

# Weekly Focus

## Reaching the bottom

**The number of new infections outside China continues to rise on the back of rising numbers in the US. The global number of infections has now passed one million.** The worst-hit countries are seeing rays of light with the number of new Italian infections continuing to trend lower and new hospitalisations dropping sharply, while officials in Spain says the country is at a peak now. The number of new infections is still rising in the US, but the growth rate has flattened. New York, the epicentre of the US outbreak, has seen some stabilisation in new infections recently. India and Brazil have seen a worrying rise in infections recently. India's 1.3 billion people are now in lockdown, though, while Brazil's President has refused social distancing measures. We will keep an eye on those countries and we look for a peak soon in new infections in the US, but it will still feel painful for a while as deaths will continue to climb. See *COVID-19 Update*, 3 April.

**This week we got some of the first signs of what a post-coronavirus rebound might look like.** Both Chinese manufacturing PMIs jumped back slightly into expansionary territory at 50.1 and 52.0, respectively. That signals that the manufacturing sector has stopped deteriorating but is still running on significantly reduced capacity, indicating China is still at the bottom of what we expect to be a U-shaped recovery.

**Outside China, bad news keeps pouring in.** In the US, ISM manufacturing only declined slightly, but looking at the most important subcomponents, it paints a gloomy picture, just like the Markit PMI. New orders were down and employment indices were significantly down. Initial jobless claims came in at 6.6 million for last week so 10 million unemployed in just two weeks. In the coming weeks we will look out for more Fed action and potential discussions of a fourth rescue package. In Japan, the Business Tankan survey showed the worst reading in seven years. PM Abe is expected to be present a fiscal package with a size of 11% of GDP on Tuesday to cushion what looks like a perfect storm in Japan with consumers' negative reaction to October VAT-hike and cancelled Tokyo Olympics adding to the COVID-19 shock to the economy. Euro area HICP inflation declined to 0.7% in March weighed down heavily by sharply falling energy prices. Deflationary pressures seem relatively contained so far. However, most of the March data was likely collected before lockdowns took effect. We have taken a closer look at repercussions for the inflation outlook in *Euro Area Research - Euro inflation in the corona maelstrom*, 1 April. This week, the EU Commission unveiled a new unemployment reinsurance scheme dubbed 'SURE'. Under the plan, Brussels is set to provide loans to countries that face a sudden and severe rise in spending on short-time working schemes. The initiative is part of a broader set of proposals to be discussed by the Eurogroup on Tuesday.

**It has been a mixed week in financial markets with government bond yields slightly higher across the euro area as a surge in fiscal spending brings a lot of new issuance to the market.** The USD strengthened as hopes of a quick recovery have dwindled and the oil price has surged. Weakening demand has weighed heavily on oil markets, but Chinese plans to start buying oil for state reserves, Trump's comment that OPEC would be willing to cut production significantly and a planned OPEC+ meeting next week have been supportive. If we move from a scenario where Saudi Arabia could potentially flood the market to one with an agreed cut in production, we might have seen the bottom in the oil price for now.

### Key market movers

- All days: development of COVID-19 and fiscal and monetary policy responses
- 6 April: Sentix investor confidence
- 7 April: Announcement of fiscal package in Japan, Eurogroup meeting
- 9 April: US consumer confidence and initial jobless claims
- 15 April: US retail sales
- 16 April: US initial jobless claims

### Selected reading from Danske Bank

- [Euro Area Research - Euro inflation in the coronavirus maelstrom](#), 1 April
- [Nordic Research - Danish and Swedish exports relatively robust to supply problems](#), 31 March
- [Flash Comment Denmark - Large-scale FX intervention before rate hike](#), 2 April
- [Euro Area Macro Monitor - In the eye of the storm](#), 3 April
- [COVID-19 Update](#), 3 April

Follow us on *Twitter*:

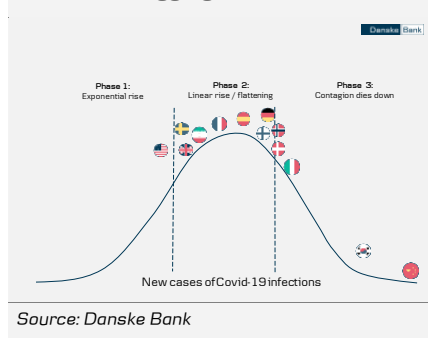


@Danske\_Research



Video  
Danske Bank research playlist

### The virus cycle: Europe around peak, US and UK lagging



Editor:

Analyst  
Bjorn Tangaa Sillemann  
+45 45 12 82 29  
[bjosi@danskebank.dk](mailto:bjosi@danskebank.dk)

# Market movers Scandinavia

- In **Denmark**, the government has announced it plans to ease the restrictions put in place to contain the Covid-19 outbreak from 13 April if the infection numbers continue to show an improvement. Hence, we keep a close eye on the developments ahead of this date.

