Important disclosures and certifications are contained from page 19 of this report

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FX Forecast Update

USD erases war-fuelled gains as downtrend resumes

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FX market overview

Recent developments: energy prices and monetary policy divergence

- Since our last FX Forecast Update on 20 March, the Middle East conflict has continued to drive FX markets amid energy price volatility driving global terms of trades. Renewed prospects of a more lasting ceasefire have triggered a broad reversal of war-linked moves, with gold and equities higher, yields lower and the dollar weaker. Oil prices have retraced toward 95-100 USD/bbl while European natural gas prices are down to around 40 EUR/MWh. While markets increasingly are priced for an improvement to the flow of energy in the Persian Gulf the risk of a renewed escalation remains high. Global monetary policy repricing remains a key theme - synchronised in direction but divergent in magnitude - reflecting a strong correlation between rates and energy prices. While pricing remains significantly more hawkish compared to pre-conflict levels, markets have scaled back tightening expectations over the last week. Fed-pricing has increasingly returned towards cuts for 2026, whereas ECB pricing has proven notably stickier, with more than 2 hikes still priced by year-end.

FX implications: dollar weakness and tailwind for Scandies

- Over the past month, EUR/USD has retraced its war-linked move lower, now trading around the 1.18 mark. De-escalation efforts have generally driven FX retracing March declines against the USD, favouring high-beta currencies alongside CEEs, both standing out as this month's relative winners. Scandies have benefited from the broader risk-on momentum, with SEK erasing most of last month's losses against the USD, bolstered by sentiment and a sharp drop in the oil price. The NOK has proved remarkably resilient over the last months. EUR/DKK briefly touched 7.4732 in April, a level around which Danmark Nationalbank has previously sold EUR/DKK through FX intervention.

Outlook: long-term bullish on EUR/USD and EUR/Scandies

- We have revised our 1M and 3M EUR/USD forecasts to 1.18 and thus look for the cross to stay around current level in the short-term. In the longer term, we expect a higher EUR/USD, driven by three key factors: a drop in carry as ECB hikes and Fed cuts are expected this year, normalisation in oil prices, and relatively higher US inflation. For EUR/SEK, we leave our forecast profile unchanged, forecasting EUR/SEK at 11.00 in 6-12M. For EUR/NOK, we remain sceptical with respect to the longevity of the rally and thus leave our forecast profile unchanged this month keeping an upward slope on 6M and 12M.

Key risk to our forecasts: geopolitics and greater downside risk to USD than entailed in our forecasts

- Near-term risks to our forecasts are closely tied to geopolitical developments regarding the Iran-escalation. Medium- to long term risks are predominantly tied to the US outlook. If the capital rotation out of US assets continues and a sharp US recession hit, EUR/USD could break substantially higher than our forecast suggests. In this environment, commodity currencies would also face a larger hit. Conversely, persistent resilient US data and/or renewed euro area weakness that could prompt the ECB to cut again this year could keep the USD stronger-for-longer. We highlight that a stagflationary shock to the US economy might not necessarily be positive for the USD. Finally, we will closely monitor uncertainty related to AI and broader signs of a turning global cycle.

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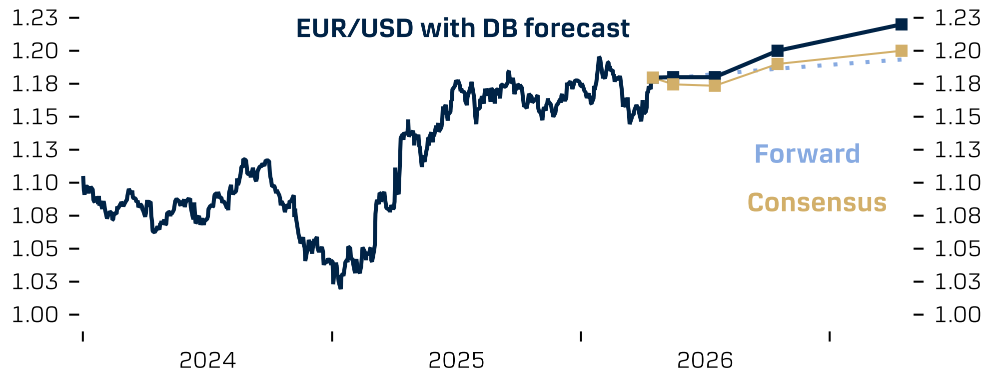
EUR/USD – trading in tandem with global monetary conditions

- **Cyclical outlook.** While the war in the Middle East has reignited inflation concerns, the US economy has shown signs of weakness, as reflected in lower USD real rates. While the latest jobs report was stronger than expected, survey data is signalling a weaker growth impulse for the quarters ahead. Similarly, March inflation came in lower than expected. In the euro area, economic activity slowed at the end of Q1, with the composite PMI declining as delivery times increased in the manufacturing sector given supply disruptions. Headline inflation increased due to higher energy prices with manufacturing input prices seeing the fastest rise in over three years while output prices were broadly unchanged. Sentiment indicators worsened, highlighting the ECB's dilemma of balancing lower growth expectations with higher inflation.
- **Monetary policy.** Both the ECB and the Fed maintained their monetary policy unchanged in March. Markets continue to price in hikes from the ECB, 50bp by YE 2026, which is in line with our call of hikes in June and July. For the Fed, markets have largely erased their expectations for cuts pricing 15bp by YE. We continue to expect the Fed to deliver cuts, but have pushed our expectations further out, with the Fed cutting rates in respectively September and December. Relative to the current market pricing, our central bank views imply modest upward pressure for the cross.
- **External balances.** US current account deficit started widening again in late 2025, which we expect to continue also in 2026 despite the tariffs. In the short-term, rising energy prices pose a negative terms-of-trade shock for the euro area, while the USD benefits from the opposite effect.
- **Valuation.** We estimate EUR/USD fair value over a 1-3Y horizon to be around 1.25, making valuation a structural tailwind for the cross once the current energy price volatility eases.
- **Positioning.** Non-commercial EUR/USD positioning has swung from long to neutral during the war in Iran.

