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

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FX Forecast Update

USD to weather AI valuation woes

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FX market overview

Recent developments: US government shutdown ends and markets await fresh data flow

- Since our last FX Forecast Update on 21 October, the resolution of the US government shutdown has ended the data vacuum that left the Fed and markets 'driving in a fog'. FX markets have struggled to find clear direction, with many pairs trading largely rangebound. Hawkish comments from Fed members have led markets to price a coinflip between a rate cut and a hold at the December meeting. Thus, incoming US data will be pivotal for shaping sentiment in the weeks ahead. Risk sentiment has been mixed. Initial optimism stemmed from solid Q3 tech earnings, a sustained disinflationary trend, and tailwinds from the shutdown resolution. However, caution has since returned, as cross-asset moves showed equities lower, yields higher and the dollar weaker. Notably, the greenback deviated from its usual safe-haven behaviour, with FX impacts most pronounced in high-beta currencies. This shift likely reflects valuation-driven positioning in the AI and tech sectors, as portfolio flows remain a key driver of US capital movements.

FX implications: USD and Scandies rangebound

- Over the past month, the EUR/USD climbed back around the 1.16 level after briefly dipping below 1.15, supported by a softer USD and improved risk sentiment following the US government shutdown resolution. Scandies have also been trading sideways despite contrasting macro developments: Sweden with stronger fundamentals versus Norway's softer data. Notably, US real rates have served as a proxy for the pairs, creating a high sensitivity to the soon-to-be-released US data. The Japanese yen was last month's weakest G10 performer, with USD/JPY trading near 155.

Outlook: bullish on EUR/USD and EUR/Scandies

- We continue to see EUR/USD on an upward trajectory, targeting 1.22 on a 12M horizon, supported by rate differentials, a recovering European asset market, reduced global demand for restrictive policy, ongoing tailwinds from hedge ratio adjustments, and waning confidence in US institutions. In the near term, the balance of risks remains tilted toward USD strength. For EUR/SEK, we stick to our 1M 11.00 target as year-end approaches, with a tug-of-war between seasonality pulling lower and relative rates, including US dittos, skewing risks higher. For EUR/NOK, we remain bullish long-term, as Norway's favourable divergence in relative unit labour costs sustains real appreciation pressure on the NOK. In the short term, US data and Q4 risks pose topside risks for the cross.

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

- Risks to our forecasts are predominantly tied to the US outlook. If the capital rotation out of US assets continues and a sharp US recession hits, 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 - even if the Fed refrains from cutting rates (or delivers hikes) – as the US investment case in such a scenario would suffer.

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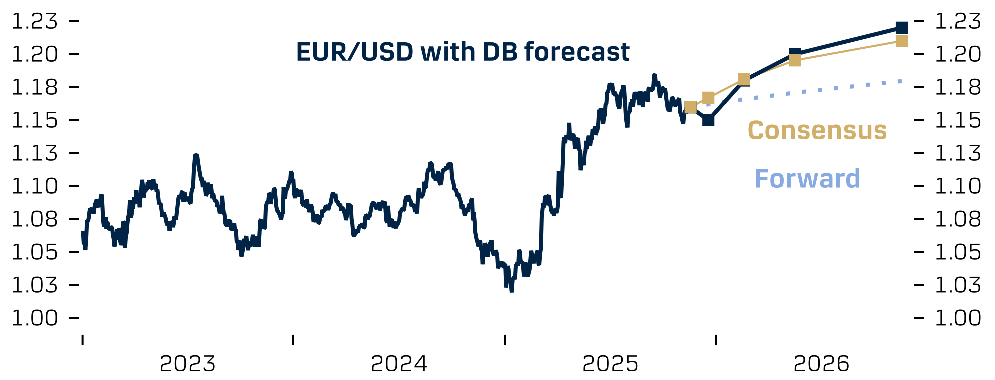
EUR/USD – scope for near-term downside, bullish through 2026

- **Cyclical outlook.** With the government shutdown now behind us, market attention turns to delayed tier-1 US data. While private-sector indicators have pointed to some softness in the labour market – currently the Fed's primary focus – recession fears have eased as growth momentum remains robust. Inflation remains above the Fed's 2% target, but price pressures appear relatively contained for the time being. We continue to expect modest price increases and a gradual cooling in growth through Q4, with the risk of a more pronounced slowdown appearing limited at this stage. In the euro area, growth has held up better than expected. Businesses have shown resilience despite tariff uncertainty, and downside risks have diminished following the recent US-EU trade deal. We expect euro area inflation to average around 2.1% in Q4 before falling below target, averaging 1.8% y/y in 2026.
- **Monetary policy.** After the Fed delivered the widely expected 25bp cuts in both September and October, markets are now more divided on whether another cut will follow at the December meeting. With the government reopened, a significant amount of data is likely to be released before then, which could ultimately lead the Fed to pause at its final meeting of the year. In the euro area, recent developments suggest the ECB has concluded its rate-cutting cycle for now. All else equal, we believe the current monetary policy backdrop favours near-term downside in EUR/USD.
- **External balances.** Fundamentally, the case for 'US exceptionalism' is fading, leaving the greenback increasingly exposed.
- **Valuation.** We estimate EUR/USD fair value over a 1-3Y horizon to be just above 1.20, making valuation a structural tailwind for the cross. Key factors to watch include potential structural capital rotation out of US assets, the evolving global energy landscape, and euro area fiscal policy.
- **Positioning.** CFTC IMM data shows that non-commercial EUR/USD positioning is broadly neutral from a historical perspective.

Forecast: 1.15 (1M), 1.18 (3M), 1.20 (6M), 1.22 (12M)



	1M	3M	6M	12M
Danske Bank	1.15	1.18	1.20	1.22
Consensus	1.17	1.18	1.20	1.21
Forward	1.16	1.17	1.17	1.18

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

- **Risks.** Risks to our forecast include stronger-than-expected US data and/or renewed euro area weakness.
- **Conclusion.** EUR/USD has remained broadly stable since our latest update. We think the near-term balance of risks remains tilted toward USD strength, supported by continued short-covering, resilient US cyclical momentum, and favourable near-term rate differentials. However, any USD strength is likely to be tactical, as we continue to see EUR/USD on an upward trajectory over the medium term – supported by narrowing rate differentials, a recovering European asset market, reduced global demand for restrictive policy, ongoing tailwinds from hedge ratio adjustments, and waning confidence in US institutions.

