sales to face headwinds in the coming months, though we should remember they are still at a high level.

June's business confidence readout is scheduled for Wednesday. So far, companies have been challenged by labour and materials shortages, while order books have been full. However, the outlook for the more cyclically sensitive sectors is beginning to turn south, so it will be interesting to see if this is reflected in the coming months' figures.

Registered unemployment in May is due on Thursday. Ministry of Employment figures indicate that the number of seasonally adjusted jobless is set to rise by 3,500, but unemployment remains very low. Revised national accounts figures for Q1 22 are due on the same day.

- In **Sweden**, the higher than expected May inflation print and the international developments have now pushed market pricing well beyond 50bp increments over the next meetings. That means Riksbank's April inflation forecast is already obsolete and the alternative scenario is closer to what we would expect the Riksbank to announce as a main scenario at the meeting 30 June. This means an end point of the policy rate path ending around 2.5% compared to 1.8% in the April report. Based on the alternative scenario, the implied real policy rate (measured 1y ahead) is thus likely to be in positive territory next year, which we deem to be slightly above the Riksbank's view for a neutral real rate (around 0%). Given that the alternative scenario seems more likely, we now do not only expect 50 basis points being delivered at the upcoming June meeting, but that it will be followed by two additional 50bp hikes in September and November (previously we had 50/25/25). The risk for even larger increments than 50bp (75bp) should not be ignored, but we do not see it as a main scenario at this point, as it requires a significantly higher inflation outlook. One argument for larger hikes is that the Riksbank only holds five meetings per year, and hence may need to hike more aggressively to compensate for holding fewer meetings. With larger front-loading of hikes, this also means that the end of the hiking cycle may be closer in time as well. We keep a 25bp hike for Feb-23 in our forecast, but the hiking cycle could well stop in November already. Especially given that global central banks now look to tighten more aggressively during 2022 than we previously envisaged, increasing the recession risks for 2023. As for QE, the Riksbank in April decided to cut the reinvestment volumes in half for H2. We see a chance for another downward adjustment, but it is not our base case. For the SGB market liquidity, it would be much welcomed though.

There are also several interesting data out. In the June NIER confidence survey we anticipate weaker readings for consumers (already low though), construction (higher rates, lower housing prices) and possibly manufacturing, the latter as suggested by negative April mom PVI production print. We also look for any signs of stabilization in the so far simultaneous rise in manufacturing, services and retail selling price expectations that could signal a peak in price pressures. What concerns June Manufacturing PMI the focus is the same, delivery times and price expectations which both have been retreating since September and October last year respectively.



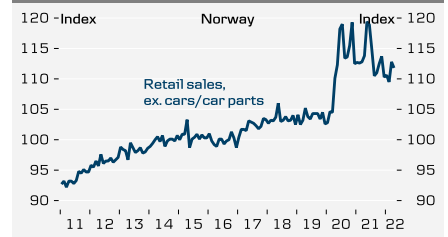
Sweden: Market prices >300 bps in Riksbank meetings, too much

Market pricing	
06-Jul-22	+56
21-Sep-22	+75
30-Nov-22	+70
15-Feb-23	+50
03-May-23	+35
05-Jul-23	+10
20-Sep-23	+10
29-Nov-23	0
Sum	+306

Source: Danske Bank

- In **Norway**, the **PMI** fell surprisingly far in May to signal weaker but still solid growth in Norwegian manufacturing. The decline in new orders, on the other hand, suggests that growth could slow further. We therefore expect a moderate fall in the PMI to around 54.0 in June. **Retail sales** have swung wildly from month to month since summer 2020, but the underlying trend is down. This is probably a result of both Covid restrictions and high energy prices eroding purchasing power. We therefore expect a further moderate decrease in May. **Unemployment** has fallen further than expected this year, which would indicate that growth is still stronger than normal and that capacity utilisation is still rising. Labour shortages are now beginning to put the brakes on growth, however, and we predict an unchanged jobless rate of 1.7% in June.

Big swings in retail sales



Source: Macrobond, Danske Bank

Scandi update

Denmark – Very strong labour market, but consumer confidence sinks further

The past week has brought both good and bad news for the Danish economy.