Forecast: 1.18 (1M), 1.18 (3M), 1.20 (6M), 1.22 (12M)



	1M	3M	6M	12M
Danske Bank	1.18	1.18	1.20	1.22
Consensus	1.17	1.17	1.19	1.20
Forward	1.18	1.18	1.19	1.19

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Risks.** The main risks to our call are the near-term developments in oil prices and ECB policy decisions. A big drop in oil prices or an ECB hike in April would send EUR/USD closer to 1.20 in 1-3M. Renewed escalation in the war between US and Iran would send it lower.
- **Conclusion.** We have revised our 1M and 3M forecasts to 1.18 and thus look for EUR/USD to stay around current level in the short-term. Carry is set to drop with ECB hikes and Fed cuts on the horizon this year. We also look for a normalisation of oil prices. Finally, we expect relatively higher US inflation. All three factors point to a higher EUR/USD.

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EUR/SEK – geopolitical developments and risk sentiment in focus

- **Cyclical outlook.** Our call for a sizeable Swedish growth recovery during 2026 has met with headwinds in Q1. The GDP indicator, however, notoriously fickle and often subject to heavy revisions, indicates negative growth to start off the year. Furthermore, soft indicators, such as the NIER survey, have seen stalled momentum. Geopolitical uncertainty and resurfaced inflation risk are postponing (or even derailing) the consumption-led recovery and infer downside risk to our call for a marked recovery and Swedish growth outperformance vs the Eurozone in 2026. In all, this moderates the cyclical tailwind for the SEK.

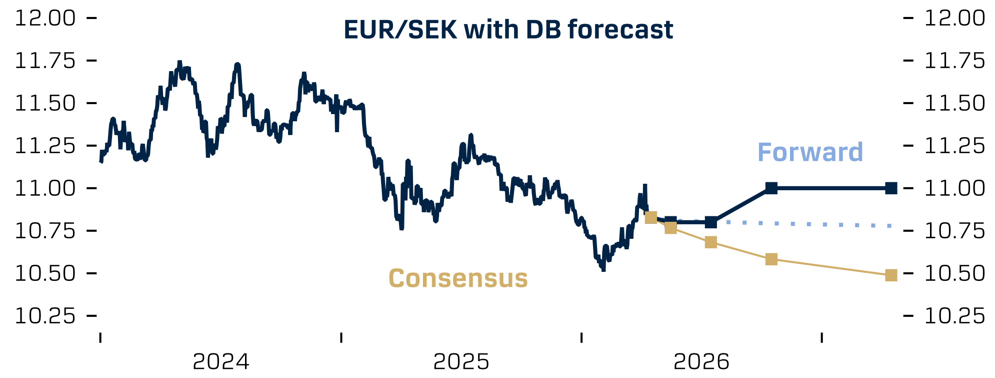
- **Monetary policy.** Although upside risks to inflation have mounted on the back of the Middle East conflict, the recent inflation prints have surprised to the downside. Given current benign inflation and softer-than-expected activity data, alongside delayed ECB rate hikes, we expect only two (prev. three) hikes from the Riksbank, starting in June. Money market pricing indicates close to two hikes over the coming 12m. Uncertainty is elevated, though. Regardless, we do not expect the ECB-Riksbank policy rate spread to diverge significantly (or at all) from current levels, and for all intents and purposes we deem the relative monetary policy outlook as medium-term neutral for EUR/SEK.

- **Flows.** Balance of payment data as well as the mutual fund flows confirmed that the Swedish savings-investment balance generated net-buying of foreign equities in 2025. The AP funds marginally raised the FX exposure in 2025, while there are no indications of major structural changes being imminent. This year, Swedish households have net-bought Swedish equities and net-sold global and US dittos, moderating the headwind. Nevertheless, we continue to see capital flows as a slight medium-term headwind for the SEK.

- **Valuation**. Relative macro hints at some downside potential whilst relative rates continue to signal a return to 11.00, and above, for EUR/SEK.

- **Risks.** Risks are elevated, two-sided and mostly centred around geopolitics, but also the cyclical and monetary policy outlooks are uncertain. With the SEK currently trading with the highest 'beta' to financial risk amongst the G10 currencies, we expect volatility to remain high in the near-term.

Forecast: 10.80 (1M), 10.80 (3M), 11.00 (6M), 11.00 (12M)



	1M	3M	6M	12M
Danske Bank	10.80	10.80	11.00	11.00
Consensus	10.77	10.68	10.58	10.49
Forward	10.81	10.80	10.79	10.78

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Conclusion.** The SEK was the main FX G10 underperformer in March as the conflict in the Middle East escalated and the greenback was the main beneficiary. April has been the exact opposite. Month-to-date, the SEK has been the main outperformer erasing most of last month's losses against the USD, bolstered by positive risk sentiment and a sharp drop in the oil price. EUR/SEK has gyrated around our 1-3M 10.80 target. Focus ahead lies on geopolitical developments, central bank response functions, and the Swedish dividend season. We now expect the Riksbank to stay on hold in May and deliver 25bp in June. We think the Riksbank will lag/shadow the ECB in the coming year. The Swedish dividend season has peaked but is not over, while the second week of May is one of the most intense with respect to potential SEK-negative repatriation flows. We leave our forecast profile unchanged and thus see EUR/SEK at 11.00 in 6-12M.

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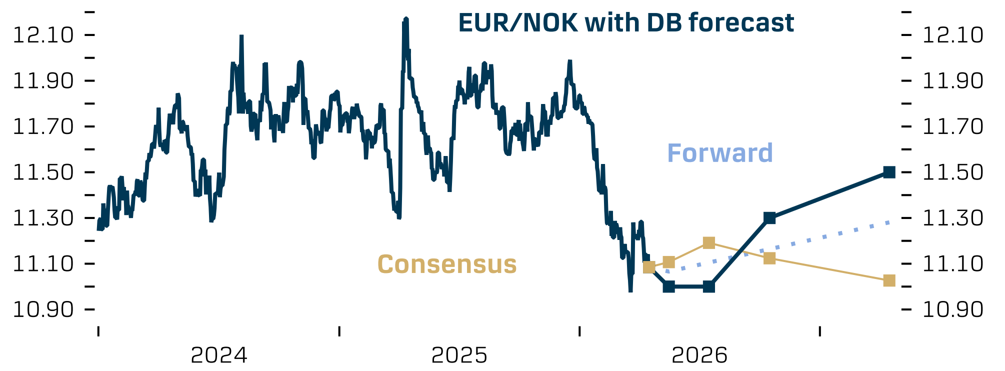
EUR/NOK – stagflation risks becoming very prominent