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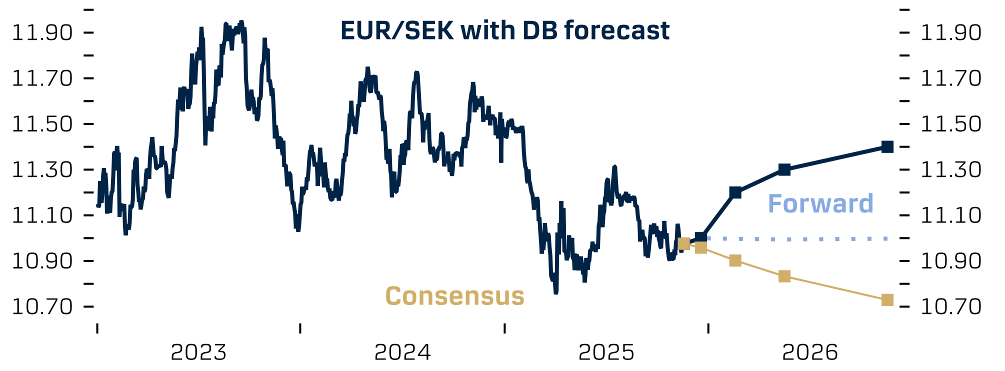
EUR/SEK – tug-of-war between rates and seasonality

- **Cyclical outlook.** It has been long overdue, but it finally seems like Swedish growth momentum has turned more positive. According to the notoriously volatile (and not seldom significantly revised GDP indicator), Q3 marks a turnaround for the Swedish growth outlook. Although consumption is starting to show signs of picking up, the weak labour market remains as somewhat of a headache still. Supported by the fiscal outlook, we expect Swedish growth around 2% for next year, and with the potential of a slight outperformance versus the euro area this could turn into a moderate tailwind for the SEK.
- **Monetary policy.** At the Riksbank November meeting, the Board reaffirmed that the policy rate most likely has reached its terminal point. As stated by Governor Thedéen, his threshold for a near-term change in the policy rate is higher now than it was previously. We concur and deem it most likely that the policy rate will remain at 1.75% throughout 2026. However, as inflation has continued to overshoot ours and more importantly the Riksbank's forecasts, money market pricing has done a sharp turnaround, now indicating a 50% probability of a hike in 2026. Although we agree that the case for further monetary easing has diminished, we still see the first hike as quite far off in time and not plausible until H1 2027, at the earliest.
- **Flows.** The Swedish savings-investment balance generates net-buying of foreign equities over time, which remains a fundamental headwind for the SEK (see *here* and *here*). Balance of payments data (Q2) show that long trend of diversifying into foreign assets continues amongst Swedish investors and monthly data on mutual funds flows show that Swedish households continue to net-buy global mutual funds while at the same time net-selling Swedish dittos. As such, financial flows remain as a structural headwind for the SEK.
- **Valuation**. Our fair value estimates have converged around 11.00, with relative macro pulling from below whilst relative rates remain above.
- **Risks.** Seasonality could pull EUR/SEK lower than our near-term forecast, as the SEK historically has performed through year-end. Higher US yields and/or lower equities would instead correlate well with a higher EUR/SEK spot.

Forecast: 11.00 (1M), 11.20 (3M), 11.30 (6M), 11.40 (12M)



	1M	3M	6M	12M
Danske Bank	11.00	11.20	11.30	11.40
Consensus	10.96	10.90	10.83	10.73
Forward	11.00	11.00	10.99	11.00

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

- **Conclusion.** EUR/SEK has been caught in a range between 10.90 and 11.10 since late August. While better-than-anticipated Swedish macro data have underpinned the SEK, the main impetus to fluctuations within the range stem from abroad, not least the risk sentiment. We stick to our 1M 11.00 target for the cross as year-end approaches. During this horizon, there could be a tug-of-war between seasonality pulling to the downside and relative rates, including US dittos, indicating that risks are skewed to the upside. For 2026, we acknowledge that the cyclical headwinds have diminished – perhaps reversed – as the Swedish recovery sems to be underway and that the Riksbank is most likely done cutting rates. However, the structural headwinds with SEK-adverse domestic saving flows and insufficient foreign demand for Swedish assets remain broadly intact. On balance, we stick to the forecast profile for now, though admittedly the cyclical factors might have turned more neutral for the SEK.

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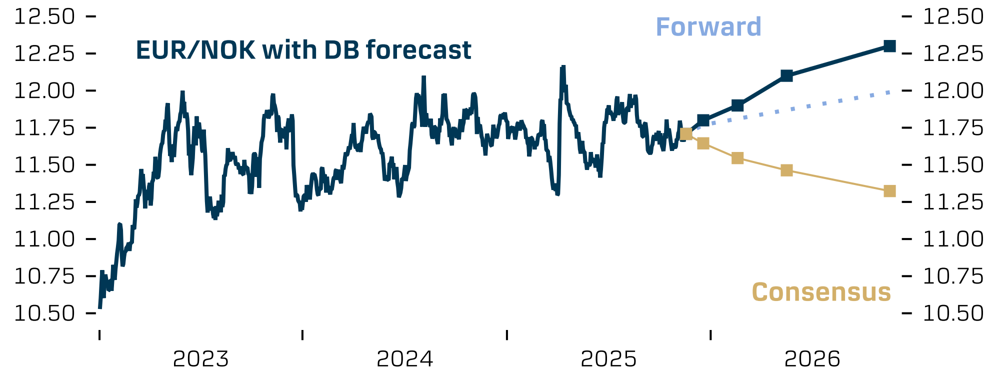
EUR/NOK – potential for year-end move higher is intact

