



Nordic Outlook

June 2026

Ripple effects from the Strait

Highlights

- It is highly uncertain how the political situation will develop and how many ships will get through the Strait of Hormuz, but in any case, there are more economic effects to come.
- We estimate that higher energy prices have dampened economic growth not least in Europe, and we expect many central banks to react with a temporary increase in interest rates.
- That also holds for the Nordic countries, although they are relatively less exposed to energy costs and we still see the economic situation as mostly improving here.

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

Analysts



Editor-in-Chief:
Las Olsen
Chief Economist
laso@danskebank.com



Rune Thyge Johansen
Co-editor and euro area
rujo@danskebank.com



Susanne Spector
Sweden
sspec@danskebank.com



Antti Ilvonen
US and Finland
ilvo@danskebank.com



Frida Måhl
Sweden
fmh@danskebank.com



Allan von Mehren
China
alvo@danskebank.com



Frank Jullum
Norway
fju@danskebank.com



Louise Aggerstrøm Hansen
(maternity leave)
Denmark
louhan@danskebank.com



Kaisa Kivipelto
Finland
kakiv@danskebank.com



Bjørn Tangaa Sillemann
Denmark
bjsi@danskebank.com

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Ripple effects from the Strait



Global

The most important factor for the near-term economic outlook is the Iran war and the oil price outlook, but domestic developments matter as well. In our forecasts, we assume that there will be a very slow process towards normalisation, but uncertainty is massive. The increase in the oil price will not automatically lead to a sustained increase in inflation, that will depend on the economic situation and how expectations are affected. Global demand is much less conducive for higher prices than in the last inflation episode, but there are signs of surprisingly high activity especially in the US.



Euro area

The energy price shock from the war in Iran is set to lift inflation and weigh on growth, but we expect a much milder impact than in 2022. We now forecast real GDP growth of 0.7% y/y in 2026 and 1.2% y/y in 2027, with inflation averaging 3.0% and 2.3% respectively. With a weaker labour market and slowing wage growth, we see only modest second-round effects and expect the ECB to hike by 50bp in 2026, then cut the deposit rate back to 2.0% by summer 2027. Risks hinge on energy prices, with inflation risks tilted up, growth risks titled down and ECB risks broadly balanced.



Denmark

Headline GDP growth is very high in Denmark, but this does not say much about the reality for most businesses and consumers, who are experiencing only moderate growth. There is room for increasing private consumption, even though higher energy prices are a cost and the indirect effects from energy prices are expected to further increase inflation. There continues to be growth in both employment and the labour force, resulting in quite stable unemployment. House prices are rising relatively sharply, and there should be a market for more housing construction, although price growth may be dampened by housing taxes. We expect that arms imports and lower prices on Danish exports will mean that the current account surplus declines.



Sweden

Sweden's recovery remains solid with favourable domestic fundamentals and low early 2026 inflation boosting purchasing power, though geopolitical tensions and future inflation risks cloud the outlook. Housing activity and credit growth are strengthening, which can be interpreted as households having adjusted to the current interest rate environment. GDP is near trend and growth is expected to be above normal in 2026-2027, with a cautious but improving labour market. Fiscal policy is clearly expansionary, temporarily pushing inflation down. Supply disruptions and Middle East tensions are set to lift inflation later this year, and Danske Bank expects the Riksbank to follow the ECB with two rate hikes this year.



Norway

As Norges Bank has decided to re-anchor inflation expectations, the economy is probably heading for mild stagflation. Growth is weakening on higher inflation, interest rates and lower global growth whereas inflation is lifted by energy costs, wage growth and inflation expectations. We expect the rate sensitive sectors to be hardest hit, and unemployment to rise. Eventually, lower energy prices and weaker growth are expected to cool down inflation and leave room for lower rates. After a strong start to the year, the NOK will probably face headwinds from lower energy prices, weaker growth and a stronger dollar.



Finland

The Finnish economy recovered at a solid pace leading up to the war in Iran. Higher energy prices and mortgage rates weigh on households' disposable income, but we still expect wage growth to outpace inflation on average. Labour market conditions remain weak with no imminent recovery in sight, but even cautious stabilization supports the growth outlook. Historically weak residential construction investments will remain a drag on growth throughout our forecast horizon but recovering industrial activity and data center construction help offset the negative impact. Finnish export demand has remained solid despite the trade war uncertainty, and export competitiveness has improved.



More to watch than the price of oil

- **The sharp rise in oil prices will dampen growth. In our forecasts, we assume that there will be a very slow process towards normalisation, but uncertainty is massive.**
- **The increase in the oil price will not automatically lead to a sustained increase in inflation, that will depend on the economic situation and how expectations are affected.**
- **Global demand is much less conducive for higher prices than in the last inflation episode, but there are signs of surprisingly high activity especially in the US.**

The biggest near-term uncertainty in the global economy is clearly the Iran war and the resulting more-or-less-closure of the Strait of Hormuz, which has led to an approximately 50% increase in the price of crude oil and a risk of shortages and even higher price increases for several other products. That increase would likely have been much higher had it not been for the release of oil reserves around the world. But even as it stands, the oil price effect means that this conflict directly impacts the global and Nordic economies in a way that few other geopolitical events of a similar scale can.

At the time of writing, talks are taking place and actual military action is limited, but the situation seems far from resolved. In our forecasts, we have assumed that there will be a gradual decline in the price of Brent crude oil from around USD 100 per barrel today to around USD 90 at the end of the year and around USD 75 at the end of 2027. This is in line with market pricing and consistent with a scenario where the conflict deescalates more often than it escalates, and shipping through the Strait of Hormuz increases but takes a long time to be completely normalised. However, there is clearly a risk that we instead see political escalation, strategic miscalculations or accidents that cause a sharp increase in the oil price, where a new 50% increase is within the range of the possible. That would mean a much more negative near-term economic outlook than we have in our forecasts. It is of course also possible that the conflict is resolved more quickly and conclusively, but even in that case, it would likely take several months for energy markets to normalise.

Higher energy prices subtract spending power and dampen growth, which we have incorporated into our forecasts. A big question at this point is whether the current energy crisis will



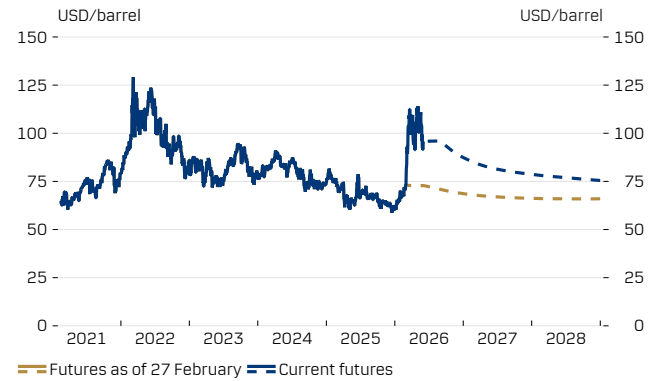
We are watching the Middle East and the oil price, but also closely watching demand indicators in the rest of the world”

Las Olsen, Chief Economist

also lead to a more lasting inflation problem, which could happen if it triggers a self-fulfilling expectation of further increases in the price level among households and businesses. Having just been through the high inflation episode of 2021-2022, people may be quick to adjust their expectations upwards again. However, that inflation came at a time of a severely overheated global economy. This time, the major economies are more balanced, and it will be more difficult to push through price and wage increases. If the economic situation had been more like it was 4-5 years ago, we could have seen much larger increases in the oil price given how big a disruption the closure of the Strait of Hormuz is, and a more severe impact on many other prices.

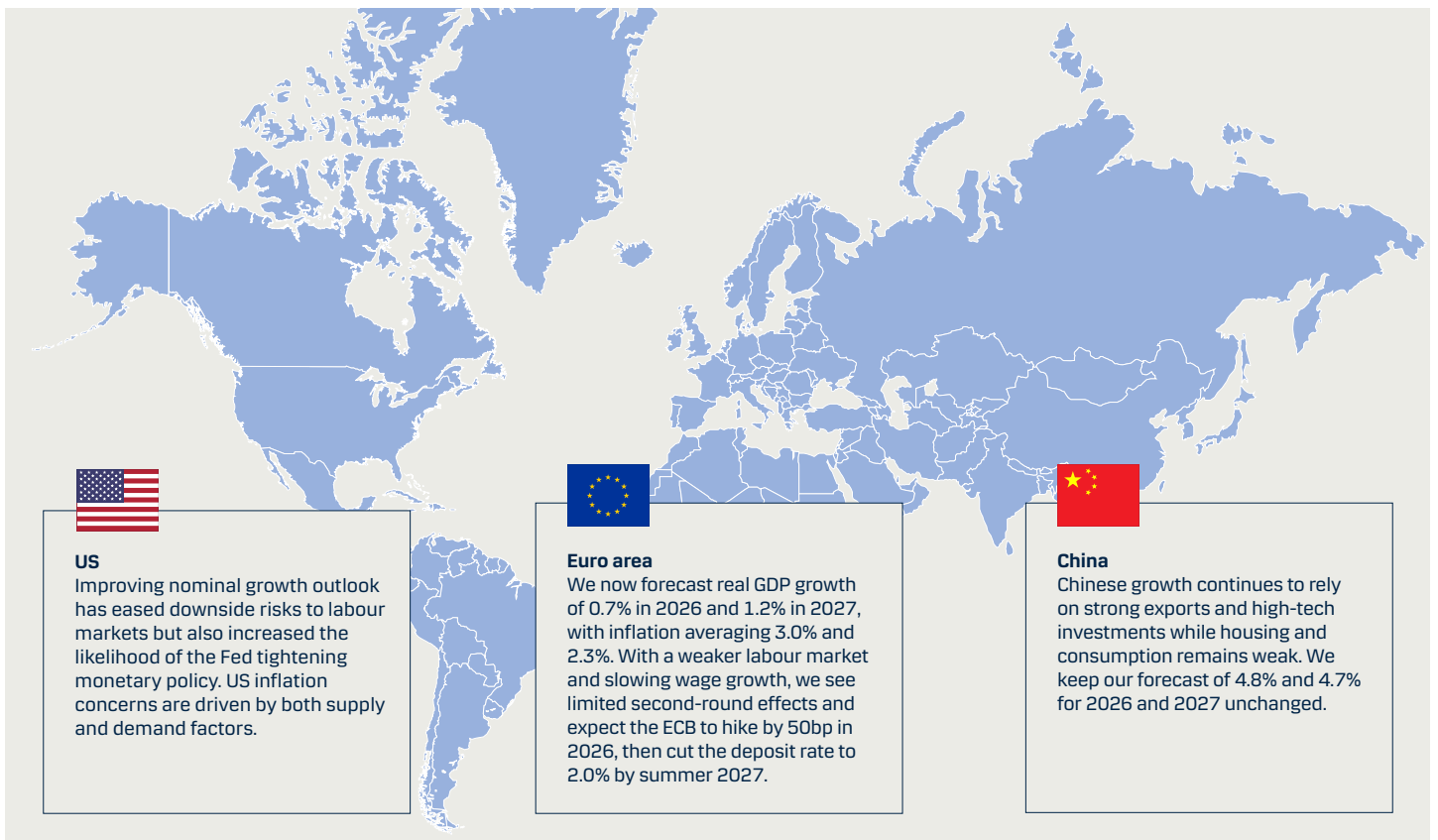
Still, also today there are factors pushing up aggregate demand which might help create a more fertile ground for oil prices to create inflation. Fiscal policy is being eased in some countries,

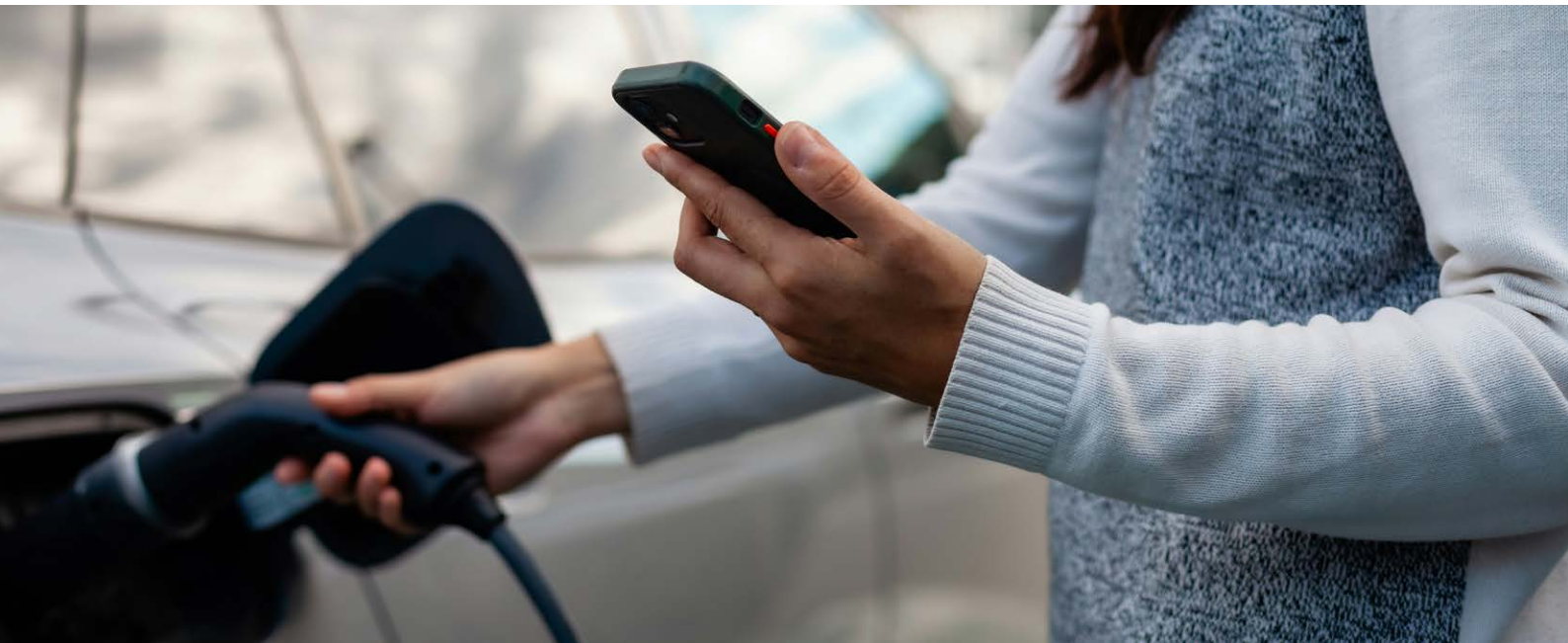
Brent oil price



Source: Macrobond

notably the US. Also in the US, we are seeing how the AI boom is driving investment to an extent where that in itself is pushing up inflation. Of course, those investments should deliver returns in the form of productivity growth which would allow demand to raise without creating inflation, but that effect is not really visible in the data at this point. So for now, we are watching the Middle East and the oil price, but also closely watching demand indicators in the rest of the world.





Lower growth and higher inflation

- The energy price shock stemming from the war in Iran is likely to push inflation higher and dampen growth. However, as the macroeconomic environment now differs markedly from that in 2022, we expect the overall impact on the economy to be considerably more moderate.
- We revise our 2026 GDP growth forecast down to 0.7% y/y from 1.2%, and our 2027 projection to 1.2% y/y from 1.4%. We expect inflation to average 3.0% y/y in 2026 and 2.3% y/y in 2027. Given the softer labour market and moderating wage growth, we see limited risk of pronounced second-round effects. Against this backdrop, we only expect the ECB to raise policy rates by a total of 50bp in 2026, before lowering the deposit rate back to 2.0% by summer 2027.
- Risks are significant and are mainly driven by the outlook for energy prices. We see risks tilted to the upside for inflation and downside for growth while our ECB outlook is seen as broadly balanced.

| | 2025 | Forecast 2026 | 2027 |
|--------------|-------|------------------|------------------|
| GDP Growth | 1.5% | 0.7% (1.3%) | 1.2% (1.4%) |
| Inflation | 2.1% | 3.0% (2.1%) | 2.3% (1.8%) |
| Unemployment | 6.3% | 6.4% (6.2%) | 6.4% (6.0%) |
| Policy rate* | 2.00% | 2.50% (2.00%) | 2.00% (2.00%) |

Parentheses are the old projections (From March 2026)

*End of period

Source: Danske Bank, Eurostat, ECB

The euro area economy is facing a new energy shock just as it had recovered from the 2022 crisis. This is set to raise production costs and consumer prices again, squeeze household purchasing power, weaken demand and increase uncertainty. However, the shock and the economic backdrop differ markedly from last time: before the war in Iran inflation had returned to the 2% target, financing conditions were tighter, fiscal policy broadly neutral and labour shortages less acute. Europe's energy use has also adjusted structurally, and the rise in European gas prices is far smaller than in 2022. Provided energy prices move roughly in line with current market expectations for a fairly rapid but incomplete normalisation in supply, the macroeconomic impact of the war in Iran is likely to be much milder than during the 2022 energy crisis.

