

Weekly Focus

Bumps on the road to recovery

The adverse market environment persisted last week. COVID-19 cases in Europe are still increasing (implying more restrictions), while infection numbers in the US are not declining as fast as hoped (see *COVID-19 Update – Brace yourself; winter (and tighter restrictions) is coming*, 24 September). The Fed remains (at least at the moment) unwilling to ease monetary policy further and the prospects for support from the fiscal side are also fading fast. The mix weighed again on equity markets, with Europe outperforming, underlined by the rotation out of US tech. EUR/USD broke below 1.17, weighed down by the resurging uncertainty of lockdowns in Europe and the downward pressure on global yields continued.

One notable exception was Italy, which saw its 30Y government bond yield touch a record low of 1.75%, after the governing coalition fended off a challenge by Matteo Salvini's right-wing populist League party at regional elections. As right-wing momentum continues to ebb and the governing coalition has been credited with handling the coronavirus crisis fairly well, the risk of Italian snap elections has decreased significantly, probably delaying a vote until at least early 2022. That said, we expect markets to keep a close eye on how Italy plans to use the EU money to kick-start its economy and we expect the release of a 2021 budget draft in the coming week. Germany was a bit quicker and unveiled its 2021 fiscal plans last week, which assume continued new borrowing until 2024 and thereby no return yet to the balanced budget policy from pre-coronavirus times.

September PMIs showed a mixed picture in Europe, with the manufacturing sector still in the driving seat of the recovery, while services PMI fell back into contraction territory for the first time since June. While the lost momentum in domestic demand is worrying, forward-looking subcomponents such as expectations and employment plans held up, suggesting that service providers still perceive the recent headwinds as temporary. We received a similar message from EU households last week, as consumer confidence improved despite the recent infection outbursts.

Across the Atlantic, PMIs held up better than their European counterparts, remaining comfortably in expansion territory, with the US infection peak in August. Also on a positive note, the US House managed to pass a stop-gap funding bill and thus avert a government shutdown until 11 December. That said, the US Supreme Court judge fight continues and while President Donald Trump has said he will name the successor to Ruth Bader Ginsburg on Saturday, it does seem to complicate the negotiations over another fiscal relief package.

Apart from US politics, Fed minutes/speeches and the last Brexit negotiation round ahead of the important EU summit on 15-16 October, next week also brings a string of important macro data. US private spending data for August will be in focus after the weak retail sales print and the September US jobs report on Friday is likely to see a continuation of the positive employment trend of +1m. Markets are also set to keep an eye on Chinese PMIs out on Wednesday morning, for a clue about where the global recovery is heading. In Europe, the highlights of the week are the September HICP figures on Friday, which we expect to show a small rebound in core inflation from the August plunge, and the ECB Watchers Conference, where a range of Governing Council members will be on the wires with comments that could move markets.

Key market movers

- **Wednesday:** China PMI, ECB watchers conference, Fed minutes.
- **Thursday:** US PCE, ISM manufacturing, private spending, Japan Tankan survey.
- **Friday:** Euro area HICP, US jobs report.

Selected reading from Danske Bank

- *US Election Monitor – Biden's lead seems more stable than Clinton's ever was*, 18 September
- *The Big Picture – Global recovery on track*, 14 September

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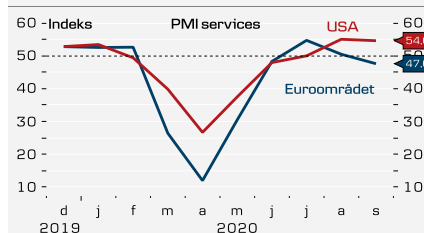
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Video

Danske Bank research playlist

US services PMI held its ground, while Europe's saw a setback



Source: Markit, Macrobond Financial, Danske Bank

Editor:

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

Market movers Scandinavia

- In **Denmark**, Tuesday should bring business confidence for September, where it will be interesting to see how the resurgent infection rate has affected sentiment in the Danish business community. Indicators have generally been trending higher in recent months across sectors, though the service sector clearly continues to struggle – which will hardly have been helped this month by the new restrictions that have been put in place.