Next week kicks off with statistics on bankruptcies and forced property sales in March. We will be watching to see how many companies have already been forced to close down permanently. Service sector companies appear to be particularly vulnerable at the moment, and a marked increase in bankruptcies is on the cards this month despite the government’s assistance packages. The number of forced sales will presumably not be affected to the same extent, though this could of course change in the coming months if the situation deteriorates further.

Industrial production numbers for February are also due on Monday, while foreign trade figures for the same month are scheduled for Wednesday. The topicality of the two numbers is not that great, as much has happened in the meantime, but it will be interesting to see whether the Chinese lockdown in February had an impact on the figures. However, Danish production and exports are both generally rather robust to supply chain problems, which we considered in greater detail in this paper: *Danish and Swedish exports relatively robust to supply problems*, 31 March 2020.

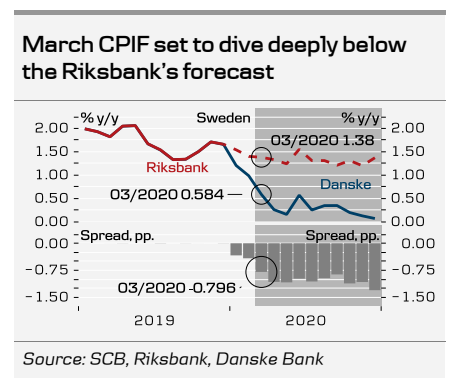
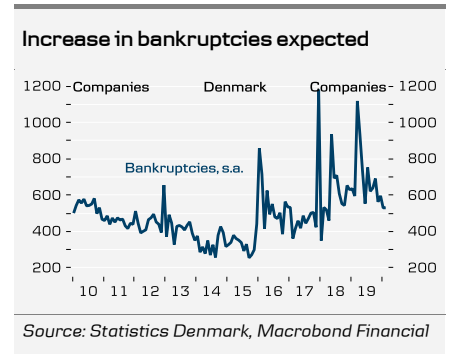
Danish March CPI inflation is due on Tuesday 14 April. We expect inflation to decline to 0.4% from 0.8% in February. Energy prices will weigh heavily on inflation with gasoline prices down 9% from February. Lower energy prices will also hit air fares and package holidays eventually, but March is too early due to the way the data is collected. Otherwise, we expect limited corona effect on the March figures.

We also expect book prices to decline again gradually as they are currently up by 41% year on year. This has been the case for several months now, though, and the timing is highly uncertain.

- Up to 17 April, we will receive a mixed compote of data in **Sweden**: production data, household consumption, PES weekly layoffs update and inflation. Both production data and household consumption are, however, to some extent already outdated since the data is from February – before the COVID-19 outbreak. Hence, any positive numbers there will not be market moving.

Considering PES weekly layoffs statistics, almost 37,000 persons lost their jobs in March (up to 27 March) which was the largest monthly increase in layoffs ever seen. Unfortunately, we believe that this is only the beginning and that we will continue to see a rise.

Energy prices will weigh heavily on March inflation as fuel is expected to have dropped 10% and electricity by 2% m/m. Hence, there is a negative 0.34pp from energy. Other prices are assumed to have developed seasonally as usual, suggesting rising prices on clothing and restaurants. Needless to say, however, to the extent that prices were collected in the second half of the month there is significant risk for a (most likely negative) coronavirus effect. Comparing to Riksbank’s forecast we expect CPIF to print 0.6% y/y versus the Riksbank’s 1.4% y/y (a difference of 0.8pp) and CPIF excl. Energy to print 1.5% y/y versus the Riksbank’s 1.8% y/y. We also expect these differences to increase in coming months. This suggests that there will be a strong downward pressure on inflation expectations and we accordingly expect the Riksbank to cut the repo rate in April to address this problem.