April proved to be yet another strong month for the labour market. Some 4,000 more found work compared to the previous month, and that despite the loss of 1,000 public sector jobs. We expect the economy to slow in the coming months, though the slowdown will take time to feed through to the labour market, where labour shortages remain acute.

Consumer confidence declined further from an already very low -22.4 in May to -24.8 in June. The fall was driven, in particular, by a pronounced drop in the assessment of Denmark’s current economic situation compared to a year ago. Consumer confidence is currently in uncharted territory and reflects how soaring prices are a real worry for Danes.

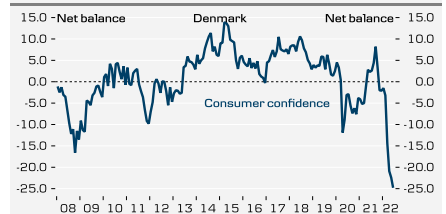
We have also just published our new forecast for the Danish economy, see *Research Danmark - Speeder og bremse på samme tid*, in which we have downgraded growth next year to 0.7%. The reasons include inflation being higher than previously expected, also in Denmark, higher interest rates and our expectation of an upcoming recession in both the US and the euro area. We still expect the setback to be relatively mild, as the Danish economy is essentially sound. However, it is overheating and there is an increased risk that pronounced price falls in the housing market, for example, could trigger a sharp decline in consumption and potentially add momentum to the downturn.

Sweden – housing prices declined during May

The Labour force survey out this week gave an overall good picture. Hours worked increased for the third consecutive month meaning the labour market continue to recover from the pandemic. We know have 2/3 outcomes for Q2, indicating that the labour market likely will give a positive contribution to GDP. However, the consumption part will probably drag the total GDP into negative territory. The unemployment rate was unchanged compared to the last month according to LFS but still too volatile to follow, we prefer AMS figures which are much more stable.

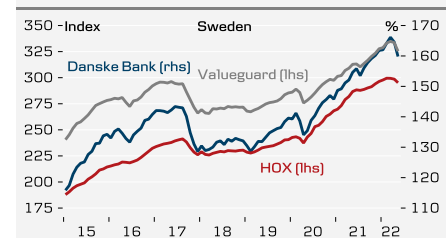
Also Valueguard HOX index was out showing a downturn for the housing market of 1.6% (-1.2% SA). Among the big cities, flat prices in Stockholm fell the most (-3%) according to HOX Valueguard in line with what our own Boprisindikator indicated. First indications for June show a further decline at the same time as transaction volumes during May and June (so far) are substantially lower than normal. The outlook for the housing market is uncertain, but there is much to suggest that prices will fall further in the coming months. We anticipate a drop of around 10% from the peak in March through to the end of next year. The greatest risk to our forecast we would say is if the unemployment begins to tick up, as this would probably mean a deeper downturn in the housing market, but this is not something we are currently anticipating.

Consumer confidence heads further south



Source: Statistics Denmark, Danske Bank, Macrobond

Valueguard HOX vs Danske Bank housing indicator



Source: SCB, Danske Bank, Macrobond

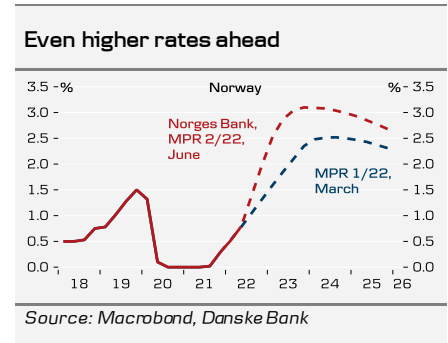
Norway – Central bank more aggressive

Norges Bank increased its policy rate by 50bp to 1.25% on Wednesday and commented that it will “most likely be raised further to 1.5% in August”. The projections in the accompanying monetary policy report show the policy rate rising by almost 50bp in September and another 50bp in Q4, with around four 25bp hikes in 2023, taking it to 2.25% at the end of this year and around 3% next summer. This is a marked upward revision from March and is put down to increased capacity utilisation, rising wage and price inflation, higher oil prices, a weaker NOK and higher interest rates among Norway’s trading partners. The bank is now projecting a policy rate almost 1.5pp higher than normal, which is massive. This is very clearly a break with the previous strategy established in 2020 of a gradual normalisation of interest rates. The reason, of course, is that the bank now sees too great a risk of inflation becoming “permanently” higher than expected, requiring a sharp tightening of monetary policy.

