Nordic Outlook

December 2025

Cruising at modest speed

Highlights

- In most places, we expect economic growth close to potential levels, inflation at or approaching target and low and stable unemployment.
- However, the potential growth level has declined in the US and remains low in the euro area, and there are still plenty of risks to the outlook.
- In some Nordic countries, there is room for more of an acceleration than we see elsewhere in the world.

Important disclosures and certifications are contained from page 36 of this report.

Danske Bank

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Cruising at modest speed

Global
Our forecasts are broadly stable but that does not mean all is well. We forecast a benign economic outlook from a cyclical point of view with inflation, unemployment, economic growth and interest rates close to their longer-run normal levels. However, the potential growth level has declined in the US and remains low in Europe while China struggles to reorient demand to domestic consumers. Political uncertainty is part of the growth problem. There are also risks to the near-term outlook in both directions, for example from the US labour market, inflation and fiscal policy, and from European consumers.

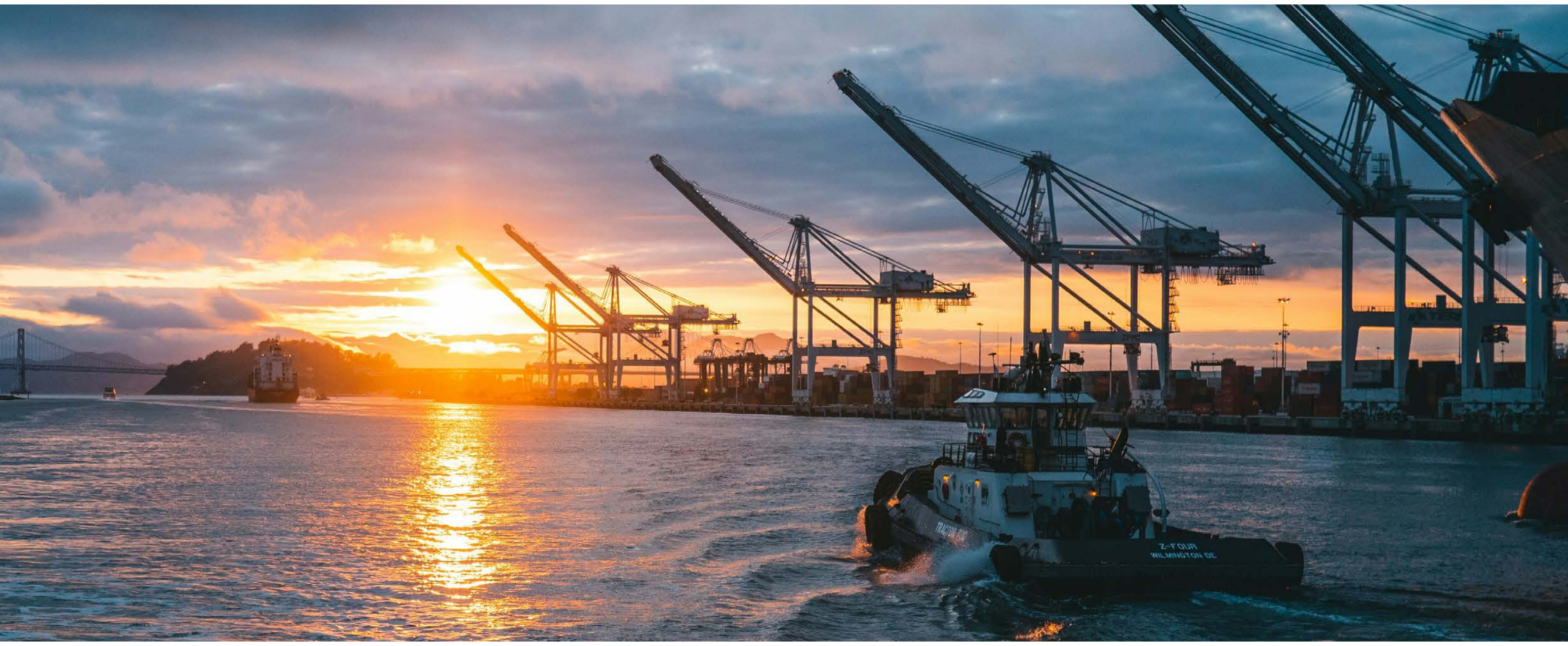
Euro area
Growth has been better than expected in 2025, the labour market is resilient, and inflation has returned to the 2% target. We expect the decent growth to continue in both 2026 and 2027 due to rising real incomes and increased investments with balanced risks. Inflation is expected to fall below 2% in the coming years due to a stronger euro, easing wage pressures, and stable energy prices with risks viewed as balanced. We expect the ECB to leave the policy rate unchanged at 2.0% in both 2026 and 2027 since the growth outlook, strong labour market, and anchored inflation expectations counters the expected undershooting of inflation. We view the risks to the ECB outlook as broadly balanced.

Denmark
2025 has been another year with growth driven largely by the pharmaceutical industry. Despite tailwinds to household finances and a solid labour market, private consumption is very low relative to incomes, which on the one hand keeps overall economic growth subdued, but on the other provides the potential for high consumption growth in the coming years. Consumers will be further supported by a big increase in purchasing power after inflation has normalised this year and looks set to be modest in 2026 when reduced taxes on electricity, in particular, will tend to pull inflation substantially lower. House prices are rising significantly faster than consumer prices but are well aligned with interest rate and income developments across the country as a whole.

Sweden
The Swedish economy is showing clear signs of recovery, with the growth forecast for 2026 revised upwards. Real household incomes are improving, supported by an expansionary fiscal policy set to further boost consumption and housing prices next year. The labour market is strengthening, with unemployment declining, though uncertainties persist regarding global trade dynamics and inflationary pressures. While inflation is expected to ease next year, underlying cost pressures remain elevated. Consequently, the Riksbank is projected to increase the policy rate to 2% by the end of 2026 and further to 2.25% in the first half of 2027. Housing investments remain subdued, but government spending on climate adaptation and defence is set to rise. GDP is anticipated to grow at an above-trend pace from next year.

Norway
Growth has slowed down over the Summer, driven by residential investments, private mainland investments and public demand. There are mixed signals from the labour market, with slower growth in employment and higher unemployment whereas vacant positions remain elevated. This could signal some mismatch problems. Inflation and wage growth has been somewhat higher than expected, but a weaker labour market and higher productivity growth allowed Norges Bank to deliver another rate cut in September. In 2026 we expect lower oil investments will leave room for other sectors to expand, which probably demands even lower rates.

Finland
After sluggish years, Finland's economy shows cautious signs of recovery. New industrial orders, housing market activity, and mortgage drawdowns are on the rise. Production-related investments are expected to grow, and a gradual recovery in residential construction is anticipated in the coming years. Labour market is also expected to improve, with growth in employment and real incomes boosting private consumption. Manufacturing upturn and Europe's increased defence spending support export growth. Public debt has risen faster than expected despite spending cuts. Risks are tilted to the downside. A slow recovery in the labour market could further delay pickup in domestic demand, while faster improvements in employment could strengthen consumption beyond current forecasts.



Keep an open mind

- **We forecast a benign economic outlook from a cyclical point of view with inflation, unemployment, economic growth and interest rates close to their longer-run normal levels.**
- **However, the potential growth level has declined in the US and remains low in Europe while China struggles to reorient demand to domestic consumers.**
- **There are risks to the near-term outlook in both directions, for example from the US labour market, inflation and fiscal policy, and from European consumers.**

Our forecasts for the major economies in this Nordic Outlook are only moderate adjustments compared to three months ago. Once again, we conclude that the US and euro area are in a close to neutral situation in terms of the economic cycle, with an outlook for stable and low unemployment, inflation close to target, interest rates at or converging to neutral levels and economic growth close to its underlying potential over the coming years. We continue to see the situation as a soft landing following the high inflation in 2021-2022, despite the US tariff increases, general political uncertainty, continuing wars and weakening global cooperation.

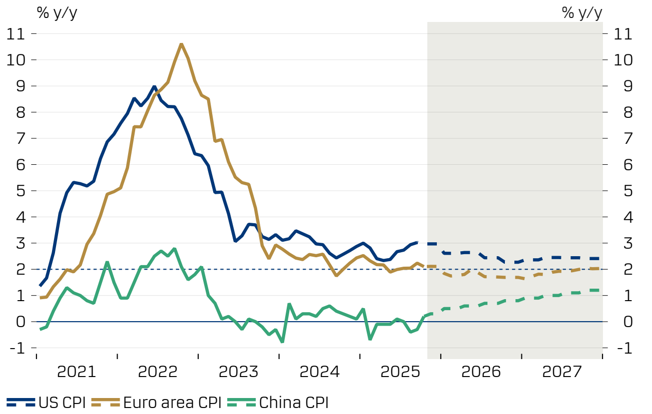
However, we do also see some clear risks to this picture. Whereas the euro area has likely finished its rate cutting cycle and has in that sense completed the landing, the US is not quite there yet. Inflation remains a bit too high, and not only because of the temporary effect of tariff increases. With fiscal policy being eased next year, it might be difficult for the central bank to get inflation completely under control in the world's biggest economy, and political pressure on it to lower rates and allow some more inflation are not likely to lessen, given the worsening situation for government finances. On the other hand, there has been a slowdown in US job creation recently. We see that as matching a slowdown in the growth of the labour force, but the risk exists that there is also an element of demand becoming too weak in the world's biggest economy, which also means a risk of slowdown in global demand.

In Europe and especially in China, there is also the possibility that demand accelerates if consumers re-discover their willingness to consume. Spending is being held back partly by worries about the economy following the high inflation episode in Europe, and

"It is a soft landing following the high inflation in 2021-2022, despite the US tariff increases, general political uncertainty, continuing wars and weakening global cooperation"

Las Olsen, Chief Economist

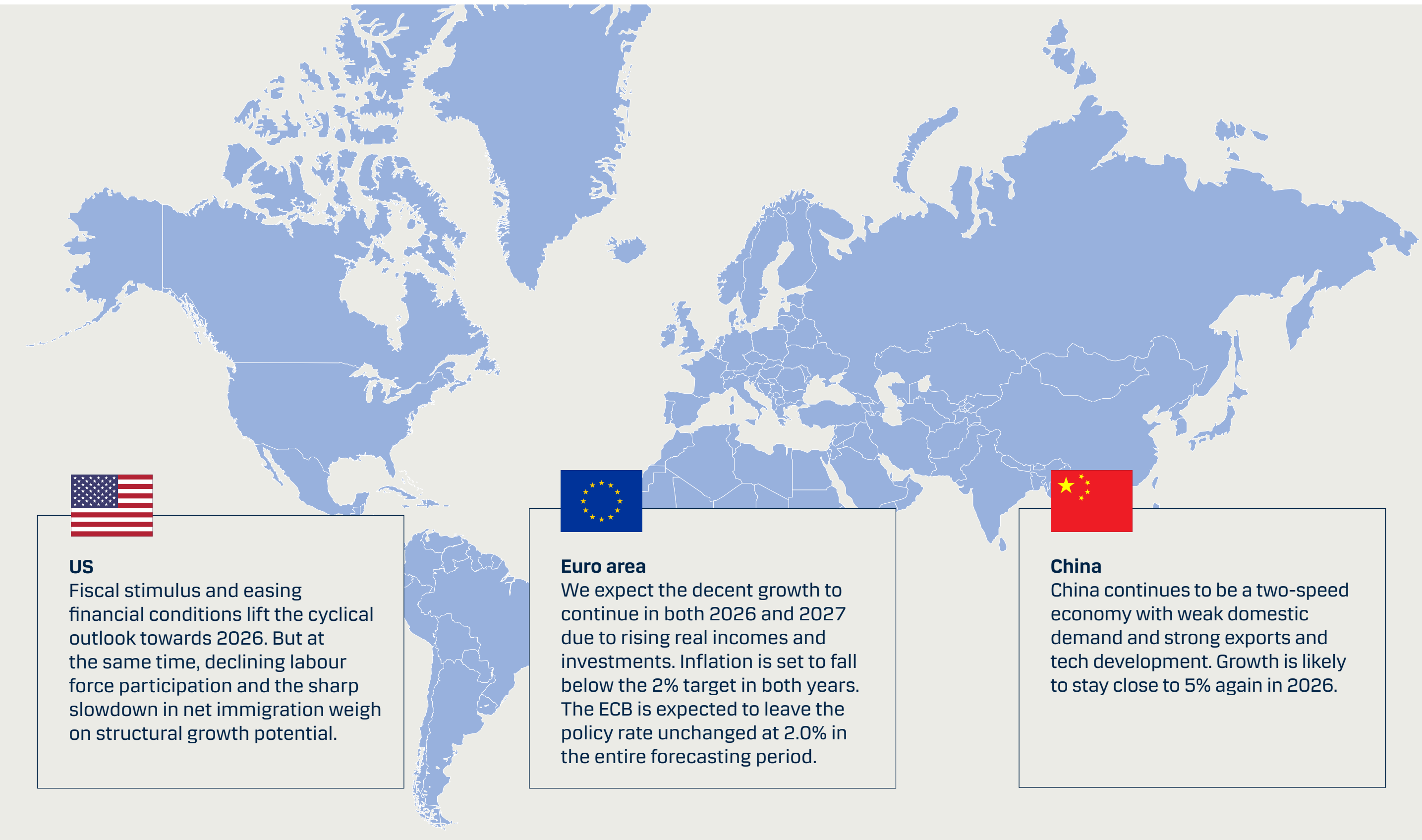
Soft landing, but mostly in Europe so far



Source: Macrobond, Danske Bank

as that memory fades, there is a chance of acceleration. It might also support confidence if the war in Ukraine ends, although that is not certain as a peace that strengthens Russia would likely imply an even greater need for military spending in European NATO countries. We are not optimistic that there will be a large near-term boost to the low confidence and spending among Chinese households, but when that does happen, the potential impact on global demand is very large.

If we are right and economic growth is close to potential from a starting point of low unemployment, that is a close to ideal situation from a cyclical point of view. However, we do not have high expectations for the growth potential. The US labour force is set to stagnate or even shrink, putting it in a similar situation to the euro area and China, and unlikely to repeat the high growth rates of recent years. In Europe, there is much debate over the need to improve productivity through political reforms and initiatives, but we are not optimistic that we will see results, at least not in the near future. In the US, uncertainty over tariff levels, central bank independence and governance in general are likely negative for productivity growth over a longer time horizon. On the positive side, there could be a global boost to productivity and hence growth from adapting AI. As we see it, it is still too soon to tell whether this is a technology that is "just" another driver of regular productivity growth or if it will be enough to accelerate progress for a period.



US
Fiscal stimulus and easing financial conditions lift the cyclical outlook towards 2026. But at the same time, declining labour force participation and the sharp slowdown in net immigration weigh on structural growth potential.

Euro area
We expect the decent growth to continue in both 2026 and 2027 due to rising real incomes and investments. Inflation is set to fall below the 2% target in both years. The ECB is expected to leave the policy rate unchanged at 2.0% in the entire forecasting period.

China
China continues to be a two-speed economy with weak domestic demand and strong exports and tech development. Growth is likely to stay close to 5% again in 2026.

Growth engine running on more cylinders

- **The euro area economy has grown faster than expected this year despite tariff uncertainty, and the labour market remains resilient. We expect the decent growth to continue in both 2026 and 2027 driven by rising real incomes and investments. We see risks to the outlook as balanced.**

- **Inflation has returned to the 2% target and is expected to fall below target in both 2026 and 2027. Declining wage growth and the strengthening of the euro is expected to also drive core inflation below target. We consider the risks to the inflation outlook as balanced.**

- **We expect the ECB to keep the policy rate unchanged at 2.0% in both 2026 and 2027. While inflation is expected to undershoot the 2% target the decent growth outlook, tight labour market, and anchored long-term inflation expectations should keep the ECB from lowering rates further.**

	2024	Forecast 2025	2026	2027
GDP Growth	0.8%	1.4% (1.2%)	1.2% (1.2%)	1.4%
Inflation	2.4%	2.1% (2.1%)	1.8% (1.8%)	1.9%
Unemploy ment	6.4%	6.4% (6.2%)	6.4% (6.1%)	6.2%
Policy rate*	3.00%	2.00% (2.00%)	2.00% (2.00%)	2.0%

Parentheses are the old projections (From September 2025)
**End of period*
Source: Danske Bank, Eurostat, ECB

Economic activity in the euro area has continued to beat expectations on the back of decent growth in the service sector and a manufacturing sector that is no longer a drag on activity. The trade uncertainty from the US tariffs has not impacted the economy as significantly as feared, which was evident in continued GDP growth in the third quarter of the year and strong PMIs in October and November. The labour market is moderating with employment growth coming close to a stall, but this happens at a strong level amid record low unemployment. We expect the unemployment rate to remain low in the entire forecast horizon and forecast a small rise in employment.