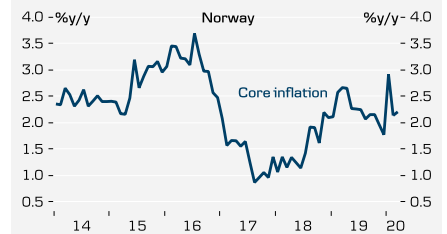


Last, the government will release the spring amending budget for 2020, which will be presented on 15 April, where new support could also be announced.

- In **Norway**, consumer prices are collected before the 15th of each month, so we do not expect the effects of the coronavirus countermeasures to be particularly visible in the March inflation figures. We therefore anticipate an underlying softening after a number of one-off effects pushed inflation up sharply in January. While we do expect the reduction in air travel to make its mark on air fares, we also anticipate a continued upward trend in prices for food and some other imported goods. All in all, we forecast core inflation of 0.4% m/m, pushing the annual rate up slightly to 2.2%.

We expect the shutdowns in China to have a slight moderating effect on the GDP figures for February, but the month also saw a substantial rise in retail sales. On balance, we expect mainland GDP to climb 0.3% m/m in February.

#### Moderate rise in inflation – before the countermeasures



Source: Macrobond Financial, Danske Bank

# Scandi update

## Denmark – stronger GDP growth in 2019, further signs of weakness for 2020

Business confidence fell just slightly overall in March despite the Danish economy going into near total lockdown. The reason is that just 10% of responses were received after 11 March, when the bulk of the lockdown was announced. While the data post-11 March is sparse, the figures clearly went downhill fast after this date, with construction at the bottom of the heap, hovering around the lows seen in the sector in 2009. The only bright spot in the figures was industry, where confidence actually picked up a little after 11 March – though confidence was still down relative to February and remains at a very low level.

Statistics Denmark has revised up the quarterly GDP growth figures for Q4 19 to 0.6% from 0.2%, bringing overall growth in 2019 up to 2.4%. The agency also announced that gross unemployment in February was unchanged at 3.7%. Much has changed since then of course – we expect negative growth and rising unemployment in 2020 – nevertheless, the Danish economy apparently being in robust good health right up until the coronavirus outbreak is positive news.

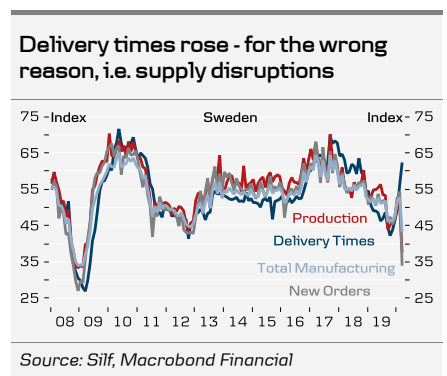
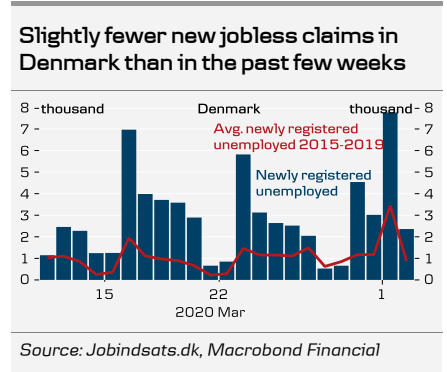
Danmarks Nationalbank was in a gloomy mood when presenting its outlook for the Danish economy on Wednesday morning. The central bank laid out three scenarios, with the spread in GDP growth stretching from -3% to -10%. Its view is very much in line with our own forecast, where we have negative growth of -2.5% as our main scenario, but with a sizeable risk that things will turn out worse. The final outcome is heavily dependent on how and when the economy is opened up again, and on whether it might have to be closed down again at a later point.

The Danish central bank also attracted attention with the publication of monthly FX reserves, which disclosed that the bank had intervened in FX markets in support of the DKK for a total of DKK64.7bn in the last month before the rate hike. This was the largest purchase ever of DKK in a single month and was broadly in line with intervention during the financial crisis. Meanwhile, the worst DKK weakening pressure now seems to have abated.