Statistics Denmark is scheduled to release property prices for July and unemployment figures for August. According to property website Boligsiden’s price data, both houses and apartments definitively recovered from this spring’s downturn in July, as both recorded new record prices. The downturn was a little more pronounced in the data from Statistics Denmark, particularly house prices, though they have also recovered more quickly, so similar price records may well be on the cards in the new figures.

Gross unemployment fell from 5.6% to 5.2% of the labour force between May and July – and based on the Ministry of Employment’s daily jobless figures, the outlook is for further falls in both the August and September unemployment numbers. The good news continuing for the labour market – even after the expiry of the wage-compensation schemes – is extremely positive. Nevertheless, the future remains very uncertain, especially following the reintroduction of corona restrictions that could force many companies in the service sector into a new round of redundancies – for which there is already anecdotal evidence.

FX reserve figures for September are due on Friday. September saw the Danish krone (DKK) strengthen to just under 7.4400 against the euro (EUR), and so approach levels where Danmarks Nationalbank, under the current leadership of Lars Rohde, has previously intervened to weaken the DKK. We will therefore be watching to see if Danmarks Nationalbank has already intervened. We should also receive an update on the government’s foreign borrowing, which has remained unchanged at just below DKK97bn in recent months. We would not be surprised if the Debt Management Office begins to reduce Denmark’s foreign debt again in the coming months.

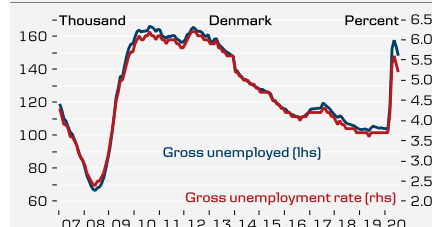
- There is plenty of news next week in **Sweden**, but we would like to highlight just a few items – the NIER business confidence survey is the first. So far, the message has been that ‘things are improving but are still far from normal’. To the extent recent softer European services data can be traced to accelerating infection rates, Swedish services industries should be in a better place considering that infection rates here so far – have remained relatively stable and low. Equally we see no particular reason to expect more pessimism from manufacturers. Having said this, we believe that the verbal description of business conditions as expressed in the report is more informative than the exact numbers.

Retail sales. This sector has (more than) fully recovered. In fact except for clothing, retailers are doing well. We have seen three consecutive month of rising (m/m) sales volumes, more than that is unusual indeed. So a small correction would only be natural and should not be taken as a bad sign.

Riksbank Minutes might give clues about QE going forward, but so far the RB has been rather unspecific even though the impression is that the framework of up to SEK500bn through H1 21 will be used.

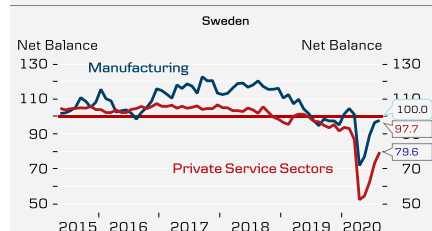
More interesting is perhaps that the September MPR indicates that the Riksbank has changed its position about the SEK. Now, the RB assumes only 0.5% appreciation in

Unemployment set to fall further in August



Source: Statistics Denmark, Macrobond Financial

Swedish business confidence should be less exposed to negative corona effects

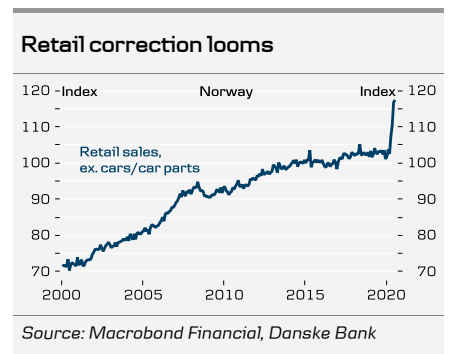


Source: NIER, Macrobond Financial

1Y compared to 2.5% on average since 2015. In 3Y the RB anticipates only 2.3% SEK appreciation compared to 6.1% on average since 2015 and 8.0% when KIX has been as high as it is now, i.e., around 115. The MPR justified this as ‘the real exchange rate is now assessed to be close to the level considered reasonable in the light of long-term determinants.’ Hence, the RB seems to think that part of the depreciation of the SEK is not temporary but more permanent and justified by weaker fundamentals. The RB indicates that SEK pair equilibria are clearly higher than long-term averages. We look for comments from Board members underpinning this shift in perception of the long-term outlook for the SEK. It would support our long-standing inflation case that a gradual SEK depreciation is needed to raise import prices and hence inflation towards 2%.