Growth is expected to continue in the coming years and we forecast GDP growth at 1.2% y/y in 2026 and 1.4% y/y in 2027. The strong labour market combined with rising real incomes should support private consumption in both years. Weak consumer confidence has caused a significant rise in the household

The battle against too high inflation for the ECB is over. In contrast, inflation is now expected below 2% in 2026 and 2027"

Rune Thyge Johansen, Analyst

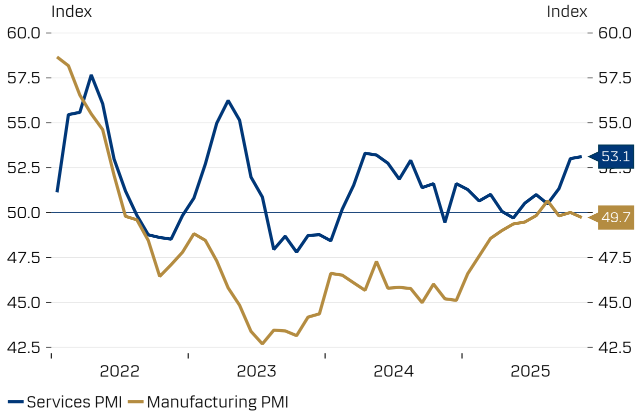
savings rate, which dampens near-term growth but provides excess savings to be spend as confidence should gradually normalise over the forecast horizon. We expect investments to steadily increase, driven by lower interest rates and the German fiscal package. The German draft budget for 2026 showed a surprisingly strong bias towards tax cuts and transfers instead of infrastructure investments, which should give a faster impact on growth but also not change the structural outlook. While fiscal policy is easing in Germany, we expect it to be tightened in France, Italy, and Spain in an ongoing process from the past years' large deficits, which should leave the aggregate euro area fiscal stance broadly neutral in both 2026 and 2027 despite rising defence expenditures. We expect net export growth in 2026 to be negative due to the strengthened euro before turning neutral in 2027.

The risks to the growth outlook are viewed as balanced since a stronger-than-expected boost to domestic production from rising defence spending could increase growth more than expected while a continued high household savings rate could lower growth.

Inflation has been fluctuating around the 2% target in the past half year due to lower energy prices and a weaker momentum in underlying inflation. This means that the battle against too high inflation for the ECB is over. In contrast, inflation is now expected below 2% in 2026 and 2027. Wage growth is declining, which should gradually lower services inflation from still elevated levels. The appreciation of the euro combined with falling export prices from China is expected to keep goods inflation low. We thereby forecast core inflation to decline to 1.7% y/y in the second half of 2026, averaging 1.9% for the whole year, before gaining momentum in 2027 due to stronger activity and a rebound in goods inflation. The outlook for both energy and food commodities is weak which in combination with base effects is expected to pull headline inflation down in 2026 to an average of 1.8% y/y before normalising in 2027. We view the risks to the inflation outlook as balanced since energy prices could rise more than expected while services could decline more if wages growth falls more than expected.

We expect the ECB to keep the policy rate unchanged at 2.0% in both 2026 and 2027. While inflation is expected to undershoot the 2% target the decent growth outlook, tight labour market, and anchored long-term inflation expectations should keep the ECB from lowering rates further. At the same time, the expected inflation undershooting to 1.7% in the end of next year and start of 2027 combined with a negative output gap in Germany leads us not to forecast any rate hikes. We view the risks to the ECB outlook as broadly balanced since lower-than-expected inflation in 2026 could warrant further easing while better than expected growth could imply higher rates in 2027.

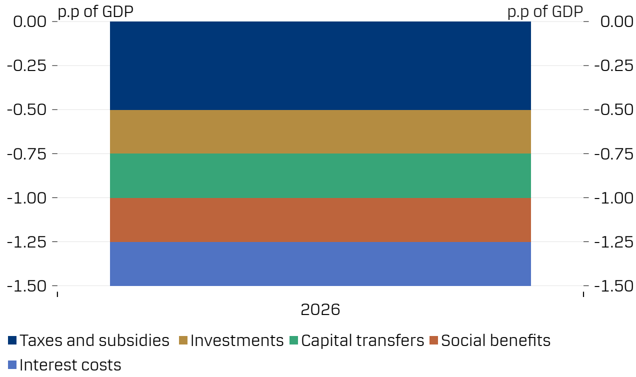
Manufacturing is no longer a drag on activity



Source: S&P Global, Macrobond

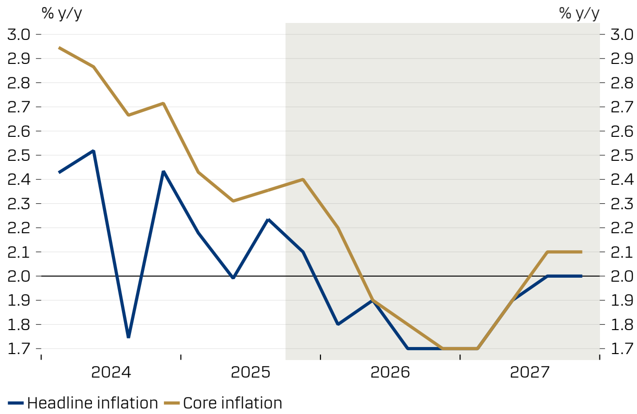
Significant easing in Germany with a bias towards tax cuts and transfers

Change in German budget balance in 2026



Source: German Federal Ministry of Finance, Danske Bank

Inflation is expected below the 2% target in the coming years



Source: Eurostat, Danske Bank, Macrobond

Cyclically strong, structurally weaker

- **Economic growth in the US has remained relatively solid despite the cooling seen in labour markets. We expect sequential growth to recover into 2026 driven by supportive fiscal and monetary policy, but structurally, demographics increasingly limit further expansion in the productive capacity of the economy.**

- **We lift our 2025 GDP growth forecast to 1.8% (from 1.6%) and 2026 to 1.9% (from 1.4%) as the trade war impact on growth has been more limited than we expected. In 2027, we forecast growth stabilizing at a slower trend pace of 1.7%.**

- **Inflation has evolved largely in line with our earlier forecasts. In 2026, we see further upside pressure on goods, food and health care prices, and downside pressure in housing prices. We maintain our headline inflation forecast at 2.8% in 2025 (unchanged), 2.5% in 2026 (from 2.6%) and 2.4% in 2027. We forecast core inflation at 3.0% in 2025 (unchanged), 2.8% in 2026 (unchanged) and 2.6% in 2027.**

- **We expect the Fed to cut rates by 25bp in December, March and June (prev. January, April and July), and then maintain the terminal rate of 3.00-3.25% through the rest of 2026 and 2027. Risks around the outlook are balanced. Sudden slowdown in private consumption could tilt the Fed towards resuming more aggressive rate cuts, but the persistent fiscal easing could also force the Fed to maintain rates at a structurally higher level than we assume.**

	2024	Forecast 2025	2026	2027
GDP Growth	2.8%	1.8% (1.6%)	1.9% (1.4%)	1.7%
Inflation	3.0%	2.8% (2.8%)	2.6% (2.6%)	2.6%
Unemployment	4.0%	4.3% (4.2%)	4.5% (4.4%)	4.3%
Fed Funds*	4.50%	3.75% (4.00%)	3.25% (3.25%)	3.25%

Parentheses are the old projections (From September 2025)
**End of period*
Source: Danske Bank, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Fed

Cyclical and structural factors are pulling the US economy into diverging directions towards 2026. On the structural side, declining labour force participation and the sharp slowdown in net immigration are weighing on labour supply growth. The San Francisco Fed estimates that the working-age population will decline by 240 thousand this year, or 20 thousand per month.

AI-driven boost to productivity remains elusive on a macro level. The Challenger Report estimated that US firms had announced 1.1 million job cuts in 2025 by October, yet only 48 thousand (or 4%) were credited to AI. Altogether, the productive capacity of the economy is expanding at a much slower rate than in 2023-2024.

On the other hand, the cyclical outlook has improved since summer. Inventory management and re-routing of international trade have smoothened the tariff impact on final demand, and private consumption growth has remained healthy. While jobs growth slows, wage growth continues to drive solid increases in total wage sum. Household balance sheets remain strong across

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Renewed fiscal and monetary policy stimulus lift the cyclical outlook towards 2026”

Antti Ilvonen, Senior Analyst

income groups, despite the public perception of lower income households being increasingly under pressure.

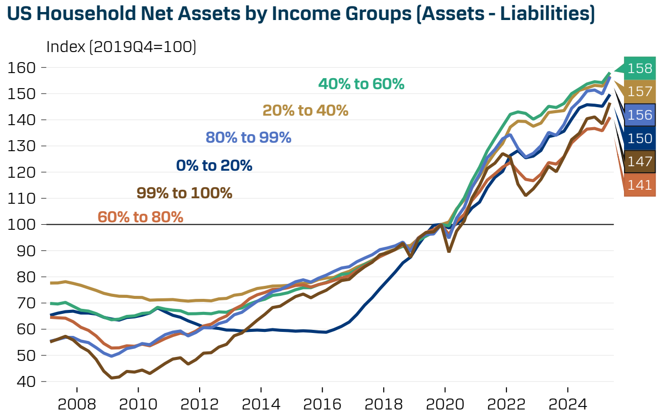
Investment growth has been a mixed picture in 2025. AI-fuelled spending on software and computer equipment has been by far the most important driver of private investment growth, as all other private fixed investments combined have outright declined. High political uncertainty, shortage of skilled labour and high financing costs have been highlighted as factors curtailing non-AI firms' investment appetite, though the easing of financial conditions should help with the latter. Particularly residential investment would have room to grow after several weak years. But while mortgage demand has recovered slightly from recent lows, we continue to forecast rising long-end bond yields into 2026, which will likely maintain housing market activity at relatively muted levels.

Another factor supporting the growth outlook is fiscal policy, which is set to turn increasingly expansionary next year. The tariff hikes have driven a short-lived fiscal tightening over the course of H2 2025, but the tax easing embedded in the Big Beautiful Bill will more than offset the expected tariff revenues from Q1 2026 onwards. The stimulus effect will continue to strengthen into 2027, benefitting both households and businesses alike, though the combined distributional effect of tariffs and tax easing is heavily skewed in favour of high-income households.

The Supreme Court's potential ruling against Trump's use of IEEPA-tariffs would only turn the fiscal stance more expansionary, but we believe the administration has ways to rebuild the tariff wall under alternative legal authority (see RtM USD, 4 November). Trump has floated sending out USD2000 stimulus checks to compensate consumers for the tariff costs. We believe that simply reducing the tariff rates would be more effective and politically more viable way to ease the tariff burden on lower-income households (see RtM USD, 18 November). Lately, the preliminary agreement with China and the trade deals struck with Switzerland and South Korea have moderated the average tariff rate on all imports by at least 1.5%-points since the previous Nordic Outlook. The rate currently hovers close to 18% before substitution.

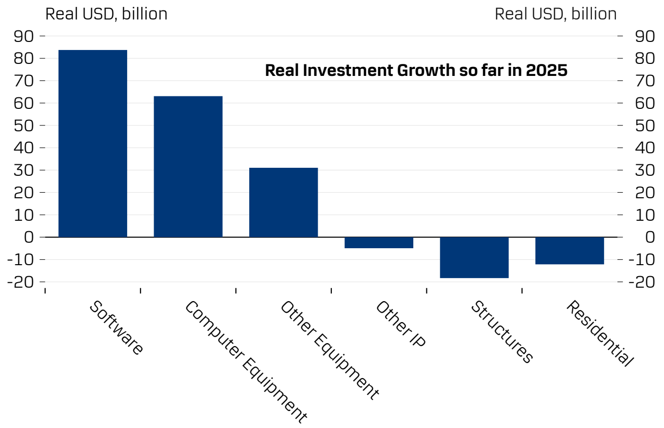
In our view, slow growth in labour supply combined with further fiscal easing increases the risk of labour markets retightening and fuelling inflation persistently above the Fed's 2% target. We forecast core inflation at 3.0% in 2025, 2.8% in 2026 and 2.6% in 2027. We believe the Fed has room to cut rates further before reaching neutral, but it should progress only gradually given the tricky inflation outlook. We expect the Fed to cut rates in December, March and June, and then maintain the policy rate target at 3.00-3.25% through the rest of 2026 and 2027, which is slightly above current market pricing.

Household balance sheets remain healthy across income groups



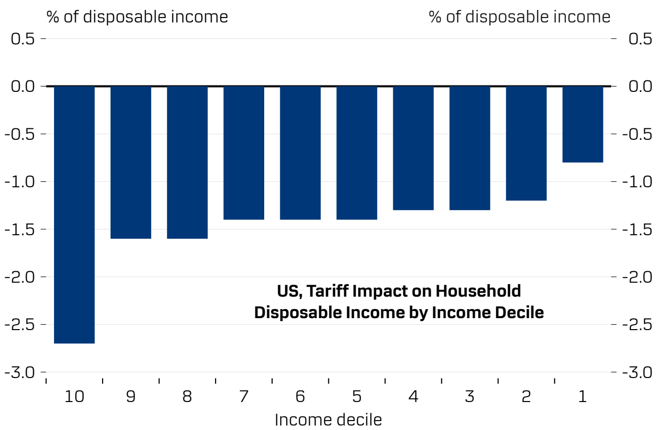
Sources: Macrobond, The Fed's Distributional Financial Accounts, Danske Bank

Investment growth relies heavily on the AI-boom

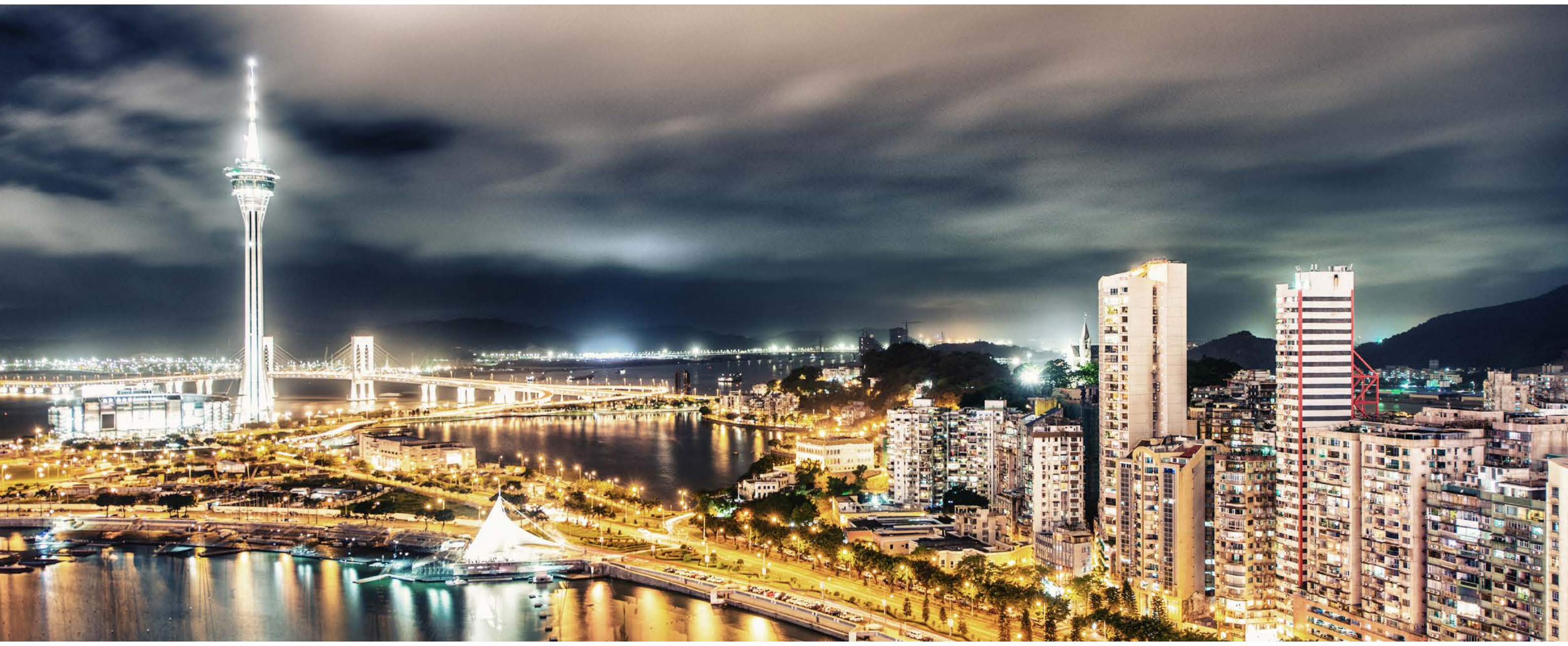


Sources: Macrobond, U. S. Bureau of Economic Analysis (BEA), Danske Bank

The distributional effect of tariffs is skewed against low-income households



Sources: Macrobond, Yale Budget Lab, Danske Bank



A two-speed economy

- **The latest data in China has changed little to the overall picture of a two-speed economy with domestic demand looking weak while exports and tech continue to power ahead.**
- **Growth is set to be close to the government's 5% target again this year but finishes the year on a weak note. We look for new stimulus to lift growth in the first half of 2026 and that the target will again be set around 5%.**
- **We stick to our growth forecast of 4.9% in 2025 followed by 4.8% in 2026. In 2027 we project 4.7% growth.**
- **More important will be the composition of growth and we expect to see more of the same with domestic demand still not strong enough to match supply keeping overcapacity and deflationary pressures as lingering problems.**
- **In the new Five-Year Plan, China doubles down on tech and puts more weight on boosting consumer demand. It will require new and more forceful measures to stabilize housing, though, which may take some time still.**
- **US-China tensions have eased again but we expect a continued bumpy road ahead. Tensions with EU have intensified this year and we see little respite in 2026.**
- **The question of reunification with Taiwan still lingers but we see limited risk of military conflict during Trump's Presidency.**

	2024	Forecast 2025	2026	2027
GDP Growth	5.0%	4.9% (4.9%)	4.8% (4.8%)	4.7%
Inflation	0.2%	0.0% (0.3%)	0.7% (1.0%)	1.0%
Unemployment	5.1%	5.2% (5.1%)	5.2% (5.1%)	5.2%
Policy Rate*	1.50%	1.20% (1.20%)	1.00% (1.00%)	0.80%

Parentheses are the old projections (From September 2025)
**End of period (7-day reverse repo rate)*
Source: Danske Bank, Macrobond

A known pattern
Chinese growth this year has followed a similar pattern to the previous years: coming out of the gates pretty strong only to slow down towards the finish. After strong growth in the first half, growth has thus slowed again in the second half, with especially consumer spending and investments looking weak. Exports has remained robust with real growth around 10% and tech companies have had a strong recovery in profit growth and solid performance in the equity market. China continues to be a two-speed economy with ongoing domestic problems while external sales are strong driven by an improving competitiveness and stronger product line. Overcapacity continues to linger but actual core inflation has been moving higher over the past year from around zero a year ago to 1.2% in October. Producer inflation is still negative, though.