We expect real GDP growth to slow to 0.7% y/y in 2026, compared to 1.2% y/y in our previous forecast, before rebounding to 1.2% y/y in 2027 (previously 1.4% y/y). The downgrade mainly reflects



The macroeconomic impact of the war in Iran is likely to be much milder than during the 2022 energy crisis”

Rune Thyge Johansen, Analyst

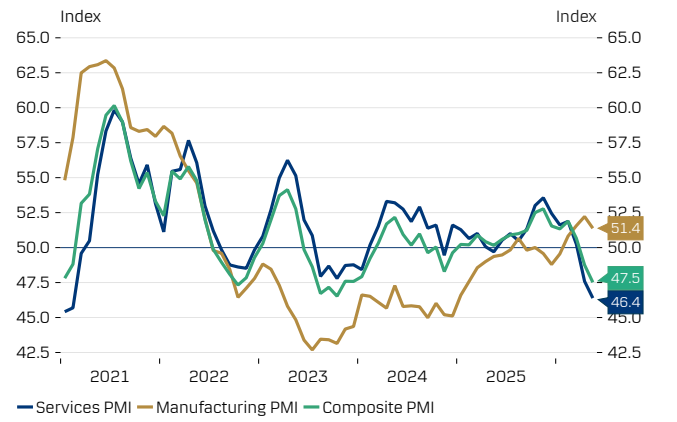
weaker consumption expectations due to sharply lower consumer confidence and real income gains. Business surveys show a clear loss of momentum in services, while manufacturing is temporarily supported by pre-war order backlogs. As higher energy costs and tighter financing conditions weigh on companies, we expect the economy to be close to stagnation in Q2 and Q3 2026, before rebounding from the final quarter of the year. Regarding fiscal policy, support for higher energy costs has been modest so far, with only EUR 14.5 billion announced versus EUR 192.3 billion in 2022. Although German policy will be expansionary and defence spending is rising, fiscal consolidation in France and parts of Southern Europe means the overall stance is broadly neutral. Global trade is being lifted by AI-related investment, but as this is largely confined to the US and some Asian economies, the positive spillovers to the euro area are limited, leaving export growth subdued this year.

Euro area inflation has already risen by more than one percentage point since the outbreak of the war in Iran, driven by higher energy prices, especially car fuels. We expect these higher energy costs to gradually feed through to other prices, with food and transport services likely to be affected first. Counteracting this, wage growth is slowing, which should exert downward pressure on services inflation. Although the unemployment rate is lower, labour demand is much weaker than in 2022 and employment growth has almost stalled, limiting workers' bargaining power and reducing the magnitude of second-round effects. We therefore expect headline inflation to remain above 3% for the rest of the year and then decline in 2027 to 2.3% y/y due to energy base effects while core inflation is expected to average 2.5 % y/y in 2026 and 2.4% y/y in 2027, peaking in 2027Q1 before easing back towards 2% by the end of 2027.

The ECB faces the dilemma of higher inflation alongside weaker growth but has clearly signalled a stronger focus on containing upside price risks than on supporting activity. We therefore expect a 25bp rate hike in June followed by a second increase in the third quarter. Given our view of only modest second-round effects, owing to a weaker labour market, and the negative impact on growth, we expect the ECB to reverse these two hikes in 2027 and cut the policy rate back to 2.0% by the end of 2027.

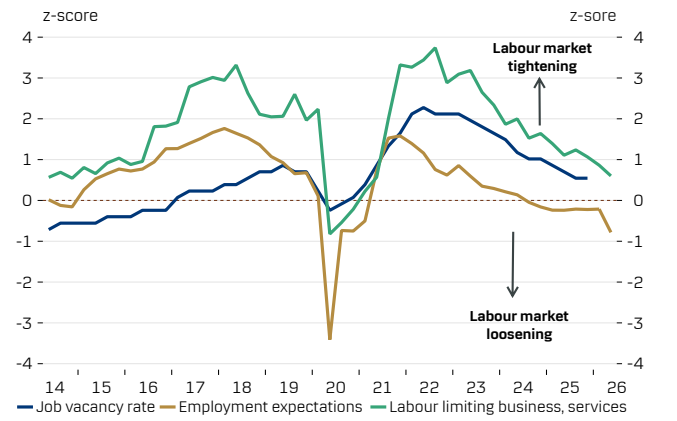
Risks to the outlook are sizeable and hinge on the war in Iran and the resulting commodity price path. A peace agreement that leads to lower energy costs would mean a smaller hit to growth and more limited inflation pressures, although we would still expect at least one ECB rate hike to keep inflation expectations anchored. An escalation, or a prolonged period of low energy shipments even without escalation, would raise upside risks to inflation as inventories are depleted. Overall, we see inflation risks tilted to the upside and growth risks to the downside, while risks around ECB policy remain broadly balanced.

Significant hit to near-term growth from higher energy costs



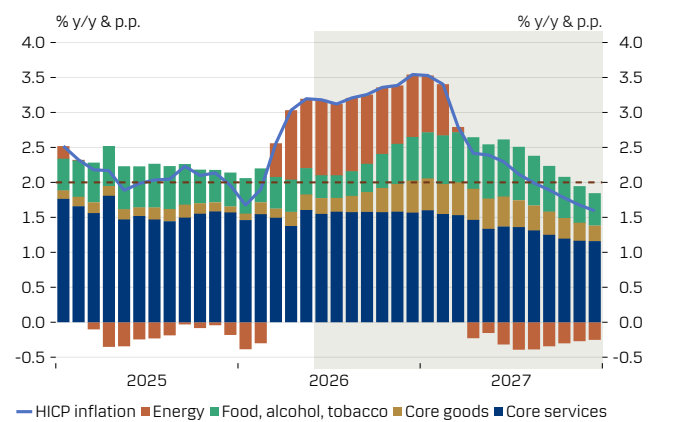
Source: S&P Global, Macrobond

Weaker labour market dampens wage growth



Source: Eurostat, European Commission, Macrobond

Energy shock to gradually feed through inflation components



Source: Eurostat, Danske Bank, Macrobond



Nominal growth heats up

- Economic growth cooled at the beginning of 2026, but despite the war in Iran, leading indicators have held up better than we anticipated. Improving labour market conditions and still solid investment demand lift the growth outlook.
- We keep our 2026 GDP growth forecast at 2.0% (from 2.0%) and lift 2027 to 1.8% (from 1.7%). Potential for future growth relies increasingly on fixed investments, not least related to AI, while consumers' ability to increase spending is limited by muted real wage sum growth.
- Inflation has exceeded our forecasts partly because of prolonging war in Iran, but also as underlying price pressures have increased. We lift our forecast for headline inflation to 3.5% in 2026 (from 2.4%) and 2.8% in 2027 (from 2.4%), and core inflation to 2.8% in 2026 (from 2.5%) and 3.0% in 2027 (from 2.6%).
- In late May, we revised our forecast for the Fed Funds Rate higher, and now expect two rate hikes in December and March. The risk of more persistent inflation pressures has increased while downside risks to labour markets have eased. That said, weak real income growth remains a downside risk for both our real GDP and policy rate expectations.

| | 2025 | Forecast 2026 | 2027 |
|--------------|-------|------------------|------------------|
| GDP Growth | 2.1% | 2.0% (2.0%) | 1.8% (1.7%) |
| Inflation | 2.7% | 3.5% (2.4%) | 2.8% (2.4%) |
| Unemployment | 4.3% | 4.3% (4.4%) | 4.2% (4.3%) |
| Fed Funds* | 3.75% | 4.00% (3.25%) | 4.25% (3.25%) |

Parentheses are the old projections (From March 2026)

*End of period

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

The US economy has so far weathered the uncertainty created by the war in Iran much better than Europe, at least in relative terms. Nominal economic growth has exceeded both our and consensus expectations, even if the median American household might perceive the situation differently. Consumer confidence has weakened further and is now at the weakest level since the 2024 election even among Republican voters.

But even so, high-frequency labour market data has begun to improve, AI-capex boom shows no signs of fading and fiscal impulse is once again providing a tailwind for growth. While we think the growth outlook has improved since our last forecast update, we also think it relies on an increasingly narrow part of the economy.

Private consumption growth slowed down in Q1, as wage sum growth weakened in line with our expectations. Nominal wages and salaries grew at a still healthy pace of 3.4% y/y, but as lack of immigration has slowed the pace of labour supply growth close



Demand-driven inflation concerns increase the likelihood of Fed hikes next winter”

Antti Ilvonen, Senior Analyst

to a halt, aggregate jobs growth has also weakened. This meant that as inflation picked up in April, real wage sum growth turned negative for the first time since March 2021. In other words, average households' disposable income is no longer increasing relative to inflation.

So far, consumers have been able to absorb the rising energy costs by decreasing their saving, as households' savings rate fell to just 2.6%. But declining saving cannot shield consumption from a slowdown forever. Instead, further growth will rely on the positive wealth effects, which are more skewed towards high-income households than wage gains. The distributional effect is amplified by the tariff burden and the tax support from Big Beautiful Bill, both of which are also heavily skewed in favour of high-earners.

Investment growth continues to rely heavily on AI-related spending on software and computer equipment. Residential investments, on the other hand, have continued to contract partially as a result of still elevated mortgage rates. On a positive note, other types of equipment investment started to recover stronger than we expected at the beginning of the year.

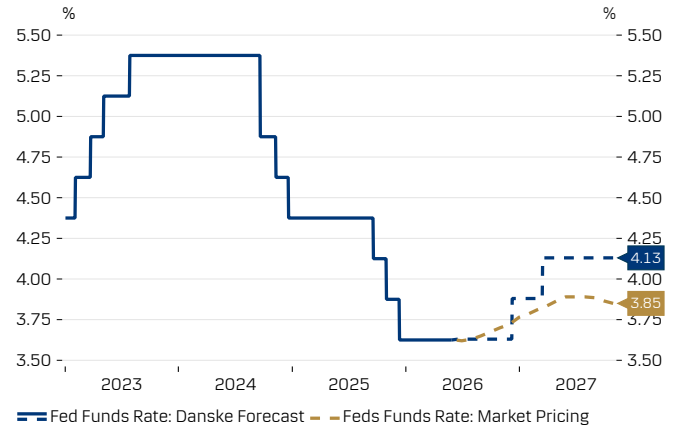
The capex spending is increasingly not just a real growth driver, but also an inflation driver. US import price inflation shot up in early 2026 not just because of energy, but rather because of sharply rising global prices of semiconductors, microchips and other computer equipment. Prices of industrial metals have also continued to rise through the spring.

As such, underlying inflation has remained above target even though unit labour cost growth has slowed down to just 1.2% y/y – well below its pre-pandemic average pace. This puts the Fed in an uncomfortable position, where it might have to accept weaker labour market conditions to maintain price pressures near target. Also, while labour markets are not the primary inflation driver at the moment, the lack of supply growth means that improving growth momentum could risk fuelling overheating faster than in the past.

The Fed has responded to the war in Iran by holding a steady hand. Markets' short-term inflation expectations have risen relatively less than in the euro area, but since April, longer-term expectations have begun to rise concerningly. We assess that the uptick has not been driven by just the prolonging war, but instead nominal growth exceeding expectations.

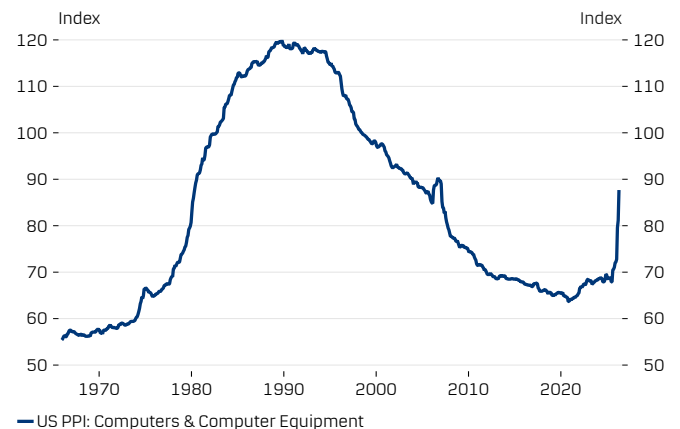
When inflation is driven by stronger demand, rather than just energy supply, the central bank is also under growing pressure to respond. We expect the Fed to turn towards a tightening bias over coming months, and ultimately hike rates in December and March. We expect the policy tightening to provide support for the broad USD as well, and forecast EUR/USD at 1.12 in 12M horizon – significantly lower than before.

We expect the Federal Reserve to hike rates in December and March



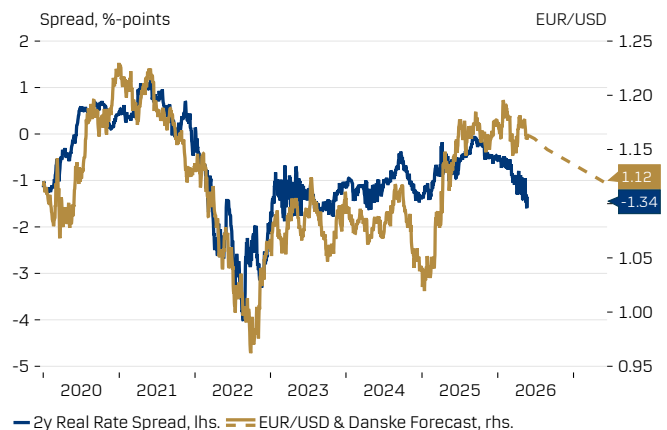
Sources: Macrobond, Federal Reserve, CBOT, Danske Bank

AI-driven investments do not just fuel growth, but also inflation



Sources: Macrobond, U. S Bureau of Labor Statistics, Danske Bank

Relatively stronger US growth outlook will push EUR/USD lower towards 1.12



Sources: Macrobond, LSEG, Danske Bank

Note: Past performance is not a reliable indicator of current or future results



Navigating through new headwinds

- **The two-speed economy is still pronounced with consumer demand weak while exports and tech-related investments are robust.**
- **After a strong start of 5% GDP growth in Q1, new headwinds arrived with the increase in energy costs and higher uncertainty over the export outlook.**
- **Still, we keep the 4.8% growth forecast for 2026 as we look for policy makers to calibrate stimulus to meet the 4½-5% growth target. Risks are skewed to the downside, though. In 2027 we continue to look for 4.7% growth.**
- **The housing crisis continued into 2026 but has shown tentative signs of bottoming out this year. We expect 2026 to be the low point but forecast only a gradual recovery in 2027.**
- **China is moving from a global deflationary force to an inflationary force as producer prices are now rising briskly.**
- **China continues to make headways in technology, and its' companies are increasingly going global. Competition and trade tensions with US and EU are set to be with us for years to come.**
- **US-China relations remain stable following the Xi-Trump meeting in May. The trade war is still on stand by and Chinese supply lines of rare earth minerals continue to be open. The rivalry and competition are set to continue, though, and future supply risks remain a feature of the new world order.**

| | 2025 | Forecast 2026 | 2027 |
|--------------|-------|------------------|------------------|
| GDP Growth | 5.0% | 4.8% (4.8%) | 4.7% (4.7%) |
| Inflation | 0.0% | 1.0% (0.7%) | 1.3% (1.0%) |
| Unemployment | 5.2% | 5.2% (5.2%) | 5.2% (5.2%) |
| Policy Rate* | 1.40% | 1.00% (1.00%) | 0.80% (0.80%) |

Parentheses are the old projections (From March 2026)

**End of period (7-day reverse repo rate)*

Source: Danske Bank, Macrobond

Impact from Iran war starting to show

As seen in recent years, China got off to a strong start in Q1. GDP grew 5% in Q1 lifted by strong exports and a slight pick-up in consumer activity. But in April we saw signs that the Iran war is starting to have an impact on spending. Retail sales slowed to only 0.2% y/y (see chart) and total investments dropped into negative again. Property investments were especially weak with a decline of 13.7% y/y in the first four months of the year. Home sales and house prices also still declined, albeit at a slowing pace. There are some rays of light in the big cities where we have seen increases in both sales and prices following recent housing stimulus.