- **Cyclical outlook.** Norway increasingly looks like a stagflationary case with the central bank openly willing to sacrifice growth in bringing down short-term inflation expectations. The latest front-party framework for centrally negotiated wages of 4.4% - possibly triggered by Norges Bank's own guidance – has made the monetary policy trade-off worse. The economy has been hovering around trend potential for some time but leading indicators for growth have now hit the lowest level since the pandemic, highlighting how higher energy prices is not solely good for Norwegian activity. With the outlook of a higher business costs and subdued productivity growth we expect unit labour costs to remain elevated for longer.
- **Monetary policy.** The March Norges Bank (NB) monetary policy meeting revealed a clear concern in the committee of inflation expectations de-anchoring. NB therefore guided towards a rate hike at one of the "forthcoming" meetings. While the rate path indicated June as more likely than May the fact that only one committee member needs to change his/her mind leaves the interim May meeting as a very real possibility for the timing of the rate hike. Markets price May and June as close to 50/50. Our base case is that of two NB rate hikes this year (June and September) followed by four rate cuts in 2027 and a final rate cut in 2028.
- **External balances.** Norway runs a neutral current account balance when adjusting for both petroleum related exports and oil-fund financed fiscal spending. Meanwhile, on a net international investment position basis, Norway still runs a sizable deficit when adjusting for the oil fund. The rise in energy prices has created a timing mismatch between the hedging of petroleum tax payments and NB's FX transactions. This has been very positive for NOK in March, but we expect a more balanced backdrop ahead.
- **Valuation.** We expect fair value estimates for EUR/NOK to trend higher in the years to come following the relatively higher unit labours costs in Norway and the tightening of real rate gaps.
- **Positioning.** We regard NOK positioning to be stretched long

Forecast: 11.00 (1M), 11.00 (3M), 11.30 (6M), 11.50 (12M)



	1M	3M	6M	12M
Danske Bank	11.00	11.00	11.30	11.50
Consensus	11.11	11.19	11.12	11.03
Forward	11.07	11.11	11.16	11.28

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Risks.** Near-term risks are inherently connected to global energy prices and the development in Iran and the Persian Gulf.
- **Conclusion.** The NOK has proven remarkably resilient over the last months, with the Norwegian currency maintaining its status as one of the top performing currencies this year. Looking ahead, we remain sceptical wrt. the longevity of the rally. While higher rates all else equal is positive for NOK the combination of a more negative output gap, higher inflation and a wider unit labour cost gap to the Eurozone all make Norwegian assets less appealing. Also, we see the risk of a sharper downturn in the mainland economy which also skews the return distribution towards a sharper mover higher in EUR/NOK in the coming years. We leave our forecast profile unchanged this month.

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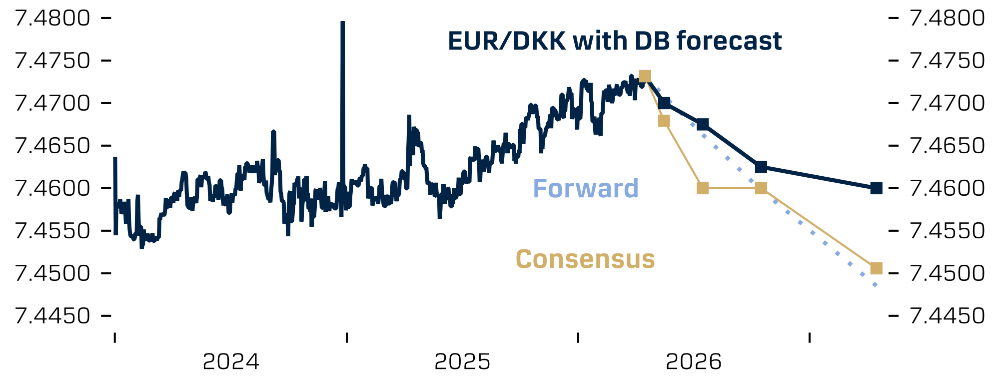
EUR/DKK – still elevated after the dividend season

- **Cyclical outlook.** The cyclical environment looks about neutral-to-negative for EUR/DKK. Equity markets are volatile and bond yields have risen, which is positive for EUR/DKK through rebalancing effects. USD/DKK has rebounded, which improves Denmark's competitiveness. That is important for the earnings potential in the Danish economy considering the significant net exports of pharmaceuticals, but also the large investment in US stocks.
- **Monetary policy.** Danmarks Nationalbank (DN) did not intervene when EUR/DKK hit 7.4728 in March. The pair briefly touched a new high of 7.4732 in April. It remains to be seen if that prompted intervention. We think there is a chance DN will tolerate a further rise in EUR/DKK before committing to capping the pair. While intervention over the coming months is a clear possibility, we do not expect a unilateral rate hike the coming year. We expect the ECB to hike 25bp in June and July to 2.50%, and for DN to follow and hike to 2.10% thereby maintaining the policy rate spread at -40bp.
- **External balances.** Denmark continues to run a very large current account surplus around 10-15% of GDP with pharmaceutical exports making a big contribution to the trade surplus. Service exports also help despite the rise in tariffs. The significant surplus materialises in a large investment need abroad.
- **Valuation.** The strong Danish external balances keep a 'DKK appreciation risk premium' vis-à-vis the EUR in the FX forward curve.
- **Positioning.** Recent hedging data from the Danish central bank showed that USD hedge ratio in the domestic life and pension sector declined to 69% in February – the lowest since March last year. The EUR hedge ratio also declined slightly in February but remains relatively high.

Forecast: 7.4700 (1M),7.4675 (3M), 7.4625 (6M), 7.4600 (12M)



	1M	3M	6M	12M
Danske Bank	7.4700	7.4675	7.4625	7.4600
Consensus	7.4679	7.4600	7.4600	7.4506
Forward	7.4708	7.4663	7.4598	7.4485

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Risks.** EUR/DKK remains exposed to large movements in equity and fixed income markets via the FX hedge rebalancing effect. US equity outperformance will tend to keep EUR/DKK low, while higher long-term bond yields will support a higher EUR/DKK. The fiscal shift in Germany may, over time, put strong Danish macroeconomic balances in an even better light. For now, the former has had little effect on the pair.
- **Conclusion.** We look for EUR/DKK to fall back to 7.4700 level near-term now that the dividend season has passed. On 12M, we expect a drop further down towards the 7.4600 level as strong fundamentals continue to weigh on the pair.