The past week’s most up-to-date figures were again the Ministry of Employment’s numbers for new jobless claims and our own bi-weekly data on consumption (spending monitor). The number of newly unemployed remains higher than the average of recent years, but when comparing to the past few weeks there appears to be a trend towards new jobless claims falling, perhaps due to some of the government’s initiatives working. Likewise, the decline in consumption has slowed a little compared to recent weeks, though the entire service sector remains very hard hit. You can read more about this in: *Spending Monitor - Spending continues to decline but at a slower pace*, 31 March 2020.

## Sweden – record high monthly increase in layoffs and a jump down in the PMI

There is very little data yet to gauge the impact of the coronavirus on the economy. However, we have started to receive a few data points that at least capture corona-related developments to some extent: PMI and PES weekly layoffs update. If starting with the latter, PES weekly layoffs statistics deteriorated to levels never measured before. In one week, around 18,000 persons received announcements of redundancies which adds up total layoffs in March (up to March 27) of around 37,000. 64% were in the sectors most hit by the restrictions: hotels, restaurants and travel agencies. Not all layoffs end up in



redundancies because it is possible to withdraw a notice if the outlook changes for the better, but, we will monitor the layoff statistics closely to be able to calculate where the unemployment rate takes the road. Assuming that these notices actually raise the number of unemployed (+37k) and lower the number of employed (-37k) to the same extent, the March unemployment rate should rise to 8.2% seasonally adjusted. However, since the LFS is a survey (and a shaky one over the past two years), there is probably significant upside from people getting fired in informal sectors and small firms not being caught by the official statistics.

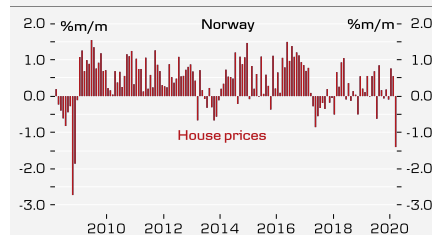
Regarding PMI manufacturing, the largest monthly drop ever was seen (9.5 index points), orders recording the biggest decline among sub-indices, from 54.3 to 34.0. As we have seen elsewhere, PMI headline was supported by delivery times which rose, however, for the wrong reason, i.e. supply disruptions. The orders index is almost at 2008 levels, and the speed with which it dropped is faster. The same is true for export orders, down from 53 to 35.

The government expanded fiscal measures yet again on Thursday, adding SEK22bn to municipalities and regions, which will be presented in the Spring Bill 15 April. This is partly a general support, partly aimed at covering increased health care costs.

### Norway – moderate fall in house prices

The sharp rise in unemployment naturally poses a risk of a serious setback in the housing market. It was therefore reassuring to see that house prices fell by just 1.4% m/m in March. Indeed, we have pointed out that there is little reason to expect a major wave of forced sales given that government measures will go a long way towards compensating households for direct income losses, while interest rates are tumbling. This is further reinforced by reports that the banks are relatively willing to accept interest-only payments and delay principal repayments.