- In **Norway**, the coming week brings retail sales data for August, and we are now seeing signs of the surge in the consumption of goods beginning to recede. We expect a fall of 2% m/m in August, which has to be considered moderate given an increase of almost 14% from March to July. Unlike in other countries, the PMI in Norway has yet to start pointing to growth in manufacturing activity. Hard production data have begun to climb, however, which would suggest that the PMI has been putting out false signals in the wake of the coronavirus shock. This may be because respondents are comparing with a ‘normal’ situation rather than the previous month. Either way, the PMI is lower than normal, and we should see it head back above 50 in September.

We expect the registered (full-time) unemployment rate dropped to 4.0 % in September.’



Scandi Update

Denmark – Decent labour market figures but consumer confidence deteriorates

Data-wise, the past week kicked off with wage-earner employment for July. The figures showed the number of people in work increased by 15,000 – the largest jump in the history of the statistic. Nevertheless, the increase was no match for the dramatic falls we saw in the spring, where two-thirds of jobs lost have not been re-established. That being said, things are moving in the right direction, which also seems to have been the case in August and September, based on the falls in the daily unemployment figures published by the Ministry of Employment.

Yet, despite the decent labour market numbers, consumer confidence fell in September for the second month in a row to -7.4, which is some way below the recovery's peak so far of 2.9, reached in July. The main explanation for the setback is presumably the increase in the COVID-19 infection rate and the recently re-introduced restrictions in the Danish economy. This has particularly affected the Danes' views on their own finances, which have never been this weak during the crisis. Likewise, Danes' views on the state of the economy in general have also deteriorated, though they are a little more upbeat about the future.

The latest figures from our *spending monitor* show that Danish card transactions are around 5% below 2019 levels overall. Bar and restaurant spending clearly reflects the new restrictions of having to close at 22:00 and customers being obliged to wear a mask when not sitting. Spending on restaurants has declined from close to normal levels to around 20% below, while the impact on bars has been even more keenly felt, falling from 80% of normal sales to roughly half. A new relief package totalling DKK100m plus further coverage for several fixed expenses was passed at the weekend to compensate these companies.

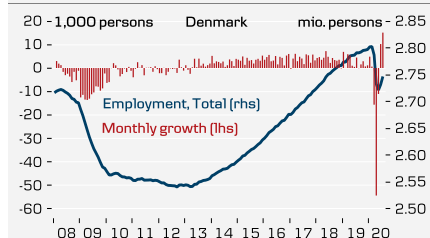
Retail sales normalised a little more in August, falling 1.1%. While sales remain 2.0% up on August last year, we will likely see a further decline in the coming months, pulled lower in part by the new coronavirus restrictions. Compared to July, clothing and shoe sales were among the factors pulling higher, while other consumer goods experienced a fall in sales.

Sweden – No policy surprises

The government's budget proposal contained no surprises as most of it had been leaked ahead. The government forecasts budget deficits for 2020 and the following two years before returning to surplus in 2023: SEK-296bn, SEK-67bn, SEK-26bn and SEK49bn, respectively. It is easy to conclude that some of the support measures taken have a political rather than an economic rationale. However, the public debt stabilises at around 40% already in 2021 as economic growth turns positive. It had no market impact at all. We will continue to monitor the budget developments, as they affect the Debt Office's (DO) funding scheme. Funding in May-August was SEK112bn less than anticipated by the DO.