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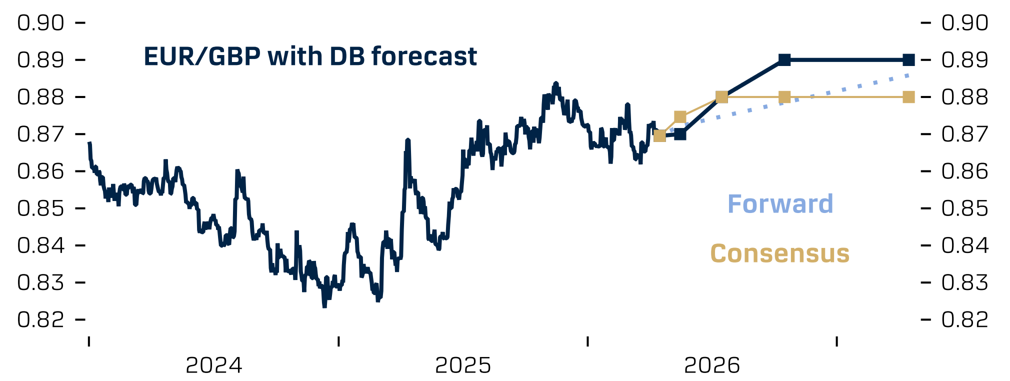
EUR/GBP – set for a move higher

- **Cyclical outlook.** The UK labour market remains on a cooling trend, although the weakening pace has become less alarming. With higher fuel prices at the pump and limited room to cushion the blow for consumers, the already modest growth outlook is now being squeezed even further. Potential tailwinds from further Bank of England (BoE) rate cuts are also gone. This comes after the economy had built some momentum ahead of the surge in energy prices, with 0.5% m/m GDP-growth in February.
- **Monetary policy.** At its latest meeting in March, the BoE decided to keep the Bank Rate unchanged at 3.75% but delivered a hawkish twist noting the increased risk of domestic inflationary pressures through second-round effects in wage and price-setting. We expect that the recent surge in energy prices and elevated uncertainty will keep the BoE on hold only further underpinned by the MPC's pushback on market pricing of hikes led by Governor Bailey. We now expect the BoE to remain on hold throughout 2026 and 2027 and see relative rates as a slight positive for EUR/GBP.
- **External balances.** The UK runs a large current-account deficit, which makes GBP vulnerable when capital inflows fade; this keeps GBP at risk vs EUR in the wake of souring global risk appetite.
- **Valuation.** Our Brexit-corrected MEVA estimate for EUR/GBP is around 0.83.
- **Positioning.** Non-commercial positioning is long EUR/GBP.
- **Risks.** Near-term risks are inherently connected to global energy prices and the developments in Iran and the Persian Gulf. The key risk to seeing EUR/GBP trade substantially higher than our forecast is a sharp sell-off in global risk, which could be triggered by further escalation in the Middle East. Other risks are related to developments in the relative growth outlook between the euro area and the UK. If growth fares better than expected in the UK, this could send EUR/GBP substantially lower.

Forecast: 0.87 (1M), 0.88 (3M), 0.89 (6M), 0.89 (12M)



	1M	3M	6M	12M
Danske Bank	0.87	0.88	0.89	0.89
Consensus	0.87	0.88	0.88	0.88
Forward	0.87	0.87	0.88	0.89

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Conclusion.** EUR/GBP has rebounded after the initially move lower following the war in the Middle East, trading remarkably steady around the 0.87 mark the past weeks. EUR/GBP has been caught between two opposing forces with the poor risk sentiment putting upward pressure on the cross, amplified by a worsening outlook for the UK economy and the sharp repricing of the BoE. On the other hand, while the UK is still a net-energy importer akin to the euro area, the energy mix in the UK slightly favours a relatively stronger GBP vs EUR. If further ceasefire talks prove effective, we expect the focus to return to fundamentals. We highlight that the UK economy remains fragile and that we see scope for the significant repricing of the BoE to revert to a larger extent than for the ECB, opening for a move higher in EUR/GBP. We forecast EUR/GBP to move higher towards 0.89 on a 6-12-month horizon.

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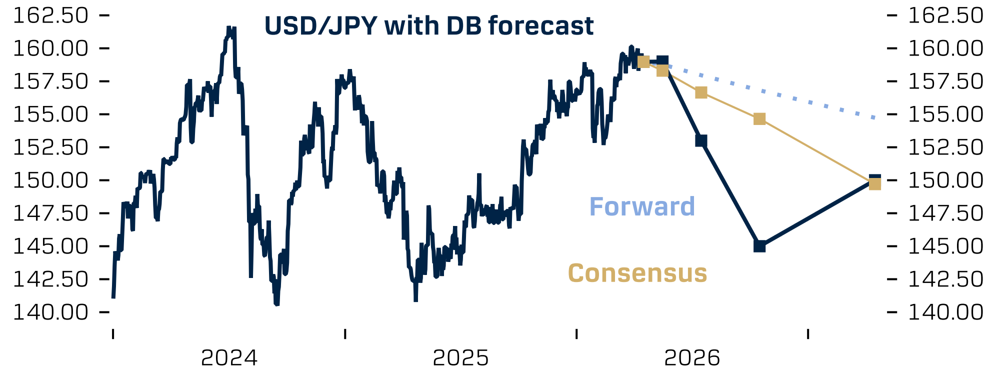
USD/JPY – navigating policy divergence and the Iran war

- **Cyclical outlook.** With the sharp rise in energy prices, the risk of a sharper slowdown in Japanese growth has re-emerged, despite the outlook for a more pro-stimulus fiscal agenda following the February LDP-election victory. That said, the Q1 Tankan business survey was stronger than expected with manufacturers' mood improving and non-manufacturers mood at its highest since 1990. Businesses' inflation expectations ticked higher on 1, 3 and 5Y time horizons but actual inflation is shielded from the high oil prices due to government subsidies, which keeps the price of gasoline at a national average of just JPY170/litre. Tokyo inflation declined a bit further to 1.7% in March. Thus, surging energy prices is weighing more on public finances than on households.
- **Monetary policy.** Aside from the Iran war, all the pieces of the puzzle are largely in place for the Bank of Japan (BoJ) to resume its hiking cycle. In March, unions secured wage increases of above 5% for the third consecutive year supporting consumers' purchasing power following several years where various inflation shocks have kept real wage growth subzero. We expect the next rate hike from the BoJ at the 28 April meeting, but we also think they will be very careful not to break the current economic momentum by tightening too fast. The BoJ is more likely to stand pat, if markets are not relatively calm ahead of the decision.
- **External balances.** The Japanese trade balance, along with terms of trade, had improved markedly since reaching historical lows after the pandemic. Falling imports and rising exports have nearly closed the gap caused by the pandemic. Meanwhile, higher energy prices are set to partially reverse this.
- **Positioning.** Speculators are neutral-positioned in the JPY.
- **Risks.** The main risk to our forecast is stronger-than-expected US data, which could delay further Fed cuts. An energy shock from potential geopolitical escalations could also pose upside risk.