#### Prices down less than during the financial crisis



Source: Macrobond Financial, Danske Bank

# Calendar

During the week				Period	Danske Bank	Consensus	Previous
Sat 04	USD	Fed's George (non-voter, hawkish) speaks					
Monday, April 6, 2020				Period	Danske Bank	Consensus	Previous
1:01	GBP	GfK consumer confidence, final	Index	Mar			-9.0
8:00	DEM	Factory orders	m/mly/y	Feb		-2.0% 0.6%	5.5% -1.4%
8:00	DKK	Bankruptcies (s.a.)		Apr			
8:00	DKK	Enforced sales (s.a.)		Mar			
8:00	DKK	Industrial production	m/m	Feb			-2.6%
10:30	GBP	PMI construction	Index	Mar		44.5	52.6
10:30	EUR	Sentix Investor Confidence	Index	Apr		-30.3	-17.1
23:00	USD	Fed's George (non-voter, hawkish) speaks					
Tuesday, April 7, 2020				Period	Danske Bank	Consensus	Previous
-	EUR	Eurogroup meeting					
-	CNY	Foreign exchange reserves	USD bn	Mar		3096.3	3106.7
1:30	JPY	Labour cash earnings	y/y	Feb		0.2%	1.5%
6:30	AUD	Reserve Bank of Australia rate decision	%		0.25%	0.25%	0.25%
7:00	JPY	Leading economic index, preliminary	Index	Feb		92.0	90.5
8:00	NOK	GDP (mainland)	m/m	Feb	0.3%		0.2%
8:00	NOK	Manufacturing production	m/mly/y	Feb			0.4% 1.2%
8:00	NOK	Industrial production	m/mly/y	Feb			-2.3% 0.3%
8:00	DEM	Industrial production	m/mly/y	Feb		-0.8% -3.2%	3.0% -1.3%
9:00	CHF	SNB balance sheet, intervention	CHF bn	Mar			769.1
9:30	SEK	Industrial orders	m/mly/y	Feb			3.5% 2.2%
9:30	SEK	Private Sector Production	m/mly/y	Feb			1.7% 3.8%
9:30	SEK	Budget balance	SEK bn	Mar			58.9
21:00	USD	Consumer credit	USD bn	Feb		13.5	12
Wednesday, April 8, 2020				Period	Danske Bank	Consensus	Previous
-	PLN	Polish central bank rate decision			1.0%	1.0%	1.0%
6:00	SEK	Maklarstatistik Swedish housing price data					
7:45	CHF	Unemployment	%	Mar		2.7%	2.3%
8:00	NOK	Core inflation (CPI-ATE)	m/mly/y	Mar	0.4% 2.2%	... 2.0%	0.5% 2.1%
8:00	NOK	CPI	m/mly/y	Mar		... 0.6%	-0.1% 0.9%
8:00	NOK	PPI	m/mly/y	Mar			-3.3% -7.4%
8:00	DKK	Current account (nsa sa)	DKK bn	Feb			... 16.8
8:00	DKK	Trade balance ex ships	DKK bn	Feb			11.3
8:00	DKK	Exports	m/m	Feb			
9:30	SEK	Household consumption	m/mly/y	Feb			-0.2% 1.6%
16:30	USD	DOE U.S. crude oil inventories	K				13833
20:00	USD	FOMC minutes from extraordinary March meeting					
Thursday, April 9, 2020				Period	Danske Bank	Consensus	Previous
1:01	GBP	RICS house price balance	Index	Mar		0.1	0.3
7:00	JPY	Consumer confidence	Index	Mar		35.0	38.4
8:00	DEM	Trade balance	EUR bn	Feb		15.5	13.8
8:00	GBP	Monthly GDP estimate	m/m q/q	Feb		0.1% 0.2%	0 0
8:00	GBP	Index of services	m/m 3m/3m	Feb		0.2% 0.7%	0.1% 0.00%
8:00	GBP	Trade balance	GBP mio.	Feb		1033	4212
14:30	USD	PPI	m/mly/y	Mar		-0.3% 0.5%	-0.6% 1.3%
14:30	USD	PPI core	m/mly/y	Mar		0.0% 1.2%	-0.3% 1.4%
14:30	USD	Initial jobless claims	1000				6648
14:30	CAD	Net change in full time employment	1000	Mar			37.6
16:00	USD	University of Michigan Confidence, preliminary	Index	Apr		80.0	89.1
17:00	USD	Fed's George (non-voter, hawkish) speaks					
Friday, April 10, 2020				Period	Danske Bank	Consensus	Previous
-	CNY	Money supply M2	y/y	Mar		8.9%	8.8%
3:30	CNY	PPI	y/y	Mar		-1.1%	-0.4%
3:30	CNY	CPI	y/y	Mar		4.9%	5.2%
8:45	FRF	Industrial production	m/mly/y	Feb		-0.3% -2.8%	1.2% -2.8%
14:30	USD	CPI headline	m/mly/y	Mar		-0.3% 1.6%	0.1% 2.3%
14:30	USD	CPI core	m/mly/y	Mar		0.1% 2.3%	0.2% 2.4%
15:00	USD	Fed's George (non-voter, hawkish) speaks					
18:30	USD	Fed's Mester (voter, hawkish) speaks					
20:00	USD	Budget statement	USD bn	Mar			-235.3