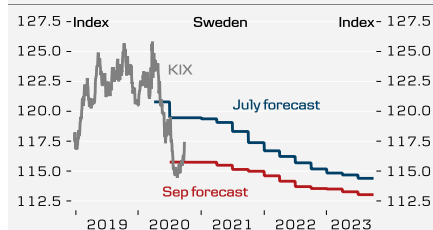
The Riksbank's decision was also entirely as expected. No rate or rate path change and also no change to or new information about the QE programme. It seems that the Riksbank will make full use of the SEK500bn program though, as it took a quite cautious approach to the economic outlook, despite a marked lift in GDP growth prospects. Perhaps the most interesting thing coming out of the monetary policy report was the fact that Riksbank flattened the KIX forecast, suggesting it does not view the SEK as fundamentally undervalued any longer.

Record jump in wage-earner employment



Source: Danmarks Statistik, Macrobond Financial

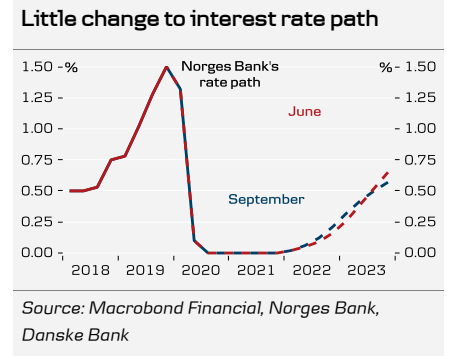
Sweden: Riksbank suggesting SEK close to fundamental value



Source: Riksbank

Norway – Not much new from Norges Bank

Norges Bank kept its policy rate at 0.00% as expected and the interest rate path in the new monetary policy report was little changed from June. It still shows the policy rate on hold well into 2022, but there is now a slightly increased (roughly 70%) chance of a rise in Q3 that year. Norges Bank anticipates a policy rate of just under 0.75% at the end of 2023, or not quite three hikes during the period. As expected, the bank made only minor tweaks to its economic projections, a result not only of developments since the June meeting having been largely as expected, but also of uncertainty still being too great to put out clearer signals further ahead. On the other hand, the bank did note that further rate cuts are highly unlikely. It is important to stress that uncertainty at the moment is abnormally high. We expect the recovery in both the domestic and the global economy in 2021 to be swifter and stronger than Norges Bank assumes in the new monetary policy report, with a vaccine gradually easing the uncertainty. The bank itself also comments that its analyses support ‘keeping the policy rate on hold until there are clear signs that economic conditions are normalising’. We still expect that to happen in Q4 next year.



Activity tracker

Euro area	Last obs	Value	Last 4 months	1W chg	1M chg.	Low
Bundesbank weekly activity index*	Week 38	4.14		0.03	1.73	-6.4
Germany, turnover textiles retail trade, weekly, % y/y	Week 38	-23.0%		-10 p.p.	-12 p.p.	-44%
German truck toll mileage (1w m.a.), % y/y	17-Sep	0.1%		0 p.p.	-3.3 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	21-Sep	11.4%		-4.5 p.p.	-3.6 p.p.	-100%
USA						
NY Fed weekly economic index*	Week 38	-4.50		1.41	0.81	-11.5
Transaction card spending, (1w m.a.), % y/y	11-Sep	-9.4%		1.1 p.p.	4.7 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	21-Sep	-43.9%		4.8 p.p.	6.3 p.p.	-100%
Google mobility trends retail & recreation (1w m.a.)**						
Germany	11-Sep	8.6%		5.6 p.p.	15.6 p.p.	-62.1%
France		-1.1%		2 p.p.	5 p.p.	-88.0%
Italy		4.4%		4.9 p.p.	6.4 p.p.	-88.9%
Spain		-8.4%		3.4 p.p.	7.3 p.p.	-91.7%
UK		-15.6%		-2.9 p.p.	6.1 p.p.	-77.6%
Japan		-9.1%		0.4 p.p.	-4.6 p.p.	-37.9%
United States		-11.3%		-0.7 p.p.	3 p.p.	-46.1%
Electricity demand (1w m.a.)***						
Germany	22-Sep	-3.3%		2 p.p.	-1 p.p.	-16.2%
France		-3.7%		-0.2 p.p.	-0.5 p.p.	-23.1%
Italy		2.3%		1.1 p.p.	0.5 p.p.	-28.2%
Spain		-3.3%		-1.6 p.p.	2 p.p.	-24.2%
UK		-9.4%		2.4 p.p.	-0.9 p.p.	-22.1%
Japan	23-Sep	-4.7%		-3.6 p.p.	-2.9 p.p.	-18.3%
United States		-12.4%		-7.6 p.p.	-14.7 p.p.	-12.4%