Forecast: 159 (1M), 155(3M), 145 (6M), 150 (12M)



	1M	3M	6M	12M
Danske Bank	159	153	145	150
Consensus	158	157	155	150
Forward	159	158	157	155

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Conclusion.** The spot has remained relatively stable over the past month. Both sides of the cross have sold off against most currencies as the war in Iran remains unresolved, although with negotiations underway. Japan remains one of the most energy-import-dependent economies in the developed world, and despite the government shielding consumers from higher energy prices, a sharper slowdown in the Japanese economy poses a risk should high energy prices persist. If the conflict deescalates, there is potential for the JPY to strengthen against the USD. We expect the BoJ to resume hiking rates in April, while the Federal Reserve is likely to hold rates steady. This dynamic is expected to drive the cross lower. As such, we maintain a downward-sloping profile for the cross, revising 3M down to 155 and targeting 150 over a 12-month horizon.

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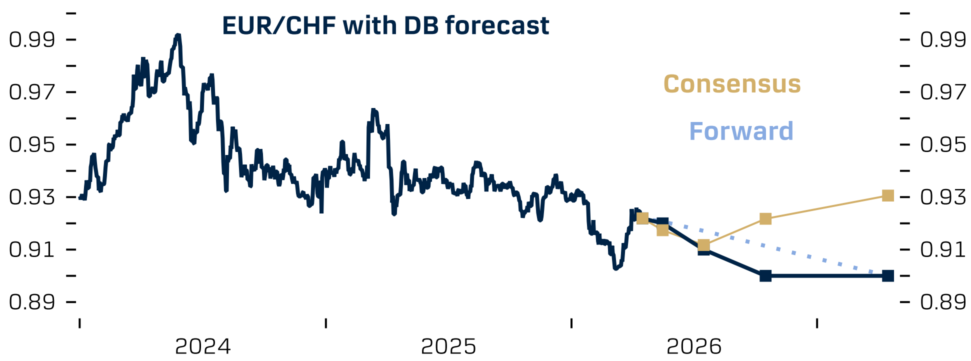
EUR/CHF

Forecast: 0.92 (1M), 0.91 (3M), 0.90 (6M), 0.90 (12M)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- After having declined significantly at the beginning of March, EUR/CHF has largely reversed the move trading back around 0.92. We remain bearish on EUR/CHF and think the current environment favours a stronger CHF. We target the cross at 0.90 in 6-12 months.
- The Swiss National Bank (SNB) remains firmly on hold with its policy rate at 0% and we expect this to remain the case despite the outcome space widening and uncertainty increasing. Inflation remains to the soft side only further underpinned by the strong CHF and Switzerland's favourable energy mix. We think this will keep the SNB from hiking rates. Combined with strong fundamentals, we think persistently diverging price levels favour a stronger CHF via the PPP. Additionally, a global investment environment characterised by weak global growth and elevated uncertainty benefits CHF.
- The biggest risks to this call are aggressive FX intervention from the SNB to weaken the CHF and a return to a reflationary environment.

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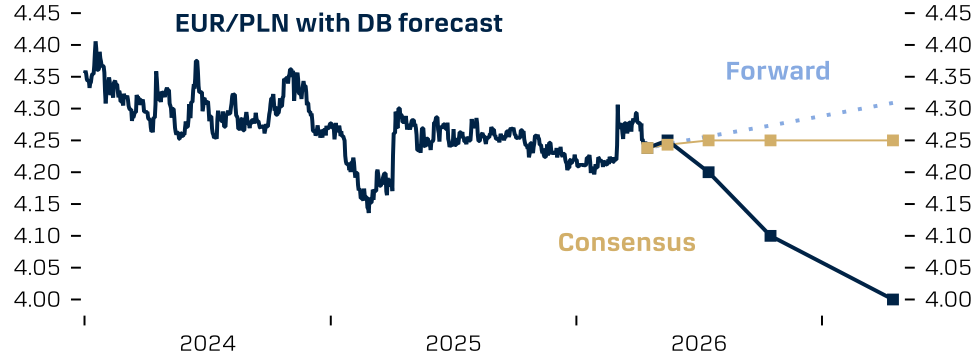
EUR/PLN

Forecast: 4.25 (1M), 4.20 (3M), 4.10 (6M), 4.00 (12M)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- With the economy's dependence on foreign-sourced energy, it was far from surprising to see Polish inflation accelerating to 3% in March. Although still within the tolerance band of plus or minus one percentage point around 2.5%, it was enough to make the National Bank of Poland Board put further cuts on hold and adopt a wait-and-see approach. Risks have turned more two-sided in the light of the situation in the Middle East, and although hikes cannot be ruled out should inflation continue to rise, Governor Glapinski see policy tightening as out of the question in the near future. The Government's newly introduced cap on fuel prices should also help contain energy-driven inflationary pressures.
- With policy rates most likely kept unchanged over the coming quarters and unless inflation spirals out of control, the real rate spread should still be supportive of a lower EUR/PLN over the medium-term. Additionally, the expected Polish growth outperformance also adds to the downside arguments, as does a marked pickup in inflow of foreign investment capital. As such, we keep our downward sloping profile and our 12m target intact at 4.00.