We expect this year to mark the low point for the housing market but with regional variations where tier-3 and tier-4 cities are expected to lag behind. 2026 is set to be another year of a two-speed economy with weak domestic demand but robust exports



This year China has moved from being a global deflationary force to becoming an inflationary force”

Allan von Mehren, Chief Analyst

and tech investments, not least within AI. We expect the Chinese government to step up stimulus soon to keep growth on track to meet the 4½-5% growth target for this year and we keep our forecast of 4.8% in 2026 and 4.7% in 2027 unchanged.

Over the past 1-2 years China built significant oil reserves of 1.4 trillion barrels and can cope with the disruption of oil supplies through the Strait of Hormuz (SOH) for up to a year. However, being a big oil importer, China will ultimately see rising pain from the closure of the SOH and elevated oil prices if the war drags out.

This year China has moved from being a global deflationary force to becoming an inflationary force. Producer prices have been going up for six months now and saw a jump higher when energy prices spiked higher at the onset of the Iran war. Consumer price inflation has also moved away from deflationary territory, now rising around 1% y/y.

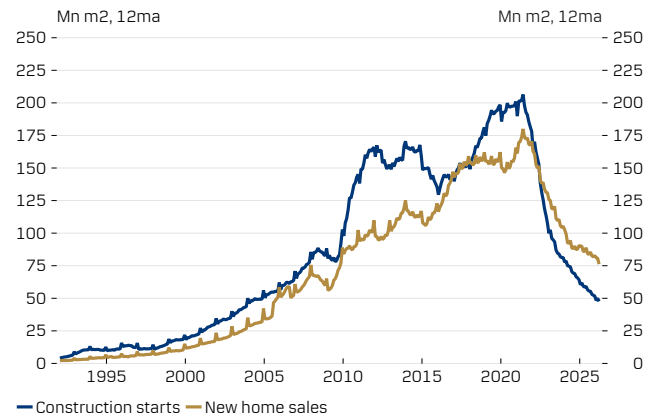
Headways in technology, competition to intensify

Chinese tech development has really taken off in the past couple of years. It is especially evident in EVs, robotics, and AI but we see a general move up the value chain into high-tech manufacturing, which is now around 20% of the economy. Digital industries make up 10%. China's 15th Five-Year Plan for 2026-2030 doubled down on technology, innovation and self-reliance and sets the stage for even more competition with Chinese companies in the years ahead. As Chinese consumption growth is set to stay subdued while China works its way through the housing crisis, we are likely to see a continued high trade surplus and trade tensions with especially EU. We also see Chinese companies going global to a much larger degree than in the past adding to the competitive landscape in global markets.

US-China relations stayed on a stable path following the Xi-Trump summit in mid-May with the trade war ceasefire intact securing no new tariffs or Chinese restrictions to rare earth minerals exports. The rivalry and competition are set to continue, though, and future supply risks remain a feature of the new world order. The Taiwan issue is also set to linger in the years ahead.

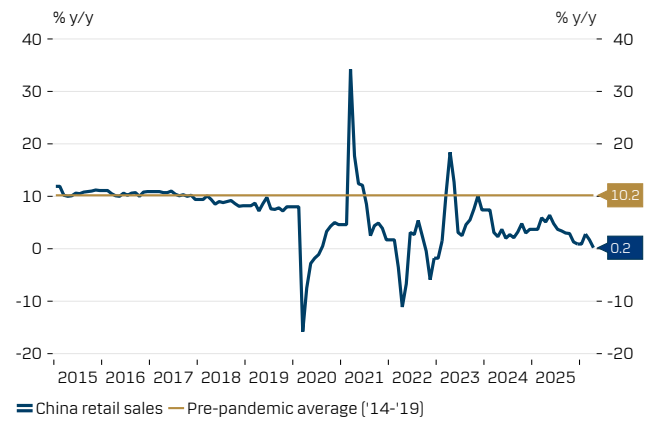
China continues its journey of 'self-reliance' to become less dependent of the US and has made headways in areas like development of AI chips and invoicing trade of in the renminbi instead of the dollar. De-risking efforts take place in both US, EU and China as all seek more autonomy. China has the benefit of being a massive population of 1.4 billion people, having become superior when it comes to manufacturing supply chains and dominating mining and processing of many key metals. Nevertheless, China continues to depend a lot on the West, not least when it comes to advanced chip technology as well as consumer markets to sell Chinese made products.

Chinese property de-tox has come far



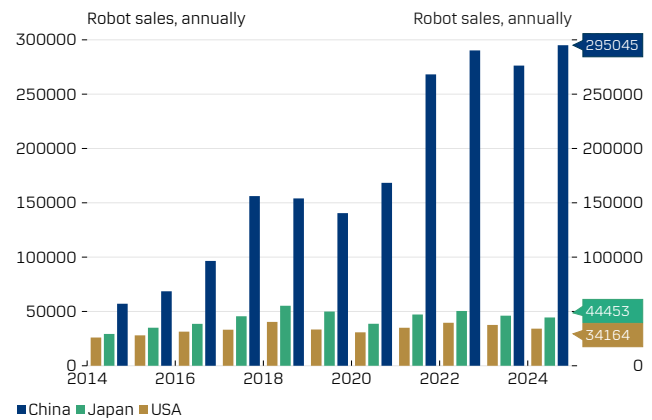
Sources: Macrobond, NBS and Danske Bank

Retail sales remain weak



Sources: Macrobond, NBS and Danske Bank

Chinese companies invest heavily in robotics



Sources: Macrobond, International Federation of Robotics

Mixed picture in the Nordics



Sweden

Sweden's recovery is solid with low early 2026 inflation lifting household purchasing power, though geopolitical tensions and future inflation risks weigh on the outlook. Housing activity and credit growth are strengthening and fiscal policy is expansionary, supporting demand and temporarily pushing inflation down. GDP is near trend and growth is expected to be above normal in 2026-2027. Danske Bank expects the Riksbank to follow the ECB and raise rates twice in the second half of the year.



Norway

As Norges Bank has decided to re-anchor inflation expectations, the economy is probably heading for mild stagflation. Lower energy prices and weaker growth are eventually expected to cool down inflation and leave room for lower rates. The NOK will probably face headwinds from lower energy prices, weaker growth and a stronger dollar throughout the forecast period.



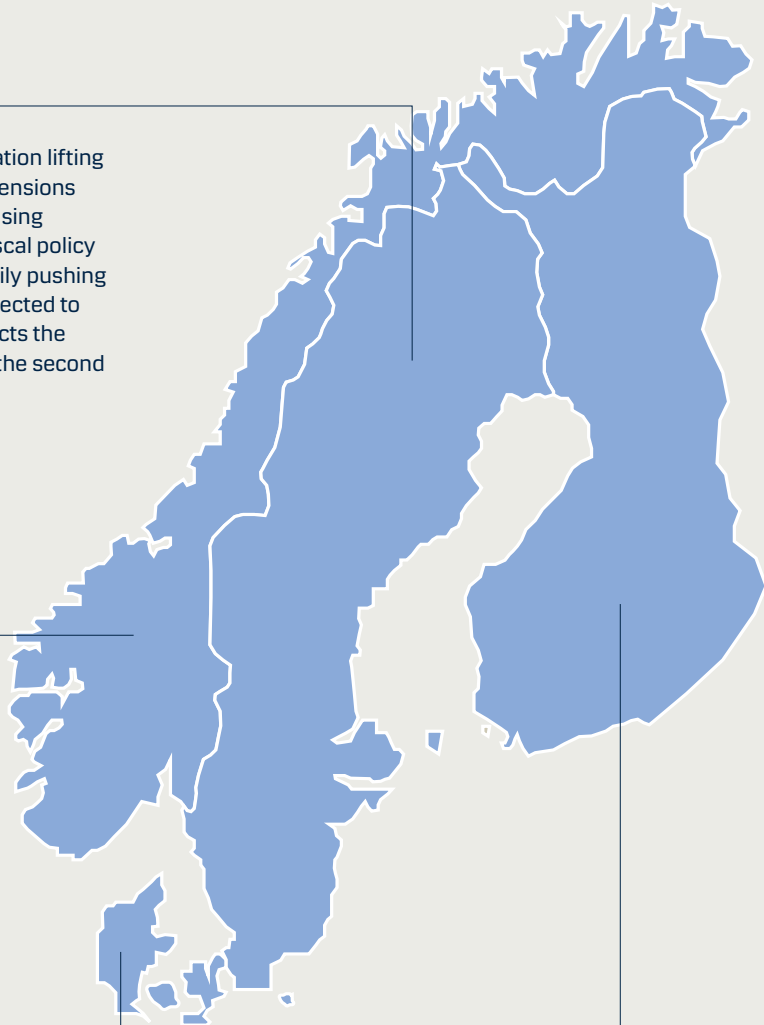
Denmark

Exports drive a very high headline growth rate, but domestic demand is growing only moderately and has potential to accelerate driven both by consumer spending and housing investment. A tax cut is keeping inflation down this year and hence supporting domestic demand, together with other forms of fiscal easing. House prices are growing quite strongly nationally and very strongly in Copenhagen.



Finland

The Finnish economy recovered at a solid pace leading up to the war in Iran. Higher energy prices and mortgage rates weigh on households' disposable incomes, but we still expect wage growth to outpace inflation on average. Labour market conditions remain weak with no imminent recovery in sight, but even cautious stabilization supports the growth outlook. Weak residential construction investments will remain a drag on growth throughout our forecast horizon but recovering industrial activity, data center construction and net exports help offset the negative impact.





Growth is rather dull beneath the shiny surface

- **GDP adjusted for price increases rises significantly, but this does not say much about the reality for most businesses and consumers, who are only experiencing moderate growth.**
- **There is room for increasing private consumption, even though higher energy prices are a cost and the indirect effects from energy prices are expected to further increase inflation.**
- **There continues to be growth in both employment and the labour force, resulting in quite stable unemployment.**
- **House prices are rising relatively sharply, and there should be a market for more housing construction, although price growth may be dampened by housing taxes.**
- **We expect that arms imports and lower prices on Danish exports will mean that the current account surplus declines.**

| | 2025 | Forecast 2026 | 2027 |
|---------------|-------|------------------|------------------|
| GDP Growth | 2.9% | 3.7% (3.0%) | 2.5% (2.1%) |
| Inflation | 1.9% | 1.3% (1.0%) | 2.4% (1.8%) |
| Unemployment | 2.9% | 3.1% (3.0%) | 3.6% (3.4%) |
| Deposit rate* | 1.60% | 2.10% (1.60%) | 1.60% (1.60%) |

Parentheses are the old projections (From March 2026)

**End of period*

Source: Danske Bank, Statistics Denmark, Nationalbanken

There is progress in the Danish economy with moderate growth in employment, consumption and most businesses' activity. Annual growth in domestic demand is currently 0.9%, driven by private consumption and held back by investments, while employment has increased by 1.1% over the past year. We expect domestic growth to gain a bit more momentum in the near future, despite headwinds from rising energy prices. Among other factors, we see potential for housing investments to rise, given the higher selling prices. Energy prices can be seen in inflation, while the conflict in Iran has clearly weakened consumer confidence, which was already low. Nevertheless, there is room for private consumption to lift overall demand in the coming period, partly because consumption is currently very low relative to income.

While growth is moderate, this is not the impression one gets when looking at the most commonly used indicator: GDP growth adjusted for price changes. It was at 1.9% in the first quarter compared to the previous quarter and a remarkable 5.9% compared to a year earlier. This growth is driven by a sharply rising export of not least medicine when measured in volumes. However, exports are being



The very high GDP growth does not say much about the reality for Danish businesses and consumers”

Las Olsen, Chief Economist

sold at decreasing prices. The very high GDP growth does not say much about the reality for Danish businesses and consumers. A large portion of the physical production takes place outside the country's borders, which is why employment in manufacturing is not increasing at nearly the same pace as production. In addition, when the price of exports falls, the growing export volumes do not bring about large income increases in Denmark as they have done before. Our GDP forecast anticipates a slight decrease in production from the very high level in the first quarter, but it is very uncertain, and we could easily end up with growth in both 2026 and 2027 that exceeds our expectations.

Higher energy prices have increased inflation and are likely to increase it a bit more in the near future, which dampens economic growth. However, in our assessment, it would require a significantly higher oil price—perhaps around USD 150 per barrel, with a spillover effect on gas and electricity prices—before it would lead to a clear rise in unemployment. In the forecast, we have assumed that the oil price will gradually decrease over the coming years.

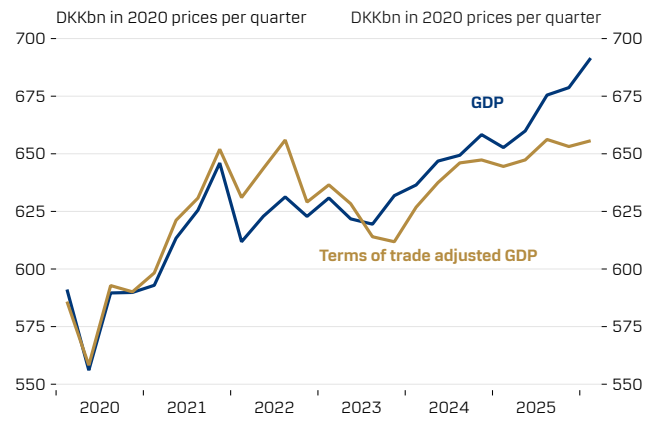
Growth in Denmark will be supported by a relaxation of fiscal policy this year in the form of tax cuts, increased defence spending, and the so-called food cheques, which will transfer over DKK 4 billion to households. A new government has just been formed following the election on 24 March. Its policy agenda is not available yet at the time of writing, but we have assumed it will lower some taxes on goods.

Both unemployment and employment have risen

Since the pandemic, employment has increased more than production (excluding the pharmaceutical industry), where we would normally expect the opposite—that productivity would rise. The difference has narrowed in 2025, but there are still relatively many people employed relative to production, which means that we only expect a modest increase in employment, despite anticipating increasing domestic growth. The rising employment in 2025 has been well matched by a growing workforce, not least because more older people are remaining in the labour market. Unemployment rose slightly last year and a bit more significantly at the beginning of 2026, where cold weather also played a role in dampening activity in construction and civil engineering. From 2027, more recipients of social assistance will be classified as job-ready and therefore counted as registered unemployed. The Ministry of Economic Affairs expects this to increase the unemployment figure by 14,000 people or 0.5% of the workforce, and we have also factored this into our forecast. However, this does not represent a real increase in unemployment.

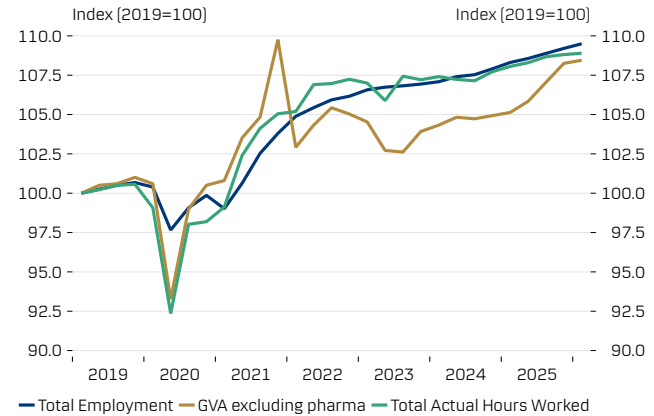
Wages in the private labour market rose by 3.8% year-on-year in the first quarter, which was slightly more than we had expected. The collective bargaining agreements indicate a slightly declining wage growth in 2026 and 2027, and we have accounted for this in our expectations. Rising energy prices could, in principle, lead to pressure for larger wage increases in local negotiations, but there is still a quite decent increase in real wages, especially this year, and we have not factored in any significant wage drift on that basis.

GDP growth is worth less



Source: Statistics Denmark, Macrobond

Job growth still looks relatively high



Source: Statistics Denmark, Macrobond

Should energy prices rise significantly, it would increase uncertainty regarding wages, as it could lead to larger wage demands on one hand, but on the other hand would also contribute to higher unemployment and a weaker negotiating position for employees.