- **Cyclical outlook.** Over the last month we have seen rising evidence of activity levelling off with especially optimism in the petroleum related industries fading. This is important as the state and profitability of the petroleum industries play an important role in the centralised wage negotiations and hence the outlook for unit labour costs in Norway in the coming year. We have also seen the labour market continue to loosen with the registered unemployment rate hitting 2.2% s.a. Meanwhile, October core inflation surprised significantly to the topside driven almost solely by imported inflation. We suspect that it is a "Black Friday" effect that will be fully reversed in the November and December prints. However, we will not know for sure before in one and maybe even two months' time.
- **Monetary policy.** At the September monetary policy meeting Norges Bank (NB) delivered its second rate cut in the easing cycle. Meanwhile, the communication was far less dovish than previously with the central bank indicating that the third cut in the cycle will not come before June or September next year. We still pencil in four quarterly rate cuts in 2026 starting in March which would bring the sight deposit rate back to 3.00%. In our view relative rates will be a negative for NOK FX in the coming years.
- **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. NB will become a considerable NOK buyer in 2026 (fiscal- and FX reserve cap transactions) but this merely reflects equivalently less NOK buying from oil and gas companies amid declining revenues.
- **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 long but not stretched so.

Forecast: 11.80 (1M), 11.90 (3M), 12.10 (6M), 12.30 (12M)



	1M	3M	6M	12M
Danske Bank	11.80	11.90	12.10	12.30
Consensus	11.64	11.55	11.46	11.32
Forward	11.77	11.81	11.87	11.99

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

- **Risks.** Risks are closely connected to the global investment environment and hence USD real rates, commodity prices and the relative performance of European assets vs US. Any supply side developments that could impact energy prices (e.g. Iran/Israel conflict) are also likely to have short-term impacts. In the near-term we will in particular monitor US data releases and Q4 vulnerabilities in NOK.
- **Conclusion.** After a solid decline late-summer EUR/NOK has been fairly steady in the 11.60-11.80 range in recent months. Meanwhile, we note that the spot price action continues to mirror movements in USD real rates which creates a high NOK sensitivity to the flood of US data that is about to be released. We maintain a bullish long-term view on EUR/NOK based on the divergence in relative unit labour costs that creates an underlying real appreciation pressure on the NOK. Short-term US data releases and Q4 risks also pose topside risks for EUR/NOK.

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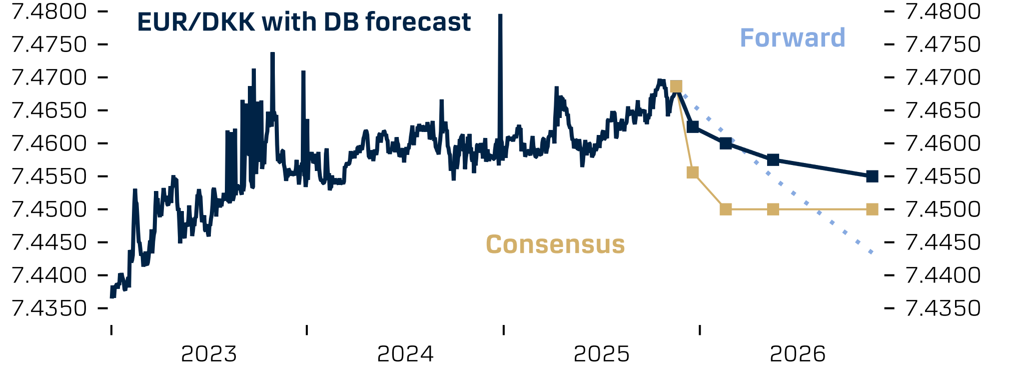
EUR/DKK – passed the peak

- **Cyclical outlook.** The cyclical environment looks about neutral for EUR/DKK. Equity markets are shaky, which is slightly positive for EUR/DKK through rebalancing effects. Development in US and in USD/DKK, including developments in tariffs will be 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.** We now expect the ECB to keep its key policy rate steady at 2.00%, which means we look for Danmarks Nationalbank (DN) to stay on hold at 1.60% thereby maintaining the policy rate spread at -40bp. EUR/DKK has peaked but still trades towards the top of the historic trading range and keeps the market speculating about a potential unilateral DN rate hike. However, EUR/DKK would likely have to rise to around 7.4730 or higher and DN would have to make FX intervention first before a rate hike would come into play. We do not expect that will happen and look for DN to keep the -40bp policy rate spread to ECB, i.e., should ECB cut again DN would follow 1:1.
- **External balances.** Denmark continues to run a 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 the domestic life and pension sector increased its USD hedge above 70% in September. The ratio is still well above the level from the start of the year. The sector has cut its EUR hedge ratio slightly. If the sector increases hedge ratios again, it will weigh on EUR/DKK.

Forecast: 7.4625 (1M), 7.4600 (3M), 7.4575 (6M), 7.4550 (12M)



	1M	3M	6M	12M
Danske Bank	7.4625	7.4600	7.4575	7.4550
Consensus	7.4556	7.4500	7.4500	7.4500
Forward	7.4659	7.4614	7.4548	7.4434

Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond Financial, 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. Political uncertainty in France and 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 to 7.4625 level near-term and further down towards the 7.4550 level on 12M, as strong fundamentals continue to weigh on the pair. Liquidity conditions have eased and will ease further the coming months, which keeps FX forwards low.