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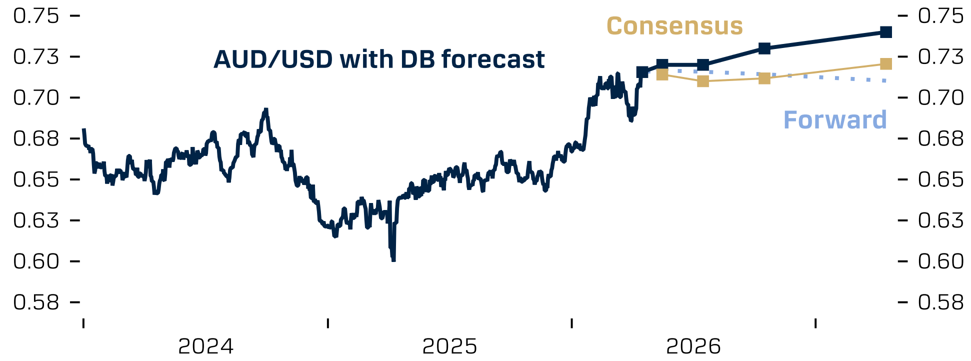
AUD/USD

Forecast: 0.72 (1M), 0.72 (3M), 0.73 (6M), 0.74 (12M)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- AUD remains one of the strongest performing G10 currencies in 2026 aided by a hawkish Reserve Bank of Australia (RBA) and strong global industrial signals. The AUD has also proved remarkably resilient to the souring risk appetite triggered by the war in Iran which likely reflects AUD's status as a net energy exporter. With geopolitical tensions easing the probability of an industrial upswing supporting AUD in the rest of 2026 has also increased.
- The RBA hiked rates again in March, citing not just higher energy prices but stronger-than-expected domestic demand and capacity pressures. RBA did not provide guidance towards further policy tightening, but markets continue to pencil in around two-three additional hikes this year.
- Signs of improving manufacturing cycle both globally, but especially in Asia supported AUD in early 2026. Whilst the sharp uptick in energy prices is bad news for the manufacturing outlook, Australia also benefits from the war as it is one of the largest exporters of LNG globally. We maintain a cautiously rising forecast profile in 6-12M horizon.

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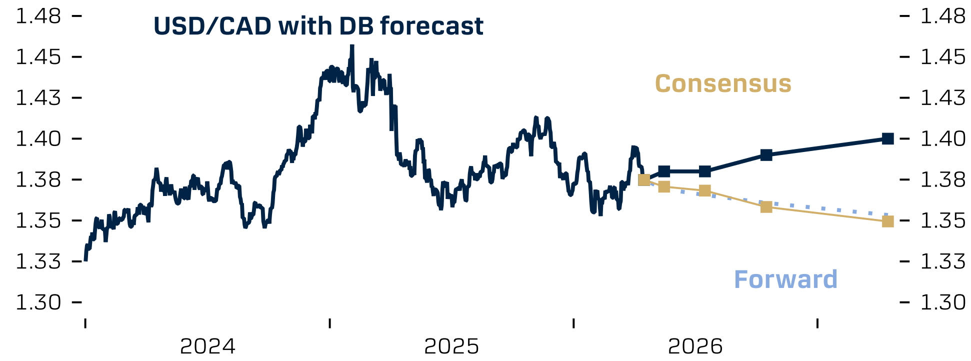
USD/CAD

Forecast: 1.38 (1M), 1.38 (3M), 1.39 (6M), 1.40 (12M)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- CAD has reversed its earlier post-war outperformance, emerging as a relative looser against the USD within G10. Amid broader dollar softness, the loonie has heavily underperformed commodity peers, reflecting its dual sensitivity to oil prices and global risk appetite. Notably, CAD/USD has traded in tandem with EUR/USD, suggesting a stronger-than-usual correlation with USD dynamics. IMM positioning indicators show investors have turned decisively bullish on USD/CAD with both USD net longs and CAD shorts extending materially.
- The Bank of Canada (BoC) held its policy rate at 2.25% in March, highlighting downside risks to growth and upside risks to inflation. While the BoC emphasised that it is too early to assess the full impact of the energy price shock, markets have priced in two rate hikes by year-end. Our base case entails unchanged policy rates from BoC in the coming 12M.
- We leave our forecast profile unchanged, supported by expected oil price normalisation and our revised EUR/USD outlook. Longer-term dollar weakness and structural challenges in the Canadian economy, alongside US trade tensions, are likely to weigh on CAD – also vs the USD.

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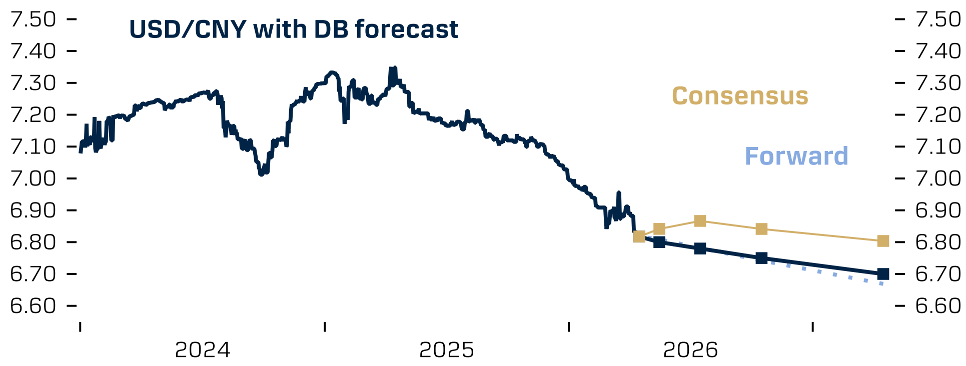
USD/CNY – downward trend to continue

- **CNY the past month.** The past month witnessed the underlying strength of the renminbi. USD/CNY kept stable going through a period of overall USD strength related to the Iran war escalation and resumed the decline when the USD index started falling again. Just above 6.8 it is trading at the lowest level in three years.
- **Growth outlook.** China got off to a strong start of the year (as is often the case) with 5.0% growth in Q1 up from 4.5% in Q4 last year. It puts growth at the top of the 4½-5% growth target range for 2026. The economy is still moving at two speeds, though, with consumption remaining weak while exports and tech are the key growth drivers. It leaves the Chinese economy vulnerable to a decline in global demand if the Iran war drags out. The housing crisis continues but with some rays of light in house prices as they have declined at a slowing rate this year. Home sales and construction have fallen to very low levels and as such the need for further 'de-tox' of the housing market is behind us. However, China needs to engineer a housing stabilisation to start the consumer engine. We look for 4.8% and 4.7% growth in 2026 and 2027, respectively.
- **Monetary policy.** People's Bank of China (PBOC) has provided structural lending support and signalled it has room to cut policy rates and the reserve requirement rate in 2026. We expect a cut in policy rates of around 10bp within the next 1-2 months to support the economy amid the new global headwinds.
- **FX policy.** China has a managed currency and PBOC has revealed a preference for a decline in USD/CNY. We expect this to continue over the coming year as the renminbi looks undervalued and it is in China's interest to have a stronger currency. A daily fixing for USD/CNY sets the middle of the +/-2% daily trading band and China uses the fixing to steer the currency in the desired direction.
- **Flows.** China's current account surplus has increased above 3% of GDP driven by a high and rising goods trade surplus, now around 7% of GDP. The service balance is negative, though, due to a pick-up in outbound tourists. Net FDI is negative as inbound FDI has weakened while outbound FDI has increased as Chinese companies increasingly go global.