Price pressure spreads very gradually

Inflation has risen over the spring, but this is almost entirely due to more expensive petrol and diesel. The higher energy costs have not yet spread to the rest of the consumer basket, and price increases on other goods and services were very subdued in March and April. This will change, but it may take some time before it fully impacts inflation. Retailers could, in principle, quickly respond to the rising transport costs and raise prices, but instead, a price war has erupted on what appears to be quite a broad range of goods. This means that, instead of raising our expectations for food prices, we have lowered them slightly. However, we have removed the price cut from the abolishment of certain excise taxes from the forecast, as the government that decided them no longer has a majority. Conversely, we have factored in a tax reduction, which amounts to 0.2% lower consumer prices in the second half of the year.

We also expect that other goods will become more expensive due to higher transport costs, although consumer restraint and generally strong price sensitivity will put an overall dampener on inflationary pressure. The rather slow transmission on many prices means that inflation will be somewhat higher next year than this year. This also



“It will be some time before we see the full impact of the higher energy costs”

Bjørn Tangaa Sillemann, Chief analyst

comes mechanically as the removal of the electricity tax no longer pulls annual inflation down.

Private consumption rising from low levels

Private consumption increased somewhat more than we had expected in the first quarter, primarily due to a sharp rise in car consumption, which is now nearly 25% higher than a year ago. With an annual real growth rate of 2.8% in total private consumption, it does not at first glance appear that there is still a significant effect from the very low consumer confidence, which has further declined following the outbreak of the conflict in Iran. However, the consumption growth is based on solid progress in real income, and we likely still have a savings rate in households that is close to record high. There is, therefore, still good reason to believe that concerns are causing consumers to hold back, and Danske Bank's monthly figures for card transactions suggest that there has been a slowdown in consumption growth in March and April, beyond what can be explained by increased fuel expenses. The high car sales are in themselves helping to limit the effect of oil prices, as the influx of new cars to households consists almost exclusively of electric vehicles, which partially replace other types. Thus, the number of petrol cars in households has fallen by 4.3% and diesel cars by 9.0% just in the past year.

With the higher inflation resulting from energy prices, and the outlook for higher interest rates, we have slightly reduced our expectations for consumption growth in the coming quarters. However, there is still enough growth in real incomes to drive a decent consumption growth, provided the assumption of a slightly declining oil price holds. For 2027, we have factored in a slight increase in households' propensity to spend their income rather than save it. If there is a more significant improvement in consumer confidence, there is potential for considerably greater growth in consumption due to the very low starting point.

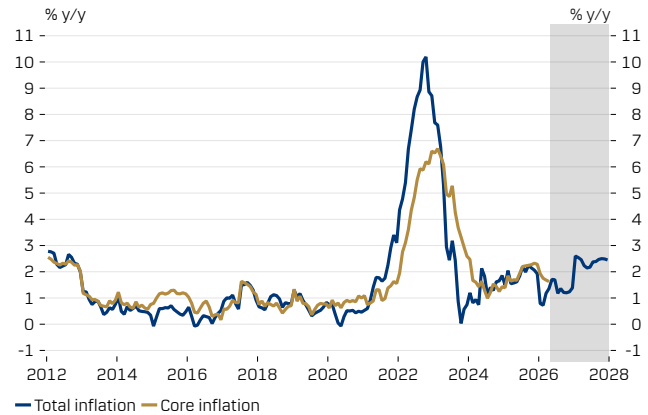
Continued solid progress in the housing market

Prices in the housing market seem to know only one direction – upwards. Nationwide, house prices have increased by 8.6% over the past year, and although this is primarily driven by areas in and around the major cities, prices have risen in all provinces over the past year. Trading activity remains relatively high, as does interest in viewing properties. It is largely a seller's market, which is further emphasised by the fact that the average discount on a house in April reached DKK 520 per square metre – the lowest in four years.

Apartment prices have risen by nearly 19% over the past year in a market where prices are driven up significantly by a very modest supply. However, during the spring, a considerable number of apartments have come onto the market, which may help to temper price growth. Prices have become very high, but there is much to suggest that large fortunes and generally higher incomes among home buyers in Copenhagen mean that homeowners are not necessarily holding out for higher prices than they did on average previously.

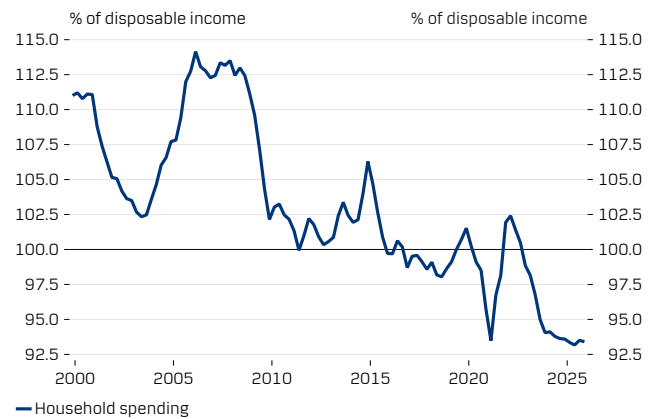
There is a fundamentally strong momentum in the housing market, supported by ongoing employment growth and solid real wage

Rising oil prices spread slowly



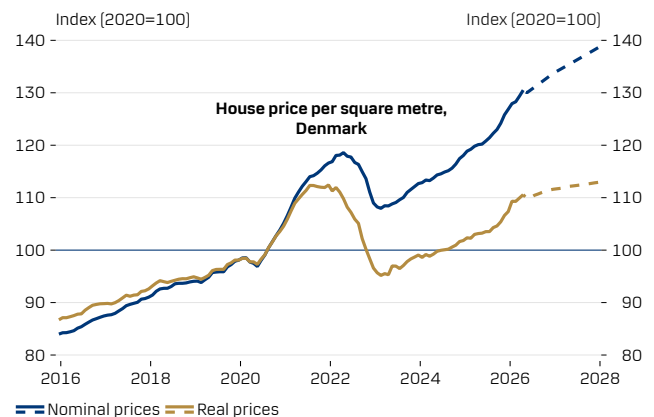
Sources: Statistics Denmark, Macrobond, Danske Bank

Consumption is still low



Source: Statistics Denmark, Macrobond, Danske Bank

Continued high, but slightly decreasing price increases



Source: Statistics Denmark, Macrobond



If there is a more significant improvement in consumer confidence, there is potential for considerably greater growth in consumption due to the very low starting point”

Las Olsen, Chief Economist

growth. However, we expect that price growth will gradually become a bit more subdued over the course of this year due to higher interest rates and slowing real wage growth. In 2027, new property assessments will mean that property taxes will increase as a result of last year's significant price rises. At the same time, the positive economic tailwind for households is diminishing, and we also expect that more new construction will come onto the market.

Massive export growth is not an accurate reflection of reality for exporters

Export remains the overwhelmingly dominant driver of real growth in the Danish economy. In the first quarter alone, total exports measured in volumes increased by 3.8%, driven by both goods and services. Although imports were virtually unchanged during the same period, the surplus on the trade balance has shrunk compared to the previous half-year. This is also reflected in the fact that nominal GDP fell, illustrating the current situation well. Danish companies are producing goods and services like never before, but growth is happening abroad, and products are being sold at ever-lower prices. It is particularly falling medicine prices that have reversed the trend of years of improvement in the terms of trade into a gradual deterioration over the last handful of years. While this is not a problem, it does come with the side effect that the national accounts' quantitative assessments of exports do not say much about value creation and the impact on the Danish economy.

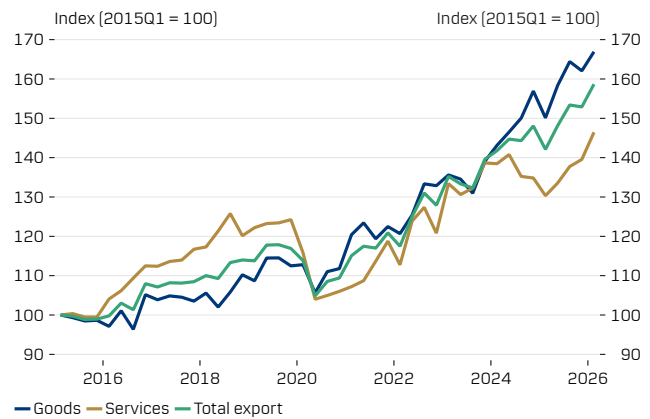
Novo Nordisk's expectations of falling revenues this year indicate that the dramatic increase we have seen in profits from goods sold outside Denmark in recent years will hardly continue at the same scale, even though we expect that medicine will continue to be a significant driver of real export growth. The military build-up also points towards a smaller surplus on the balance of payments going forward as armoured personnel carriers and other defence material are delivered. However, we expect that the surplus will remain very large, partly because it is supported by the return on the growing foreign assets.

Industries beyond medicine have shown somewhat more limited growth, but nevertheless progress. Although Danish industry is not as energy-intensive as many of its competitors, growth prospects are, of course, deteriorated by higher interest rates, energy and transport costs, and by a decelerated pace in European industry. Sweden and Norway remain important markets for many Danish companies, especially for various business services. Here, Danish companies benefit from the stronger Swedish economy, just as competitiveness in the Nordic markets has received a considerable boost due to the strengthening of SEK over recent years and NOK through 2026.

Interest rate hikes on the way

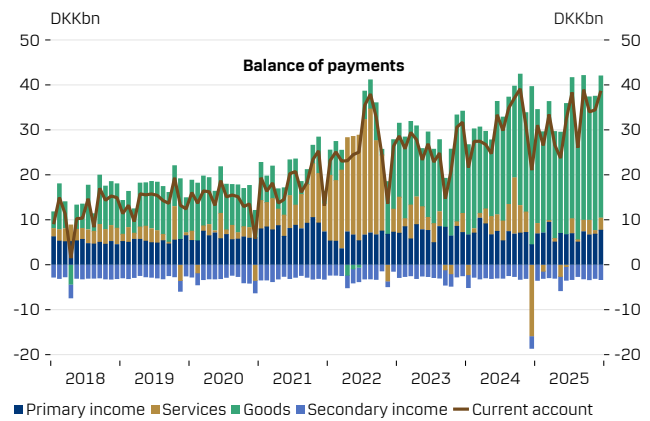
We expect at least one and likely two interest rate increases of a quarter of a percentage point each from the European Central Bank

Dramatic growth in export volumes



Sources: Statistics Denmark, Macrobond, Danske Bank

More subdued surpluses ahead



Source: Statistics Denmark, Macrobond

over the coming months, and that these will as usual be followed by corresponding increases from Denmark's Nationalbank. Over the past six months, there have been several periods where the krone has been 0.15-0.16% weaker than the central rate, which is normally the limit of what the National Bank will accept. Against this backdrop, an independent Danish interest rate increase of perhaps 0.1 percentage points cannot be ruled out, but we do not see it as the most likely scenario. The expectation of European interest rate hikes is already reflected in Danish market rates and is thus helping to slightly dampen activity at home. In our view, European interest rate hikes this year will relatively quickly lead to expectations of interest rate cuts in 2027, thereby only having a temporary effect on the economy.



Continued recovery despite rising risks

- **Swedish growth is solid and domestic fundamentals are broadly favourable. Unexpectedly low inflation at the start of 2026 is boosting household purchasing power, while increased uncertainty and the risk of higher inflation ahead are weighing on the outlook.**
- **Activity is picking up on the housing market. Home prices are rising and the number of transactions increased sharply in April. Credit growth is also picking up, which can be interpreted as households having adjusted to the current interest rate environment.**
- **Fiscal policy is expansionary and has a direct impact on inflation through measures such as lower VAT on food and reduced fuel taxes. Inflationary pressures are currently low, but supply disruptions are expected to have a more noticeable impact after the summer.**
- **The Riksbank has a favourable starting position but, in line with the ECB, is expected to raise the policy rate twice during the current year.**

| | 2025 | Forecast 2026 | 2027 |
|--------------------|-------|------------------|------------------|
| GDP, calendar adj. | 1.7% | 2.1% (2.8%) | 2.4% (2.5%) |
| Inflation, CPIF | 2.6% | 1.0% (1.1%) | 2.6% (1.7%) |
| Unemployment | 8.8% | 8.5% (8.2%) | 7.8% (7.5%) |
| Policy rate | 1.75% | 2.25% (2.00%) | 2.00% (2.25%) |

Parentheses are the old projections (From March 2026).

Source: Statistics Sweden, Sveriges Riksbank, and Danske Bank.

The economic recovery picked up clear momentum last year and the beginning of the current year was marked by high expectations. Recent developments, not least the war in Iran, have however contributed to increased uncertainty. This higher uncertainty and a weaker start to the year mean that we have revised down this year's growth forecast to just over 2% from almost 3% previously.

The underlying economic conditions remain favourable and the low inflation so far this year has strengthened household purchasing power, providing important support to domestic demand. The significant supply disruptions that have already materialised are expected to push inflation higher after the summer, but on the assumption that the situation in the Middle East stabilises these effects are considered manageable.

A turbulent global environment

The closure of the Strait of Hormuz and unrest in the Middle East have so far had a limited impact on global growth prospects,



The housing market is showing strong confidence”

Susanne Spector, Chief Economist Sweden

and world trade has shown strong performance at the start of the year. Swedish purchasing managers' indices continue to signal a favourable situation and exports were unexpectedly strong last year, despite tariff turbulence. The picture of resilient and adaptable companies remains intact. At the same time, we are seeing substantial increases in input prices and several commodity prices have risen to higher levels than in 2022, even though the rise in energy prices and oil futures has been relatively contained.

Households in better shape

The unexpectedly low inflation has given household purchasing power a stronger boost than anticipated at the start of 2026. We saw a degree of caution among households during the first two (and unusually cold) months of the year, while consumer appetite returned in March. Consumer confidence fell after the outbreak of war, but hard indicators such as spending on discretionary goods and household credit growth have continued to rise.

The housing market is showing increased activity. In April, new housing market regulations came into force, including an increase in the loan-to-value cap for home purchases from 85% to 90%, and the removal of the stricter amortisation requirement for borrowing above 450% of income. The number of housing transactions rose sharply, suggesting that many households had been waiting for the regulatory changes. Home prices also increased, resulting in more transactions at higher prices. Looking ahead, prices are expected to continue to rise by around 5% per year over the forecast period.

Fiscal policy in the driver's seat

The fiscal stance is expansionary, with a clear focus on supporting households and shielding them from higher prices. The spring budget bill included, among other things, enhanced electricity compensation and lower fuel taxes, and several new support packages have since been introduced. The current fiscal policy has a pronounced direct impact on inflation and is contributing to the temporarily very low inflation figures.

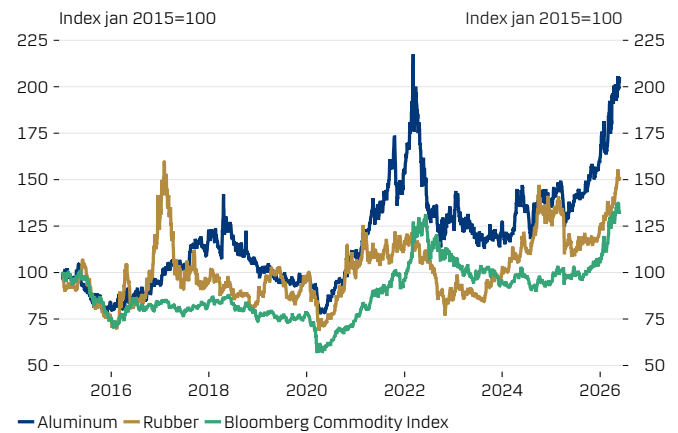
Defence spending is also becoming more visible in economic statistics. In the fourth quarter of last year, central government investment increased by around 50% on a quarterly basis, the largest rise recorded to date. Investment excluding residential construction has grown at a healthy pace since the pandemic and shows clearly stronger trend growth compared with earlier decades in the 2000s.

In September, Sweden will hold a general election and the opposition is currently ahead in the latest polls. The main direction of economic policy, however, is likely to remain largely unchanged, with broad consensus across political blocs. Regardless of which side forms the government after the election, policy is expected to remain somewhat expansionary next year.