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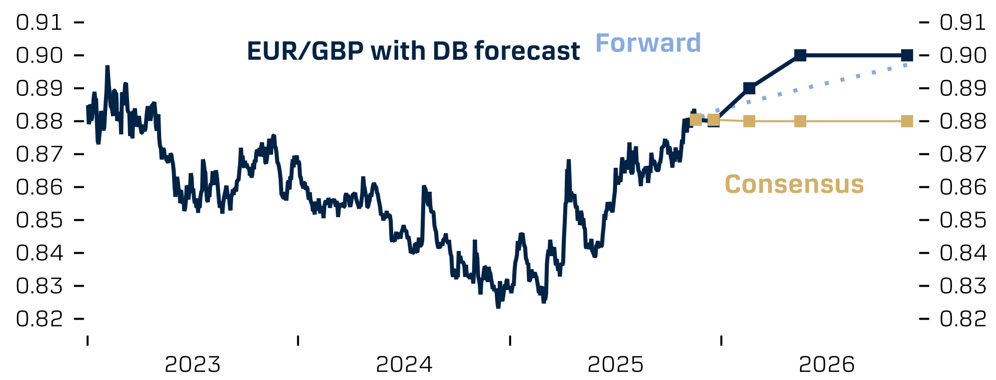
EUR/GBP – weaker GBP

- **Cyclical outlook.** Growth in the UK remains to the weak side. The government is set to present its next budget in late November, which we think will include significant tightening of fiscal policy. This should act as a headwind for growth as well. The latest labour market showed continued cooling with private sector wage growth easing as well. The key concern for the Bank of England (BoE) is elevated inflation, where goods inflation has started to pick up in recent months, but overall inflation concerns have eased. Combined with a muted growth outlook and a weakening labour market, this leaves a tricky backdrop for the BoE.
- **Monetary policy.** The BoE decided to keep the Bank Rate unchanged at 4.00% in November, in a narrow vote split with 5 members voting for unchanged decision and 4 members voting for a 25bp cut. The BoE added a dovish twist noting that the *"Bank Rate is likely to continue on a gradual downward path"* and that the risk from greater inflation persistence had become less pronounced recently. We expect the BoE to deliver the next cut in the Bank Rate in December. We expect the Bank Rate to end 2026 at 3.50%. We 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 neutral EUR/GBP.
- **Risks.** The key risk to seeing EUR/GBP trade substantially higher than our forecast is a sharp sell-off in global risk and/or renewed focus on the UK's fragile fiscal position. Other risks are closely related to the developments in the relative growth outlook between the euro area and the UK.

Forecast: 0.88 (1M), 0.89 (3M), 0.90 (6M), 0.90 (12M)



	1M	3M	6M	12M
Danske Bank	0.88	0.89	0.90	0.90
Consensus	0.88	0.88	0.88	0.88
Forward	0.88	0.89	0.89	0.90

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

- **Conclusion.** EUR/GBP has continued to climb higher the past weeks, breaking above the 0.88 mark. We see domestic factors and the relative growth outlook between the UK and the euro area as GBP negatives. This is further amplified by divergence in the fiscal policy outlook with UK fiscal policy set to be tightened in the Autumn. Additionally, a global investment environment characterised by elevated uncertainty and a positive correlation to a USD negative environment, in our view, favours a weaker GBP. We forecast EUR/GBP to move higher towards 0.90 on a 6-12-month horizon.

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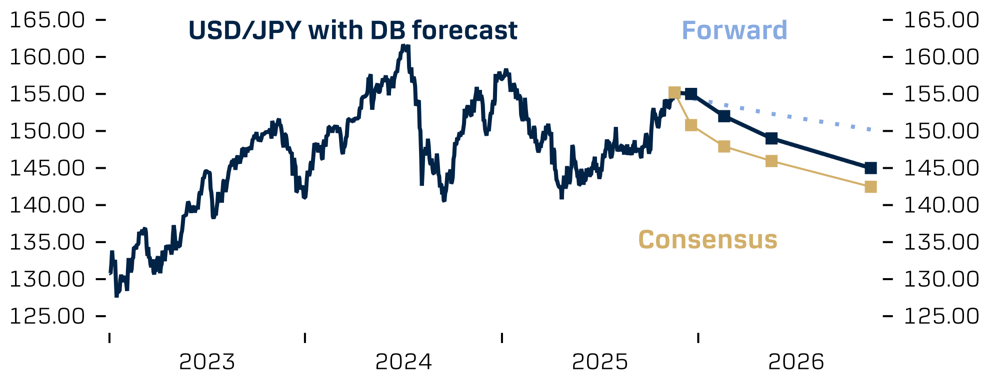
USD/JPY – strategic downtrend intact despite recent tailwinds

- **Cyclical outlook.** Japan's economy contracted for the first time in six quarters in Q3. The -0.4% q/q print was a touch better than the -0.6% consensus and broadly in line with our view. The broader picture remains intact: growth is solid, with GDP up 1.1% y/y and supported across components. The key hurdle for further Bank of Japan (BoJ) hikes is wage growth, which has softened in recent months despite robust spring wage settlements. We expect domestic demand to strengthen gradually in Q4, supported by positive real wage growth. Meanwhile, the unexpected victory of pro-stimulus candidate Sanae Takaichi in the Liberal Democratic Party leadership race — which is expected to shift fiscal policy in a more expansionary direction — adds a layer of uncertainty. Her formation of a new coalition government points, all else equal, toward a more dovish tilt in both fiscal and monetary policy.
- **Monetary policy.** We expect the BoJ to deliver a 25bp hike at the December meeting, contingent on continued improvement in wage and spending data, followed by another increase in April 2026. That said, there remains a risk that the BoJ stays on hold in December, given its cautious stance and dovish signals at the October meeting. FX intervention is also a near-term possibility, with USD/JPY trading close to levels where Japanese authorities last intervened, although rapid moves are likely to act as a trigger rather than the absolute level. For USD/JPY, however, we continue to emphasize that the Fed's cutting cycle remains the dominant driver from a monetary policy perspective.
- **External balances.** The Japanese trade balance, along with terms of trade, has improved markedly since reaching historical lows after the pandemic. Falling imports and rising exports this year have nearly closed the gap caused by the pandemic. The tourism sector appears to be rebounding, which could add some JPY demand to the market.
- **Positioning.** Speculators are stretched long positioned in the JPY.
- **Risks.** The main risk to our forecast is stronger-than-expected US data, which could delay Fed cuts. An energy shock from geopolitical tensions could also pose upside risk.
- **Conclusion.** Since our latest update, the JPY has been the weakest performer in the G10 following Takaichi's win, which has increased uncertainty around Japan's fiscal and monetary policy trajectory. While the yen's earlier strength from H1 has largely been unwound, we continue to view the strategic case for a lower USD/JPY as intact, with narrowing rate differentials still on the horizon, even if tactical risks have become more two-sided. As global trade uncertainty fades, market focus should increasingly shift back to incoming data – in particular, the tail risk of a sharper-than-expected US slowdown, which could weigh on USD/JPY.