> *China continues to be a two-speed economy with ongoing domestic problems while external sales are strong driven by an improving competitiveness and stronger product line"*

Allan von Mehren, Chief Analyst

More of the same

Looking into 2026, we look for more of the same: China boosting stimulus in the beginning of the year, still sluggish consumer spending due to weak housing and more (but likely inadequate) measures to turn the housing market. Again, we look for stronger growth in the first half and moderation in the second half. Exports are likely to be robust again as China has gained a lot of competitiveness over the past two years from deflation in producer prices and being strong in high-demand products such as EVs, solar panels and legacy chips. We also look for further achievements in the AI space as seen with DeepSeek in 2025 and Huawei's AI chips.

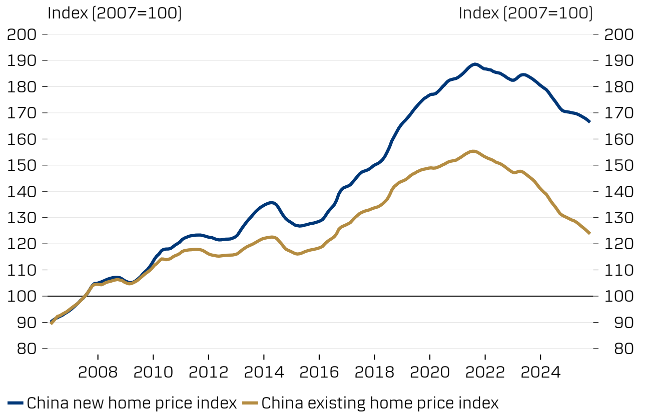
Five-Year Plan doubles down on tech and puts stronger focus on consumption

In October China outlined the main points in the coming Five-Year Plan for 2026-2030, that will be fully revealed in March 2026. The three main points are 1) doubling down on tech, innovation and self-reliance, 2) making more efforts to become the high-tech manufacturing champion of the world and 3) boosting consumption growth and domestic demand in general to reduce overcapacity and reliance on external demand as well as reducing the trade surplus. While we believe China will continue to have success on 1) and 2), point number 3) has proven the toughest nut for China to crack and we see a risk it will take several years to get consumption to become a stronger growth driver. This implies that challenges with overcapacity, deflationary pressures and big trade surplus will be likely to be with us still in 2026. China is in a painful transition of the economy weaning itself off the past reliance on the housing market and moving to an economy instead driven by high-tech investments, 'smart infrastructure' and private consumption. Since the reliance on the housing sector has been substantial in the past, the process will likely take many years and could last for the rest of this decade. Eventually, China could come out stronger, though, if it manages to restore stability to the housing market and unleash pent up demand among consumers that are currently saving extensively due to high uncertainty and weak social security.

US-China trade war to face more bumps, EU-China tensions here to stay

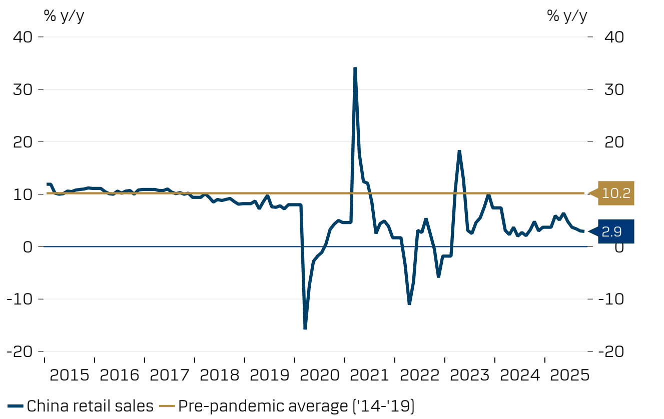
China's rising (goods) trade surplus continues to be a source of tension with other countries, not least the EU and US. Trump's tariffs have for now reduced China's surplus with the US but the surplus with Europe remains. As China becomes a stronger competitor to European companies and differences persist on geopolitical questions, tensions are here to stay. The US-China trade war is on pause at the moment, but we expect to see more bumps on the road in 2026. With trade being weaponized on both sides, the risk of more supply chain disruptions from China's dominance of rare earth minerals is unlikely to go away.

Chinese home prices keep declining



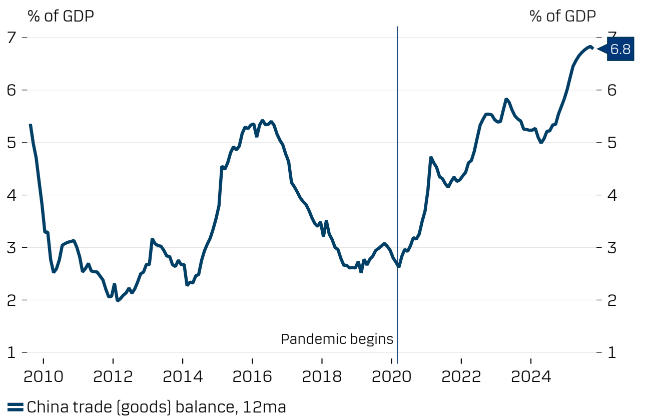
Source: China National Bureau of Statistics (NBS)
Note: Trend- and seasonally adjusted

Efforts to boost consumption has failed so far



Source: China National Bureau of Statistics (NBS)
Macrobond, NBS, Danske Bank

Rising trade surplus a source of tension with US and EU



Source: China National Bureau of Statistics (NBS)
Note: Seasonally adjusted

North-Eastern recovery

Sweden

Sweden's economy is recovering, with an upward revision of the 2026 growth forecast. Real household incomes are improving, supported by expansionary fiscal policy, boosting consumption and housing prices. The labour market is strengthening, with unemployment declining, though global trade and inflation uncertainties remain. Inflation is expected to ease, but underlying pressures will likely prompt the Riksbank to raise the policy rate to 2% by late 2026 and 2.25% in early 2027. GDP is expected to grow above trend from next year.

Norway

Growth has slowed down and the labour market is weakening somewhat. Inflation and wage growth has been somewhat higher than expected, but Norges Bank still delivered another rate cut in September. In 2026 we expect lower oil investments will leave room for other sectors to expend, which probably demands even lower rates.

Denmark

In terms of growth, Denmark resembles an average European economy, just with Novo Nordisk on top. Consumers are very cautious and pessimistic on particularly the state of the country's economic situation. It weighs on demand in the economy but also adds potential for more growth. Lower electricity and income taxes will boost purchasing power further in 2026 supporting our expectation of more broad-based growth going forward.

Finland

Finland's economy shows cautious signs of recovery. New industrial orders, housing market activity, and mortgage drawdowns are on the rise. Production-related investments are expected to grow, and a gradual recovery in residential construction is anticipated in the coming years. Labour market is also expected to improve, with growth in employment and real incomes boosting household confidence and domestic consumption.

Consumption key to growth in the coming years

- **Private consumption is very low relative to incomes, which on the one hand keeps overall economic growth subdued, but on the other provides the potential for high consumption growth in the coming years.**
- **Growth is mainly being driven by exports and especially – though not exclusively – by Novo Nordisk.**
- **Inflation has normalised this year and looks set to be modest in 2026 when reduced taxes on electricity, in particular, will tend to pull inflation substantially lower.**
- **House prices are rising significantly faster than consumer prices but are well aligned with interest rate and income developments across the country as a whole.**
- **We expect Danmarks Nationalbank to keep interest rates on hold for the next two years.**

	2024	Forecast 2025	2026	2027
GDP Growth	3.5%	2.6% (1.8%)	2.7% (2.3%)	2.1%
Inflation	1.4%	1.9% (1.9%)	1.1% (1.2%)	1.8%
Unem-ployment	2.9%	2.9% (2.9%)	3.0% (3.0%)	3.0%
Deposit rate*	2.60%	1.60% (1.60%)	1.60% (1.60%)	1.60%

Parentheses are the old projections (From September 2025)
**End of period*
Source: Danske Bank, Statistics Denmark, Nationalbanken

Once again, 2025 appears to be a year in which the pharmaceutical industry, spearheaded by Novo Nordisk, is contributing strongly to Denmark's GDP growth, and seemingly more significantly than when we last updated our forecast. Growth ex-pharma is around 1.5% and thus on a par with the eurozone – so, in that sense, Denmark is a normal European economy, just with Novo Nordisk added on top. Our forecast factors in the pharmaceutical industry continuing to add between a half and one percentage point of growth to GDP in the coming years, which does not necessarily require significant revenue growth in the industry, but merely an increase in the amount of medicine produced. Looking at growth more broadly in the economy, the outlook is for it to pick up in the next few years. Government consumption is set to rise, there is scope for increased investment in both businesses and housing, but most of all there is room for greater consumption. Our forecast assumes consumption growing in line with incomes, but consumption is starting from a low level, impacted by very poor consumer confidence. This provides potential for a significantly greater increase should consumer confidence improve, and thus potential for higher growth generally in Denmark.

"With respect to growth, Denmark is a normal European economy, just with Novo Nordisk added on top"

Chief Economist Las Olsen

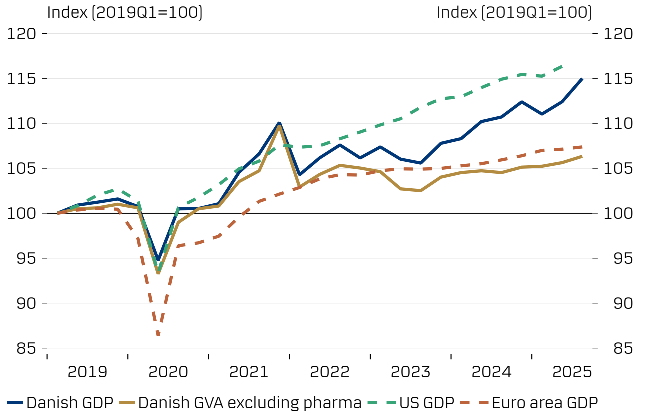
A well-balanced labour market
Recent years have been characterised by steadily rising employment combined with a stable and low level of unemployment due to the labour force growing at the same pace as jobs have been created. That being said, Novo Nordisk has announced it will eliminate 5,000 jobs in Denmark, and we certainly cannot rule out other businesses having to cut back. Employment outside the pharmaceutical industry has risen sharply relative to production, and shorter average working hours are not the sole explanation. On the other hand, we expect that economic growth ex-pharma will pick up, and business surveys tend more to indicate a shortage of labour than plans for layoffs. All in all, our expectation is for employment to slow but not to decline. That may result in a slightly higher unemployment rate, but we do not expect the labour force to continue to grow at the same pace as in the past few years.

Private sector wages are generally growing in line with what might be expected based on the collective agreements concluded earlier this year, thus indicating that the situation in the labour market is exerting neither upward nor downward pressure on wage levels at the moment. We expect this to continue, with wage growth settling at around 3.5% for the coming years. Real wage growth will consequently be unusually high in 2026 when reduced electricity taxes will tend to lower inflation, but we do not expect Danish wage growth to significantly outpace Denmark's trading partners. Danish businesses have maintained wage competitiveness throughout the period of high job growth, which was partly driven by Novo Nordisk, and we expect this will continue to be the case.

Cheaper electricity set to significantly lower inflation
Inflation has remained stable at just over 2% since the summer. Hence, inflation is not very high and certainly not high enough to erode purchasing power in general. That many consumers nevertheless perceive this to be the case is due to being frequently confronted with food prices, which have accounted for around one third of inflation since the summer – even though they only account for one eighth of consumer spending. However, the most pronounced wave of upward pressure on food prices appears to have passed – prices fell in both September and October, though this was in part a seasonal effect. Looking ahead, the outlook for food prices is mixed. Global commodity prices are no longer rising, and several, such as coffee and cocoa, have even declined somewhat of late. And indeed, coffee, chocolate and confectionery prices will be gradually pulled lower by the abolition of excise duty on these products from mid-2026. This could reduce food prices by around 2%. That being said, there is a risk of costs associated with the extended producer responsibility (EPR) for packaging, effective from 1 October, pushing some prices higher in the meantime, although this did not result in price increases in October.

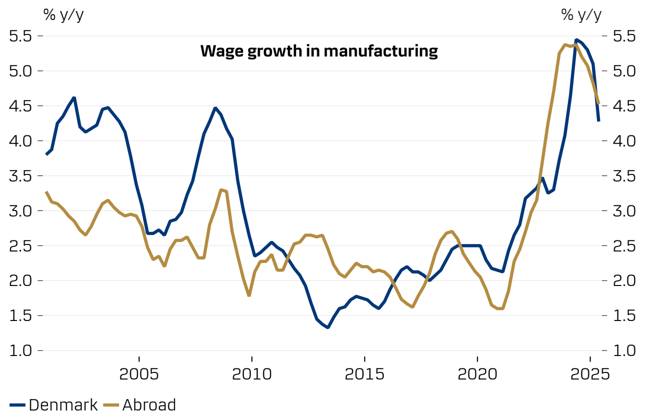
We expect inflation to print around 0.8 percentage points lower in 2026 on the back of the (near) abolition of the electricity tax. Conversely, wage costs currently account for more than in the past couple of years and will tend to pull in the other direction. We also expect that the need and potential for businesses to raise prices more broadly will increase towards the end of the forecast period as consumers begin to spend more money.

Pharmaceutical industry still the major driver of Danish GDP growth



Source: Macrobond, Statistics Denmark

Major wage hikes not purely a Danish phenomenon



'Abroad' is a weighted average of Denmark's trading partners. Figures are a moving average over 4 quarters. Source: Confederation of Danish Employers (DA), Macrobond

Consumption growth sluggish despite healthier household finances
Private consumption has largely stagnated throughout 2025 with the exception of the contribution from higher car sales – and this despite household finances enjoying a tailwind. Wages are rising more rapidly than prices, unemployment is low and the number of people in work increasing, house prices are appreciating, and interest rates have now fallen substantially. Despite the favourable conditions for higher consumption, consumers are displaying a marked reticence to spend. The consumption ratio – in other words, the proportion of income spent on consumption – is currently at a historical low, consumer confidence continues to decline, and savings are steadily increasing.

The general restraint exhibited by consumers can be explained by several factors. Global economic uncertainty and political turmoil are impacting consumer confidence, while there is also a great deal of concern over rising prices, especially as food prices, which are highly visible, have generally risen faster than prices on other goods and services in recent years. This has contributed to depressing consumption in the grocery trade, while car sales and consumption in the service industries, for example, are generally performing slightly better.

"We expect that the need and potential for businesses to raise prices more broadly will gradually increase"

Chief analyst Bjørn Tangaa Sillemann

A further pickup in household finances is on the cards for 2026 on the back of noticeably lower inflation and significant tax cuts, among other things. The top rate of tax is being lowered, the employment allowance – most notably for seniors – is being increased, and the tax on electricity is being largely abolished. In addition, those receiving transfer incomes can look forward to significant real income growth as the wage increases of recent years for those in work are converted to a rate adjustment of 4.5% in 2026. That provides more economic leeway overall and is one of the reasons why we expect consumption growth to ratchet up. Furthermore, the level of savings has increased massively in recent years, providing significant potential for even higher consumption growth if consumers begin to delve into their savings accounts.

Looking further ahead to 2027, we expect roughly the same level of consumption growth during the year as in 2026, although the annual rate is expected to increase due to a stronger starting point. Pulling up is a further normalisation of the consumption ratio, while the absence of additional tax cuts means there will not be the same extra boost to incomes in 2027 as in 2026.