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

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

Calendar

Key Data and Events in Week 40

During the week

				Period	Danske Bank	Consensus	Previous
Sun 27	CNY	Industrial profits	y/y	Aug			19.6%
Whole week	GBP	EU-UK trade talks continue					

Monday, September 28, 2020

				Period	Danske Bank	Consensus	Previous
-	EUR	ECB's Lagarde's European Parliament hearing					
7:00	JPY	Leading economic index, final	Index	Jul			86.9
8:00	NOK	Retail sales, s.a.	m/m	Aug			0.6%
9:30	SEK	Retail sales s.a.	m/mly/y	Aug			0.7% 3.9%
9:30	SEK	Trade balance	SEK bn	Aug			2.9
20:00	USD	Fed's Mester (voter, hawkish) speaks					

Tuesday, September 29, 2020

				Period	Danske Bank	Consensus	Previous
8:00	DKK	Business confidence		Sep			
8:45	FRF	Consumer confidence	Index	Sep		93.0	94.0
9:00	SEK	Consumer confidence	Index	Sep			84.4
9:00	SEK	Economic Tendency Survey	Index	Sep			87.0
9:00	SEK	Manufacturing confidence	Index	Sep			97.7
9:00	SEK	NIER Extra Business Survey					
9:00	ESP	HICP, preliminary	m/mly/y	Sep		... -0.5%	0.0% -0.6%
11:00	EUR	Industrial confidence	Net bal.	Sep		-10.0	-12.7
11:00	EUR	Economic confidence	Index	Sep		89.3	87.7
11:00	EUR	Consumer confidence, final	Net bal.	Sep			-13.9
11:00	EUR	Service confidence	Net bal.	Sep			-17.2
14:00	DEM	HICP, preliminary	m/mly/y	Sep		0.0% -0.1%	-0.2% -0.1%
14:25	USD	Fed's Williams (voter, neutral) speaks					
14:30	USD	Advance goods trade balance	USD bn	Aug		-82.4	-79.3
15:15	USD	Fed's Williams (voter, neutral) speaks					
15:30	USD	Fed's Harker (voter, neutral) speaks					
16:00	USD	Conference Board consumer confidence	Index	Sep		90.0	84.8
17:40	USD	Fed vice chair Clarida (voter, neutral) speaks					
19:00	USD	Fed's Williams (voter, neutral) speaks					
19:00	USD	Fed's Quarles (voter, neutral) speaks					
21:00	USD	Fed's Quarles (voter, neutral) speaks					

Wednesday, September 30, 2020

				Period	Danske Bank	Consensus	Previous
-	EUR	ECB's watchers conference with speeches from Lagarde, Lane, Villeroy and others					
1:50	JPY	Industrial production, preliminary	m/mly/y	Aug		1.1% -13.5%	8.7% -15.5%
1:50	JPY	Retail trade	m/mly/y	Aug		1.9% -3.0%	-3.4% -2.9%
3:00	CNY	PMI manufacturing	Index	Sep		51.5	51.0
3:00	CNY	PMI non-manufacturing	Index	Sep		54.9	55.2
3:45	CNY	Caixin PMI manufacturing	Index	Sep		53.3	53.1
8:00	DKK	GDP, final	q/qly/y	2nd quarter			-6.9% ...
8:00	DKK	House prices (Statistics Denmark)		Aug			
8:00	GBP	GDP, final	q/qly/y	2nd quarter		-20.4% -21.7%	-20.4% -21.7%
8:00	NOK	Credit indicator (C2)	y/y	Aug			4.6%
8:00	DKK	Gross unemployment s.a.	K (%)	Aug			... 5.2%
8:00	DEM	Retail sales	m/mly/y	Aug		0.4% 3.6%	-0.2% 5.0%
8:45	FRF	Household consumption	m/mly/y	Aug			0.5% 0.6%
8:45	FRF	HICP, preliminary	m/mly/y	Sep		-0.2% 0.4%	-0.1% 0.2%
9:00	CHF	KOF leading indicator	Index	Sep		106.0	110.2
9:15	SEK	NIER economic forecasts					
9:30	SEK	Wages (blue collars/white collars)	y/y	Jul			1.7%
9:55	DEM	Unemployment	%	Sep		6.4%	6.4%
10:00	NOK	Norges Bank's daily FX purchases	m	Oct			-2000
11:00	ITL	HICP, preliminary	m/mly/y	Sep		... -0.4%	-1.3% -0.5%
14:15	USD	ADP employment	1000	Sep		650	428
14:30	USD	GDP, 3. release	q/q AR	2nd quarter		-0.316	-0.317
14:30	CAD	GDP	m/mly/y	Jul		2.8% ...	6.5% -7.8%
14:30	USD	PCE core	q/q AR	2nd quarter			-0.01
15:45	USD	Chicago PMI	Index	Sep		52.0	51.2
16:00	USD	Pending home sales	m/mly/y	Aug		2.0% ...	5.9% 15.4%
16:30	USD	DOE U.S. crude oil inventories	K				-1639
17:00	USD	Fed's Kashkari (voter, dovish) speaks					
19:40	USD	Fed's Bowman (voter, neutral) speaks					