Forecast: 155 (1M), 152(3M), 149 (6M), 145 (12M)



	1M	3M	6M	12M
Danske Bank	155	152	149	145
Consensus	151	148	146	142
Forward	154	154	152	150

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

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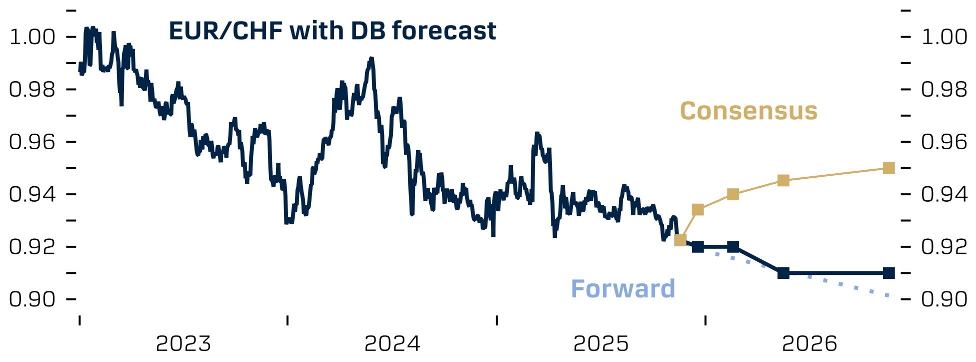
EUR/CHF

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

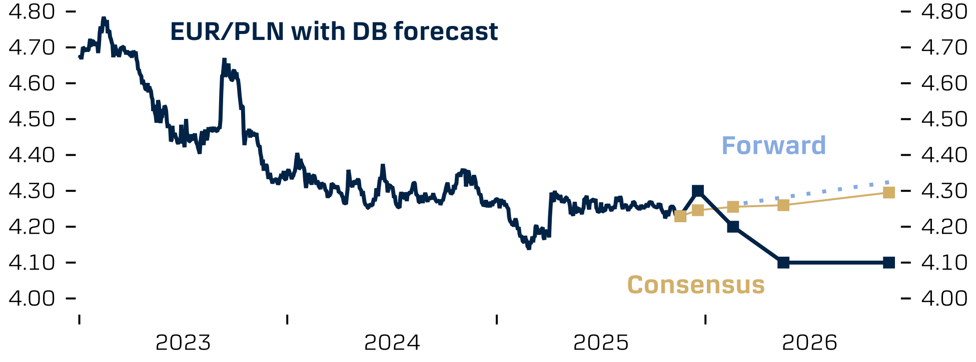


Note: Past performance is not a reliable indicator of current or future results
Source: Macrobond Financial, Danske Bank

- EUR/CHF continues to trade to the heavy side close to the 0.92 mark. We remain bearish on EUR/CHF, targeting a sustained move towards 0.91 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. However, recent inflation data has been to the soft side, which has increased the pressure on the SNB. The deal of cutting US tariffs from 39% to 15% should offer some relief to Swiss manufacturers, however. 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 US trade policy to have a lasting impact on Swiss growth.

EUR/PLN

Forecast: 4.30 (1M), 4.20 (3M), 4.10 (6M), 4.10 (12M)



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

- At the November meeting, the NBP opted for further monetary easing, marking the fifth cut since May for a cumulated 150bp worth of easing. However, with the policy rate now at 4.25%, at least Governor Glapinski sees the end of the easing cycle nearing, labelling this latest move as “fine-tuning” as the policy rate is now “close to ideal”. Furthermore, Glapinski stated that a benchmark “of around 4%” would pair nicely with inflation stabilized around the NBP medium-term target of 2.5%, hinting that there still might be space for at least one more cut. However, in terms of guidance he vaguely stated that such a potential cut could happen already next month, but equally possible in six months’ time.
- The past week has seen EUR/PLN gradually edging lower, and the cross is currently challenging the mid-May lows of 4.22. Having spent the past six months trading close to 4.25 under low volatility, we expect the cross to continue trading between 4.20-4.30 in the near term. However, a potential break of 4.20 would open up for some further downside, which is also supported by our fundamental ‘fair value’ estimate (rates and equities), sitting at 4.10.

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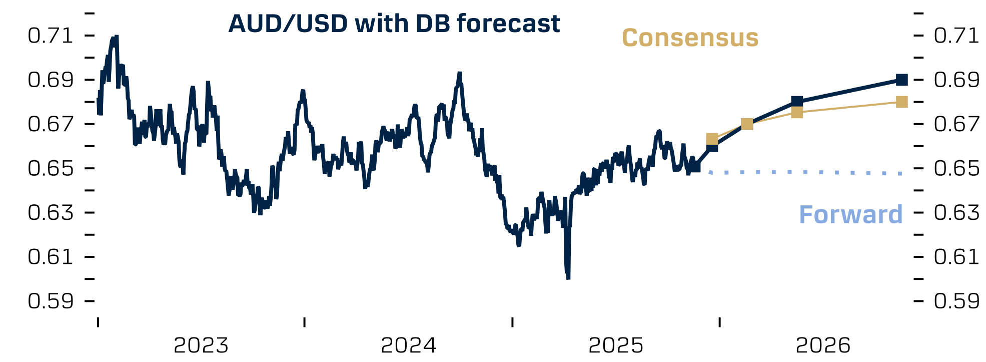
AUD/USD

Forecast: 0.66 (1M), 0.67 (3M), 0.68 (6M), 0.69 (12M)



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

- AUD/USD has traded mostly sideways over the past month. Cautious global risk sentiment and hawkish monetary policy signals have posed opposing signals for the cross.
- The Reserve Bank of Australia (RBA) maintained rates unchanged in November, as widely expected. RBA paired the decision with hawkish forward guidance, as it did not indicate any imminent plans for further rate cuts. Both the latest Q3 inflation data and October employment data have surprised to the topside and markets no longer price in more policy easing for the coming year.
- Australia's terms of trade have improved modestly as prices of industrial metals have recovered. This is a positive sign for the cross, but the latest weak data releases from key export market China pose a downside risk. We maintain our cautiously upward-sloping forecast profile unchanged amid our expectations of weaker broad USD.