Norges Bank’s growth projections seem highly optimistic, especially for the global economy, but its risk assessment seems relatively balanced. The bank notes that limited spare capacity in the Norwegian economy, sustained global inflationary pressures and a weaker NOK could cause inflation to rise and bring even higher interest rates. On the other hand, there is the risk of an abrupt slowdown abroad and global inflationary pressures easing. Higher interest rates could also bring a bigger slowdown in the Norwegian economy than expected. If inflation and capacity utilisation fall faster, the policy rate may be raised less far.

We are now much less optimistic than Norges Bank about both the global and the domestic economy, and now predict a global slowdown at the end of the year fuelled by sharp monetary tightening. At the same time, energy prices will probably remain relatively high, and financial conditions have deteriorated considerably.

We therefore expect the policy rate to be raised further by 25bp in August, September, November and December this year, taking it to 2.25% at the end of the year, but we no longer expect Norges Bank to raise it further in 2023.



Calendar

During the week				Period	Danske Bank	Consensus	Previous
Mon 27	USD	DOE U.S. crude oil inventories	K			-1500	1956
Monday, June 27, 2022				Period	Danske Bank	Consensus	Previous
-	USD	DOE U.S. crude oil inventories	K			-1500	1956
3:30	CNY	Industrial profits	y/y	May			-8.5%
7:00	JPY	Leading economic index, final	Index	Apr			102.9
8:00	NOK	Retail sales, s.a.	m/m	May			-0.9%
14:30	USD	Core capital goods orders, preliminary	%	May			0.4%
16:00	USD	Pending home sales	m/m/y/y	May		-3.5% ...	-3.9% -11.5%
Tuesday, June 28, 2022				Period	Danske Bank	Consensus	Previous
8:00	SEK	Retail sales s.a.	m/m/y/y	May			0.4% 2.4%
8:00	SEK	Trade balance	SEK bn	May			-1.8
8:00	DEM	GfK consumer confidence	Net. Bal.	Jul		-27.4	-26
8:00	DKK	Retail sales	m/m/y/y	May			1.7% 1.2%
8:45	FRF	Consumer confidence	Index	Jun		84.0	86.0
14:00	HUF	Central Bank of Hungary rate decision	%			6.4%	5.9%
14:30	USD	Advance goods trade balance	USD bn	May		-101.7	-106.7
15:00	USD	FHFA house price index	m/m	Apr			1.5%
16:00	USD	Conference Board consumer confidence	Index	Jun		100.0	106.4
18:30	USD	Fed's Daly speaks					
Wednesday, June 29, 2022				Period	Danske Bank	Consensus	Previous
1:50	JPY	Retail trade	m/m/y/y	May		1.0% 4.0%	1.0% 3.1%
7:00	JPY	Consumer confidence	Index	Jun		34.8	34.1
8:00	SEK	Household lending	y/y	May			6.8%
9:00	SEK	Consumer confidence	Index	Jun			70.4
9:00	SEK	Economic Tendency Survey	Index	Jun			110.5
9:00	SEK	Manufacturing confidence	Index	Jun			125.5
9:00	ESP	HICP, preliminary	m/m/y/y	Jun		1.0% 8.8%	0.7% 8.5%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	May		5.8%	6.0%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	May		5.8%	6.0%
10:00	EUR	Money supply (M3)	y/y	May		5.8%	6.0%
11:00	EUR	Service confidence	Net bal.	Jun		12.3	14.0
11:00	EUR	Industrial confidence	Net bal.	Jun		4.4	6.3
11:00	EUR	Economic confidence	Index	Jun		103.0	105.0
11:00	EUR	Consumer confidence, final	Net bal.	Jun			-23.6
14:00	DEM	HICP, preliminary	m/m/y/y	Jun		0.2% 8.6%	1.1% 8.7%
14:30	USD	GDP, ___ release	q/q AR	1st quarter		-0.014	-0.015
14:30	USD	PCE core	q/q AR	1st quarter			0.051
17:30	USD	Fed's Mester speaks					
19:05	USD	Fed's Bullard speaks					
Thursday, June 30, 2022				Period	Danske Bank	Consensus	Previous
1:50	JPY	Industrial production, preliminary	m/m/y/y	May		-0.3% 4.2%	-1.5% -4.9%
3:30	CNY	PMI manufacturing	Index	Jun		50.3	49.6
3:30	CNY	PMI non-manufacturing	Index	Jun		50.1	47.8
8:00	DKK	GDP, final	q/q/y/y	1st quarter			-0.1% ...
8:00	GBP	GDP, final	q/q/y/y	1st quarter		0.8% 8.7%	0.8% 8.7%
8:00	SEK	Wages (blue collars/white collars)	y/y	Apr			2.7%
8:00	DKK	Gross unemployment s.a.	K (%)	May			0.024
8:00	DEM	Retail sales	m/m/y/y	May		0.5% -1.8%	-5.4% 3.3%
8:45	FRF	Household consumption	m/m/y/y	May			-0.4% 7.2%
8:45	FRF	HICP, preliminary	m/m/y/y	Jun		0.4% 6.2%	0.8% 5.8%
9:00	CHF	KOF leading indicator	Index	Jun		96.7	96.8
9:30	SEK	Riksbank, rate decision	%		0.8%	0.8%	0.3%
9:55	DEM	Unemployment	%	Jun		5.0%	5.0%
10:00	NOK	Norges Bank's daily FX purchases	m	Jul			1500
11:00	EUR	Unemployment	%	May		6.8%	6.8%
14:30	USD	Initial jobless claims	1000				229
14:30	USD	Personal spending	m/m	May		0.4%	0.9%
14:30	USD	PCE headline	m/m/y/y	May	0.8% 6.6%	0.7% ...	0.2% 6.3%
14:30	CAD	GDP	m/m/y/y	Apr			0.7% 3.5%
14:30	USD	PCE core	m/m/y/y	May	0.6% 4.9%	0.5% 4.8%	0.3% 4.9%
15:45	USD	Chicago PMI	Index	Jun		58.8	60.3