Source: Danske Bank

Calendar

Thursday, October 1, 2020			Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Sep	15.6	15.19
1:50	JPY	Tankan large manufacturers index (outlook)	Index	3rd quarter	-22.0	-34.0 -27.0
1:50	JPY	Tankan large non-manufacturers index (outlook)	Index	3rd quarter	-9.0	-17.0 -14.0
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Sep		47.3
8:30	SEK	PMI manufacturing	Index	Sep		53.4
8:30	CHF	CPI	m/m y/y	Sep	0.0% -0.8%	0.0% -0.9%
9:15	ESP	PMI manufacturing	Index	Sep	50.5	49.9
9:30	SEK	Riksbank publishes minutes				
9:45	ITL	PMI manufacturing	Index	Sep	53.5	53.1
9:50	FRF	PMI manufacturing, final	Index	Sep	50.9	50.9
9:55	DEM	PMI manufacturing, final	Index	Sep	56.6	56.6
10:00	EUR	PMI manufacturing, final	Index	Sep	53.7	53.7
10:00	NOK	PMI manufacturing	Index	Sep		46.1
10:30	GBP	PMI manufacturing, final	Index	Sep	54.3	54.3
11:00	EUR	PPI	m/m y/y	Aug		-3.3% 0.6%
11:00	EUR	Unemployment	%	Aug	8.1%	7.9%
14:30	USD	Initial jobless claims	1000			870
14:30	USD	PCE headline	m/m y/y	Aug	0.3% 1.3%	0.3% 1.0%
14:30	USD	Personal spending	m/m	Aug	0.7%	1.9%
14:30	USD	PCE core	m/m y/y	Aug	0.3% 1.5%	0.3% 1.3%
15:30	CAD	RBC manufacturing PMI	Index	Sep		55.1
15:45	USD	Markit PMI manufacturing, final	Index	Sep		53.5
16:00	USD	Construction spending	m/m	Aug	0.8%	0.1%
16:00	USD	ISM manufacturing	Index	Sep	55.9	56.0
17:00	USD	Fed's Williams (voter, neutral) speaks				
21:00	USD	Fed's Bowman (voter, neutral) speaks				
Friday, October 2, 2020			Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish France's debt rating				
-	EUR	S&P may publish Germany's debt rating				
-	EUR	Fitch may publish Belgium's debt rating				
-	EUR	Fitch may publish Cyprus's debt rating				
1:30	JPY	Unemployment rate	%	Aug	3.0%	2.9%
1:30	JPY	Job-to-applicant ratio		Aug	1.05	1.08
7:00	JPY	Consumer confidence	Index	Sep		29.3
10:00	NOK	Unemployment	%	Sep	4.0%	4.3%
11:00	EUR	HICP - core inflation, preliminary	y/y	Sep	0.7%	0.4%
11:00	EUR	HICP inflation, preliminary	y/y	Sep	0.1%	-0.2%
14:30	USD	Unemployment	%	Sep	8.2%	8.4%
14:30	USD	Average hourly earnings, non-farm	m/m y/y	Sep	0.2% 4.8%	0.4% 4.7%
14:30	USD	Non farm payrolls	1000	Sep	1100	865
15:00	USD	Fed's Harker (voter, neutral) speaks				
16:00	USD	Core capital goods orders, final	%	Aug		
16:00	USD	University of Michigan Confidence, final	Index	Sep	79.0	78.9
17:00	DKK	Currency reserves	DKK bn	Sep		455.7