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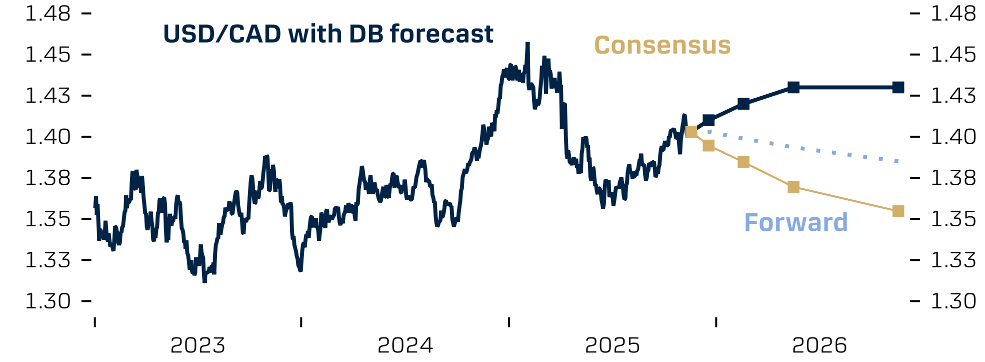
USD/CAD

Forecast: 1.41 (1M), 1.42 (3M), 1.43 (6M), 1.43 (12M)



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

- USD/CAD has been remarkably stable over the last month around the 1.40 level. USD/CAD has once again proven a less volatile commodity FX play amid the Canadian economy's heavy reliance on the US and a recent calm in the trade war between US and Canada.
- Going forward we maintain a slight upward slope for the cross based on our call for a near-term stronger USD and for a general underperformance of global commodity currencies. Similar to market pricing we think Bank of Canada has delivered its last cut of the cycle. As we still think it is more likely than not that the Fed will keep rates unchanged in December that does pose some topside risk to the cross from relative rates.
- Going forward, the cross will thus largely be a derivative of the state of the US economy, how cyclically sensitive assets perform globally and relative monetary policy.

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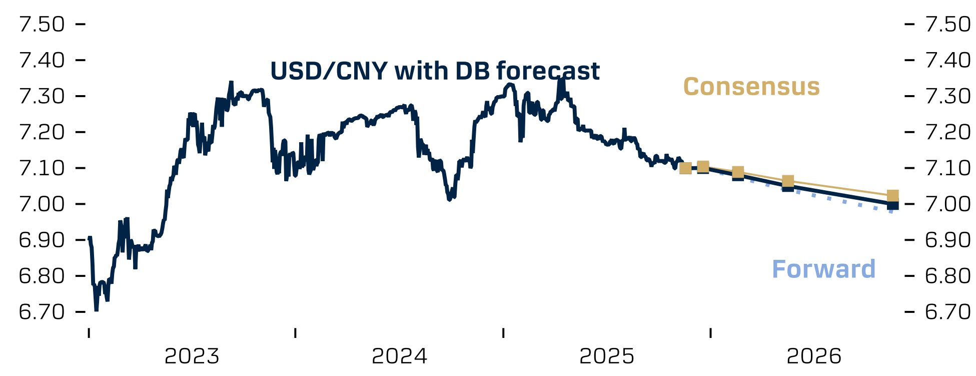
USD/CNY - more decline in store

- **CNY the past month.** USD/CNY continued to trend lower from around 7.12 to 7.10 supported by PBOC gradually lowering the daily fixing.
- **Growth outlook.** Economic data for October again showed weak domestic demand and exports disappointed as well. Retail sales grew only 2.9% y/y and home sales also continued a declining trend from an already low level. Export growth went into negative in October (-1.1% y/y) but it was likely driven by Trump's 100% tariff threat hurting export orders. We expect more stimulus soon to lift the domestic economy and put China on track for close to 5% growth again in 2026 (our forecast is 4.8%).
- **Monetary policy.** People's Bank of China (PBOC) cut the policy rate by 10bp and reduced the Reserve Requirement Ratio for banks by 50bp on 6 May but has stayed put since then. Fed easing and recent CNY appreciation provides new room for easing monetary policy soon. We expect PBOC to ease policy in the coming months to support domestic demand and housing.
- **FX policy**. Since summer 2023, PBOC has used the USD/CNY fixing more actively and with the recent decline in the fixing, PBOC sends a signal it would like to see a gradual appreciation of the yuan alongside the overall weakening of the USD. The fixing sets the middle of the +/-2% daily trading band. While the nominal trade weighted currency is broadly flat the real trade weighted currency is down by around 20% over the past 3-4 years.
- **Flows.** China has a current account surplus of 2% of GDP driven by a high and rising goods trade surplus close to 7% of GDP. The service balance is negative, though, due to a pick-up in outbound tourists. Net FDI is clearly negative as inbound FDI is weakening while outbound FDI has increased as Chinese companies go global (EV, battery, solar companies etc.) and also increasingly invest in South East Asia where tariff rates to the US are lower.
- **Valuation.** With a continuously rising trade surplus and depreciation of the real currency, the CNY looks increasingly undervalued in the long run.

Forecast: 7.10 (1M), 7.08 (3M), 7.05 (6M), 7.0 (12M)



	1M	3M	6M	12M
Danske Bank	7.10	7.08	7.05	7.00
Consensus	7.10	7.09	7.06	7.02
Forward	7.10	7.07	7.04	6.98

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

- **Risks.** The uncertainty to the outlook is generally high due to unpredictability of Trump's policies and uncertainty over how much appreciation of CNY PBOC will tolerate. Recently, CNY has been stronger than expected compared to the development in the USD.
- **Conclusion.** We lower the 1M forecast to 7.10 but leave the profile unchanged after that towards 7.00 in 12M. Broad dollar weakening and rising willingness by PBOC to see CNY strengthening are the main drivers. Our forecast implies a moderate rise in EUR/CNY which is in line with a continued high correlation between EUR/USD and EUR/CNY.