GDP is close to its long-term trend

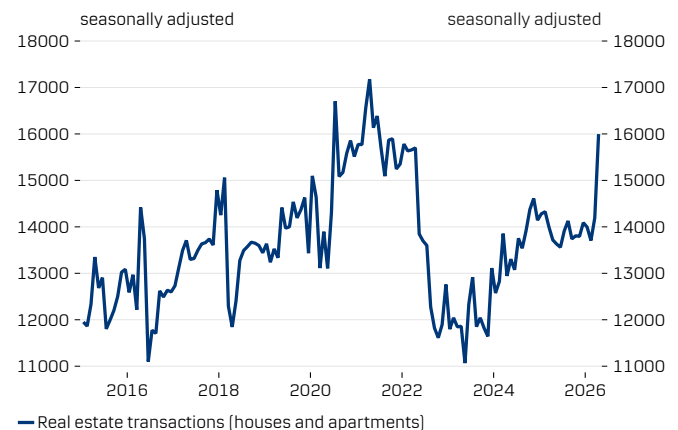
The recovery began in 2024 and gathered pace last year. The level of GDP is now close to its long-term trend line. Resource utilisation is lower than normal for the economy as a whole, but

Broad upturn in commodity prices



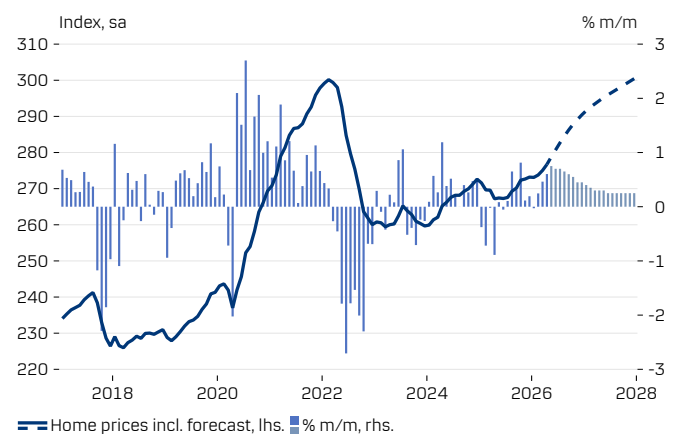
Note: The Bloomberg Commodity Index is a weighted index in which gold, oil and natural gas have the highest weights, followed by copper and grains. Source: Bloomberg, London Metal Exchange (LME), Rubber Trade Association of Europe, Macrobond and Danske Bank

Significantly more housing transactions in April



Source: Svensk Mäklarstatistik, Macrobond and Danske Bank

Housing prices are rising in line with expectations



Source: HOX Valueguard, Macrobond and Danske Bank



The economy will grow faster than normal in 2026 and 2027, which will help bring resource utilisation back to normal levels.

Susanne Spector, Chief Economist Sweden

developments are unusually uneven, both within and between sectors. Residential investment has bottomed out but remains at low levels, while investment in other buildings and infrastructure has increased significantly faster than historically. Investment in software and databases is growing rapidly, whereas investment in transport equipment is weaker.

This uneven picture may indicate that the shocks that have hit the economy in recent years mean that traditional business cycle analysis works less well as a gauge of overall conditions. All in all, we assess that the economic situation is relatively close to normal, a view supported by the National Institute of Economic Research's economic tendency survey, which now points to a normal situation after signalling stronger-than-normal conditions at the end of last year. Our assessment remains that the economy will grow faster than normal in 2026 and 2027, which will help bring resource utilisation back to more normal levels.

Cautious labour market

There are still spare resources in the labour market and labour shortages remain clearly below their historical average. At the same time, overall labour market conditions have improved. Employment increased by almost 1% over the past two quarters and unemployment has begun to fall. Unemployment as measured by the Public Employment Service (SPES) fell during the autumn of last year and has now reversed a large part of the increase seen in 2023/2024. Unemployment is currently 6.6%, compared with 7.1% last summer and a low of 6.3% in summer 2023. Other measures of unemployment show a similar picture, although the monthly LFS data is becoming increasingly volatile.

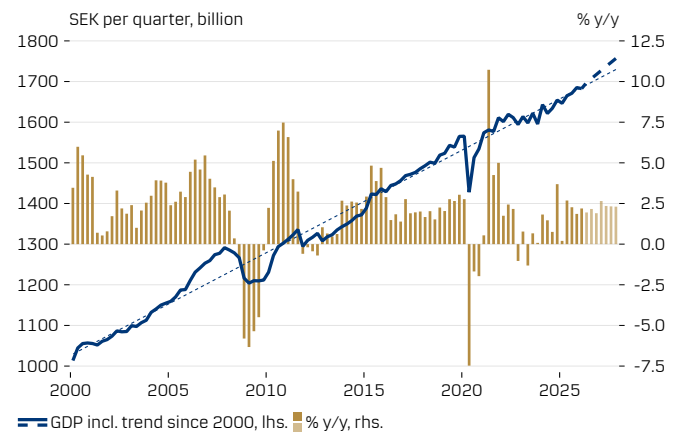
Despite the improved labour market situation, demand for labour has decreased, with fewer new vacancies in 2026, indicating a "wait-and-see" stance. SPES unemployment has stabilised and the Swedish economy also appears to have entered a phase with few layoffs and few new hires, similar to the "no hiring, no firing" regime seen in the US.

Population growth continues to slow. Last year, the population increased by 17,800 people, or 0.2%, which was the smallest increase so far in the 2000s. This low growth is expected to persist in the coming years and Statistics Sweden's population projections have, once again, been revised down. Over this and next year, the labour force is not expected to grow, which means that only modest job growth will be needed for unemployment to fall and the employment rate to rise.

Low inflation now, significant risks ahead

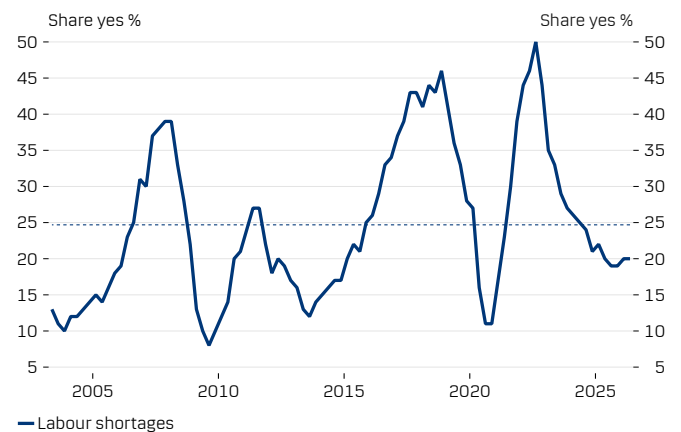
In recent months, inflation has fallen to a low level, supported by subdued global price pressures during the autumn, last year's appreciation of the krona and extensive tax cuts that directly affect consumer prices. CPIF inflation with constant tax rates, which shows what inflation would have been without tax effects, was 1.1 percentage points higher than CPIF in April. Looking

GDP is close to its long-term trend



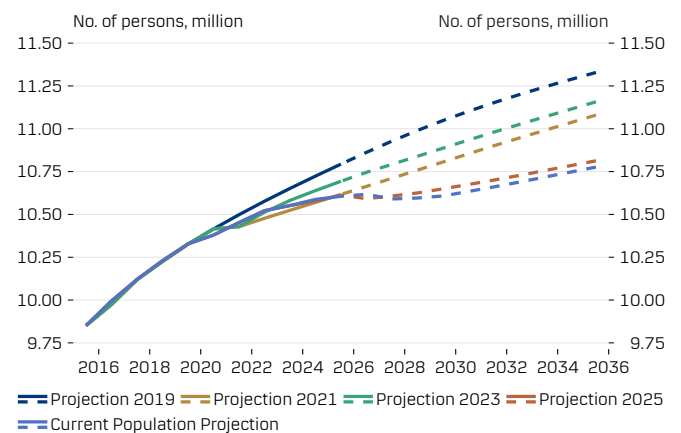
Source: Statistics Sweden, Macrobond and Danske Bank

Labour shortages remain low



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

Population projections have again been revised down



Source: Statistics Sweden, Macrobond and Danske Bank

ahead, CPIF inflation is expected to be almost 2 percentage points lower than it would have been without the temporary tax cuts and subsidies.



It is also important to remember that the very low inflation is largely explained by temporary tax changes."

Susanne Spector, Chief Economist Sweden

The war between the US and Iran has increased the risk of higher prices going forward. Severe restrictions on traffic through the Strait of Hormuz has led to a sharp reduction in the supply of key commodities and major disruptions to supply chains. In addition to higher energy prices that feed directly through to consumers, prices of important inputs such as helium, plastics and fertilisers have also increased and will drive consumer prices higher over time. The time lag before higher commodity prices translate into higher consumer prices is difficult to assess, but it is likely to happen gradually from the autumn onwards.

Over the past four years, wages have risen by an average of 3.5% per year and the labour market parties are preparing for a new round of wage negotiations, set to finish in March 2027. Working time reductions and the risk of a new inflation wave are likely to feature prominently on the agenda. The parties showed great responsibility during the previous inflation surge and repeating the same approach will likely be more difficult this time. Tax measures affecting inflation may also complicate matters, as they are both temporary and have been introduced as political compensation for previously high prices. We expect wages to continue growing by around 3.5% per year over the forecast horizon, but the risks have increased.

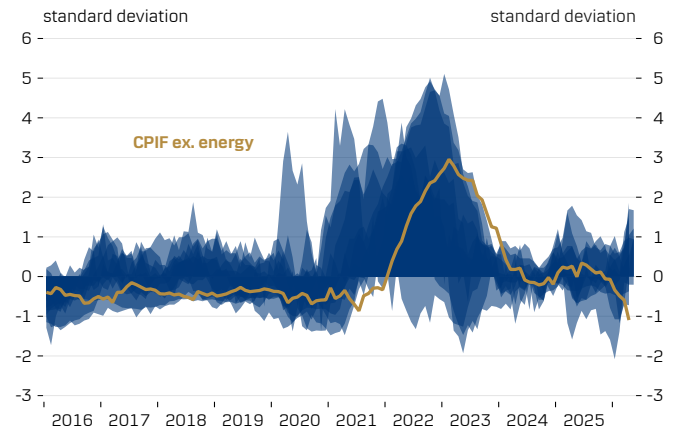
Complicated trade-offs for the Riksbank

Low inflation and a policy rate of 1.75% give the Riksbank a better starting position than several other central banks. At the same time, several Riksbank board members noted at the May meeting that this favourable starting point matters little if significant inflation risks materialise.

It is also important to remember that the very low inflation is largely explained by temporary tax changes. Lower prices for food and fuel also increase the scope for other companies to pass on their cost increases to end consumers, which may add to domestic price pressures. On the other hand, low inflation outcomes should help keep inflation expectations better anchored around the target. However, we note that firms' inflation expectations have become significantly more volatile, which we interpret as a sign that expectations are more fragile than in the 2010s.

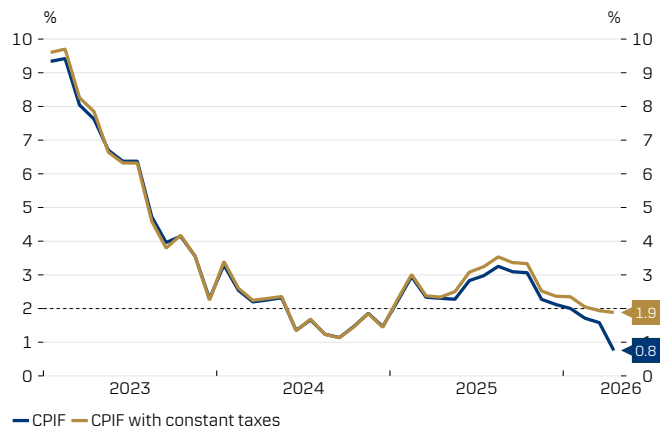
Danske Bank's assessment is that the ECB will raise rates twice over the summer to 2.5% to counter stronger inflationary pressures and anchor inflation expectations at the target. The Riksbank conducts an independent monetary policy, but we judge that the risk of a more pronounced weakening of the krona and broader price increases argues for the Riksbank also raising the policy rate twice in the second half of this year to 2.25%.

Inflation risks are increasing



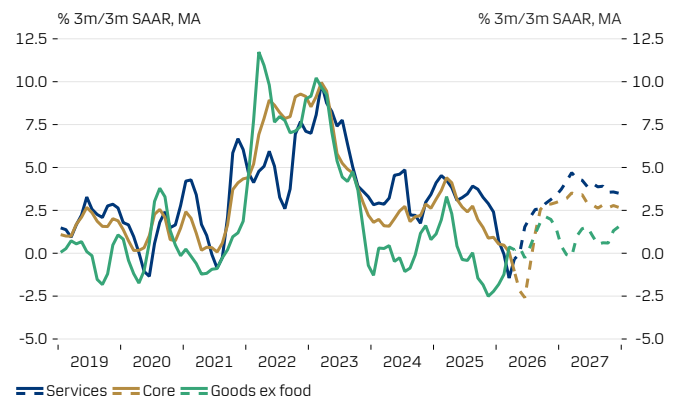
Note: The blue area shows inflation indicators standardised to a mean of 0. The indicators are the commodity index, firms' price plans, PMI, PPI, the Global Supply Chain Pressure Index and foreign inflation. Source: The Economist, Eurostat, Sif/Swedbank, Statistics Sweden, National Institute of Economic Research, Federal Reserve Bank of New York, U.S. Bureau of Labor Statistics, Macrobond and Danske Bank

Significant tax effects in Swedish inflation figures



Source: Statistics Sweden, Macrobond and Danske Bank

Inflationary pressures rise after the summer



Source: Statistics Sweden, Macrobond and Danske Bank



The growth outlook weakens

- **Slowdown ahead**
- **Unemployment will rise**
- **Elevated price and wage growth**
- **Norges Bank tightens monetary policy**
- **The exchange rate stays strong, but will face headwinds**

| | 2025 | Forecast 2026 | 2027 |
|--------------|-------|------------------|------------------|
| GDP Growth | 1.7% | 1.0% (1.6%) | 1.5% (1.6%) |
| Inflation | 3.0% | 3.1% (2.7%) | 2.1% (2.4%) |
| Unemployment | 2.1% | 2.3% (2.2%) | 2.4% (2.3%) |
| Policy rate* | 4.00% | 4.50% (3.50%) | 3.50% (3.25%) |

Parentheses are the old projections (From March 2026)

**End of period*

Source: Danske Bank, Statistics Norway,

Norwegian Labour and Welfare Organization (NAV), Norges Bank

The growth outlook weakens

A central bank that is determined to anchor inflation expectations will meet higher inflation with higher interest rates. This combination is likely to contribute to dampening growth in the Norwegian economy. The stagflationary tendencies are already visible, and we believe this development will continue throughout the year. This report is based on the assumption that energy prices will drop in line with the futures prices for oil and gas as they stood at the time of publication of the report. This implies that the energy-driven inflation shock will subside towards the end of the year and throughout 2027, so that growth will pick up again after the summer of 2027.

Mainland GDP rose 0.2% in Q1, and with negative revisions, annual growth fell to 0.9%. The details show that the slowdown is broad-based with declines in private consumption, business investment, housing investment and mainland exports while public demand and inventory build-up are keeping activity up.



Mild stagflation”

Frank Jullum, Chief Economist Norway

When it comes to leading indicators, the monthly membership survey from the Norwegian Confederation of Employers (NHO) has become the most important contributor. Members' assessment of the market situation gradually weakened towards the end of last year and that has continued into 2026. In the wake of the war in the Middle East and the March monetary policy meeting, this development has accelerated. The net figure (good minus bad) fell to -8 in April, the lowest level since the pandemic, but rose to -5 in May. The market outlook for the next six months, on the other hand, fell from -13 in April to -14 in May, the weakest we have seen in two years. The sector details for both the market situation and market expectations show that only the energy sectors have now retained a (net) optimistic assessment, in addition to the transport sector, interestingly enough. This means that 12 out of 15 sectors in the private sector are (net) pessimists, and pessimism is increasing. It is particularly construction and their subcontractors, the seafood sector and partly the manufacturing sector where the outlook is now the darkest. For the seafood sector, manufacturing and tourism, a stronger exchange rate may be part of the explanation, in addition to higher energy and financial costs.

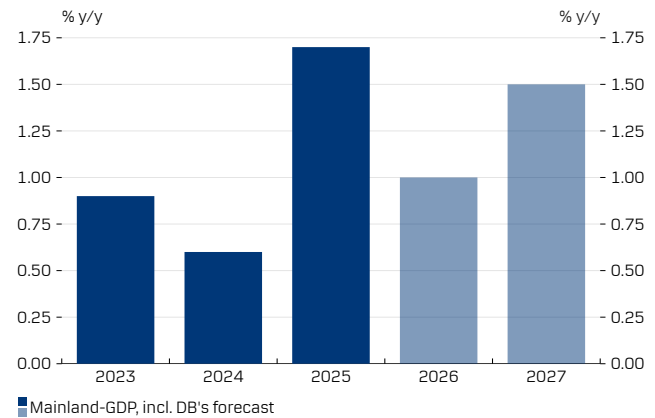
We believe that growth will be somewhat weaker in 2026 than we assumed in March. Lower real wage growth and higher mortgage rates will dampen growth in household real income from over 3% last year to around 2% this year and down towards 1.5% next year. In contrast to the development in the aftermath of the pandemic when real income growth fell, households currently lack the opportunities to draw on savings, so consumption growth will probably decline more in line with income growth.