Source: Danske Bank

# Calendar

## Monday, April 13, 2020

### Tuesday, April 14, 2020

				Period	Danske Bank	Consensus	Previous
-	CNY	Trade balance	USD bn	Mar		21.5	47.3
8:00	DKK	CPI	m/m y/y	Mar	... 0.8%		0.6% 0.8%
12:00	USD	NFIB small business optimism	Index	Mar			104.5
14:30	USD	Import prices	m/m y/y	Mar			-0.5% -1.2%
18:30	USD	Fed's Evans (non-voter, neutral) speaks					

### Wednesday, April 15, 2020

				Period	Danske Bank	Consensus	Previous
-	SEK	Spring amending budget					
8:00	NOK	Trade balance	NOK bn	Mar			18.3
8:45	FRF	HICP, final	m/m y/y	Mar			0.0% 0.7%
9:00	ESP	HICP, final	m/m y/y	Mar			0.7% 0.2%
9:30	SEK	Underlying inflation CPIExEnergy	m/m y/y	Dec	-0.1% 1.5%		
9:30	SEK	Underlying inflation CPIF	m/m y/y	Mar	-0.2% 0.6%		0.5% 1.0%
9:30	SEK	CPI	m/m y/y	Mar	0.2% 0.7%		0.5% 1.0%
10:00	ITL	HICP, final	m/m y/y	Mar			... 0.1%
14:30	USD	Retail sales control group	m/m	Mar			0.0%
14:30	USD	Empire Manufacturing PMI	Index	Apr			-21.5
15:15	USD	Capacity utilization	%	Mar			77.0%
15:15	USD	Industrial production	m/m	Mar			0.6%
15:15	USD	Manufacturing production	m/m	Mar			0.1%
16:00	CAD	Bank of Canada rate decision	%		0.25%	0.25%	0.25%
16:00	USD	NAHB Housing Market Index	Index	Apr			72.0
22:00	USD	TICS international capital flow, Net inflow	USD bn	Feb			1229

### Thursday, April 16, 2020

				Period	Danske Bank	Consensus	Previous
3:30	AUD	Employment change	1000	Mar			26.7
8:00	SEK	Prospera inflation expectations					
8:00	DEM	HICP, final	m/m y/y	Mar			0.1% 1.3%
11:00	EUR	Industrial production	m/m y/y	Feb			2.3% -1.9%
14:30	USD	Philly Fed index	Index	Apr			-12.7
14:30	USD	Building permits	1000 (m/m)	Mar			1452(-6.3%)
14:30	USD	Housing starts	1000 (m/m)	Mar			1599(-1.5%)
17:00	USD	Fed's George (non-voter, hawkish) speaks					

### Friday, April 17, 2020

				Period	Danske Bank	Consensus	Previous
-	GBP	Moody's may publish GB's debt rating					
4:00	CNY	Real GDP	q/q y/y	1st quarter		-12.0% -4.1%	1.5% 6.0%
4:00	CNY	Fixed assets investments	y/y	Mar		-15.2%	-24.5%
4:00	CNY	Industrial production	y/y	Mar		-7.0%	
4:00	CNY	Retail sales	y/y	Mar		-6.5%	
6:30	JPY	Industrial production	m/m y/y	Feb			0.4% -4.7%
11:00	EUR	HICP inflation, final	m/m y/y	Mar			0.5% 1.2%
11:00	EUR	HICP - core inflation, final	y/y	Mar			1.0%

The editors do not guarantee the accurateness of figures, hours or dates stated above

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

Source: Danske Bank

## Macroeconomic forecast

### Macro forecast. Scandinavia

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2019	2.4	2.3	0.5	3.4	1.6	0.1	0.8	2.2	3.7	3.7	33.0	8.6
	2020	-2.5	-1.5	1.7	-2.4	-4.9	-3.6	1.0	2.0	5.2	-4.8	39.6	7.0
	2021	2.5	3.7	0.7	1.2	1.6	1.4	1.2	2.1	4.4	-1.9	39.3	7.6
Sweden	2019	1.3	1.2	0.4	-1.2	4.2	1.8	1.8	2.6	6.8	0.1	35.0	1.0
	2020	-2.8	-0.8	1.0	-6.1	-3.9	-3.7	0.6	2.4	8.8	-3.0	40.0	4.9
	2021	2.3	1.7	1.2	0.9	2.8	2.5	1.2	2.4	8.5	-1.0	38.0	4.6
Norway	2019	2.3	1.7	1.7	6.2	1.5	5.2	2.2	3.5	2.3	-	-	-
	2020	-2.5	-1.5	2.1	-1.5	2.0	-2.0	2.1	3.5	4.7	-	-	-
	2021	3.3	2.7	2.5	-0.3	4.0	3.0	2.3	3.3	2.7	-	-	-