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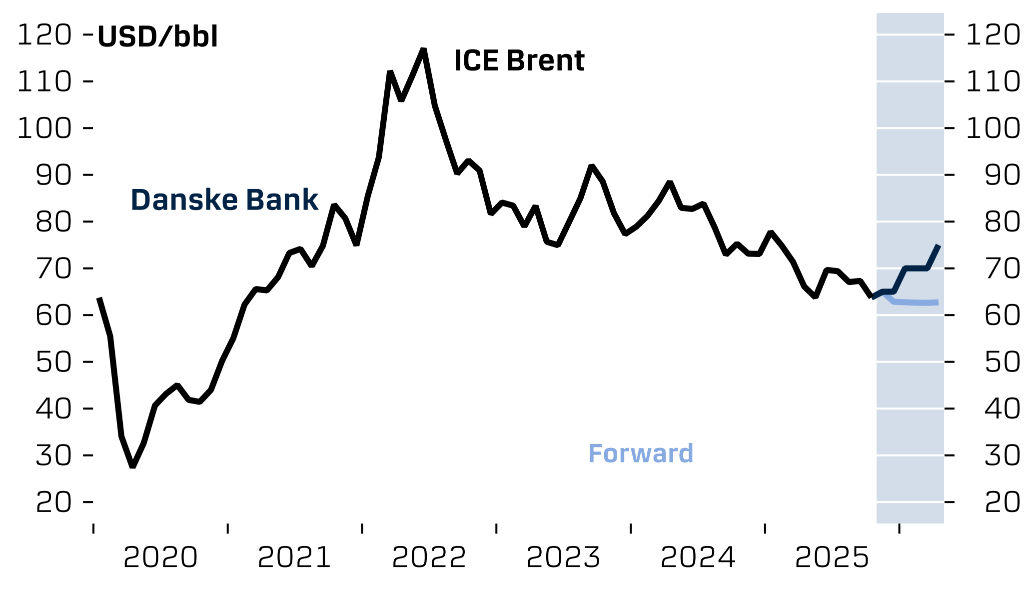
Oil – well-supplied despite tighter sanctions

- **Macro.** The tightening of US sanctions on Russia seems to have the potential to tighten global oil supply. The oil market remains well supplied following a series of OPEC+ output hikes, so it will not push the market into a deficit though. The cartel has room to hike output further and will likely do so in the coming years with the risk that output increases will continue to be front-loaded.
- Trade tensions continue to weigh on global oil demand. Tension have eased some recently and the US supreme court looks set to strike down on reciprocal tariffs in December. The result might be more uncertainty about the end-level of tariffs, rather than a reversal of this year's tariff hike.
- Saudi Arabia sharply increased its oil output in June, which likely explain why oil prices did not increase more than they did following the escalation of the conflict between Israel and Iran. It proves that strong automatic stabilisers are present in the oil market right now and help mitigate the impact, e.g. from geopolitical uncertainty. The US has continued buying oil for its strategic reserves but could also halt these purchases if global oil supply was hit and likewise increase purchases if prices fall too much. This might become relevant if US engage in military confrontation with Venezuela that disrupts oil supply from the country.
- **Risks.** The risks to our oil price forecast are high – in particular in the short-term, where the outcome space for the conflict in the Middle East and Venezuela and trade talks remains wide. There is also a chance that Russia's energy exports might be hit by more sanctions.
- **Conclusion.** We look for Brent to average USD65/bbl in Q4 and gradually rise to USD85/bbl by the end of next year. The rise over the coming year reflects a reversion to a more normal level for the oil output as we do not expect the current level of prices will be sustainable over the medium term.

Forecast: 65 (Q4), 70 (Q1'26), 75 (Q2'26), 80 (Q3'26), 85 (Q4'26)



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

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Danske Bank FX forecasts vs EUR

G10				Last Update:	18/11/2025
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
Exchange rates vs EUR					
EUR/USD	1.16	1.15	1.18	1.20	1.22
EUR/JPY	180	178	179	179	177
EUR/GBP	0.88	0.88	0.89	0.90	0.90
EUR/CHF	0.92	0.92	0.92	0.91	0.91
EUR/SEK	11.00	11.00	11.20	11.30	11.40
EUR/NOK	11.75	11.80	11.90	12.10	12.30
EUR/DKK	7.4685	7.4625	7.4600	7.4575	7.4550
EUR/AUD	1.79	1.74	1.76	1.76	1.77
EUR/NZD	2.05	1.98	2.00	1.97	1.97
EUR/CAD	1.63	1.62	1.68	1.72	1.74
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
EUR/PLN	4.24	4.30	4.20	4.10	4.10
EUR/HUF	385	390	400	410	420
EUR/CZK	24.2	24.2	24.2	24.0	24.0
EUR/TRY	49.1	49.5	52.4	55.9	62.0
EUR/ZAR	20.0	19.6	20.0	20.3	20.5
EUR/CNY	8.25	8.17	8.35	8.46	8.54
EUR/INR	102.8	102.4	105.3	107.4	109.8

Source: Danske Bank

Danske Bank FX forecasts vs DKK

				Last Update:	18/11/2025
G10					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
Exchange rates vs DKK					
USD/DKK	6.44	6.49	6.32	6.21	6.11
JPY/DKK	4.16	4.19	4.16	4.17	4.21
GBP/DKK	8.47	8.48	8.38	8.29	8.28
CHF/DKK	8.11	8.11	8.11	8.20	8.19
SEK/DKK	0.68	0.68	0.67	0.66	0.65
NOK/DKK	0.64	0.63	0.63	0.62	0.61
EUR/DKK	7.4685	7.4625	7.4600	7.4575	7.4550
AUD/DKK	4.17	4.28	4.24	4.23	4.22
NZD/DKK	3.64	3.76	3.73	3.79	3.79
CAD/DKK	4.58	4.60	4.45	4.35	4.27
EM					
	Spot	**+1m**	**+3m**	**+6m**	**+12m**
PLN/DKK	1.76	1.74	1.78	1.82	1.82
HUF/DKK	0.19	0.19	0.19	0.18	0.18
CZK/DKK	0.31	0.31	0.31	0.31	0.31
TRY/DKK	0.15	0.15	0.14	0.13	0.12
ZAR/DKK	0.37	0.38	0.37	0.37	0.36
CNY/DKK	0.91	0.91	0.89	0.88	0.87
INR/DKK	0.073	0.073	0.071	0.069	0.068