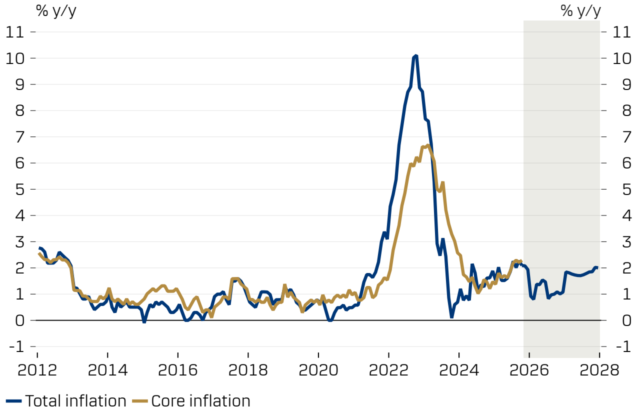
House prices continue to rise – not least in Copenhagen

The restraint seen in consumer behaviour generally is largely absent in the housing market, where rising incomes, labour market growth and, not least, declining interest rates have supported prices and activity levels across much of the country. Nationally, house prices have appreciated by 6.7% over the past year according to online property sales site Boligsiden, while owner-occupied apartments have become 13.8% more expensive.

Nowhere is the decoupling between general consumption and housing prices more obvious than in Copenhagen, where house prices have risen by more than 10% in the past year and apartment prices by 18%. Increasing sales activity and the more modest level of new home construction in recent years have also meant a record-low supply of housing, especially in the capital, which currently has the lowest supply of apartments ever measured and sales times unmatched since the housing bubble in the mid-2000s.

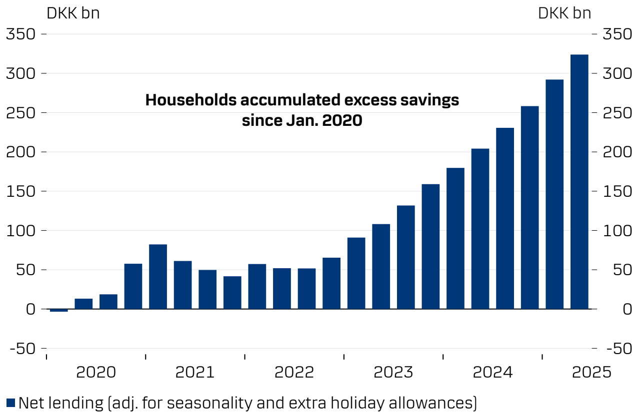
Copenhagen's housing market is without doubt currently speeding far ahead of the rest of the country. However, there is much to suggest that homebuyers in Copenhagen are increasingly from the higher income brackets, so in practice they are not necessarily taking on a greater financial burden than previously. Nevertheless, the high prices and pronounced price increases in the capital mean there is a risk of prices falling if the economic situation were to deteriorate or sentiment to shift.We expect price growth to slow slightly in 2026, in part because further declines in interest rates appear to be off the table, and we also foresee an uptick in new builds coming onto the market. Our price growth estimate for the year is therefore 6.5%. Should the trends from 2025 continue, however, annual price growth of up around 10% is not unrealistic. We expect more subdued price growth in 2027.

Lower inflation due to abolition of electricity tax



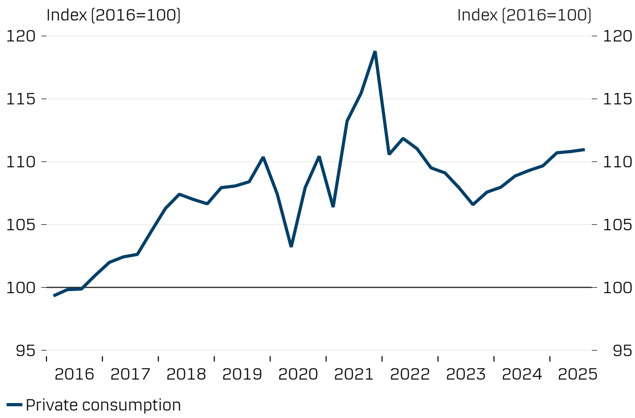
Source: Statistics Denmark, Macrobond, Danske Bank

Danes have accumulated substantial savings that can be converted to consumption



Source: Danske Bank, Statistics Denmark, Macrobond

Private consumption has largely stagnated through 2025



Source: Statistics Denmark, Macrobond

Exports still driving the Danish economy

The current account surplus once again set a new record in Q3 of DKK114.4bn or 15% of GDP. After a challenging first half of the year for exports, they have therefore returned as the prime locomotive for growth in the Danish economy. Much of that growth has been driven by activity outside Denmark, particularly in the form of pharmaceutical production and sales, though also shipping, which has been supported by quite solid growth in global trade and thus demand for container freight.

"Consumers are very cautious and continue to increase savings. That puts a damper on consumption, but also gives potential for growth"

Chief analyst Louise Aggerstrøm Hansen

However, those export areas that contribute more to activity levels here in Denmark are also beginning to show promise. Growth in service exports is being driven in no small part by 'other business services', an area of exports that has faced headwinds in the past few years, not least because of underperformance in Denmark's neighbouring markets. 'Other business services' encompasses a broad range of services, such as engineering and consultancy support, all of which typically involve a significant number of jobs. This development could be positively impacted by prospects for especially the Swedish but also the German and Norwegian economies brightening of late.

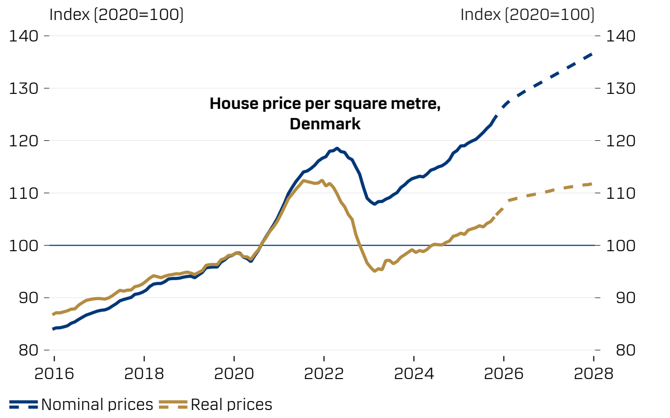
Novo Nordisk's massive sales growth in recent years has been the most important driving force behind economic growth in Denmark since 2022. We reckon that the greatest boost to the economy from the pharmaceutical industry is now behind us, but we still expect to see a considerable contribution to growth from the export of goods, with pharmaceuticals adding 0.5-1% to annual GDP growth.

Tariffs of 15% on goods from the EU combined with a significant weakening of the US dollar erodes the competitiveness of Danish companies on the US market. However, the same goes for other US trading partners. Some companies will be squeezed by the new conditions, but a very large share of Danish exports to the US are produced in the US and so are not directly affected.

Interest rates calm
Our main scenario is for the Danish central bank, Danmarks Nationalbank, to leave interest rates unchanged for the next couple of years. While there are both upside and downside risks, the overall picture in the eurozone is supportive of unchanged interest rates, and Danmarks Nationalbank will likely be able to maintain a policy rate that is 0.4 percentage points below the European Central Bank rate. Recent months have seen the Danish krone (DKK) tend to weaken slightly against the euro (EUR), but we see this as a temporary result of several very large payments made by the government (share purchases in Ørsted and Copenhagen Airport), which have increased the amount of DKK in circulation. The large current account surplus is basically supportive of a strong DKK, even if Danish companies and pension funds invest heavily abroad. The last time Danmarks Nationalbank had to intervene in the FX market because of the DKK exchange rate was almost three years ago, which historically represents a very high degree of stability. With calm descending on the central banks, we also do not expect any major shifts in long-term intertest rates.

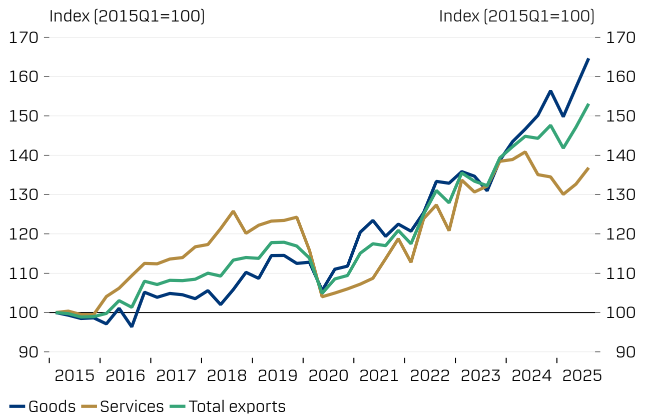
Declining government surplus
According to its plans, the government will spend DKK 25 billion extra in 2025 and again in 2026 on defence, while next year's budget includes other easing measures, not least the near abolition of the tax on electricity. We therefore expect the government surplus to gradually decline, though just how quickly the extra money for defence will actually be spent is the subject of much uncertainty. This adds to the already considerable uncertainty surrounding government finances, which have surprised positively for the past 15 years in a row by an average of 2.6% of GDP. While the Ministry of Finance has revised its forecast principles, we still see the risk as being to the upside. The fiscal easing in 2026 is expected to increase demand by the equivalent of around 0.5% of GDP relative to 2025. The move is coming at a time when unemployment is low and in that sense is unnecessary but, conversely, the government surplus has been disproportionately large in recent years, so reducing it entails a degree of easing.

Real prices to approach latest peak during forecast period



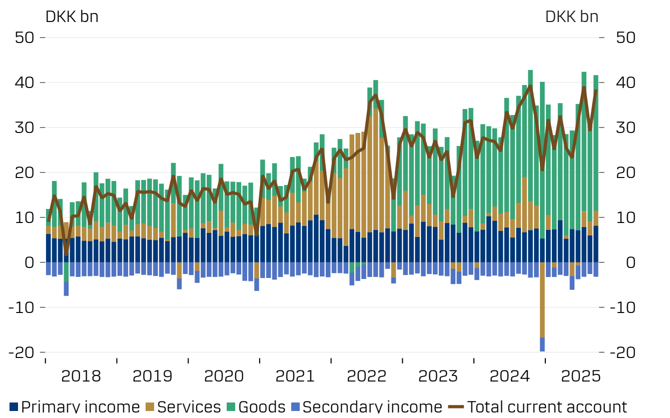
Source: Boligsiden, Danske Bank and Macrobond

Surging goods exports

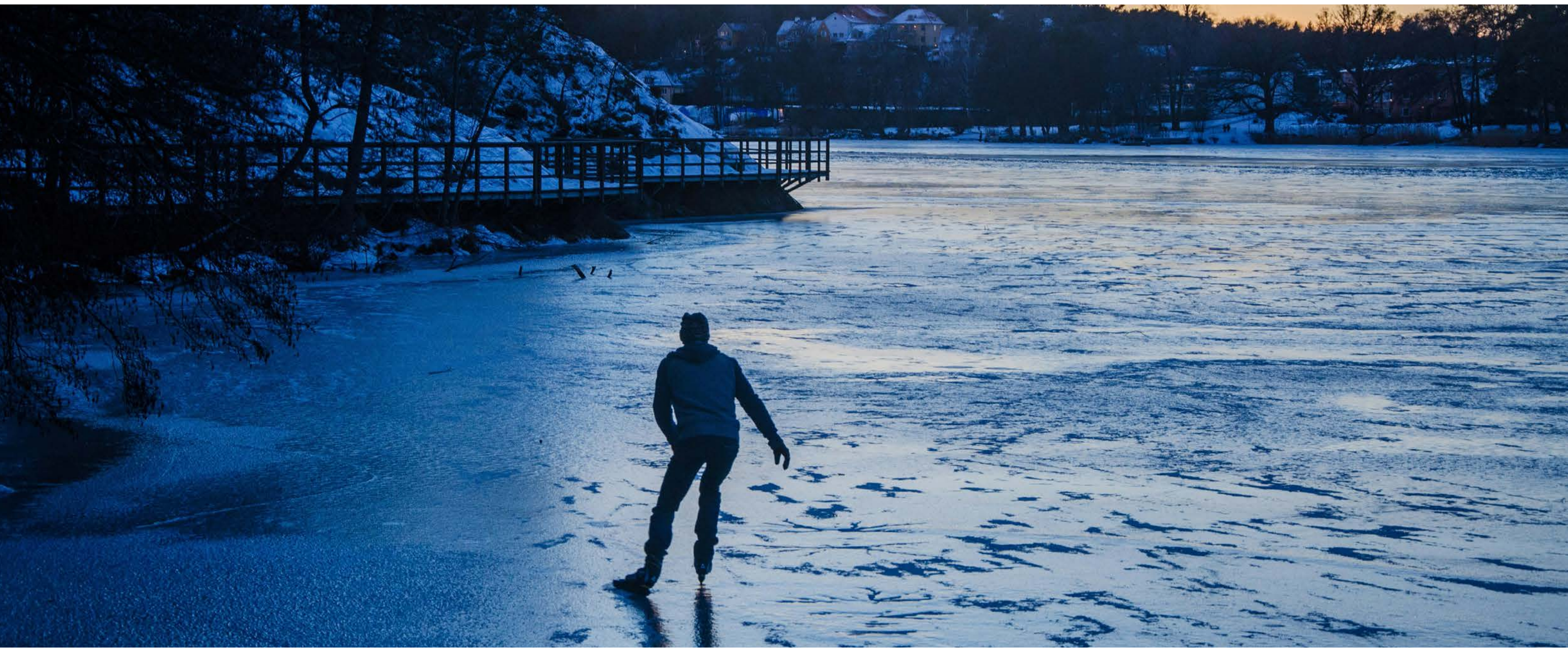


Source: Statistics Denmark, Macrobond

Huge surplus once more



Source: Statistics Denmark, Macrobond



Headed in the right direction

- **The outlook for the Swedish economy has brightened, with both hard and soft data pointing to a stronger performance. We have revised up our growth forecast for 2026.**
- **Households and the domestic economy are driving the recovery and will receive further support from expansionary fiscal policy next year.**
- **The balance of risk has shifted – while downside risks have dominated in recent years, there are now also clear upside risks going into 2026.**
- **Inflation has been above the inflation target this year, but fiscal policy decisions are expected to help bring it below target next year. Stronger underlying price pressures mean that the Riksbank is nevertheless expected to raise its policy rate to 2.25% during the forecast period, starting in the second half of 2026.**

	2024	Forecast 2025	2026	2027
GDP Growth	0.9%	1.9% (1.1%)	2.6% (2.0%)	2.4%
Inflation, CPIF	1.9%	2.8% (2.7%)	1.6% (2.1%)	2.0%
Unem-ployment	8.4%	8.7% (8.7%)	8.3% (8.4%)	7.5%
Policy rate*	2.75%	1.75% (1.75%)	2.00% (1.75%)	2.25%

Parentheses are the old projections (From September 2025).
**End of period. Note that the decision to cut to 2.5% in December 2024 was not effective until January 2025.*
Source: Statistics Sweden, Sveriges Riksbank, and Danske Bank.

The recovery has progressed at a solid pace since the second quarter of this year, as shown by economic data from November, and full-year growth for 2025 is expected to reach close to 2%. Moreover both hard and soft data indicate that the economy is on track to strengthen further. Despite some uncertainty about developments in the near term, the economic conditions for continued growth remain favourable. Households' real incomes are rising, and economic policy will be decidedly expansionary next year. At the same time, resource utilisation remains low, implying that there are idle resources in the economy.

The labour market is also mostly moving in the right direction, so fears of high unemployment levels may soon give way to greater optimism. The policy rate has reached its trough in the current cycle, and we expect the Riksbank to raise its policy rate towards the end of next year.

"Consumers' growing optimism is evident in the housing market, where prices have increased since the summer"

Susanne Spector, Chief Economist Sweden

A turbulent year
Both households and firms were optimistic at the beginning of 2025, but high inflation and global turbulence weighed on growth in the early parts of the year. Real incomes were revised down in May, resulting in the starting point for the year being worse than the statistics had previously shown. Monetary policy also works with a lag. It is now 18 months since the Riksbank began its cutting cycle, and even though a large proportion of Swedish households have variable-rate mortgages, it takes time for rate cuts to fully impact the economy.

Households have the wind in their sails
Households have adapted to the higher interest rate environment by keeping the growth in debt below the growth in nominal incomes. This has led to a decline in the debt-to-income ratio, which is now much lower than before the surge in inflation and interest rates. Real purchasing power has recovered the loss following the inflation surge and is expected to grow at a solid pace during the forecast period.

Household consumption was a key driver of the strong growth in the third quarter, and consumer confidence has continued to improve as well. Fiscal policy next year will be expansionary, with significant resources being allocated to improving households' purchasing power. There is, however, a risk of economic policy being too loose. If households perceive this as a signal of future tightening, the effectiveness of current measures could be reduced.