Source: Danske Bank

Calendar

Friday, July 1, 2022

				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Jun		13.55	12.68
1:30	JPY	Unemployment rate	%	May		2.5%	2.5%
1:30	JPY	Job-to-applicant ratio		May		1.24	1.23
1:50	JPY	Tankan large manufacturers index (outlook)	Index	2nd quarter		13.0	14.0 9.0
1:50	JPY	Tankan large non-manufacturers index (outlook)	Index	2nd quarter		13.0	9.0 7.0
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Jun			52.7
3:45	CNY	Caixin PMI manufacturing	Index	Jun		49.4	48.1
8:30	SEK	PMI manufacturing	Index	Jun			55.2
9:00	EUR	S&P may publish Netherlands's debt rating		Jun		56	57.8
9:15	ESP	PMI manufacturing	Index	Jun		52.2	53.8
9:15	EUR	S&P may publish Spain's debt rating		Jun		52.2	53.8
9:45	EUR	S&P may publish Italy's debt rating		Jun		51	51.9
9:45	ITL	PMI manufacturing	Index	Jun		51.0	51.9
9:50	EUR	S&P may publish France's debt rating, final		Jun		51	51
9:50	FRF	PMI manufacturing, final	Index	Jun		51.0	51.0
9:55	EUR	S&P may publish Germany's debt rating, final		Jun		52	52
9:55	DEM	PMI manufacturing, final	Index	Jun		52.0	52.0
10:00	NOK	Unemployment	%	Jun			1.6%
10:00	EUR	S&P may publish <PLACE>'s debt rating, final		Jun		52	52
10:00	EUR	PMI manufacturing, final	Index	Jun		52.0	52.0
10:00	EUR	S&P may publish Greece's debt rating		Jun			53.8
10:00	NOK	PMI manufacturing	Index	Jun			54.9
10:30	GBP	PMI manufacturing, final	Index	Jun		53.4	53.4
11:00	EUR	HICP inflation, preliminary	m/m y/y	Jun		0.6% ...	0.8% ...
11:00	EUR	HICP - core inflation, preliminary	y/y	Jun		3.9%	3.8%
11:00	EUR	HICP inflation, preliminary	y/y	Jun		8.3%	8.1%
11:00	ITL	HICP, preliminary	m/m y/y	Jun		... 7.5%	0.9% 7.3%
15:45	USD	Markit PMI manufacturing, final	Index	Jun			52.4
16:00	USD	Construction spending	m/m	May		0.5%	0.2%
16:00	USD	ISM manufacturing	Index	Jun		55.4	56.1