In addition, we are very uncertain about how the change in rate expectations, from 1-2 cuts this year to at least two rate hikes, will affect activity in the construction sector. As NHO's member survey shows, pessimism is increasing in the sector, which we believe is justified. A combination of higher building costs and higher financial costs, while customers' purchasing power is weakened by lower real income growth and higher interest rates, is bad news for the construction sector. Add to that the fact that this comes at a time when profitability is already under pressure, and there is significant downside risk ahead. Continued strong activity in parts of the sector, including public infrastructure projects and higher investments in the energy sector, nuances the picture somewhat.

On the other hand, we expect oil investment to fall less in 2026 and 2027 than we have previously assumed. This is not primarily because the war in Iran has resulted in higher oil prices, because investments are not very price-sensitive in the price ranges we have found ourselves in recent months. This is especially true when the price increase is supply-side driven, and futures prices are a good deal lower than spot prices. Instead, higher investments than expected are probably primarily driven by the supply side, i.e. more viable projects have been discovered. We also expect non-oil business investments to continue to grow, particularly driven by investments related to energy and technology. We believe that these investments are little affected by a +/- 1 pp. upgrade in the interest rate outlook, and have maintained our estimate of 5% growth this year and 2% next year.

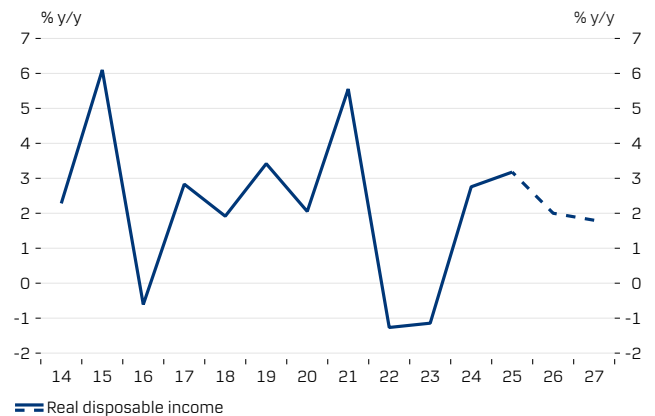
There is greater uncertainty than usual regarding developments in mainland exports, because weaker global growth, especially in

Growth will slow



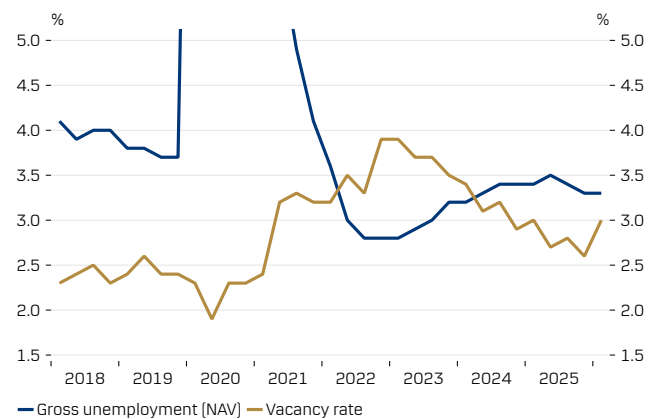
Sources: Macrobond and Danske Bank

Weaker growth in real incomes



Sources: Macrobond and Danske Bank

The vacancy rate is rising



Sources: Macrobond and Danske Bank

Europe, together with a stronger exchange rate, will pull growth down, while higher demand and prices for energy and commodity-based products may pull in the opposite direction.

We have revised down our growth projections for the current year in this round and now expect mainland GDP growth to slow to 1.0% (1.6%) while we revise down our projections for 2027 to 1.5% (1.6).



Norges Bank determined to fight inflation”

Frank Jullum, Chief Economist Norway

The labour market is tight, but unemployment will increase

There have been somewhat mixed signals from the labor market since the last report. The unemployment rate from NAV has been stable at 2.1%, but the number of gross unemployed has increased moderately for three months in a row and the LFS unemployment rate has started to rise again. The latter is due to the fact that the supply of labor has increased, especially among the very youngest, and this is also where unemployment is increasing the most. This is probably largely due to students who want part-time jobs, and thus is not a real expression of a weaker labor market.

That said, there is some anecdotal evidence that it has also become more difficult for recent graduates to get permanent jobs, especially in certain professions. This may be a sign of somewhat lower growth in hiring, which is supported by the fact that employment growth has slowed down somewhat. In addition, the regional survey revealed that fewer companies are now having problems finding the necessary labor. On the other hand, there is an increase in both the number of new jobs and the stock of vacant positions, which points in the opposite direction. More vacancies, lower employment growth and higher unemployment may be signs of increasing mismatch problems in the labour market, which is supported by the large sectoral differences in the Norwegian economy at present. As a result of lower growth estimates, we have adjusted the estimate for registered unemployment upwards to 2.3% (2.2%) in 2026 and 2.4% (2.3%) in 2027, but uncertainty is high, especially related to developments in the rate-sensitive sectors.

Wage and price growth remain too high

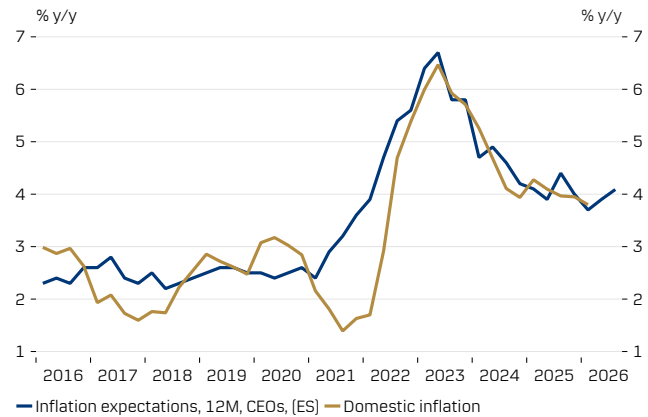
Inflation has remained high in the first four months of 2026, and core inflation ended at 3.2% in April. It was food prices in particular that contributed to the rise in April, but this must partly be seen as a correction after Easter. That said, there is no doubt that food inflation is still worryingly high. Prices for domestic-produced goods also rose somewhat in April, but this is also probably due to lower prices than normal in March. On the other hand, price growth in services ex. rent contributed to pulling inflation down in April. This was mainly due to lower price growth in airline tickets and package holidays, and is most likely also an effect of the fact that more of the Easter fell in March this year.

Apart from these Easter effects, there were few surprises in the figures in March and April, if anything, rents have increased less than expected given the strong growth in market-based rents towards the end of last year and into the first quarter. There are usually some delays in the CPI pass-through, so we see some upside risk for rents throughout the year. There were no signs of second-round effects from higher energy prices in March and April, but that was probably not to be expected.

However, based on a fairly strong price increase in many input factors, and signs that this is spreading throughout global value chains, we now expect that core inflation will also start to increase slightly over the summer and autumn. A strengthening of the import-weighted exchange rate of almost ten percent since the new year will help to mitigate these effects somewhat, but is unlikely to be sufficient to avoid higher inflation.

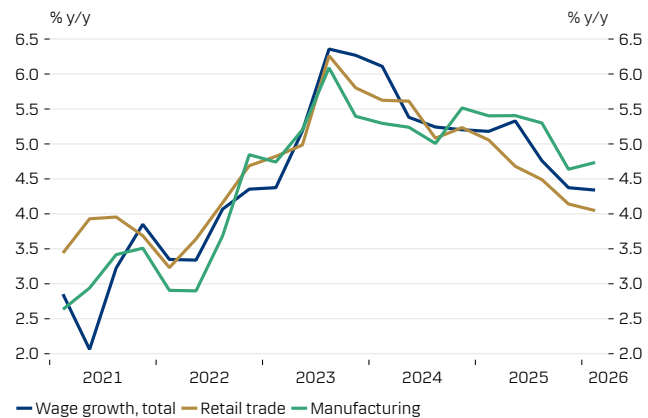
At the same time, it is somewhat worrying that price expectations

Inflation expectations are rising



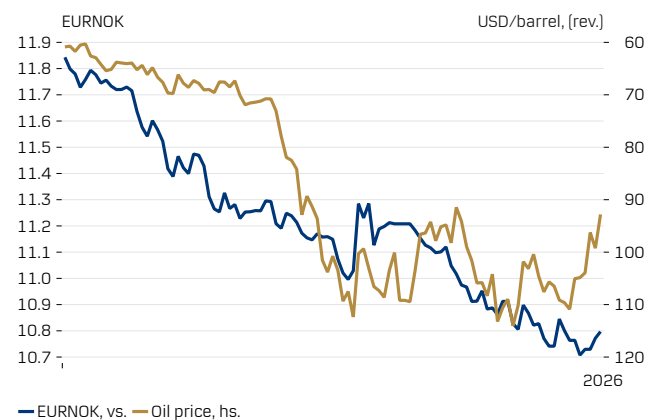
Sources: Macrobond and Danske Bank

Wage growth is slowing – at slightly different pace



Sources: Macrobond and Danske Bank

The NOK has been lifted by energy prices



Sources: Macrobond and Danske Bank

have started to pull upwards again, and as Norges Bank showed in its latest monetary policy report, this has been an important factor behind the persistently high inflation since the pandemic. The expectations survey from Norges Bank showed that the respondents' (economists, labor organizations, CEOs) expectations for inflation in 12 months increased from 3.2% to 3.6%, while it increased from 3.2% to 3.3% in 2 years. In addition, both employers' and

employees' organizations have adjusted their wage expectations upwards, not only for this year, but also for next year. Hence, there are signs of price and wage spirals in the Norwegian economy.

We have adjusted the estimate for core inflation this year upwards from 2.9% to 3.2%, while for next year we expect core inflation to decline to 2.4%.

The wage negotiations appear to end with central pay raise that is expected to give an overall wage growth this year of 4.4% when adding the overhang into 2026 and expected wage drift through the year. Although some of the settlements have ended in strikes that are still ongoing, these are not about wages, but about other demands. A continued tight labor market is pulling in the direction of higher wage drift this year as well, while somewhat lower profitability in the business sector is pulling in the opposite direction.

That said, the wage figures for the first quarter showed that wage growth slowed to 4.3%, i.e. somewhat lower than the overhang into the year would indicate. We have nevertheless adjusted the wage estimate for this year upwards from 4% to 4.4%. For next year, we now expect 3.7% wage growth, but here the uncertainty is great due to the uncertainty associated with the economic effect of higher interest rates.

The NOK has strengthened, headwinds are coming

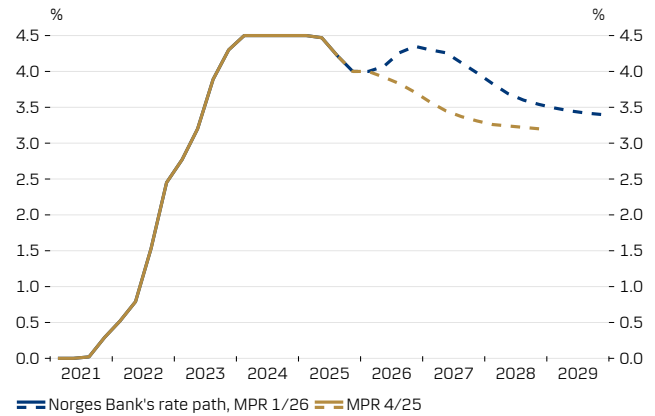
The import-weighted exchange rate has appreciated by 4-5% since the previous report, and is now at its strongest level since August 2022. The most important reason for the krone appreciation is of course higher oil and gas prices in the wake of the attack on Iran, but the interest rate differential with trading partners has also increased, and Norges Bank showed determination by increasing the policy rate at its meeting in May.

As mentioned, this report assumes that oil and gas prices will decline approximately in line with future prices during the forecast period. It is natural to assume that this will contribute to a general weakening of the krone exchange rate throughout the year and into next year. In addition, we believe that Norges Bank's desire to re-anchor inflation expectations will come with a cost in the form of weaker growth and higher unemployment. Higher interest rates to curb inflation when the economy weakens is unlikely to provide lasting support for the exchange rate, and will likely eventually contribute to its weakening. At the same time, we are now assuming a stronger US dollar than we did in the previous round, which could also contribute to weakening cyclical assets, including the Norwegian krone.

Our long-term models also point to a weakening of the krone exchange rate, mainly because the cost level in Norway is high and the difference with other countries increases when wage growth is much higher without this being rooted in higher productivity growth, as we have seen in the last couple of years.

There are of course several risk factors for our view of a weaker krone exchange rate. Energy prices may remain high, the economy may tolerate higher interest rates better than we expect and the dollar may weaken. There may also have been a structural shift in the global capital markets, where energy investors are seeking opportunities outside the Middle East. In that case, we may see an increased capital flow into Norway, as we saw in the years from 2001-14, which will help to keep the krone exchange rate at these levels, or even stronger.

U-turn from Norges Bank



Sources: Macrobond and Danske Bank

U-turn from Norges Bank to re-anchor inflation expectations

Norges Bank made a downright U-turn at the March policy rate meeting. While NB in December signalled 1-2 rate cuts in 2026, this was altered to 1-2 rate hikes in March, with the first hike to 4.25% being implemented in May. The need for a tighter monetary policy stems from the fact that wage and price growth have remained disturbingly high, and together with the risk of higher inflationary impulses in the wake of the war in Iran, this has raised inflation expectations. NB further documented in its monetary policy report in March that since the pandemic, inflation expectations have contributed to keeping inflation up.

Hence, NB wants to re-anchor inflation expectations and is signaling a tighter monetary policy to achieve this ambition. It is important to emphasize that the NB has not changed its assessment of the effect of monetary policy on the economy; it still believes that monetary policy was restrictive, i.e. that the interest rate was higher than the neutral real interest rate, before the rate hike in May. The analyses in the monetary policy report also show that a further tightening of monetary policy, as announced in March, has a cost in the form of a larger negative output gap and higher unemployment than assumed in December. The interest rate path in the latest monetary policy report also signals that the policy rate will gradually fall as inflation and inflation expectations slows down. We expect Norges Bank to hike the policy rate once more this year, to 4.5%, probably at the June meeting, but it is a very close call. As the NB in March signaled 1-2 rate hikes this year and has already delivered one, the second rate hike will naturally depend on the inflation risk being higher than was anticipated in March. In plain language, this means that a rate hike in June depends on the interest rate path in the monetary policy report in June being adjusted upwards compared to the March report. The inflation figures for May, unemployment figures, the regional survey, global energy prices, rate expectations in other countries and the development of the krone exchange rate will, as usual, be decisive, but all of these factors are much more uncertain than usual.

However, we believe that gradually lower energy prices, weaker growth in other countries and lower capacity utilization in the Norwegian economy will contribute to curbing inflation so that the NB can cut the policy rate up to four times next year, even if the krone exchange rate is expected to weaken somewhat.



Growth continues despite the oil and interest rate uncertainty

- **The recovery in economic growth gained further traction at the start of 2026, but rising energy prices and heightened uncertainty are tempering the outlook for the remainder of the year. We revise our 2026 GDP growth forecast down to 1.1% [from +1.5%]. The weaker growth in real purchasing weighs especially on the 2027 GDP forecast [+0.8%, from 1.9%].**
- **We expect domestic inflation to accelerate, though relatively less than in the rest of the euro area. Inflation is expected to peak at just above 3% next winter, while average inflation for both the current and next year will remain slightly below 2%.**
- **Household confidence remains weak, but we are seeing tentative signs of a recovery in private consumption.**
- **Labour market outlook is improving, but only very gradually. We expect employment to strengthen moderately, particularly next year.**
- **Residential construction remains largely frozen, especially this year, while data centre construction is proving surprisingly robust. Order books in manufacturing point to a strengthening demand.**

| | 2025 | Forecast 2026 | 2027 |
|---------------|-------|------------------|------------------|
| GDP Growth | 0.2% | 1.1% (1.5%) | 0.8% (1.9%) |
| Inflation | 0.3% | 1.9% (1.6%) | 1.8% (1.8%) |
| Unemployment | 9.7% | 10.5% (9.9%) | 10.1% (9.1%) |
| Deposit rate* | 2.00% | 2.50% (2.00%) | 2.00% (2.00%) |

Figures in parentheses are the old projections [From March 2026]

*End of period

Source: Danske Bank, Statistics Finland, ECB

The economic recovery that began in the latter part of last year continued into 2026. In the first quarter, the pace of economic growth reached 0.9% Q/Q in real terms — the fastest rate since 2021. We maintain a generally positive view also going forward, but the war in Iran and the sharp subsequent rise in energy prices are nonetheless weighing on the growth outlook relative to our previous forecast. Rising fuel costs and the renewed upturn in mortgage interest rates are already eroding household purchasing power, while economic uncertainty has once again risen to the fore.