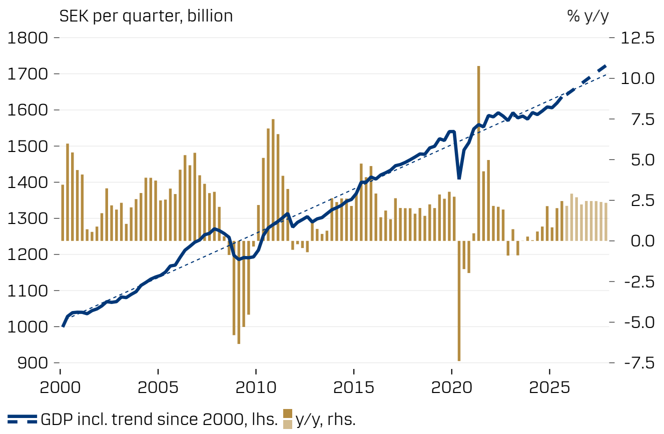
A higher inflationary environment
Higher inflation dampened consumer spending early this year. While household consumption has grown robustly in nominal terms, higher inflation has dampened real consumption growth. Next year, inflation will decline to 1.6%, though most of this decline will be the result of the political decision to temporarily reduce the value-added tax on food. Adjusting for the temporary effect, inflation would be 2.2%.

Although the economy is improving, profitability among firms remains subdued. When domestic demand strengthens, it will become easier for firms to pass on cost increases to consumers. Combined with expansionary monetary and fiscal policy, this creates a risk of renewed inflation surprises.

A return to the low inflation environment seen before the pandemic appears unlikely. Structural changes, such as geopolitical uncertainty, trade conflicts and an increased focus on resilient supply chains, are contributing to higher costs. Wage growth is expected to stabilise at around 3.5% per year. In the longer term, we expect inflation to stabilise around 2%, with risks skewed to the upside.

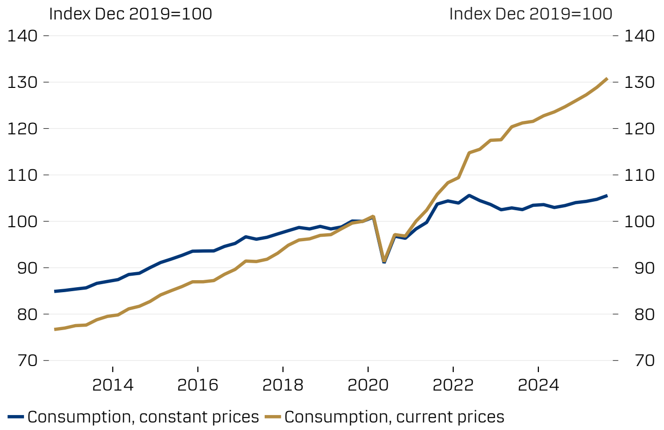
Housing prices are rising again
Households' increased optimism is evident in the housing market,

Brighter outlook, recovery under way



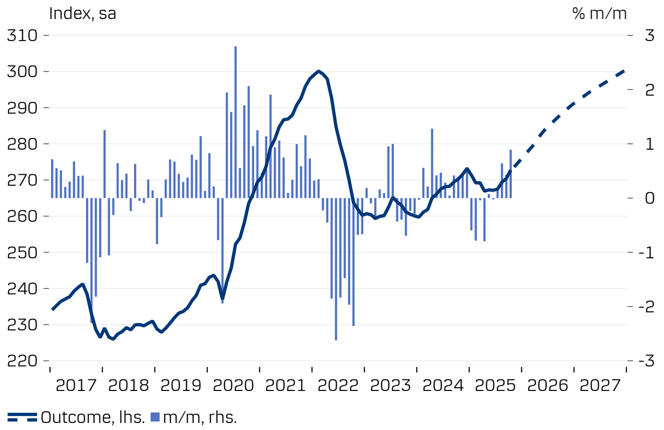
Source: Statistics Sweden, Macrobond and Danske Bank

Private consumption growing in both nominal and real terms



Source: Statistics Sweden, Macrobond and Danske Bank

Housing prices on the up again



Source: HOX Valueguard, Macrobond and Danske Bank

> *The labour market is also mostly moving in the right direction, so fears of high unemployment levels may soon give way to greater optimism"*
>
> *Susanne Spector, Chief Economist Sweden*

where prices have increased since the summer. Price levels have recovered and are now higher than a year ago. Households' interest rate expectations have stabilised at levels consistent with market rates.

Much points to the introduction of eased amortisation rules and increased opportunities to borrow for housing in April next year. On the margin, the proposal is likely to lead to higher housing prices. On the other hand, households have consolidated their debts, and the willingness to increase borrowing is likely lower than during the period of low interest rates.

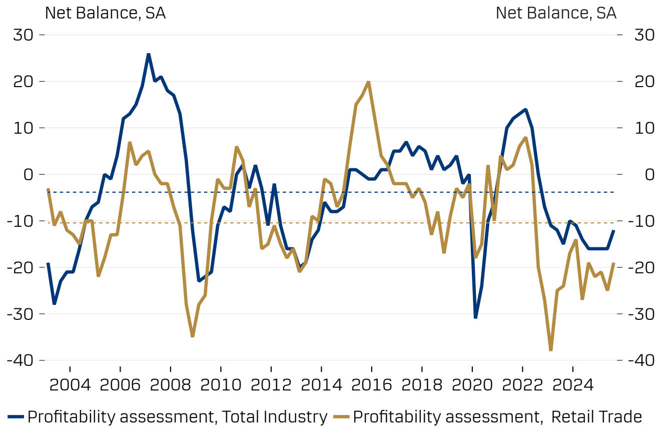
Housing prices are expected to rise by around 5% per year. The risks picture is balanced – high supply and continued global uncertainty could dampen price growth, while stronger sentiment could drive prices higher than forecasted.

Mixed outlook for investment
Investments on an aggregate level have been relatively stable in recent years, but the development of different types of investments varies. While investments in intellectual property products and assets, machinery, equipment and weapon systems have increased, housing investments have decreased significantly. Residential construction has picked up but remains at low levels. High construction costs and downward revisions of Statistics Sweden's population projections are expected to continue to weigh on activity. The number of young adults will fall significantly in the coming years, leading to lower demand for small apartments and fewer relocations within the country. At the same time, there is still a major need for investments in climate adaptation and civil defence, which means that government investments are expected to increase further during the forecast period.

Gradual global recovery
Despite tariff-related turbulence, the global outlook is relatively stable, although Sweden's most important export market, the euro area, is growing slowly. High import tariffs in the US are disrupting global trade and is expected to contribute to slower growth in Swedish exports near-term. The PMI for Swedish manufacturing paints a relatively positive picture, but the improvement in new orders is primarily driven by the domestic market. There are, however, significant variations across the sectors. The defence sector is performing well, while the automotive and forest industries, among others, are struggling more. Next year, Swedish firms should have more support from Europe's military expansion and Germany's infrastructure package.

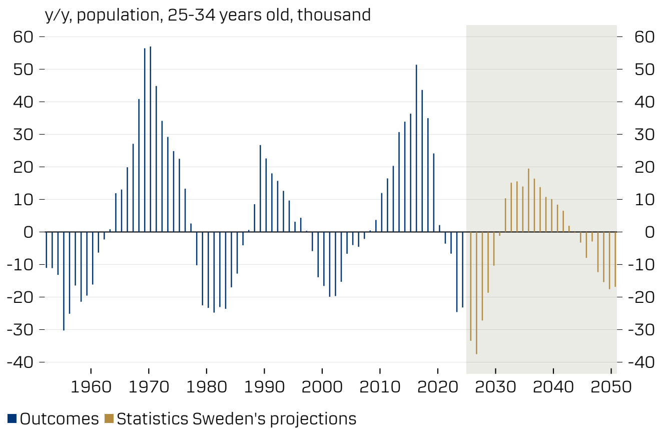
Brighter labour market
The labour market has faced several setbacks in recent years. Employment has gradually declined, and new job openings fell during the first half of this year. There is much to suggest that firms have responded to weaker demand mainly by cutting

Subdued profitability



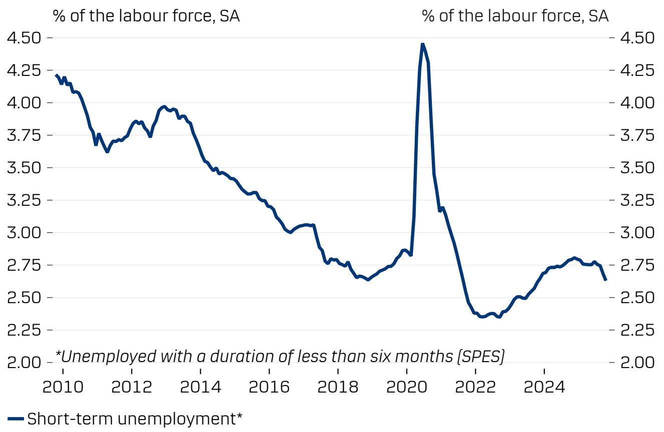
Source: Swedish National Institute of Economic Research, Macrobond and Danske Bank

Fewer young adults in the coming years



Source: Statistics Sweden, Macrobond and Danske Bank

Short-term unemployment falling sharply



Source: Swedish Public Employment Service, Macrobond and Danske Bank

> *The balance of risks has shifted – while downside risks have dominated in recent years, there are now also clear upside risks going into 2026"*
>
> *Susanne Spector, Chief Economist Sweden*

back on recruitment rather than turning to redundancies. At the same time, unemployment has increased markedly, even among groups with a stronger attachment to the labour market.

There are, however, clear signs now of a turnaround in the Swedish Public Employment Service's statistics. The glimmers of hope seen in September have strengthened and point to a more rapid recovery. Short-term unemployment is falling sharply, indicating that fewer people are becoming unemployed and more are finding work. Unemployment by this measure is at its lowest for two years. The overall jobless rate has also begun to come down, and fewer people are registered as unemployed than a year ago.

The Swedish Public Employment Service's statistics led the decline in the official measure of unemployment in the Labour Force Survey by three to six months after the pandemic, and we expect a similar development now. The fact that a relatively large share of the unemployed are people with a strong attachment to the labour market should contribute to a rapid reduction in unemployment. As domestic demand increases, employment will also gain momentum next year.

Expansionary policy

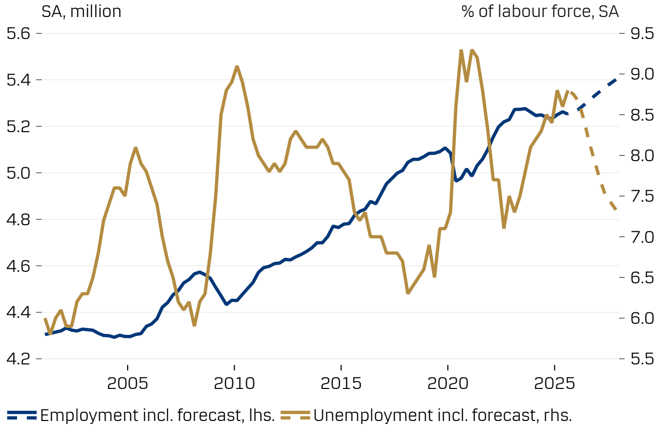
Economic policy is expected to be decidedly expansionary next year. Economic outcomes since these policy decisions were made have exceeded expectations. Had the government had access to data for the third quarter, it is possible that their view would have been different. The same goes for the Riksbank's rate cut in September, where the labour market risks seem to have outweighed inflation risks.

This could result in the overall economic policy becoming too expansionary towards the second half of 2026 and 2027. The balance of risks has shifted – while downside risks have dominated in recent years, there are now also clear upside risks going into 2026.

Defining what constitutes a normal economic situation is difficult after the turbulent years we have just been through. Monetary policy has a delayed effect, and this summer's rate cuts are not expected to have their full impact until next year. Despite lower inflation, households will still face higher prices, and real wages are still lower than before inflation surged.

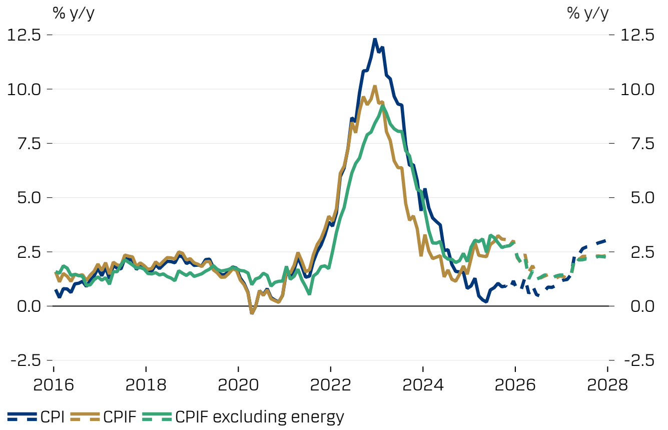
That said, our assessment is that the economy will grow faster than normal in 2026, contributing to a normalisation of resource utilisation. Towards the end of next year, the economy will have made up previous lost ground, and GDP will grow above its long-term trend growth. With underlying price pressures indicating inflation slightly above the Riksbank's target, we expect the Riksbank to raise the policy rate to 2% at the end of next year and then once more to 2.25% during the first half of 2027.

Higher employment and lower unemployment



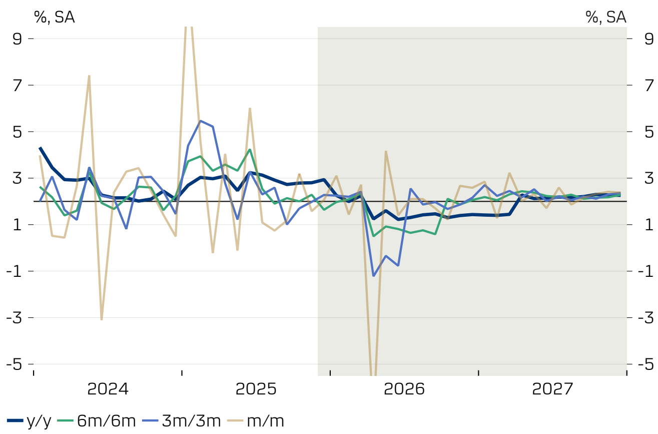
Source: Statistics Sweden's Labour Force Survey, Macrobond and Danske Bank

Inflation to drop significantly as food VAT decreases

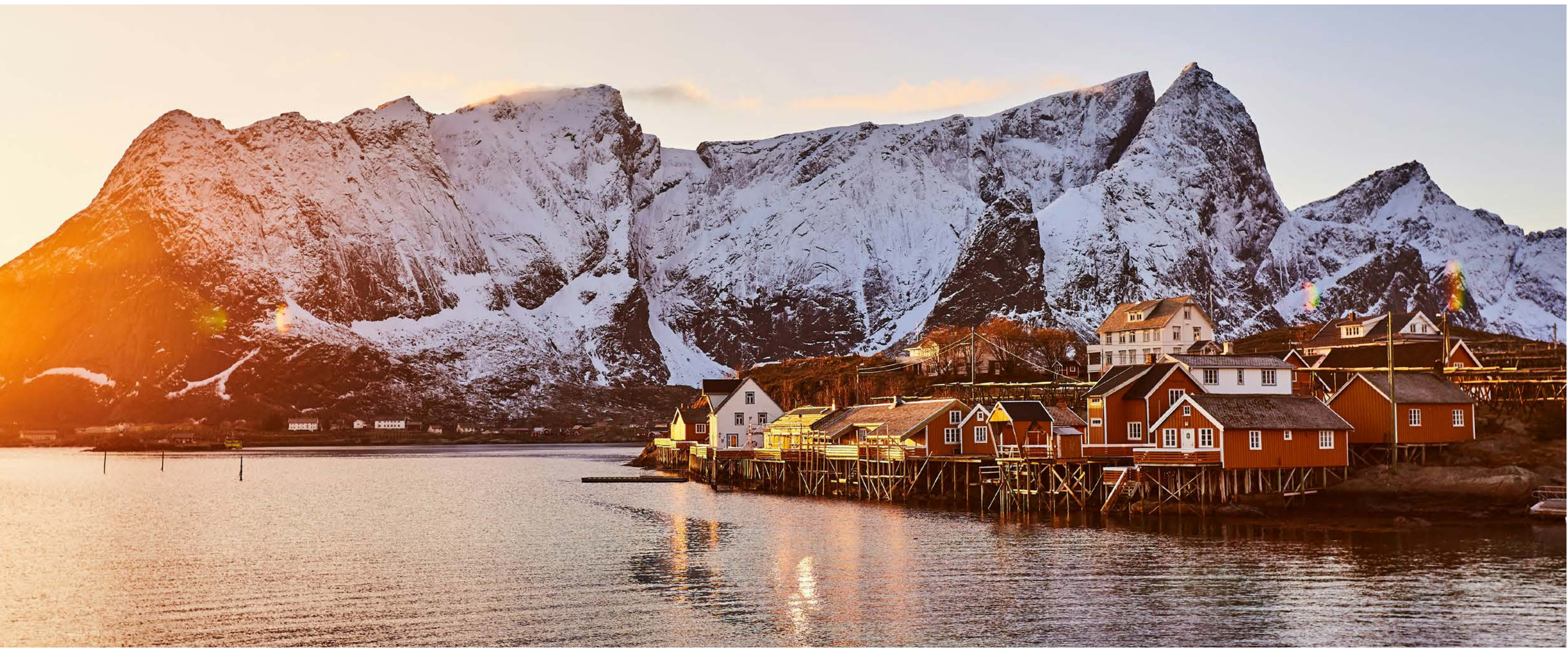


Source: Statistics Sweden, Macrobond and Danske Bank

Inflation is falling, but elevated underlying price pressures persist



Source: Statistics Sweden, Macrobond and Danske Bank



No boom after the rate cuts - so far

- **Growth slowdown after summer**
- **Deviating labour market figures may indicate mismatch**
- **Continued high wage and price growth**
- **Krone exchange rate driven by global monetary policy**
- **Norges Bank postpones the rate cuts**

	2024	Forecast 2025	2026	2027
GDP Growth	0.6%	1.7% (1.9%)	1.6% (1.6%)	1.6%
Inflation	3.1%	3.1% (2.7%)	2.2% (2.3%)	2.4%
Unem-ployment	2.0%	2.2% (2.2%)	2.3% (2.3%)	2.3%
Policy rate*	4.50%	4.00% (3.75%)	3.00% (3.25%)	3.00%

Parentheses are the old projections (From September 2025)
**End of period*
Source: Danske Bank, Statistics Norway,
Norwegian Labour and Welfare Organization (NAV), Norges Bank

There has been a clear slowdown in growth since the summer. After strong growth in the first half of the year, mainland GDP growth slowed to 0.1% q/q in the third quarter, and the first half of the year was also revised downwards. The turnaround was relatively broad-based, but continued solid growth in private consumption and mainland exports, housing investment was unchanged, while public demand, private mainland investment and oil investment fell.