Forecast: 6.80 (1M), 6.78 (3M), 6.75 (6M), 6.70 (12M)



	1M	3M	6M	12M
Danske Bank	6.80	6.78	6.75	6.70
Consensus	6.84	6.87	6.84	6.80
Forward	6.81	6.78	6.74	6.67

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

- **Valuation.** With a continuously rising trade surplus and depreciation of the real currency, the CNY looks increasingly undervalued.
- **Risks.** The Iran war is the main risk to the CNY outlook. If the war drags out and the negative growth impact on China goes up, China may decide to put a halt to the decline in USD/CNY. On the other hand, the CNY appreciation has moved faster than expected and China could allow CNY to strengthen even more than projected if the war in the Middle East dials down over the coming months.
- **Conclusion.** We continue to see USD/CNY trending lower over the coming year. The pace has been a bit faster than expected and we have revised the short term forecast lower. However, we keep a 6.70 target in 12 months.

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Oil – market remains hopeful of a reopening

- **Macro.** The closing of the Strait of Hormuz has led to a big drop in OPEC oil production of almost 8mb/d. The drop would have been even bigger if Saudi Arabia and UAE did not have the possibility of rerouting oil supplies via pipelines. US has not extended sanction waivers on Russian and Iran oil, which limits supplies further.

  IEA announced the release of 400mb of strategic reserves over the coming months. China is likely also drawing on its strategic reserves and together this move will limit part of the near-term damage to global oil supplies.

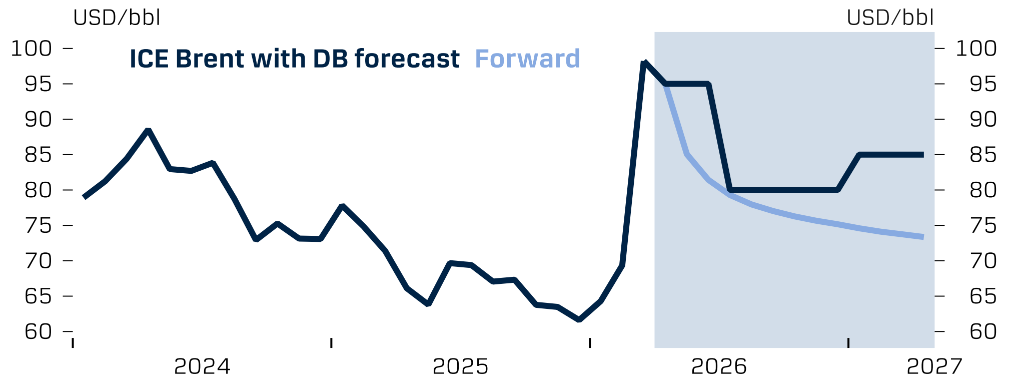
  On a positive note, oil production in Venezuela increased 100kb/d in March to the highest level in almost seven years. Continued high oil prices will likely help unlock additional non-OPEC oil output.

  Prediction markets are increasingly sceptical of the near-term outlook for a reopening of the Strait of Hormuz. If/when it opens again, it will likely take some time, probably a couple of months, for production and exports from the Gulf Region to recover. The longer it remains closed, the longer it will likely take for the supply situation to normalise.

- **Risks.** Our oil price forecast hinges on the developments in the Middle East, and particularly the status of the Strait of Hormuz. We assume a reopening happens during Q2, which would pave the way for a gradual decline in oil prices for the rest of the year. If central banks tighten monetary policy too much, oil prices would drop more than what we expect.

- **Conclusion.** We stick to our forecasts of Brent crude to average USD95/bbl in Q2, before falling to USD80/bbl in H2 and rising to USD85/bbl next year. We expect Brent to trade well above the pre-war level of USD60-70/bbl even after a reopening of the Strait of Hormuz.

Forecast: 95 (Q2'26), 80 (Q3'26), 80 (Q4'26), 85 (2027)



Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond, Danske Bank

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Danske Bank FX forecasts vs EUR

G10				Last Update:	16/04/2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs EUR					
EUR/USD	1.18	1.18	1.18	1.20	1.22
EUR/JPY	187	188	181	174	183
EUR/GBP	0.87	0.87	0.88	0.89	0.89
EUR/CHF	0.92	0.92	0.91	0.90	0.90
EUR/SEK	10.81	10.80	10.80	11.00	11.00
EUR/NOK	11.05	11.00	11.00	11.30	11.50
EUR/DKK	7.4732	7.4700	7.4675	7.4625	7.4600
EUR/AUD	1.64	1.64	1.64	1.64	1.65
EUR/NZD	2.00	2.00	2.00	2.00	1.97
EUR/CAD	1.61	1.63	1.63	1.67	1.71
EM					
	Spot	+1m	+3m	+6m	+12m
EUR/PLN	4.24	4.25	4.20	4.10	4.00
EUR/HUF	365	370	370	360	360
EUR/CZK	24.3	24.4	24.3	24.2	24.0
EUR/TRY	52.8	53.7	55.5	59.0	65.5
EUR/ZAR	19.3	19.2	19.2	19.3	19.2
EUR/CNY	8.03	8.02	8.00	8.10	8.17
EUR/INR	109.8	109.7	109.5	112.1	114.7