### Macro forecast. Euroland

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Euro area	2019	1.2	1.3	1.6	5.5	2.5	3.8	1.2	2.1	7.6	-0.8	86.4	3.3
	2020	-3.1	-4.4	3.4	1.5	-1.0	2.5	0.6	2.3	8.1	-3.3	90.0	3.2
	2021	1.4	1.2	2.5	1.3	2.6	2.9	1.3	2.1	7.6	-1.0	87.0	3.1
Germany	2019	0.6	1.6	2.6	2.7	0.9	1.9	1.4	3.1	3.2	1.5	59.2	6.0
	2020	-2.8	-3.5	5.1	-1.7	-2.4	1.0	1.0	2.8	4.3	-3.0	66.0	5.9
	2021	2.1	2.3	3.8	1.5	2.7	3.5	1.5	2.8	3.3	0.5	63.0	5.8
Finland	2019	1.0	1.0	0.9	-0.8	7.2	2.2	1.0	1.0	6.7	-1.1	59.4	-0.8
	2020	-4.0	-4.0	2.0	-10.0	-10.0	-10.0	0.6	1.2	8.0	-3.0	64.5	-0.6
	2021	2.0	2.0	1.0	3.0	5.0	5.0	1.2	1.5	7.5	-2.1	65.0	-0.4

### Macro forecast. Global

	Year	GDP <sup>1</sup>	Private cons. <sup>1</sup>	Public cons. <sup>1</sup>	Fixed inv. <sup>1</sup>	Ex-ports <sup>1</sup>	Im-ports <sup>1</sup>	Infla-tion <sup>1</sup>	Wage growth <sup>1</sup>	Unem-ploym <sup>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
USA	2019	2.3	2.6	2.3	1.3	0.0	1.0	1.8	3.2	3.7	-4.5	105.0	-2.5
	2020	-2.0	-2.6	2.3	-4.8	-2.5	-5.1	2.1	3.1	3.5	-4.5	106.0	-2.6
	2021	2.9	2.7	1.2	3.4	3.4	3.9	2.1	3.3	3.4	-4.5	107.0	-2.5
China	2019	6.2	8.0	-	3.8	-	-	2.7	8.0	-	-6.1	-	0.5
	2020	5.2	7.2	-	5.0	-	-	2.7	7.5	-	-6.3	-	0.4
	2021	6.3	6.6	-	5.8	-	-	2.2	7.5	-	-6.2	-	0.2
UK	2019	1.4	1.1	3.5	0.6	4.8	4.6	1.8	3.5	3.8	-1.4	83.8	-3.5
	2020	1.3	0.9	2.8	-1.2	5.0	-1.2	1.5	2.8	3.8	-1.1	82.9	-3.7
	2021	1.5	1.1	1.2	1.6	2.0	2.0	1.6	3.1	3.7	-1.1	82.2	-3.7
Japan	2019	0.7	0.1	1.9	1.3	-1.8	-0.7	0.6	-	2.4	-	-	-
	2020	-1.7	-3.0	2.4	-1.5	-2.8	-1.1	0.8	-	3.0	-	-	-
	2021	1.2	1.9	0.9	-1.1	2.4	0.8	0.9	-	2.6	-	-	-

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.