Perhaps the most striking thing about the figures is the lack of lift in the rate sensitive parts of the economy, such as private consumption, housing investment (and business investment) after Norges Bank cut rates in June. Moreover, preliminary indicators suggest that this trend continued into the fourth quarter, even though rates were cut again in September. Admittedly, there is a lag from rate changes to the impact on economic activity, nevertheless there is little sign of the usual upswing in optimism that follows changes, or expectations of changes, in rates.

Clear slowdown since the summer"

Frank Jullum, Chief Economist Norway

Consumer confidence for the fourth quarter, which was conducted in the last week of October, increased marginally from -4.5 to -3.7 but is still negative and well below the historical average of around 20. It was particularly interesting to note that households' confidence in their own economy next year fell from 21.8 to 10.1, the lowest in two years. One should not overinterpret these figures, they do not have a strong historical correlation with actual consumer behavior, especially after the pandemic. In addition, Finance Norway pointed to unusually large differences depending on political stance, so the pessimism may be due to disappointment with the election result among parts of the population. The Confederation of Norwegian Employers (NHO) conducts a monthly business survey among its members, which has historically shown quite good correlation with Norges Bank's Regional survey. The market outlook for the next six months was somewhat weaker in the third quarter than in the second quarter, and the monthly figures for October and November have been at about the same level as in the third quarter. The net figures (better minus worse outlook) are actually negative. The sector details show that in addition to continued high pessimism in the construction sector, there is also increasing pessimism in manufacturing and the offshore industry. There is also increasing pessimism in the logistics and transport sector and the consumer-related sectors are still pessimistic.

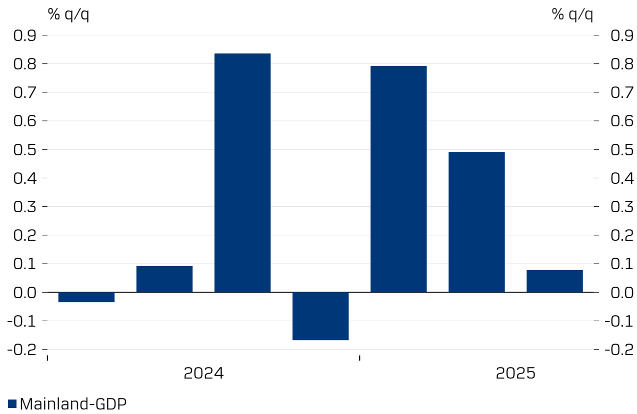
Although we expect growth in the Norwegian economy to continue, we also expect a significant growth twist in 2026 and 2027. Lower rates and high real wage growth will support both private consumption and housing investments. At the same time, lower rates in combination with higher productivity growth will also support investments in mainland companies. Increasing need for military capacity, investments in new technology and higher investments in the power sector will reinforce this development. On the other hand, oil investments will soon start to fall and the growth impulses from public demand will be smaller. In addition, we expect somewhat lower global growth, so exports from mainland Norway will probably grow more slowly than they have in the last two or three years, while imports will increase in line with higher domestic demand.

Developments in the Norwegian economy have been weaker than expected since the previous report, so we have lowered our estimate. We now expect mainland GDP growth of 1.7 % this year, and 1.6% next year and in 2027.

Few layoffs, few hires

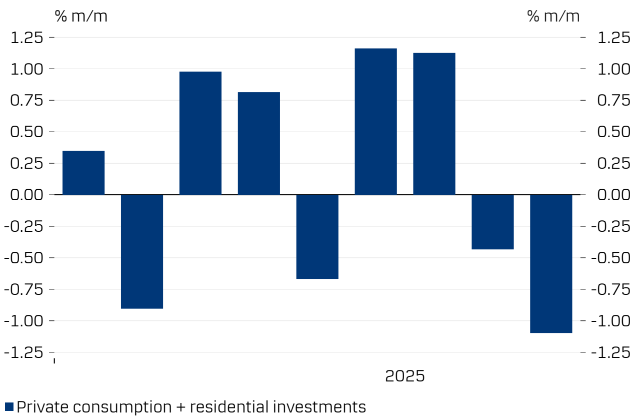
The labor market has weakened further throughout the fall, but there are mixed signals from various indicators. Employment growth is slowing, from 1.1% y/y in the second quarter to below 0.8% in the third quarter according to the monthly figures. At the same time, there has been a drop in the number of new, vacancies from NAV in recent months. On the other hand, the number of vacant positions increased slightly in the third quarter after having fallen somewhat in the previous quarter. Leading employment indicators have also declined somewhat, both from the Manufacturing survey from Statistics Norway and from the member survey from NHO, but both are falling roughly in line with the slowdown in actual employment growth.

Growth is slowing down



Source: Macrobond, Danske Bank

No acceleration in rate-sensitive sectors



Source: Macrobond, Danske Bank

Unemployment figures continue to diverge

Source: Macrobond, Danske Bank

However, the major uncertainty lies in the unemployment figures themselves. Admittedly, the LFS unemployment rate has fallen back a bit since the previous report, but it is still 0.7 pp. higher than last year at the same time, while the registered unemployment rate from NAV has only increased by 0.1 pp. in the same period. We have always preferred the registered unemployment figures from NAV for cyclical purposes, mostly

“

Inflation has slowed”

Frank Jullum, Chief Economist Norway

because they are register data and therefore very accurate, while the LFS is a survey where the uncertainty is greater around individual publications (larger monthly variation).

That said, it is impossible to ignore that the two unemployment measures have very different characteristics. The typical distinction is that many who are not entitled to unemployment benefits do not bother to register as unemployed with NAV, this applies especially to students who are initially looking for part-time jobs alongside their studies. This means that an increase in the LFS unemployment rate but unchanged NAV unemployment may be due to the fact that it is more difficult to enter the labor market but that there are not many layoffs. When layoffs increase, this is often reflected in higher NAV unemployment as well. Since the increase in LFS unemployment over the past year has been clearly highest in the youngest age groups, we suspect that this is the explanation for the gap between the unemployment targets. The question is therefore whether the fact that students have greater problems finding part-time jobs is a signal that the labor market is becoming weaker? Because at the same time, the number of vacant positions remains at a high level, which together with higher unemployment may indicate that there are also increasing mismatch problems in the labor market. (The Beveridge curve has shifted upwards).

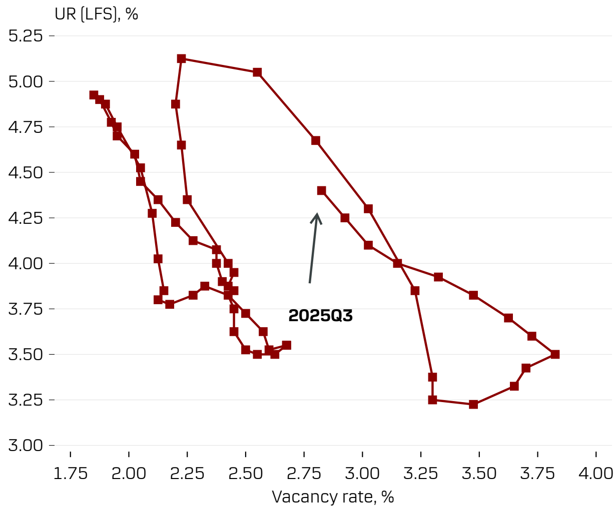
We still expect a moderate increase in registered unemployment to 2.2% in 2025 and 2.3% in 2026, which is the same as in the previous report. We still believe that productivity growth will gradually pick up so that unemployment increases somewhat even if GDP growth picks up.

Inflation drivers still point downward

Inflation has fluctuated a lot in recent months, and core inflation fell to 3% y/y in September before bouncing back to 3.4% in October. The upside surprise in October was driven by imported inflation, which rose from 1.1% to 2.0%. A closer look at the details shows that most of this was driven by electronics and various household appliances. We therefore suspect that this was driven by price adjustments ahead of the price discounts in connection with Black Week. In 2023, the retail trade was required to show real pre-sale prices for goods sold at a discount during Black Week. Our suspicion is strengthened by the fact that the exchange rate has been relatively stable over the past year and that global goods prices show no signs of rising. We therefore believe that core inflation will decline again in November, but of course we cannot be certain.

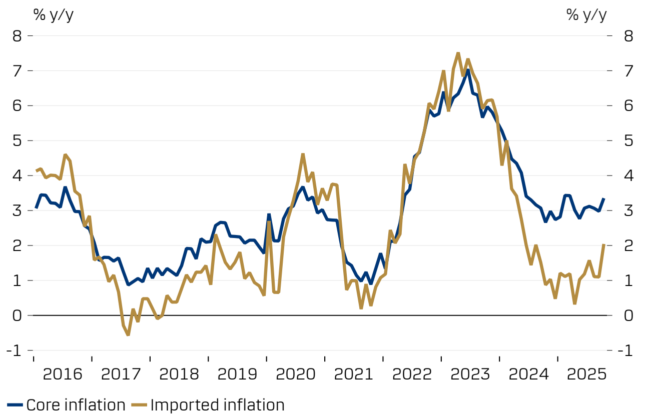
But despite this, it must be stated that underlying inflation remains uncomfortably high, and that this is entirely due to high price growth on Norwegian-produced goods and services. This is probably due to the high growth in costs we have seen since the pandemic continues to put pressure on prices, but that said, we see roughly the same price growth on services in both the Eurozone and Sweden, where wage growth has been far lower than in Norway. On the other hand, price growth on domestically produced goods is higher in Norway than in our neighboring countries. This is to a lesser extent due to high price growth on food, where, for example, the development in Norway, Sweden and Denmark has been more or less parallel since the beginning

Mismatch problems in the labor market?



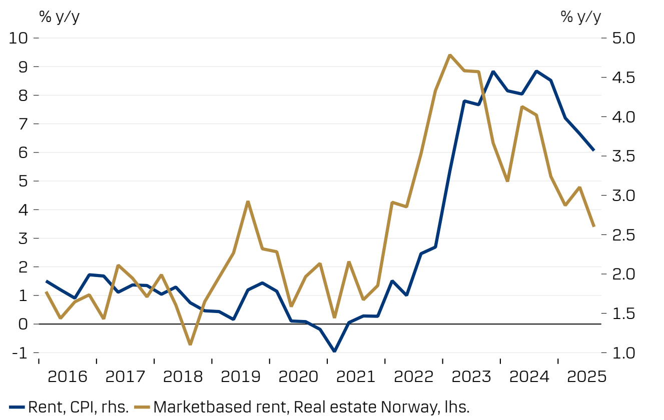
Source: Macrobond, Danske Bank

Inflation remains high



Source: Macrobond, Danske Bank

Rent inflation is slowing



Source: Macrobond, Danske Bank

of the 2000s. Going forward, we still expect inflation to decline. The tight labor market will indeed continue to result in high wage growth this year and next year, but it will still decline from 5.7% last year to 4.7% this year. At the same time, we see that productivity growth appears to be picking up even faster than expected and will rise from below zero to above 1% this year.

Thus, growth in unit costs, which is the most important inflation driver in the medium term, will decrease from above 5.5% last year to around 3.5% this year, which will likely help curb inflation.

Based on developments in global commodity prices on food, we also believe that food price inflation will gradually decline. It is also easy to assume that the annual agricultural settlements will be less favorable going forward, given that the Center Party is out of government. As mentioned, the exchange rate has now been relatively stable for over a year, and with continued weak global goods inflation, we believe that imported inflation will remain low or even fall further. Finally, we see that the growth in market-based rents is slowing down despite the number of rental homes is falling, and we believe that this will contribute to pulling rents in consumer prices downwards over time.

We have adjusted the estimate for core inflation this year marginally upwards from 3.0% to 3.1%, and somewhat more for next year from 2.2% to 2.5%, mainly due to higher wage growth this year. For 2027, we expect core inflation to decline further to 2.2% in 2027.

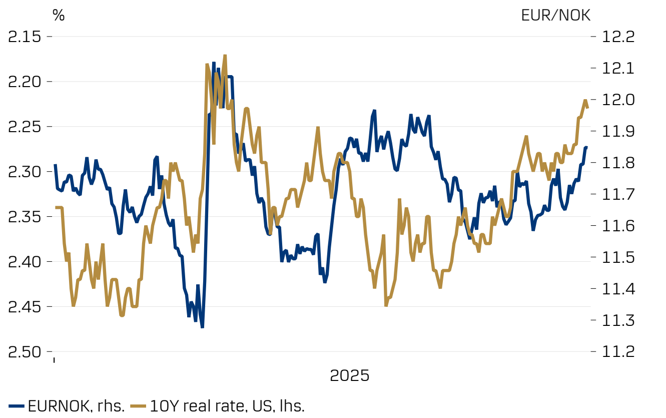
The current wage statistics still indicate that wage growth this year will be higher than the framework from the frontline of 4.4% indicated. This may be due to wage drift (local supplements, etc.) having been higher than assumed, that the central supplements were higher than expected or that wage growth outside the negotiation areas has been higher. That said, the wage figures for Q3 showed that wage growth slowed clearly in Q3, from 5.3% y/y to 4.8%, so the risk is clearly lower now than three months ago. We therefore maintain the wage forecast for this year at 4.7% and next year at 3.7%. For 2027, we expect 3.5% wage growth.

The krone exchange rate fluctuates mostly with global monetary policy

The NOK has fluctuated somewhat since the previous report, but is only marginally weaker than it was three months ago. The rate cut in September contributed to a somewhat weaker exchange rate afterwards, while inflation figures moved the NOK in the opposite direction. Nevertheless, as usual, it has mainly been global factors that have influenced the exchange rate. The oil price has weakened by almost USD 10 per barrel, risk appetite has fluctuated somewhat with global political uncertainty, and at the same time expectations for global monetary policy have changed. Less belief in rate cuts in the US has pulled US, and thus global, real interest rates upwards. As we have seen in the years after the pandemic, with high inflation and tight global monetary policy, these are periods when the NOK tends to weaken.

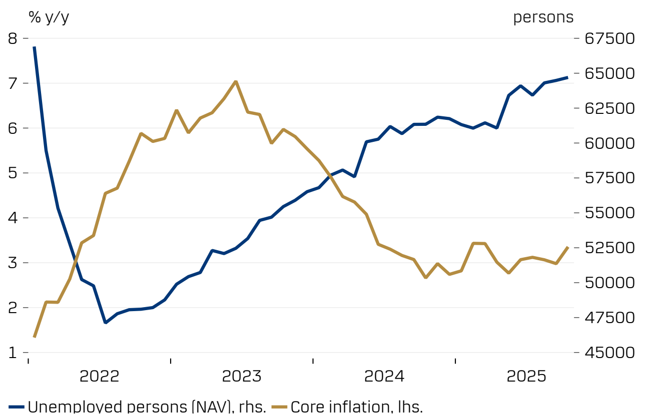
Going forward, we still believe that domestic factors will contribute to pressure towards a continued weak exchange rate. We believe that Norges Bank will cut interest rates somewhat more than market pricing suggests, because both growth and inflation are expected to decline going forward. We also believe that global drivers could quickly be negative for the NOK. If the US economy surprises on the upside when key figures are gradually published again, expectations of further rate cuts in the US will fall, real interest rates will rise and the NOK will most likely come under pressure. On the other hand, the figures could disappoint to the downside, then the risk of recession will increase, risk appetite will come under pressure, which will also most likely contribute to a weaker NOK. It is probably only the alternative where key figures in the US are weak enough to secure rate cuts, but not so weak that they create a recession risk that could be positive for the NOK.