That said, we do not believe that uncertainty alone will undermine the expected economic growth. Private consumption retains meaningful growth potential, even if household saving rates remain elevated. Real earnings continue to rise this year and next, and employment is expected to recover modestly, especially in 2027. No significant recovery is anticipated in the housing market over the forecast horizon, but data centre construction and a pick-up in industrial activity are supporting investments.



ECB's looming rate hikes weigh on the Finnish growth outlook less than in 2022"

Antti Ilvonen, Senior Analyst

Labour market recovery is slow and lagged

In 2023–2024, wage sum gains from higher nominal wages were largely offset by the rising unemployment. Some indicators have begun to suggest the decline in employment is bottoming out, as the number of furloughed workers has dropped. The number of unemployed jobseekers remains elevated in any case, and trend unemployment rate has settled at 10.6%, the highest level since 1999. But this reflects not only weak employment growth, but also a rise in the labour force participation rate to over 69% — a level not seen since the early 1990s.

The construction sector serves as a prime example of broader labour market conditions: unemployment among architects and site managers has begun to fall, but levels remain well above those seen before the pandemic. The overall number of job vacancies remains remarkably low, averaging just one vacancy for every nine unemployed jobseekers. We forecast that the unemployment rate averages 10.5% in 2026, and 10.1% in 2027.

Inflation rises moderately in the wake of the spring 2026 oil price increase

Households' purchasing power is also supported by relatively subdued cost-of-living pressures. Headline inflation, as measured by the national CPI, stood at 1.5% y/y in April. Excluding the volatile food and energy components, so-called core inflation was just 0.6% y/y. A silver lining of the weak housing market has been the very moderate pace of housing-related inflation. With average rent growth having come to a near standstill, housing costs have not weighed on the tentative recovery in purchasing power in the way seen in many other parts of Europe. Owner-occupied housing is also unusually affordable relative to average wages.

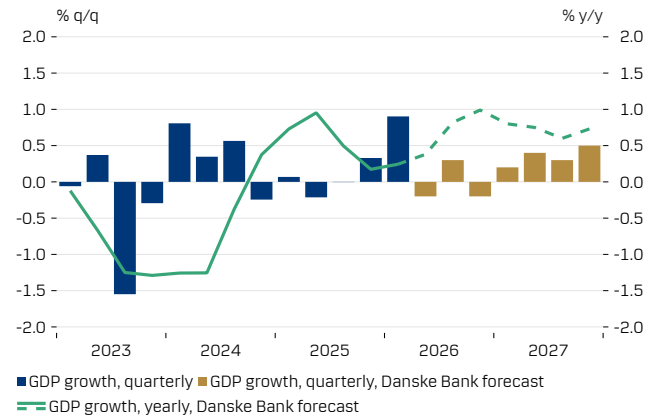
Broad-based inflationary pressures — across both goods and services — were subdued both on the eve of the Iran war and during its early stages. If the conflict prolongs, its effects will begin to feed more broadly into prices, for example in tourism and food, but we nonetheless expect inflation in Finland to rise more moderately than in the rest of the euro area. Our forecast has annual inflation peaking at 3.4% y/y in January next year, with average inflation remaining at 1.9% this year and 1.8% next year.

As in our forecasts for other economies, we have assumed that fuel and electricity prices will evolve in line with current derivatives market pricing. In particular, crude oil prices are expected to fall sharply in the coming months, reflecting expectations that the energy price shock caused by the Iran war will ease quickly. As such, a prolonged conflict represents a key upside risk to our inflation forecast.

The ECB's rate-hiking cycle will be markedly shorter than the last

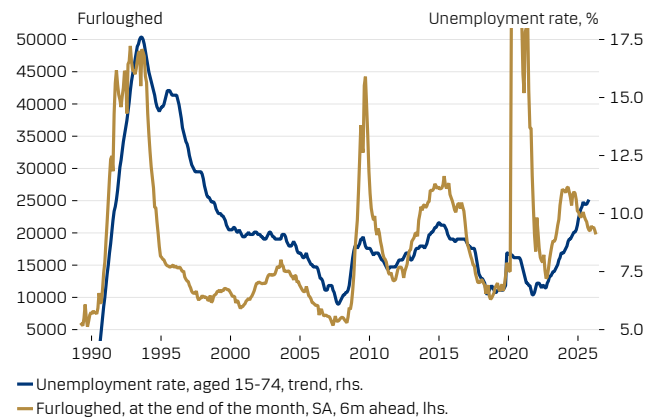
The earlier decline in the most common Euribor reference rates for mortgage loans was still exerting a downward effect on inflation of approximately 0.4pp. in April. However, Euribor rates have already turned upward again during the spring, as interest rate markets anticipate that the European Central Bank (ECB) will raise its key interest rates later this year.

The economy settles on a modest growth path, especially next year



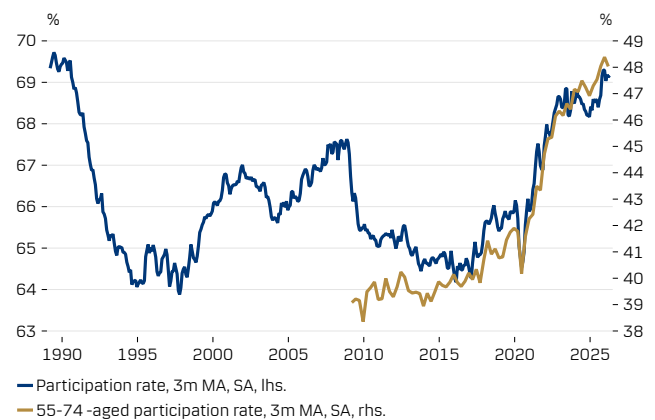
Source: Macrobond, Statistics Finland, Danske Bank

Lower number of furloughs speak for a gradually reviving labor market



Source: Macrobond, Statistics Finland

The rise in workforce participation among older age groups in particular has driven up the overall participation rate



Source: Macrobond, Statistics Finland



“Many Finns already have opportunities to increase their consumption. A broader restoration of confidence, and thus a stronger upturn in private consumption, requires an improvement in employment.”

Kaisa Kivipelto, Private economist

At the time of writing, markets are pricing in between two and three policy rate increases of 0.25 percentage points each. We forecast only two hikes at the June and July meetings, which would bring the deposit rate to 2.50%. Looking further ahead, we also expect the ECB to turn towards cutting rates much faster than markets think, potentially as early as spring 2027. That implies, that the 12-month Euribor rate has likely already peaked, with the direction turning lower from autumn onwards.

Private consumption recovers despite weak confidence

The sudden rise in oil prices, higher interest rates and a continued weak labour market have dampened household expectations regarding future economic growth and their own financial situation. Inflation expectations have also risen alongside oil prices. But even so, the first tentative signs of improvement in hard data have begun to emerge: the savings rate fell to 3.3% in Q4 2025, down from 5.6% a year earlier, retail sales volumes have been growing for close to a year and intentions to purchase a car are close to their 10-year average.

Many Finnish households have the capacity to increase their spending. The real wage sum has already recovered to pre-inflation shock levels (i.e., before the inflationary episode that began in 2022), and average real earnings have nearly closed the purchasing power gap. Real disposable income of all households continues to lag the recovery in averages wages due to cuts to social security. Earlier salary agreements and relatively moderate inflation suggest that real incomes will continue to grow this year despite the higher oil prices. A broader restoration of confidence – and with it a more pronounced recovery in private consumption – will require a strengthening of the labour market.

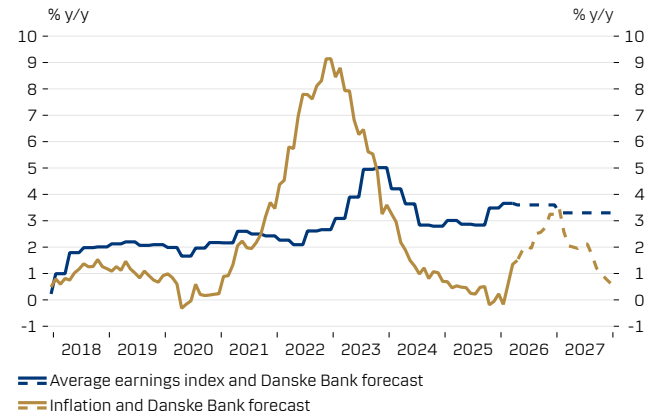
Data centres under construction; housing market recovery remains arduous

Investment trends have been mixed. Construction investment, in real terms, have stagnated at roughly the levels seen post-GFC in 2009. But in contrast, the volume of all other investments grew by as much as 8.5% y/y at the end of 2025 – a pace above the pre-pandemic average.

Residential construction is being held back by general uncertainty, weak housing market conditions, and rising costs. Material costs in particular have continued to increase in the early part of this year, and prices for new-build homes remain considerably above those of older properties. Over the past year, prices for existing homes have fallen by approximately 1-5% in most cities. Price growth has been strongest in Rovaniemi (+10.2%) and weakest in Kouvola (-10.2%). On average, we expect housing prices to fall by 2.8% across the country this year, before recovering by 1.0% next year.

New mortgage lending increased last year, and the volume of housing transactions also turned higher. However, the weakening

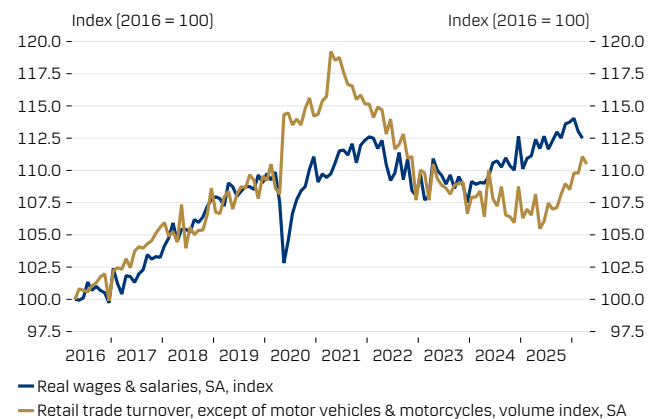
Inflation will mostly remain below earnings growth supporting wage-earners



Future expectations for households became gloomier



Growth in the real wage sum has boosted retail trade sales volumes



consumer confidence appears to have cooled the recovery so far this year. The number of new building permits has remained low, meaning that the number of housing completions will also remain stagnant for the next 1-2 years. While the outlook for residential construction remains subdued, clearer signs of growth are visible in, for example, data centre construction.

Signs of a pick-up in manufacturing

Manufacturing order books have continued improving particularly in the metals industry, where new orders have risen to near the peak levels seen in 2022. The chemicals industry has also shown signs of strengthening demand. Last year, the US trade war clouded the outlook for Finnish exports, but the volatility seen in tariff levels has since moderated.

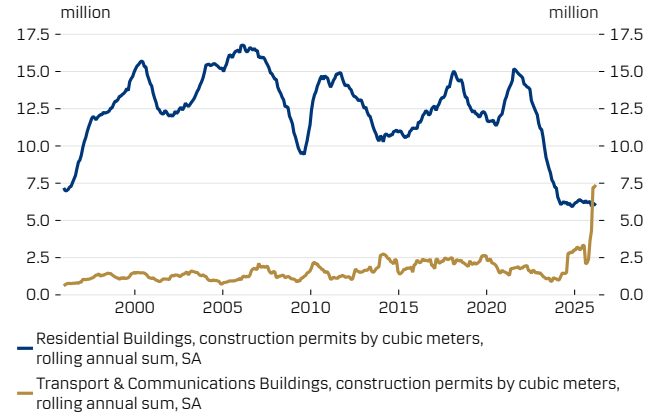
On balance, the impact of the trade war on Finnish exports has proved more limited than feared. Both Finland's share of US imports and the US share of Finnish exports have remained stable. Finnish export competitiveness therefore appears to have held up, and it is also supported by moderate growth in labour costs, particularly compared with other Nordic countries. Growth in export value has been driven particularly by Europe. When measured with the rolling annual sum of export value, the strongest growth has been seen in markets such as the United Kingdom, Sweden, and Poland. As a point of interest, Switzerland has also featured among the fastest-growing export markets, as the nominal value of exports there has been significantly inflated by the sharp rise in price of gold.

Public debt continues to rise

Public debt will continue growing over coming years, driven by aging population and increased defence spending. Income tax cuts taking effect this year and a reduction in the corporate tax rate next year will reduce tax revenues. Upward pressure on deficits will be partially offset with spending cuts targeting areas such as central government administration, transfers to municipalities, and business subsidies. Capping growth in social benefits will also continue.

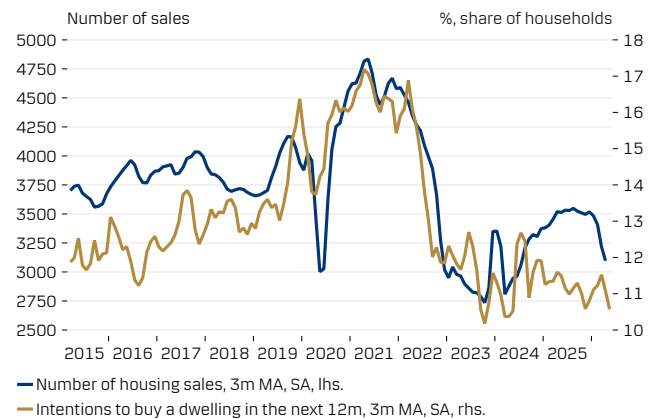
Public debt-to-GDP ratio rose to 88.5% at the end of last year. The ratio is being pushed higher by both the structural primary deficit as well as rising interest costs, while stronger nominal economic growth is helping to counterbalance the increase. We expect the public debt ratio to rise to 90.9% this year and 93.3% next year. In financial markets, the price of credit default swaps (CDS) on Finnish government debt and the interest rate spread relative to Germany have developed steadily, and in line with other euro area economies of the same credit rating. Financial market concerns about the trajectory of government debt have therefore not risen materially during the spring relative to comparable countries.