Source: Danske Bank

Macroeconomic forecast

Macro forecast. Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2021	4.7	4.3	3.7	5.6	7.8	8.2	1.9	3.0	3.7	2.6	36.7	8.3
	2022	3.5	2.1	-0.3	3.3	4.1	1.9	6.4	3.7	2.5	1.0	31.9	8.8
	2023	0.7	1.3	0.9	-0.4	2.2	2.5	2.6	4.0	2.7	0.7	29.9	8.1
Sweden	2021	4.8	6.1	2.6	5.9	7.6	9.3	2.2	2.7	8.8	-0.2	37.7	5.2
	2022	1.1	2.6	0.1	-0.3	5.4	6.3	6.4	2.0	7.4	-0.3	33.0	4.9
	2023	1.6	1.7	1.2	1.3	3.9	3.4	3.5	2.1	7.2	0.3	31.0	5.2
Norway	2021	4.1	4.9	3.8	-0.9	4.7	2.3	3.5	3.5	3.2	-	-	-
	2022	3.6	6.7	1.3	3.1	6.0	7.5	4.6	3.7	1.8	-	-	-
	2023	1.6	2.5	1.3	2.0	4.0	4.0	2.0	3.7	2.1	-	-	-

Macro forecast. Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2021	5.3	3.6	3.9	4.1	10.8	8.7	2.6	4.1	7.7	-5.1	97.4	3.2
	2022	2.8	2.4	2.9	2.4	5.5	6.5	7.3	3.2	6.8	-3.7	94.7	2.4
	2023	1.8	0.7	3.7	3.5	3.9	4.4	2.8	3.4	6.8	-2.5	92.7	2.9
Germany	2021	2.9	0.3	2.9	1.0	9.5	9.0	3.2	3.4	3.6	-3.7	69.3	7.4
	2022	1.4	3.0	1.3	2.2	1.9	6.7	7.9	3.3	3.0	-2.5	66.4	6.4
	2023	1.8	0.7	4.1	3.5	3.9	4.5	3.3	3.9	3.0	-1.0	64.5	6.8
Finland	2021	3.0	3.6	2.7	1.1	5.6	5.6	2.2	2.3	7.7	-2.6	66.2	0.9
	2022	1.5	1.6	1.5	4.0	1.0	2.5	6.0	2.8	6.4	-2.8	65.0	-0.6
	2023	1.6	2.5	1.0	2.5	2.0	3.5	2.5	2.6	6.3	-2.3	64.8	-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	2021	5.7	7.9	0.5	7.8	4.5	14.0	4.7	4.2	5.4	-12.4	126.9	-3.5
	2022	2.4	2.9	-0.8	3.9	2.9	9.6	8.4	5.2	3.6	-4.2	124.0	-3.5
	2023	0.1	0.1	1.1	-1.2	-2.3	-1.7	4.6	4.2	3.9	-3.8	121.0	-3.2
China	2021	8.0	10.2	-	5.2	-	-	0.7	5.0	-	-5.6	68.9	3.0
	2022	3.7	4.8	-	3.0	-	-	2.5	5.0	-	-7.7	77.8	1.1
	2023	5.7	6.5	-	5.0	-	-	2.5	5.5	-	-7.1	81.8	1.0
UK	2021	7.4	6.2	14.3	5.9	-1.3	3.8	2.6	5.1	4.5	-5.4	95.6	-2.6
	2022	4.0	4.8	1.3	8.1	0.7	14.7	8.4	4.4	3.6	-3.9	95.5	-4.8
	2023	-0.2	-0.3	1.2	-1.9	-2.4	-2.4	5.6	3.3	4.1	-1.9	97.0	-3.7
Japan	2021	1.7	1.1	2.1	-1.3	11.9	5.1	-0.2	-	2.8	-	-	-
	2022	1.7	3.3	1.4	-1.8	3.6	4.1	1.6	-	2.5	-	-	-
	2023	1.8	1.6	0.7	1.7	2.9	1.1	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	24-Jun	1.75	2.18	3.38	3.18	105.4	-	705.7	989.3	1013.6
	+3m	2.50	3.63	4.05	3.80	103.0	-	722.6	1038.8	1009.7