The NOK is driven by global monetary policy



Source: Macrobond, Danske Bank

Dilemma for Norges Bank

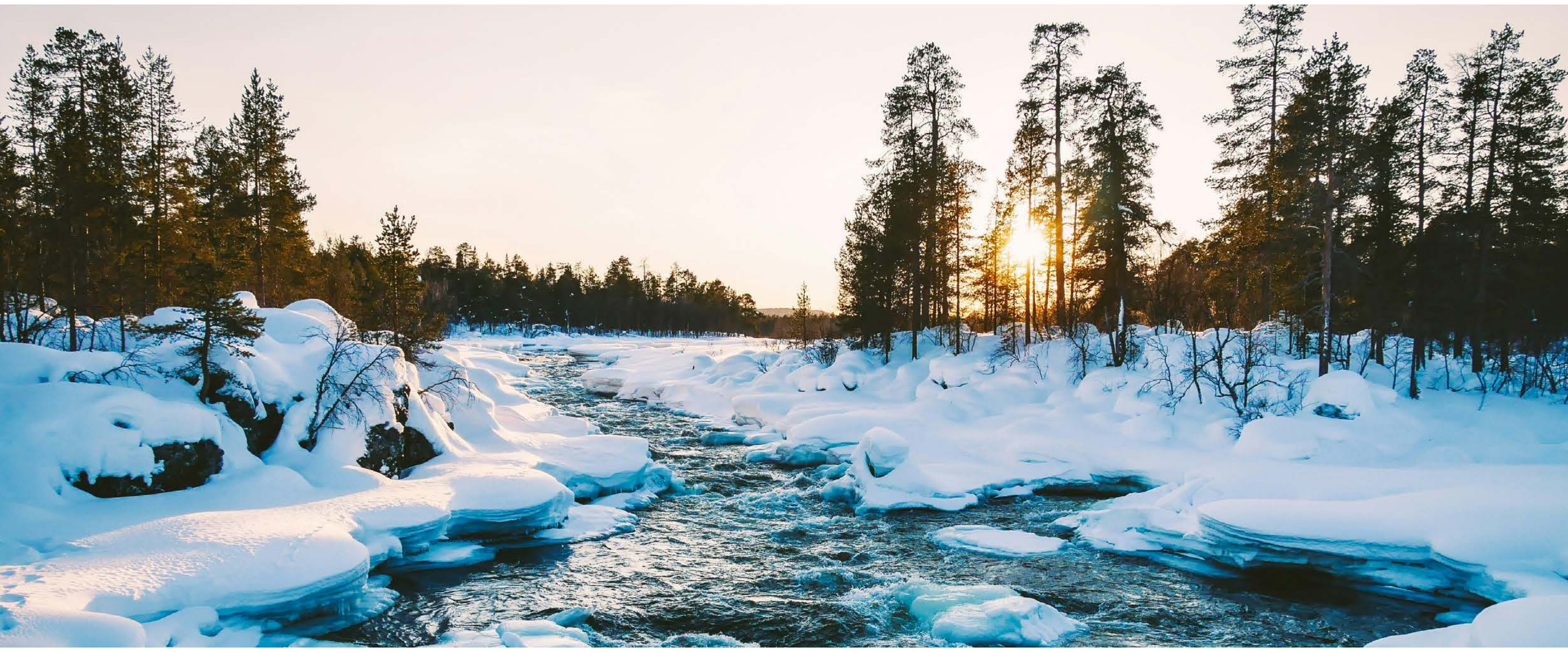


Source: Macrobond, Danske Bank

Norges Bank is concerned about inflation

Norges Bank cut the policy rate by 0.25 pp. to 4.00% at the September rate meeting, in what was a very open decision in advance among both the consensus and the market. It was a relatively 'hawkish' cut, with the NB raising the interest rate path in the monetary policy report by 0.36 pp. at most. The rate path now indicates about one rate cut per year for the next three years, and that the next cut will not come until the summer of next year. The background was a combination of higher wage and price growth than expected, but also that capacity utilization was considered to be higher than had been assumed in June. This message was largely repeated at the rate meeting in November, where the NB indicated that the development in growth and inflation since the September meeting had largely been as expected.

In addition, growth seems to be weaker than anticipated in 2025, which pulls in the same direction. Hence, we believe that Norges Bank will cut the policy rate as early as March, and deliver three further rate cuts in 2026, so that the key rate remains at 3% at the end of next year. After that, we expect the policy rate to remain unchanged until the end of 2027.



On the eve of better times

- **After several sluggish years, we expect economic growth to start picking up next year. However, growth will remain slower than we have anticipated earlier.**
- **The manufacturing industry is the ray of light in the Finnish economy. Despite trade policy uncertainties, the volume of new orders has been increasing.**
- **The high unemployment rate continues to slow down private consumption and the recovery of the housing market.**
- **The capacity of households to increase their consumption will continue to grow, and the readiness to do so will increase as the labour market recovers.**
- **Inflation is estimated to remain moderate during the forecast period.**

	2024	Forecast 2025	2026	2027
GDP Growth	0.4%	0.3% (0.9%)	1.5% (2.0%)	1.8%
Inflation	1.6%	0.5% (0.4%)	1.4% (1.2%)	1.8%
Unem-ployment	8.4%	9.5% (9.1%)	9.3% (8.7%)	8.7%
Deposit rate*	3.00%	2.00% (1.50%)	2.00% (1.50%)	2.00%

Figures in parentheses are the old projections (From September 2025)
**End of period*
Source: Danske Bank, Statistics Finland, ECB

After sluggish years, some cautious signs of an upturn can be detected in the Finnish economy. The volume of orders in the manufacturing industry has strengthened. Housing market activity and the mortgage drawdowns are also on the increase.

The investment outlook has improved, and production-related investments are expected to grow. Housing construction will start picking up next year, but the main phase of recovery is expected to take place in 2027.

Cautious signs of recovery can also be detected in employment. This in combination with growth in real income will boost households' confidence in the economy.

We expect the ECB key interest rate to remain at the level of 2 % until the end of 2027. In other words, starting from next year, household consumption will no longer be supported by interest rate cuts.

There is reason for cautious optimism. We are on the verge of a turning point, and pent-up demand is awaiting release"

Ozan Yanar, Senior Economist

The improving industrial outlook, the German investment package, and the increasing defence acquisitions in Europe support the recovery of exports.

This year's sluggish growth is reflected in our forecast. We lower our growth forecast for this year from our earlier 0.9 % estimate made in September to 0.3 %. We anticipate the most substantial part of the turnaround to take place next year. We forecast GDP growth to reach 1.5 % in 2026 and 1.8 in 2027.

The debt level of Finland's public sector has risen more than previously anticipated. Spending cuts have been made, but the rate of debt growth has accelerated. We expect the public debt ratio to continue to rise, as large defence acquisitions will increase expenditure.

In our forecast, risks are tilted to the downside. A weaker than expected sentiment in the private sector would have serious consequences for the recovery. The recovery of domestic demand will be delayed even further if there are no indications of a turn for the better in the labour market. Correspondingly, faster recovery of the labour market could release pent-up demand and thus strengthen domestic consumption more than our forecast anticipates.

The investment outlook has improved – still waiting for the construction industry to pick up

Business sector confidence has strengthened during the year. The order volume of the metals industry in particular is on the increase, and the chemical industry has also recovered from its earlier low level. In the paper industry, however, the volume of orders remains stagnant.

The investment outlook is starting to look brighter. We forecast particularly investments in machinery and equipment, and immaterial investments to increase in the coming years. Industrial spare capacity may still hold back the recruitment and investment decisions of companies. According to companies, lack of demand is the factor that hampers production the most.

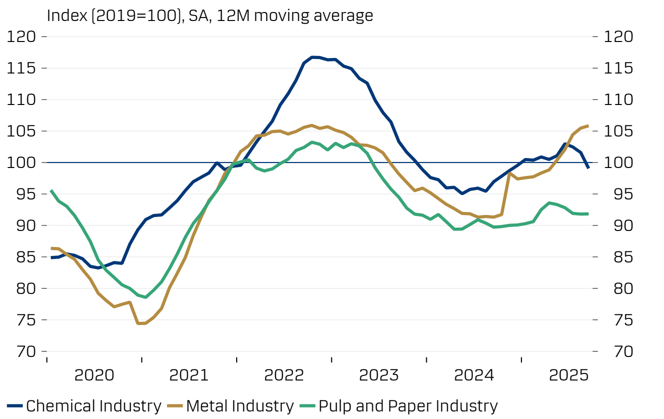
As far as private sector investments are concerned, the recovery of housing construction would serve as an important cornerstone, since the fall in construction activity explains most of the slump in investments over the past few years. We forecast most of the recovery in housing construction to be delayed until 2027. Following last year's trend, public investments will continue to grow strongly, mainly spurred by the investments in defence and security.

Growing order books in the industrial sector generate a more favourable outlook. From the perspective of exports, Finland's price competitiveness is in order, even though it is slightly weakened by the strengthening of euro. The German investment package and the defence acquisitions of European countries enhance the export prospects of companies. The trade

Gross domestic product returns to growth after sluggish years

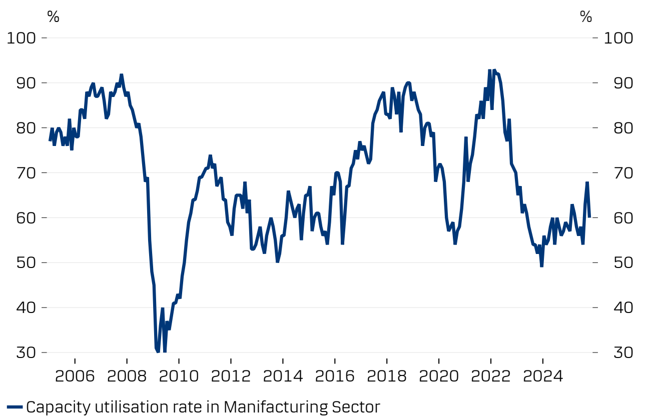
Source: Statistics Finland, Danske Bank's forecast

New orders in the metal industry show strong growth



Source: Statistics Finland

The industrial capacity utilisation rate is on a growth path



Sources: Confederation of Finnish Industries EK

agreement between the United States and the EU has reduced the uncertainty related to the tariffs.

The turnaround in the housing market is on its way

The situation in the housing market is divided. Transaction volumes of old apartments and the volume of mortgage

"For private consumption to return to a growth trajectory, it is necessary that also younger age groups are able to increase their spending"

Kaisa Kivipelto, private economist

drawdowns have increased, approaching the average levels preceding the peak years in housing transactions.

On the other hand, the prices of old dwellings in housing companies have continued to fall during the third quarter of the year, the drop from the corresponding period last year being 2.3 %. Following this, we have lowered our growth forecast on house prices. We expect the prices to fall by -1.5 % this year.

The upward turn of house prices will be delayed until next year, and we expect house prices to increase by only 0.8 % next year and by 2.5 % in 2027.

Low inflation and growth of real wages boost domestic demand
Finland's domestic measure of inflation fell to -0.2 % in October. At the same time, the Finnish harmonized rate of inflation, taking account of owner-occupied housing costs, was 1.4 % higher than a year before.

We forecast the Finnish annual rate of inflation to be 0.5 % this year, 1.4 % next year, and 1.8 % in 2027. The growth of real wages will continue in the coming years, as we expect the nominal earnings to increase by 3.1 % this year, 3.7 % next year, and 3 % in 2027. The growth of real wages will strengthen the household purchasing power in the coming years, which will boost domestic consumption.

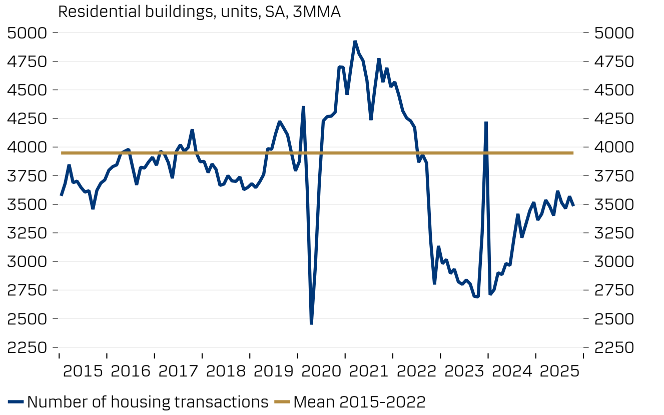
The high unemployment rate does not tell the whole truth about the labour market
Unemployment has not eased even during the third quarter of this year. The unemployment rate trend for 15–74-year-olds in Finland has risen to 10.3 %.

Even though unemployment is high, a significant part of the growth derives from the increase in labour force participation rate. The number of those transferring to unemployment from outside the workforce has grown faster than the number of those transferring from employment to unemployment. In bad economic times, the rise in the participation rate increases unemployment, because there is only a limited number of vacancies available. As the economic situation improves, the increase in labour force should improve the availability of labour and boost the economic recovery.

The employment rate trend for 15-64-year-olds slightly increased in October to 71.4% after reaching its lowest level in July. We expect the positive industrial outlook to improve employment, but it will have a delayed effect. The employment growth largely rests on the private sector, as in the public sector the employment has been decreasing.

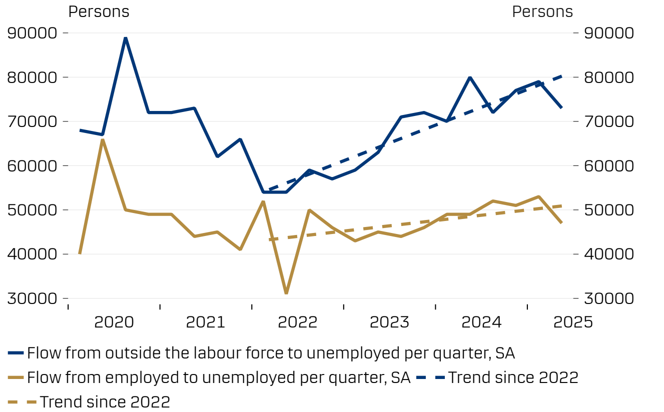
The number of vacancies has dropped significantly from the high numbers of the early 2020s, since companies have been cautious in their recruitment. On the other hand, furloughs have decreased, which is indicative of a turnaround.

Housing sales volumes have continued to grow towards average levels



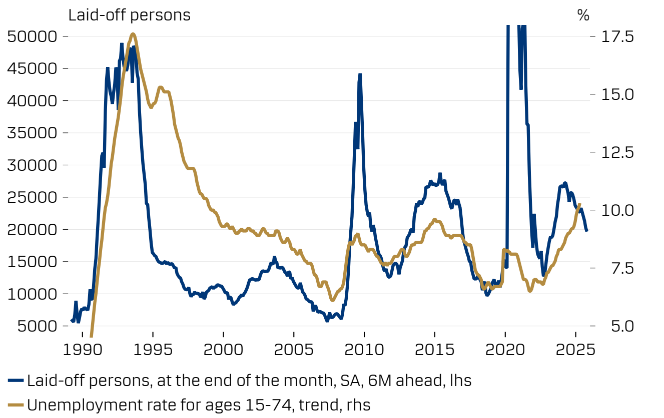
Source: Statistics Finland

The increase in unemployment is partly explained by the rise in the participation rate



Source: Eurostat

The decrease in layoffs signal a recovery in the labour market.



Source: Statistics Finland, Ministry of Economic Affairs

We expect the labour market to gradually recover. We estimate the same trend to continue next year and the year after that.

Private consumption recovers in pace with the labour market
Despite the increased purchasing power and reduced interest costs, private consumption has been lagging. Consumer confidence remains at a relatively low level. Consumer confidence is reduced by the high unemployment rate and people having

a great fear of becoming unemployed. Cautiousness manifests itself as subdued intentions to purchase an apartment or durable goods and as a high saving rate. The household willingness to spend money in proportion to disposable income remains at a low level.

In recent years, the household debt level has decreased, and household deposits have started to rise in real terms. However, deposits and investment wealth are concentrated among older population groups. They also consider their financial situation better than younger individuals under the age of 50.

In the coming years, households will benefit from rising real earnings and the tax rate cuts on wage earnings to enter into force at the beginning of next year. According to the Ministry of Finance's estimate, the tax cuts will increase the disposable income of wage earners by approximately 0.8 %, but the focus of the cuts will be on the higher-earning households, the highest income decile in particular. At the same time, cuts in social benefits reduce the earnings of those with lower income. For households, the most decisive factor is the turnaround in the labour market.

We expect the households' financial situation and confidence to revive more extensively once the labour market starts picking up. An upward turn in private consumption would require that also younger generations can increase their consumption. Considering such matters as the record-low number of new vehicle registrations and very moderate volume of housing transactions, it is possible that the unleashing of pent-up demand will eventually lead to higher growth of private consumption than we have anticipated.

Public debt is growing at an alarming rate

The growth of public debt has accelerated in Finland, and the financial situation of the public sector has weakened more than expected despite major spending cuts made in recent years.