Data center construction boost has lifted the permits for transport & communications buildings surpassing permits for residential buildings



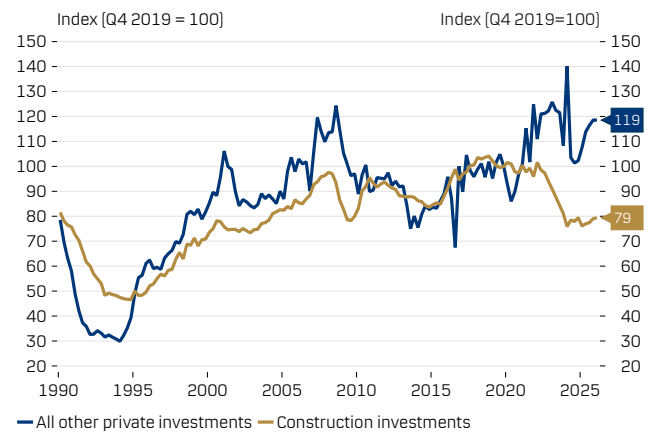
Source: Macrobond, Statistics Finland

Weaker confidence among households mutes housing market activity



Source: Macrobond, Statistics Finland

Investments are growing outside of construction



Source: Macrobond, Statistics Finland

Forecast tables



Macro forecasts - Denmark

| | 2025 | 2025 | Forecast 2026 | 2027 |
|--------------------------------------|-------------------------|--------|------------------|--------|
| National Accounts | DKK bn (Current prices) | | y/y | y/y |
| Private consumption | 1292.6 | 2.3% | 2.7% | 2.0% |
| Government consumption | 711.1 | 1.5% | 2.9% | 3.0% |
| Gross fixed investment | 669.2 | -3.5% | 0.0% | 3.5% |
| - Business investment | 428.0 | -7.2% | 1.4% | 1.2% |
| - Housing investment | 139.0 | 1.0% | -4.4% | 5.7% |
| - Government investment | 102.2 | 8.2% | 0.5% | 9.5% |
| Growth contribution from inventories | | 0.0% | 0.0% | 0.0% |
| Exports | 2147.5 | 3.0% | 6.3% | 2.3% |
| - Goods exports | 1280.5 | 6.4% | 4.7% | 2.1% |
| - Service exports | 867.0 | -1.5% | 8.8% | 2.7% |
| Imports | 1810.3 | -0.4% | 2.2% | 2.4% |
| - Goods imports | 981.6 | 3.7% | 2.2% | 2.5% |
| - Service imports | 828.7 | -4.8% | 2.2% | 2.2% |
| GDP | 3062.8 | 2.9% | 3.7% | 2.5% |
| Economic indicators | | | | |
| Current account, DKK bn | | 390.6 | 370.0 | 360.0 |
| - Share of GDP | | 12.8% | 11.9% | 11.5% |
| General government balance, DKK bn | | 88.5 | 20.0 | 10.0 |
| - Share of GDP | | 2.9% | 0.6% | 0.3% |
| General government debt, DKK bn | | 855.2 | 850.0 | 860.0 |
| - Share of GDP | | 27.9% | 27.4% | 27.4% |
| Employment** | | 3255.0 | 3286.0 | 3297.7 |
| Gross unemployment** | | 87.7 | 93.3 | 108.6 |
| - Share of total work force | | 2.9% | 3.1% | 3.6% |
| House prices, y/y | | 6.0% | 7.5% | 4.0% |
| Private sector wage level, y/y | | 3.8% | 3.5% | 3.3% |
| Consumer prices, y/y | | 1.9% | 1.3% | 2.4% |
| Financial figures | | | | |
| Lending Rate* | | 1.75% | 2.25% | 1.75% |
| Certificates of deposit Rate* | | 1.60% | 2.10% | 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

| | 2025 | 2025 | Forecast 2026 | 2027 |
|---------------------------------------|-------------------------|-------|------------------|-------|
| National Accounts | SEK bn (Current prices) | | y/y | y/y |
| Private consumption | 3056.9 | 2.0% | 2.4% | 2.6% |
| Government consumption | 1734.0 | 1.4% | 0.9% | 1.7% |
| Gross fixed investment | 1652.9 | 2.0% | 3.0% | 3.0% |
| Excl. residential investments | 1447.2 | 2.6% | 3.2% | 2.9% |
| Residential investments | 205.7 | -2.5% | 1.9% | 3.9% |
| Growth contribution from inventories | | 0.3% | -0.1% | -0.1% |
| Exports | 3522.0 | 4.2% | 3.9% | 2.9% |
| Exports of goods | 2315.1 | 3.6% | 1.4% | 2.1% |
| Exports of services | 1206.9 | 5.4% | 8.7% | 4.2% |
| Imports | 3330.7 | 4.6% | 4.0% | 2.9% |
| Contribution from net exports | 191.3 | -0.1% | 0.0% | 0.1% |
| Domestic demand | 6469.7 | 2.1% | 2.1% | 2.4% |
| Aggregate demand | 9975.1 | 2.8% | 2.7% | 2.6% |
| GDP | 6666.5 | 1.5% | 2.3% | 2.6% |
| GDP, calendar adjusted | | 1.7% | 2.1% | 2.4% |
| Economic indicators | | | | |
| Employment (LFS) | | 0.4% | 0.8% | 1.1% |
| Unemployment (LFS), % of labour force | | 8.8% | 8.5% | 7.8% |
| Wages (NMO) | | 3.6% | 3.5% | 3.5% |
| Home prices (HOX) | | 1.1% | 4.4% | 5.2% |
| Inflation, y/y | | | | |
| CPIF | | 2.6% | 1.0% | 2.6% |
| CPIF excl. energy | | 2.8% | 0.6% | 2.6% |
| CPI | | 0.7% | 0.4% | 3.1% |
| Public debt ratio, % of GDP | | 34.6% | 36.7% | 38.4% |
| Financial figures | | | | |
| Riksbank policy rate* | | 1.75% | 2.25% | 2.00% |

*End of period.

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

| | 2025 | 2025 | Forecast 2026 | 2027 |
|----------------------------|--------------------------------|-------|------------------|------------|
| National Accounts | NOK bn (Current prices) | | y/y | y/y |
| Private consumption | 2340.6 | 2.6% | 1.6% | 2.4% |
| Government consumption | 1255.0 | 2.4% | 1.9% | 1.8% |
| Gross fixed investment | 1284.4 | 0.8% | 1.5% | 1.5% |
| Petroleum activities | 281.4 | 7.2% | -2.0% | -3.0% |
| Mainland Norway | 1000.2 | -0.2% | 3.0% | 3.5% |
| Dwellings | 208.7 | -3.6% | 1.5% | 8.0% |
| Enterprises | 504.9 | 2.7% | 3.5% | 2.5% |
| General government | 286.5 | -2.5% | 1.5% | 3.0% |
| Exports | 2511.8 | 2.7% | 0.8% | 0.8% |
| Traditional goods | 721.9 | 6.1% | 1.8% | 1.7% |
| Imports | 1861.4 | 2.6% | 1.7% | 2.0% |
| Traditional goods | 1082.4 | 3.3% | 2.7% | 2.0% |
| GDP | 5511.3 | 1.1% | 0.8% | 1.0% |
| GDP Mainland Norway | 4397.7 | 1.7% | 1.0% | 1.5% |
| Economic indicators | | | | |
| Employment, y/y | | 0.7% | 0.2% | 0.6% |
| Unemployment rate (NAV) | | 2.1% | 2.3% | 2.4% |
| Annual wages, y/y | | 4.7% | 4.4% | 3.7% |
| Core inflation, y/y | | 3.1% | 3.2% | 2.4% |
| Consumer prices, y/y | | 3.0% | 3.1% | 2.1% |
| House prices, y/y | | 5.9% | 4.0% | 7.0% |
| Financial figures | | | | |
| Leading policy rate | | 4.00% | 4.50% | 3.50% |

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

Forecast tables



Macro forecasts - Finland

| | 2025 | 2025 | Forecast 2026 | 2027 |
|----------------------------|-------------------------|-------|---------------|-------|
| National Accounts | EUR bn (Current prices) | | y/y | y/y |
| GDP | 280.6 | 0.2% | 1.1% | 0.8% |
| Imports | 115.2 | 1.7% | 3.5% | 0.1% |
| Exports | 118.8 | 3.4% | 1.7% | 3.7% |
| Consumption | 215.5 | -0.2% | 0.4% | 1.3% |
| - Private | 142.3 | -0.2% | 0.8% | 0.9% |
| - Public | 73.1 | -0.2% | 0.0% | -0.5% |
| Gross fixed investment | 61.3 | 0.8% | 9.7% | 2.5% |
| Economic Indicators | | | | |
| Unemployment rate | | 9.7% | 10.5% | 10.1% |
| Earnings, y/y | | 2.8% | 3.6% | 3.3% |
| Inflation, y/y | | 0.3% | 1.9% | 1.8% |
| Housing prices, y/y | | -2.5% | -2.8% | 1.0% |
| Public budget balance** | | -3.9% | -5.0% | -4.8% |
| Public debt** | | 88.5% | 90.9% | 93.3% |
| Financial Figures | | | | |
| ECB deposit rate* | | 2.00% | 2.50% | 2.00% |

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

Forecast tables



Macro Forecasts - Euro area

| | 2026 | | | | 2027 | | | |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| GDP, q/q | 0.1% | 0.0% | 0.1% | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% |
| Unemployment rate | 6.3% | 6.3% | 6.4% | 6.4% | 6.5% | 6.5% | 6.4% | 6.4% |
| HICP, y/y | 2.0% | 3.1% | 3.2% | 3.4% | 3.2% | 2.4% | 2.0% | 1.7% |
| Core HICP, y/y | 2.3% | 2.4% | 2.5% | 2.7% | 2.8% | 2.5% | 2.3% | 2.0% |
| ECB deposit rate* | 2.00% | 2.25% | 2.50% | 2.50% | 2.25% | 2.00% | 2.00% | 2.00% |

*End of period

Source: Danske Bank, Eurostat, ECB



Macro Forecasts - United States

| | 2026 | | | | 2027 | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| GDP, q/q | 0.4% | 0.5% | 0.5% | 0.4% | 0.5% | 0.4% | 0.4% | 0.4% |
| Unemployment rate | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% | 4.2% | 4.2% |
| CPI, y/y | 2.7% | 4.1% | 3.7% | 3.7% | 3.7% | 2.5% | 2.5% | 2.5% |
| Core CPI, y/y | 2.5% | 2.9% | 2.8% | 3.1% | 3.1% | 3.0% | 3.0% | 3.1% |
| Fed Funds target rate* | 3.75% | 3.75% | 3.75% | 4.00% | 4.25% | 4.25% | 4.25% | 4.25% |

*End of period

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



Macro Forecasts - China

| | 2026 | | | | 2027 | | | |
|-------------------|------|------|------|------|------|------|------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| GDP, q/q | 1.3% | 1.0% | 1.2% | 1.2% | 1.1% | 1.2% | 1.2% | 1.2% |
| Unemployment rate | 5.4% | 5.2% | 5.2% | 5.2% | 5.2% | 5.2% | 5.2% | 5.2% |
| Inflation, y/y | 1.1% | 0.6% | 0.7% | 0.8% | 0.9% | 1.0% | 1.1% | 1.2% |
| Policy rate | 1.3% | 1.2% | 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 | 2025 | 2.9 | 2.3 | 1.5 | -3.5 | 3.0 | -0.4 | 1.9 | 3.8 | 2.9 | 2.9 | 27.9 | 12.8 |
| | 2026 | 3.7 | 2.7 | 2.9 | 0.0 | 6.3 | 2.2 | 1.3 | 3.5 | 3.1 | 0.6 | 27.4 | 11.9 |
| | 2027 | 2.5 | 2.0 | 3.0 | 3.5 | 2.3 | 2.4 | 2.4 | 3.3 | 3.6 | 0.3 | 27.4 | 11.5 |
| Sweden | 2025 | 1.7 | 2.0 | 1.4 | 2.0 | 4.2 | 4.6 | 2.6 | 3.6 | 8.8 | - | 34.6 | - |
| | 2026 | 2.1 | 2.4 | 0.9 | 3.0 | 3.9 | 4.0 | 1.0 | 3.5 | 8.5 | - | 36.7 | - |
| | 2027 | 2.4 | 2.6 | 1.7 | 3.0 | 2.9 | 2.9 | 2.6 | 3.5 | 7.8 | - | 38.4 | - |
| Norway | 2025 | 1.8 | 2.6 | 2.4 | 0.8 | 2.7 | 2.6 | 3.0 | 4.7 | 2.0 | - | - | - |
| | 2026 | 1.0 | 1.6 | 1.9 | 1.5 | 0.8 | 1.7 | 3.1 | 4.4 | 2.3 | - | - | - |
| | 2027 | 1.5 | 2.4 | 1.8 | 1.5 | 0.8 | 2.0 | 2.1 | 3.7 | 2.4 | - | - | - |
| Euro area | 2025 | 1.5 | 1.5 | 1.6 | 3.1 | 2.2 | 3.7 | 2.1 | 3.9 | 6.3 | -2.9 | 88.7 | 2.5 |
| | 2026 | 0.7 | 0.6 | 1.7 | 1.2 | 0.9 | 1.7 | 3.0 | 3.0 | 6.4 | -3.3 | 90.4 | 1.7 |
| | 2027 | 1.2 | 1.0 | 1.4 | 1.1 | 0.9 | 0.7 | 2.3 | 3.1 | 6.4 | -3.5 | 91.4 | 1.7 |
| Finland | 2025 | 0.2 | -0.2 | -0.2 | 0.8 | 3.4 | 1.7 | 0.3 | 2.8 | 9.7 | -3.4 | 88.5 | - |
| | 2026 | 1.1 | 0.8 | 0.0 | 9.7 | 1.7 | 3.5 | 1.9 | 3.6 | 10.5 | -5.0 | 90.9 | - |
| | 2027 | 0.8 | 0.9 | -0.5 | 2.5 | 3.7 | 0.1 | 1.8 | 3.3 | 10.1 | -4.8 | 93.3 | - |
| United States | 2025 | 2.1 | 2.6 | 1.1 | 2.7 | 1.6 | 2.7 | 2.7 | 3.5 | 4.3 | -5.6 | 99.9 | -3.6 |
| | 2026 | 2.0 | 1.3 | 1.6 | 5.3 | 0.9 | 0.9 | 3.5 | 3.5 | 4.3 | -6.2 | 101.7 | -3.3 |
| | 2027 | 1.8 | 1.3 | 1.6 | 4.8 | 2.8 | 4.6 | 2.8 | 4.0 | 4.2 | -6.3 | 103.4 | -3.3 |
| China | 2025 | 5.0 | 4.6 | - | 1.0 | - | - | 0.0 | - | 5.2 | -8.4 | 99.7 | 3.5 |
| | 2026 | 4.8 | 4.7 | - | 2.0 | - | - | 1.0 | - | 5.2 | -8.7 | 107.4 | 3.3 |
| | 2027 | 4.7 | 4.7 | - | 4.0 | - | - | 1.3 | - | 5.2 | -8.9 | 113.0 | 3.1 |

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

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Global Danske Research

Head of Research
Heidi Schauman
heidi.schauman@danskebank.com

Macro

Head of
Las Olsen
Denmark
laso@danskebank.com

Louise Aggerstrøm Hansen
(maternity leave)
Denmark
louhan@danskebank.com

Bjørn Tangaa Sillemann
Denmark, Japan
bjsi@danskebank.com

Rune Thyge Johansen
Euro Area
rujo@danskebank.com

Allan von Mehren
China macro and CNY
alvo@danskebank.com

Frida Måhl
Sweden
fmh@danskebank.com

Frank Jullum
Norway
fju@danskebank.com

Kaisa Kivipelto
Finland
kakiv@danskebank.com

Minna Kuusisto
Finland coordinator
Global macro, geopolitics
mkuus@danskebank.com

Susanne Spector
Sweden
sspec@danskebank.com

Antti Ilvonen
US and Finland macro, EUR,
USD, AUD, and NZD
ilvo@danskebank.com

FI and FX Research

Co-Head of
Kristoffer Kjær Lomholt
Rates and FX Strategy
klom@danskebank.com

Co-Head of
Filip Andersson
Sweden coordinator
Fixed income strategy
fian@danskebank.com

Mohamad Al-Saraf
EUR, USD, JPY, and
Institutional FX
moals@danskebank.com

Jesper Fjærstedt
SEK, PLN, HUF and CZK
jesppe@danskebank.com

Jens Nærvig Pedersen
DKK, commodities, USD
liquidity, Institutional FX
jenpe@danskebank.com

Kirstine Grønborg
Kundby-Nielsen
EUR fixed income, GBP, CHF
and Corporate FX
kigrn@danskebank.com

Joel Rossier
Fixed income strategy
joero@danskebank.com

Jens Peter Sørensen
Nordic and EUR fixed income
jenssr@danskebank.com

Credit Research

Head of
Jakob Magnussen
Utilities
jakja@danskebank.com

Brian Børsting
Industrials & Transportation
brbr@danskebank.com

Christian Svanfeldt
Real Estate and Industrials
chrsv@danskebank.com

Lina Berg
Industrials
linab@danskebank.com

Mads Rosendal
TMT and Industrials
madros@danskebank.com

Mark Thybo Naur
Financials and Strategy
mnau@danskebank.com

Marko Radman
Norwegian HY
mradm@danskebank.com

Olli Eloranta
Industrials and Real Estate
oelo@danskebank.com

Rasmus Justesen
Credit Portfolios
rjus@danskebank.com

Sebastian Grindheim
High-Yield
sgrin@danskebank.com

Sivert Meland Gejl Trana
Credit Portfolios
sivt@danskebank.com

Marcus Gustavsson
Real Estate
marcg@danskebank.com

Mille Opdahl Müller
Norway coordinator
Industrials & Real Estate
mifj@danskebank.com

Cross Asset Strategy

Head of
Bjarne Breinholt Thomsen
bt@danskebank.com

Piet Haines Christiansen
Chief strategist
phai@danskebank.com

Molly Guggenheimer
Strategist
mogu@danskebank.com

Mathias Christiansen
Analyst
mathch@danskebank.com

Sustainability Research

Head of
Louis Landeman
Sustainability/ESG
llan@danskebank.com

Ebba Edholm
Sustainability/ESG
eedh@danskebank.com