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 For further information, call (+45) 45 12 85 22.

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	2019	2.3	2.2	1.2	2.4	1.8	0.5	0.8	2.2	3.7	3.8	33.2	8.9
	2020	-3.5	-1.4	1.4	-6.0	-7.7	-5.7	0.6	2.0	5.4	-6.9	44.1	6.6
	2021	2.5	3.5	0.5	-0.7	4.1	2.8	1.3	2.1	5.2	-1.9	42.1	7.1
Sweden	2019	1.3	1.2	0.5	-1.1	4.2	1.8	1.8	2.6	6.8	0.5	35.7	1.1
	2020	-4.1	-5.0	0.7	-8.1	-1.0	-3.3	-0.1	2.4	8.8	-7.4	45.0	4.9
	2021	3.7	4.3	-0.7	4.3	4.2	5.2	1.1	2.4	8.5	-1.0	47.0	4.6
Norway	2019	2.3	1.5	1.7	6.1	1.5	5.2	2.2	3.5	2.3	-	-	-
	2020	-3.5	-5.0	3.5	-6.5	-4.5	-8.0	1.5	3.5	5.1	-	-	-
	2021	3.5	4.0	2.0	0.0	5.0	3.5	2.8	3.3	3.5	-	-	-

Macro forecast. Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2019	1.3	1.3	1.8	5.6	2.5	4.0	1.2	2.0	7.6	-0.6	84.1	3.3
	2020	-8.3	-9.5	-1.3	-13.7	-9.5	-9.9	0.3	-0.7	8.1	-8.5	102.7	3.4
	2021	5.5	6.5	2.7	-1.2	14.9	12.3	0.9	1.3	8.1	-3.5	98.8	3.6
Germany	2019	0.6	1.6	2.7	2.6	1.0	2.6	1.4	3.2	3.1	1.4	59.8	7.1
	2020	-6.2	-4.3	3.0	-4.5	-14.7	-11.0	0.7	1.7	4.0	-7.0	75.6	5.7
	2021	5.0	7.0	3.6	1.8	14.2	13.9	1.5	2.2	3.5	-1.5	71.8	7.0
Finland	2019	1.1	0.8	1.1	-1.0	7.7	3.3	1.0	1.0	6.7	-1.1	59.3	-1.1
	2020	-4.5	-4.0	1.0	-5.0	-12.0	-9.0	0.3	1.2	8.0	-8.4	70.0	-2.0
	2021	2.5	3.5	1.5	2.0	5.0	5.0	1.0	1.5	8.0	-3.7	71.7	-1.5

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	2019	2.2	2.4	2.3	1.9	-0.1	1.1	1.8	3.3	3.7	-4.6	106.8	-2.5
	2020	-4.3	-4.4	2.6	-3.8	-15.7	-13.2	2.1	3.7	8.1	-19.9	130.0	-2.6
	2021	4.5	5.6	3.6	3.4	-0.2	4.5	2.1	0.8	5.5	-9.7	137.0	-2.5
China	2019	6.2	8.0	-	3.8	-	-	2.7	8.0	-	-6.1	-	0.5
	2020	1.0	2.5	-	0.0	-	-	2.7	7.5	-	-6.3	-	0.4
	2021	9.0	9.0	-	10.0	-	-	2.2	7.5	-	-6.2	-	0.2
UK	2019	1.5	1.0	3.4	0.7	5.0	4.6	1.8	3.5	3.8	-2.2	85.4	-3.5
	2020	-5.8	-7.0	0.9	-9.5	-10.9	-13.5	1.4	0.3	7.3	-13.9	97.6	-3.7
	2021	4.2	4.1	3.9	2.8	3.2	4.2	1.7	1.2	6.0	-3.2	99.4	-3.7
Japan	2019	0.7	0.1	1.9	1.3	-1.6	-0.6	0.6	-	2.4	-	-	-
	2020	-5.9	-6.8	1.5	-5.2	-15.0	-6.7	0.1	-	4.0	-	-	-
	2021	2.3	3.1	1.9	-1.6	4.8	1.5	0.2	-	3.8	-	-	-