Source: Danske Bank

Danske Bank FX forecasts vs DKK

G10			Last Update:	16/04/2026	
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs DKK					
USD/DKK	634.73	633.05	632.84	621.88	611.48
JPY/DKK	3.99	3.98	4.14	4.29	4.08
GBP/DKK	857.99	858.62	848.58	838.48	838.20
CHF/DKK	810.20	811.96	820.60	829.17	828.89
SEK/DKK	69.14	69.17	69.14	67.84	67.82
NOK/DKK	67.64	67.91	67.89	66.04	64.87
EUR/DKK	747.32	747.00	746.75	746.25	746.00
AUD/DKK	454.94	455.80	455.64	453.97	452.49
NZD/DKK	373.99	373.50	373.38	373.13	379.11
CAD/DKK	462.96	458.73	458.58	447.39	436.77
EM					
	Spot	+1m	+3m	+6m	+12m
PLN/DKK	176.33	175.76	177.80	182.01	186.50
HUF/DKK	2.05	2.02	2.02	2.07	2.07
CZK/DKK	30.71	30.61	30.73	30.84	31.08
TRY/DKK	14.14	13.91	13.46	12.64	11.39
ZAR/DKK	38.67	38.84	38.97	38.70	38.85
CNY/DKK	93.02	93.10	93.34	92.13	91.26
INR/DKK	6.81	6.81	6.82	6.66	6.51

Source: Danske Bank

Note: The convention used is 1/100

Danske Bank FX forecasts vs SEK

G10				Last Update:	16/04/2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs SEK					
USD/SEK	9.18	9.15	9.15	9.17	9.02
JPY/SEK	5.77	5.76	5.98	6.32	6.01
GBP/SEK	12.41	12.41	12.27	12.36	12.36
CHF/SEK	11.72	11.74	11.87	12.22	12.22
EUR/SEK	10.81	10.80	10.80	11.00	11.00
NOK/SEK	0.98	0.98	0.98	0.97	0.96
DKK/SEK	1.45	1.45	1.45	1.47	1.47
AUD/SEK	6.58	6.59	6.59	6.69	6.67
NZD/SEK	5.41	5.40	5.40	5.50	5.59
CAD/SEK	6.70	6.63	6.63	6.59	6.44
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
PLN/SEK	2.55	2.54	2.57	2.68	2.75
HUF/SEK	2.96	2.92	2.92	3.06	3.06
CZK/SEK	0.44	0.44	0.44	0.45	0.46
TRY/SEK	0.20	0.20	0.19	0.19	0.17
ZAR/SEK	0.56	0.56	0.56	0.57	0.57
CNY/SEK	1.346	1.346	1.350	1.358	1.346
INR/SEK	0.098	0.098	0.099	0.098	0.096

Source: Danske Bank

Danske Bank FX forecasts vs NOK

G10				Last Update:	16/04/2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs NOK					
USD/NOK	9.38	9.32	9.32	9.42	9.43
JPY/NOK	5.89	5.86	6.09	6.49	6.28
GBP/NOK	12.69	12.64	12.50	12.70	12.92
CHF/NOK	11.98	11.96	12.09	12.56	12.78
SEK/NOK	1.02	1.02	1.02	1.03	1.05
EUR/NOK	11.05	11.00	11.00	11.30	11.50
DKK/NOK	1.48	1.47	1.47	1.51	1.54
AUD/NOK	6.73	6.71	6.71	6.87	6.98
NZD/NOK	5.53	5.50	5.50	5.65	5.84
CAD/NOK	6.84	6.76	6.76	6.77	6.73
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
PLN/NOK	2.61	2.59	2.62	2.76	2.88
HUF/NOK	3.03	2.97	2.97	3.14	3.19
CZK/NOK	0.45	0.45	0.45	0.47	0.48
TRY/NOK	0.21	0.20	0.20	0.19	0.18
ZAR/NOK	0.57	0.57	0.57	0.59	0.60
CNY/NOK	1.38	1.37	1.37	1.40	1.41
INR/NOK	0.10	0.10	0.10	0.10	0.10

Source: Danske Bank

Danske Bank FX forecasts vs USD

G10				Last Update:	16/04/2026
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs USD					
EUR/USD	1.18	1.18	1.18	1.20	1.22
USD/JPY	159	159	153	145	150
GBP/USD	1.35	1.36	1.34	1.35	1.37
USD/CHF	0.78	0.78	0.77	0.75	0.74
USD/SEK	9.18	9.15	9.15	9.17	9.02
USD/NOK	9.38	9.32	9.32	9.42	9.43
USD/DKK	6.35	6.33	6.33	6.22	6.11
AUD/USD	0.72	0.72	0.72	0.73	0.74
NZD/USD	0.59	0.59	0.59	0.60	0.62
USD/CAD	1.37	1.38	1.38	1.39	1.40
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
USD/PLN	3.60	3.60	3.56	3.42	3.28
USD/HUF	310	314	314	300	295
USD/CZK	20.67	20.68	20.59	20.17	19.67
USD/TRY	44.76	45.50	47.00	49.20	53.70
USD/ZAR	16.42	16.30	16.24	16.07	15.74
USD/CNY	6.82	6.80	6.78	6.75	6.70
USD/INR	93.20	93.00	92.80	93.40	94.00

Source: Danske Bank

Danske Bank FX forecasts vs GBP

G10				Last Update:	16/04/2026
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
Exchange rates vs GBP					
GBP/USD	1.35	1.36	1.34	1.35	1.37
GBP/JPY	215	216	205	196	206
EUR/GBP	0.87	0.87	0.88	0.89	0.89
GBP/CHF	1.06	1.06	1.03	1.01	1.01
GBP/SEK	12.41	12.41	12.27	12.36	12.36
GBP/NOK	12.69	12.64	12.50	12.70	12.92
GBP/DKK	8.58	8.59	8.49	8.38	8.38
GBP/AUD	1.89	1.88	1.86	1.85	1.85
GBP/NZD	2.29	2.30	2.27	2.25	2.21
GBP/CAD	1.85	1.87	1.85	1.87	1.92
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
GBP/PLN	4.87	4.89	4.77	4.61	4.49
GBP/HUF	419	425	420	404	404
GBP/CZK	27.94	28.05	27.61	27.19	26.97
GBP/TRY	60.65	61.71	63.02	66.34	73.61
GBP/ZAR	22.20	22.11	21.78	21.67	21.58
GBP/CNY	9.22	9.22	9.09	9.10	9.18
GBP/INR	126.05	126.14	124.44	125.93	128.85

Source: Danske Bank

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