Source: Danske Bank

Note: For HUF, the convention used is 1/10

Danske Bank FX forecasts vs SEK

G10				Last Update:	18/11/2025
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs SEK					
USD/SEK	9.48	9.57	9.49	9.42	9.34
JPY/SEK	6.12	6.17	6.24	6.32	6.44
GBP/SEK	12.48	12.50	12.58	12.56	12.67
CHF/SEK	11.95	11.96	12.17	12.42	12.53
EUR/SEK	11.00	11.00	11.20	11.30	11.40
NOK/SEK	0.94	0.93	0.94	0.93	0.93
DKK/SEK	1.47	1.47	1.50	1.52	1.53
AUD/SEK	6.14	6.31	6.36	6.40	6.45
NZD/SEK	5.36	5.55	5.60	5.74	5.79
CAD/SEK	6.75	6.78	6.68	6.59	6.53
EM					
	Spot	+1m	+3m	+6m	+12m
PLN/SEK	2.60	2.56	2.67	2.76	2.78
HUF/SEK	2.86	2.82	2.80	2.76	2.71
CZK/SEK	0.46	0.45	0.46	0.47	0.48
TRY/SEK	0.22	0.22	0.21	0.20	0.18
ZAR/SEK	0.55	0.56	0.56	0.56	0.56
CNY/SEK	1.333	1.347	1.341	1.336	1.335
INR/SEK	0.107	0.107	0.106	0.105	0.104

Source: Danske Bank

Danske Bank FX forecasts vs NOK

G10				Last Update:	18/11/2025
	Spot	+1m	+3m	+6m	+12m
Exchange rates vs NOK					
USD/NOK	10.13	10.26	10.08	10.08	10.08
JPY/NOK	6.54	6.62	6.63	6.77	6.95
GBP/NOK	13.33	13.41	13.37	13.44	13.67
CHF/NOK	12.76	12.83	12.93	13.30	13.52
SEK/NOK	1.07	1.07	1.06	1.07	1.08
EUR/NOK	11.75	11.80	11.90	12.10	12.30
DKK/NOK	1.57	1.58	1.60	1.62	1.65
AUD/NOK	6.56	6.77	6.76	6.86	6.96
NZD/NOK	5.73	5.95	5.95	6.15	6.25
CAD/NOK	7.21	7.28	7.10	7.05	7.05
EM					
	Spot	+1m	+3m	+6m	+12m
PLN/NOK	2.77	2.74	2.83	2.95	3.00
HUF/NOK	3.05	3.03	2.98	2.95	2.93
CZK/NOK	0.49	0.49	0.49	0.50	0.51
TRY/NOK	0.24	0.24	0.23	0.22	0.20
ZAR/NOK	0.59	0.60	0.59	0.60	0.60
CNY/NOK	1.42	1.45	1.42	1.43	1.44
INR/NOK	0.11	0.12	0.11	0.11	0.11

Source: Danske Bank

Danske Bank FX forecasts vs USD

G10	Spot	+1m	+3m	+6m	+12m
				Last Update:	18/11/2025
Exchange rates vs USD					
EUR/USD	1.16	1.15	1.18	1.20	1.22
USD/JPY	155	155	152	149	145
GBP/USD	1.32	1.31	1.33	1.33	1.36
USD/CHF	0.79	0.80	0.78	0.76	0.75
USD/SEK	9.48	9.57	9.49	9.42	9.34
USD/NOK	10.13	10.26	10.08	10.08	10.08
USD/DKK	6.44	6.49	6.32	6.21	6.11
AUD/USD	0.65	0.66	0.67	0.68	0.69
NZD/USD	0.57	0.58	0.59	0.61	0.62
USD/CAD	1.41	1.41	1.42	1.43	1.43
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
USD/PLN	3.65	3.74	3.56	3.42	3.36
USD/HUF	332	331	339	342	344
USD/CZK	20.84	21.04	20.51	20.00	19.67
USD/TRY	42.35	43.00	44.40	46.60	50.80
USD/ZAR	17.24	17.00	16.99	16.92	16.78
USD/CNY	7.11	7.10	7.08	7.05	7.00
USD/INR	88.63	89.00	89.20	89.50	90.00

Source: Danske Bank

Danske Bank FX forecasts vs GBP

G10	Spot	+1m	+3m	+6m	+12m
				Last Update:	18/11/2025
Exchange rates vs GBP					
GBP/USD	1.32	1.31	1.33	1.33	1.36
GBP/JPY	204	203	202	199	197
EUR/GBP	0.88	0.88	0.89	0.90	0.90
GBP/CHF	1.04	1.05	1.03	1.01	1.01
GBP/SEK	12.48	12.50	12.58	12.56	12.67
GBP/NOK	13.33	13.41	13.37	13.44	13.67
GBP/DKK	8.47	8.48	8.38	8.29	8.28
GBP/AUD	2.03	1.98	1.98	1.96	1.96
GBP/NZD	2.33	2.25	2.25	2.19	2.19
GBP/CAD	1.85	1.84	1.88	1.91	1.94
EM	**Spot**	**+1m**	**+3m**	**+6m**	**+12m**
GBP/PLN	4.81	4.89	4.72	4.56	4.56
GBP/HUF	437	443	449	456	467
GBP/CZK	27.43	27.50	27.19	26.67	26.67
GBP/TRY	55.76	56.19	58.87	62.13	68.86
GBP/ZAR	22.69	22.22	22.53	22.56	22.75
GBP/CNY	9.36	9.28	9.39	9.40	9.49
GBP/INR	116.63	116.31	118.27	119.33	122.00

Source: Danske Bank

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