	+6m	4.00	4.15	4.15	3.80	102.0	-	729.9	1019.6	1049.0
	+12m	4.00	4.15	3.95	3.45	100.0	-	745.0	1000.0	1080.0
EUR	24-Jun	-0.50	-0.22	1.51	2.26	-	105.4	743.9	1042.9	1068.6
	+3m	0.25	0.57	2.05	2.75	-	103.0	744.3	1070.0	1040.0
	+6m	0.75	0.97	2.30	2.75	-	102.0	744.5	1040.0	1070.0
	+12m	1.25	1.37	2.20	2.60	-	100.0	745.0	1000.0	1080.0
JPY	24-Jun	-0.10	-0.03	0.13	0.48	120.5	135.0	6.17	8.65	8.87
	+3m	-0.10	-	-	-	133.9	130.0	5.56	7.99	7.77
	+6m	-0.10	-	-	-	130.6	128.0	5.70	7.97	8.20
	+12m	-0.10	-	-	-	125.0	125.0	5.96	8.00	8.64
GBP*	24-Jun	1.25	-	2.74	2.39	85.7	123.0	868.0	1216.9	1246.8
	+3m	1.50	-	2.65	2.60	86.0	119.8	865.4	1244.2	1209.3
	+6m	1.75	-	2.65	2.60	85.0	120.0	875.9	1223.5	1258.8
	+12m	1.75	-	2.55	2.55	84.0	119.0	886.9	1190.5	1285.7
CHF*	24-Jun	-0.75	-	0.91	1.84	100.9	95.7	737.1	1033.3	1058.8
	+3m	-0.75	-	-	-	101.0	98.1	736.9	1059.4	1029.7
	+6m	-0.50	-	-	-	100.0	98.0	744.5	1040.0	1070.0
	+12m	0.00	-	-	-	99.0	99.0	752.5	1010.1	1090.9
DKK	24-Jun	-0.60	0.05	1.83	2.55	743.94	705.69	-	140.19	143.64
	+3m	0.15	0.75	2.40	3.10	744.25	722.57	-	143.77	139.74
	+6m	0.65	1.15	2.65	3.10	744.50	729.90	-	139.69	143.72
	+12m	1.15	1.55	2.55	2.95	745.00	745.00	-	134.23	144.97
SEK	24-Jun	0.25	0.67	2.64	2.86	1068.6	1013.6	69.6	97.6	100.0
	+3m	1.25	1.30	3.15	3.20	1040.0	1009.7	71.6	102.9	-
	+6m	1.75	1.80	3.25	3.25	1070.0	1049.0	69.6	97.2	-
	+12m	2.00	2.15	3.15	3.25	1080.0	1080.0	69.0	92.6	-
NOK	24-Jun	1.25	1.66	3.26	3.32	1042.9	989.3	71.3	100.0	102.5
	+3m	1.75	1.68	2.85	3.45	1070.0	1038.8	69.6	-	97.2
	+6m	2.25	1.95	2.85	3.45	1040.0	1019.6	71.6	-	102.9
	+12m	2.25	2.34	2.75	3.30	1000.0	1000.0	74.5	-	108.0

*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-Jun	2022				2023				Average		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023	
ICE Brent	112	98	112	115	100	95	95	95	95	106	95	

Source Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Aila Mihr, 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(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 24 June 2022, 13:00 CET

Report first disseminated: 24 June 2022, 13:15 CET