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	25-Sep	0.25	0.23	0.23	0.68	116.5	-	639.0	954.1	912.1
	+3m	0.25	0.23	0.23	0.70	123.0	-	605.5	837.4	837.4
	+6m	0.25	0.23	0.23	0.80	123.0	-	605.7	821.1	821.1
	+12m	0.25	0.23	0.33	1.10	118.0	-	631.8	855.9	855.9
EUR	25-Sep	-0.50	-0.50	-0.49	-0.24	-	116.5	744.6	1111.7	1062.9
	+3m	-0.50	-0.47	-0.45	-0.20	-	123.0	744.8	1030.0	1030.0
	+6m	-0.50	-0.47	-0.45	-0.15	-	123.0	745.0	1010.0	1010.0
	+12m	-0.50	-0.47	-0.35	0.00	-	118.0	745.5	1010.0	1010.0
JPY	25-Sep	-0.10	-0.10	-0.05	0.02	120.5	105.4	6.18	9.22	8.82
	+3m	-0.10	-	-	-	134.1	109.0	5.55	7.68	7.68
	+6m	-0.10	-	-	-	137.8	112.0	5.41	7.33	7.33
	+12m	-0.10	-	-	-	132.2	112.0	5.64	7.64	7.64
GBP	25-Sep	0.10	0.07	0.07	0.37	91.4	127.5	814.7	1216.3	1162.9
	+3m	0.10	0.07	0.15	0.45	88.0	139.8	846.3	1170.5	1170.5
	+6m	0.10	0.07	0.20	0.55	86.0	143.0	866.3	1174.4	1174.4
	+12m	0.10	0.07	0.25	0.65	86.0	137.2	866.9	1174.4	1174.4
CHF	25-Sep	-0.75	-0.76	-0.73	-0.35	108.1	92.8	689.0	1028.7	983.5
	+3m	-0.75	-	-	-	111.0	90.2	670.9	927.9	927.9
	+6m	-0.75	-	-	-	113.0	91.9	659.3	893.8	893.8
	+12m	-0.75	-	-	-	114.0	96.6	653.9	886.0	886.0
DKK	25-Sep	-0.60	-0.23	-0.20	-0.02	744.6	639.0	-	149.3	142.7
	+3m	-0.60	-0.25	-0.20	0.00	744.8	605.5	-	138.3	138.3
	+6m	-0.60	-0.25	-0.20	0.00	745.0	605.7	-	135.6	135.6
	+12m	-0.60	-0.26	-0.15	0.15	745.5	631.8	-	135.5	135.5
SEK	25-Sep	0.00	-0.02	-0.05	0.29	1062.9	912.1	70.1	104.6	100.0
	+3m	0.00	0.00	0.00	0.35	1030.0	837.4	72.3	100.0	-
	+6m	0.00	0.00	0.00	0.35	1010.0	821.1	73.8	100.0	-
	+12m	0.00	0.05	0.00	0.45	1010.0	855.9	73.8	100.0	-
NOK	25-Sep	0.00	0.28	0.42	0.89	1111.7	954.1	67.0	100.0	95.6
	+3m	0.00	0.26	0.65	1.15	1030.0	837.4	72.3	-	100.0
	+6m	0.00	0.26	0.80	1.30	1010.0	821.1	73.8	-	100.0
	+12m	0.00	0.33	0.90	1.50	1010.0	855.9	73.8	-	100.0

Commodities												
		2020				2021				Average		
	25-Sep	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	
ICE Brent	42	35	35	40	40	45	45	50	60	38	50	

Source Danske Bank

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