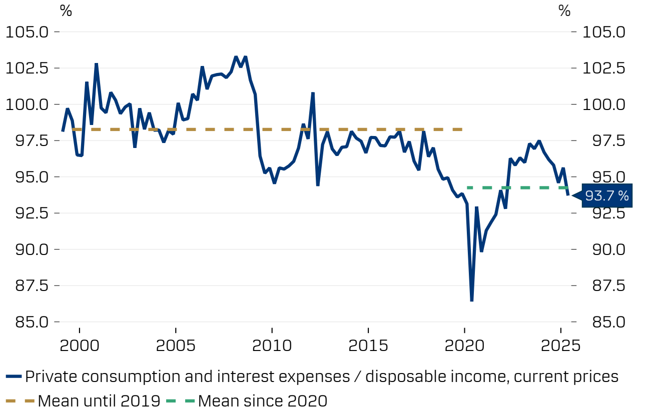
Two statistical changes made in the past few years have accelerated the growth of public debt. In 2024, it was decided to leave the surplus of employment pension funds outside the debt ratio calculations, and in 2022 it was decided to include the state guarantees for ARA interest subsidy loans to support affordable housing in general government debt.

We expect the public debt ratio to continue to rise, since the commitment to raise the defence expenditure to 5 % of GDP will further increase public expenditure. At the end of the forecast period, the debt ratio will exceed 90 % of GDP.

The growth of Finland's public debt has also raised international concerns. In July, Fitch downgraded Finland's credit rating from AA+ to AA, and in November the IMF stated that Finland's public finances have deteriorated significantly. The IMF recommended consolidating the public finances by EUR 1.5 billion annually.

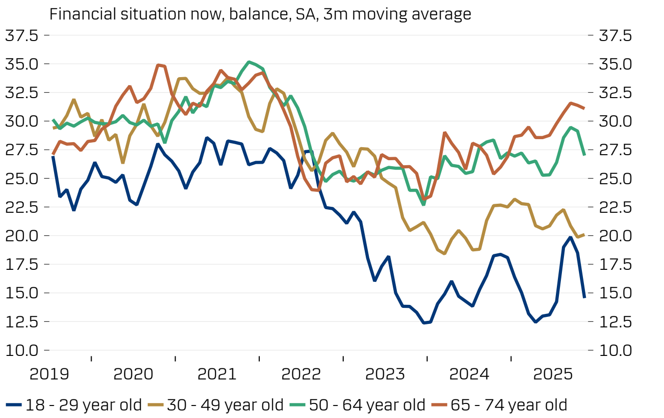
Almost all Finnish political parties have agreed on drafting a debt brake act that would create new fiscal policy rules to curb the public debt. The initial target is to reduce the debt-to-GDP ratio to 60 % and, in the long term, to 40 %. The extent of the savings to be made during the following electoral term will be agreed upon before the parliamentary elections of 2027. The long-term targets are ambitious. Reaching them requires keeping public spending under control for a long time.

Households' propensity to consume at historically low levels



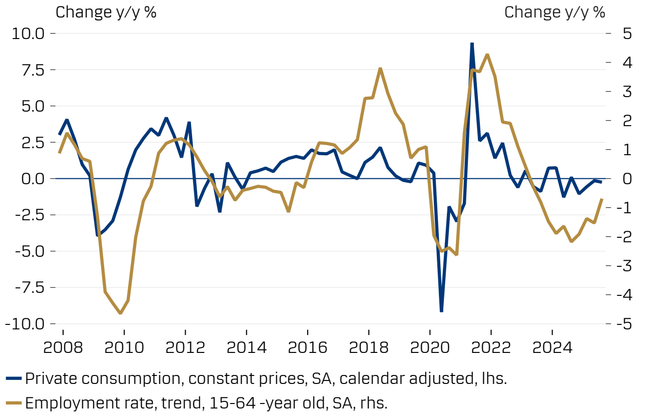
Source: Statistics Finland

Over 50-year-old view their financial situation now better than the historical average



Source: Statistics Finland

Growth in private consumption goes hand in hand with growth in employment



Source: Statistics Finland

Forecast tables

Macro forecasts - Denmark

	2024	2024	Forecast 2025	2026	2027
National Accounts	**DKK bn (Current prices)**	**y/y**	**y/y**	**y/y**	**y/y**
Private consumption	1233.5	1.1%	1.8%	2.1%	2.8%
Government consumption	672.2	1.0%	0.0%	3.5%	2.4%
Gross fixed investment	682.9	3.0%	-2.8%	2.6%	2.3%
- Business investment	453.1	8.0%	-6.3%	1.7%	1.2%
- Housing investment	136.7	-10.2%	1.3%	4.4%	5.7%
- Government investment	93.2	2.4%	8.3%	4.0%	2.0%
Growth contribution from inventories		-0.3%	0.5%	-0.7%	0.0%
Exports	2078.1	7.1%	2.8%	4.7%	2.7%
- Goods exports	1189.6	10.5%	6.7%	5.3%	2.6%
- Service exports	888.6	2.7%	-2.4%	3.8%	2.8%
Imports	1778.5	4.1%	-0.4%	4.1%	3.4%
- Goods imports	936.9	2.3%	3.7%	4.5%	2.4%
- Service imports	841.5	6.3%	-5.0%	3.5%	4.7%
GDP	2926.9	3.5%	2.6%	2.7%	2.1%
Economic indicators					
Current account, DKK bn		356.9	376.0	410.0	428.0
- Share of GDP		12.2%	12.3%	12.9%	12.9%
General government balance, DKK bn		130.5	75.0	25.0	29.0
- Share of GDP		4.5%	2.4%	0.8%	0.9%
General government debt, DKK bn		894.0	885.0	890.0	885.0
- Share of GDP		30.5%	28.9%	27.9%	26.7%
Employment**		3217.4	3257.1	3275.4	3276.2
Gross unemployment**		87.1	87.7	90.0	91.3
- Share of total work force		2.9%	2.9%	3.0%	3.0%
House prices, y/y		4.7%	5.9%	6.3%	3.7%
Private sector wage level, y/y		5.2%	5.1%	3.5%	3.3%
Consumer prices, y/y		1.4%	1.9%	1.1%	1.8%
Financial figures					
Lending Rate*		2.75%	1.75%	1.75%	1.75%
Certificates of deposit Rate*		2.60%	1.60%	1.60%	1.60%

**End of period, ** Annual average, thousand*
Source: Danske Bank, Statistics Denmark, Nationalbanken, Confederation of Danish Employers (Dansk Arbejdsgiverforening), Boligsiden

Forecast tables

Macro forecasts - Sweden

	2024	2024	Forecast 2025	2026	2027
National Accounts	**SEK bn (Current prices)**	**y/y**	**y/y**	**y/y**	**y/y**
Private consumption	2893.2	0.6%	1.6%	2.5%	2.8%
Government consumption	1695.0	0.9%	0.9%	1.7%	1.7%
Gross fixed investment	1602.0	0.1%	1.3%	4.1%	3.2%
Excl. residential investments	1408.0	2.7%	1.2%	3.9%	2.9%
Residential investments	193.9	-15.1%	1.7%	5.2%	5.7%
Growth contribution from inventories		0.4%	0.1%	-0.1%	0.0%
Exports	3475.4	2.3%	5.6%	3.2%	2.8%
Exports of goods	2325.8	0.8%	5.0%	2.8%	2.8%
Exports of services	1149.6	5.7%	6.9%	4.2%	3.6%
Imports	3292.8	2.4%	4.9%	3.2%	3.2%
Contribution from net exports	182.6	0.0%	0.5%	0.1%	-0.1%
Domestic demand	6205.2	1.0%	1.4%	2.6%	2.6%
Aggregate demand	9681.0	1.4%	2.9%	2.8%	2.7%
GDP	6387.5	0.9%	1.7%	2.8%	2.6%
GDP, calendar adjusted		0.9%	1.9%	2.6%	2.4%
Economic indicators					
Employment (LFS)		-0.6%	0.3%	0.9%	1.4%
Unemployment (LFS), % of labour force		8.4%	8.7%	8.3%	7.5%
Wages (NMO)		4.1%	3.6%	3.5%	3.5%
Home prices (HOX)		2.1%	1.2%	5.3%	4.2%
Inflation, y/y					
CPIF		1.9%	2.8%	1.6%	2.0%
CPIF excl. energy		2.6%	2.9%	1.6%	2.0%
CPI		2.8%	0.8%	0.8%	2.4%
Public debt ratio, % of GDP		33.0%	33.8%	34.2%	35.9%
Financial figures					
Riksbank policy rate*		2.75%	1.75%	2.00%	2.25%

**End of period. Note that the decision to cut to 2.5% in December 2024 was not effective until January 2025.*
Source: Statistics Sweden, The Swedish National Mediation Office, The National Institute of Economic Research, Riksbanken, Valueguard, Macrobond, and Danske Bank.

Forecast tables

Macro forecasts - Norway

	2024	2024	Forecast 2025	2026	2027
National Accounts	**NOK bn (Current prices)**	**y/y**	**y/y**	**y/y**	**y/y**
Private consumption	2210.6	1.3%	2.7%	2.5%	2.2%
Government consumption	1187.8	1.8%	3.0%	1.5%	1.8%
Gross fixed investment	1235.6	-1.4%	1.4%	1.5%	1.5%
Petroleum activities	259.3	4.8%	6.0%	-6.0%	-5.0%
Mainland Norway	966.8	-1.7%	-1.5%	3.5%	3.5%
Dwellings	198.9	-15.8%	-1.5%	11.0%	8.0%
Enterprises	479.0	1.3%	1.6%	2.3%	2.0%
General government	288.8	5.5%	-5.0%	2.5%	3.0%
Exports	2475.1	6.0%	2.0%	1.0%	1.0%
Traditional goods	671.7	3.4%	4.5%	2.0%	2.0%
Imports	1777.7	5.0%	1.5%	1.8%	2.0%
Traditional goods	1026.4	2.2%	2.5%	2.2%	2.7%
GDP	5367.4	2.1%	1.2%	1.2%	1.0%
GDP Mainland Norway	4186.9	0.6%	1.7%	1.6%	1.6%
Economic indicators					
Employment, y/y		0.7%	0.7%	0.5%	0.5%
Unemployment rate (NAV)		2.0%	2.2%	2.3%	2.3%
Annual wages, y/y		5.7%	4.7%	3.7%	3.5%
Core inflation, y/y		3.7%	3.1%	2.5%	2.2%
Consumer prices, y/y		3.1%	3.1%	2.2%	2.4%
House prices, y/y		3.0%	6.0%	7.0%	6.0%
Financial figures					
Leading policy rate		4.50%	4.00%	3.00%	3.00%

**End of period*
Source: Danske Bank, Statistics Norway, Real estate Norway, Norwegian Labour and Welfare Organization (NAV), Norges Bank

Forecast tables

Macro forecasts - Finland

	2024	2024	Forecast 2025	2026	2027
National Accounts	**EUR bn (Current prices)**	**y/y**	**y/y**	**y/y**	**y/y**
GDP	276.0	0.4%	0.3%	1.5%	1.8%
Imports	114.7	-0.8%	2.1%	2.2%	1.8%
Exports	115.7	1.8%	4.3%	3.2%	2.1%
Consumption	213.1	0.3%	-0.7%	0.6%	1.4%
- Private	141.2	-0.4%	0.0%	1.7%	2.2%
- Public	71.9	1.7%	-2.1%	-1.7%	-0.3%
Gross fixed investment	60.7	-5.0%	0.1%	2.5%	2.9%
Economic Indicators					
Unemployment rate		8.4%	9.5%	9.3%	8.7%
Earnings, y/y		3.1%	3.1%	3.7%	3.0%
Inflation, y/y		1.6%	0.5%	1.4%	1.8%
Housing prices, y/y		-3.3%	-1.5%	0.8%	2.5%
Public budget balance**		-4.4%	-4.4%	-3.6%	-3.5%
Public debt**		82.5%	89.5%	90.6%	90.9%
Financial Figures					
ECB deposit rate*		3.00%	2.00%	2.00%	2.00%

*End of period, **Percent of GDP
Source: Danske Bank, Statistics Finland, ECB

Forecast tables

Macro Forecasts - Euro area

	2025 Q4	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4
GDP, q/q	0.1%	0.3%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%
Unemployment rate	6.4%	6.4%	6.4%	6.3%	6.3%	6.3%	6.2%	6.2%	6.2%
HICP, y/y	2.1%	1.8%	1.9%	1.7%	1.7%	1.7%	1.9%	2.0%	2.0%
Core HICP, y/y	2.4%	2.2%	1.9%	1.8%	1.7%	1.7%	1.9%	2.1%	2.1%
ECB deposit rate*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

**End of period*
Source: Danske Bank, Eurostat, ECB

Macro Forecasts - United States

	2025 Q4	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4
GDP, q/q	0.4%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Unemployment rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.4%	4.4%	4.4%	4.3%
CPI, y/y	3.0%	2.6%	2.6%	2.4%	2.3%	2.4%	2.5%	2.4%	2.4%
Core CPI, y/y	3.0%	2.9%	3.0%	2.7%	2.5%	2.7%	2.6%	2.6%	2.6%
Fed Funds target rate*	3.75%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%

**End of period*
Source: Danske Bank, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Fed

Macro Forecasts - China

	2025 Q4	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4
GDP, q/q	0.9%	1.2%	1.3%	1.4%	1.3%	1.1%	1.0%	1.0%	1.0%
Unemployment rate	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Inflation, y/y	0.3%	0.5%	0.6%	0.7%	0.8%	0.9%	1.0%	1.1%	1.2%
Policy rate	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%

**End of period*
Source: Danske Bank, Macrobond

Forecast tables

	Year	GDP*	Private cons.*	Public cons.*	Fixed inv.*	Ex-ports*	Im-ports*	Inf-lation*	Wage growth *	Unemp. **	Public budget ***	Public debt ***	Current acc. ***
Denmark	2024	3.5	1.1	1.0	3.0	7.1	4.1	1.4	5.2	2.9	4.5	30.5	12.2
	2025	2.6	1.8	0.0	-2.8	2.8	-0.4	1.9	3.8	2.9	2.4	28.9	12.3
	2026	2.7	2.1	3.5	2.6	4.7	4.1	1.1	3.4	3.0	0.8	27.9	12.9
	2027	2.1	2.8	2.4	2.3	2.7	3.4	1.8	3.3	3.0	0.9	26.7	12.9
Sweden	2024	0.9	0.6	0.9	0.1	2.3	2.4	1.9	4.1	8.4	-	33.0	-
	2025	1.9	1.6	0.9	1.3	5.6	4.9	2.8	3.6	8.7	-	33.8	-
	2026	2.6	2.5	1.7	4.1	3.2	3.2	1.6	3.5	8.3	-	34.2	-
	2027	2.4	2.8	1.7	3.2	2.8	3.2	2.0	3.5	7.5	-	35.9	-
Norway	2024	0.6	1.3	1.8	-1.4	6.0	5.0	3.1	5.7	2.1	-	-	-
	2025	1.7	2.7	3.0	1.4	2.0	1.5	3.1	4.7	2.2	-	-	-
	2026	1.6	2.5	1.5	1.5	1.0	1.8	2.2	3.7	2.3	-	-	-
	2027	1.6	2.2	1.8	1.5	1.0	2.0	2.4	3.5	2.3	-	-	-
Euro area	2024	0.8	1.2	2.2	-2.1	0.5	-0.1	2.4	4.5	6.4	-3.0	88.1	3.3
	2025	1.4	1.3	1.4	2.0	1.8	3.0	2.1	3.4	6.4	-3.2	88.8	2.7
	2026	1.2	1.3	1.4	1.7	0.9	1.6	1.8	2.8	6.4	-3.3	89.8	2.5
	2027	1.4	1.3	1.4	1.7	1.2	1.2	1.9	2.8	6.2	-3.4	90.4	2.4
Finland	2024	0.4	-0.4	1.7	-5.0	1.8	-0.8	1.6	3.1	8.4	-4.4	82.5	-
	2025	0.3	0.0	-2.1	0.1	4.3	2.1	0.5	3.1	9.5	-4.4	89.5	-
	2026	1.5	1.7	-1.7	2.5	3.2	2.2	1.4	3.7	9.3	-3.6	90.6	-
	2027	1.8	2.2	-0.3	2.9	2.1	1.8	1.8	3.0	8.7	-3.5	90.9	-
United States	2024	2.8	2.9	3.8	3.0	3.6	5.8	3.0	3.9	4.0	-6.4	97.8	-3.6
	2025	1.8	2.4	1.3	3.4	0.1	2.6	2.8	3.5	4.3	-5.6	99.9	-3.6
	2026	1.9	1.3	1.6	5.3	0.9	0.9	2.6	3.5	4.5	-6.2	101.7	-3.3
	2027	1.7	1.3	1.6	4.8	2.8	4.6	2.6	4.0	4.3	-6.3	103.4	-3.3
China	2024	5.0	4.5	-	5.0	-	-	0.2	-	5.1	-7.3	88.3	2.3
	2025	4.9	4.5	-	4.5	-	-	0.0	-	5.2	-9.1	96.8	1.7
	2026	4.8	4.8	-	5.0	-	-	0.7	-	5.2	-9.0	102.8	1.5
	2027	4.7	4.7	-	4.8	-	-	1.0	-	5.2	-9.1	106.4	1.5

Source: OECD and Danske Bank.
* % y/y. ** % of labour force. *** % of GDP.

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