# Financial forecast

Bond and money markets										
		Key interest rate	3m interest rate	2-yr swap yield	10-yr swap yield	Currency vs EUR	Currency vs USD	Currency vs DKK	Currency vs NOK	Currency vs SEK
USD	03-Apr	0.25	1.44	0.45	0.66	108.1	-	691.0	1045.5	1015.3
	+3m	0.25	0.51	0.30	0.50	107.0	-	698.4	1074.8	1065.4
	+6m	0.25	0.41	0.35	0.80	107.0	-	698.1	1028.0	1028.0
	+12m	0.25	0.40	0.45	0.90	107.0	-	698.1	981.3	1028.0
EUR	03-Apr	-0.50	-0.34	-0.31	-0.04	-	108.1	746.9	1130.1	1097.4
	+3m	-0.50	-0.41	-0.30	-0.05	-	107.0	747.3	1150.0	1140.0
	+6m	-0.50	-0.41	-0.25	-0.05	-	107.0	747.0	1100.0	1100.0
	+12m	-0.50	-0.41	-0.15	0.25	-	107.0	747.0	1050.0	1100.0
JPY	03-Apr	-0.10	-0.04	-0.04	0.00	120.5	108.5	6.20	9.38	9.11
	+3m	-0.10	-	-	-	117.7	110.0	6.35	9.77	9.69
	+6m	-0.10	-	-	-	119.8	112.0	6.23	9.18	9.18
	+12m	-0.10	-	-	-	119.8	112.0	6.23	8.76	9.18
GBP	03-Apr	0.10	0.57	0.47	0.57	88.1	122.8	848.2	1283.3	1246.2
	+3m	0.10	0.14	0.40	0.50	93.0	115.1	803.5	1236.6	1225.8
	+6m	0.10	0.14	0.45	0.60	90.0	118.9	830.0	1222.2	1222.2
	+12m	0.10	0.14	0.50	0.65	87.0	123.0	858.6	1206.9	1264.4
CHF	03-Apr	-0.75	-0.62	-0.62	-0.25	105.5	97.6	708.0	1071.3	1040.4
	+3m	-0.75	-	-	-	105.0	98.1	711.7	1095.2	1085.7
	+6m	-0.75	-	-	-	105.0	98.1	711.4	1047.6	1047.6
	+12m	-0.75	-	-	-	105.0	98.1	711.4	1000.0	1047.6
DKK	03-Apr	-0.60	-0.12	-0.03	0.21	746.9	691.0	-	151.3	146.9
	+3m	-0.60	-0.27	0.00	0.23	747.3	698.4	-	153.9	152.5
	+6m	-0.60	-0.27	0.05	0.25	747.0	698.1	-	147.3	147.3
	+12m	-0.60	-0.27	0.15	0.55	747.0	698.1	-	140.6	147.3
SEK	03-Apr	0.00	0.34	0.11	0.37	1097.4	1015.3	68.1	103.0	100.0
	+3m	-0.25	-0.05	0.00	0.35	1140.0	1065.4	65.6	100.9	-
	+6m	-0.25	-0.05	0.00	0.45	1100.0	1028.0	67.9	100.0	-
	+12m	-0.25	-0.05	-0.05	0.60	1100.0	1028.0	67.9	95.5	-
NOK	03-Apr	0.25	0.97	0.69	0.95	1130.1	1045.5	66.1	100.0	97.1
	+3m	0.25	0.55	0.90	1.00	1150.0	1074.8	65.0	-	99.1
	+6m	0.25	0.55	1.00	1.30	1100.0	1028.0	67.9	-	100.0
	+12m	0.25	0.55	1.10	1.40	1050.0	981.3	71.1	-	104.8

Commodities												
		2020				2021				Average		
	03-Apr	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	
ICE Brent	33	35	35	35	35	44	44	44	44	35	44	

Source Danske Bank

## Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Bjørn Tangaa Sillemann, Analyst.

### Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

### Regulation

Danske Bank is authorised and subject to regulation by the Danish Financial Supervisory Authority and is subject to the rules and regulation of the relevant regulators in all other jurisdictions where it conducts business. Danske Bank is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority (UK). Details on the extent of the regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Danske Bank on request.

Danske Bank's research reports are prepared in accordance with the recommendations of the Danish Securities Dealers Association.

### Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from, and do not report to, other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

### Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country. Documentation can be obtained from the authors on request.

### Risk warning

Major risks connected with recommendations or opinions in this research report, including as sensitivity analysis of relevant assumptions, are stated throughout the text.

### Date of first publication

See the front page of this research report for the date of first publication.

## General disclaimer

This research report has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

The research report has been prepared independently and solely on the basis of publicly available information that Danske Bank considers to be reliable. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and Danske Bank, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts responsible for the research report and reflect their judgement as of the date hereof. These opinions are subject to change and Danske Bank does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided herein.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom or the United States.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank's prior written consent.

## General disclaimer

This research has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) [('Relevant Financial Instruments').]

This research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom (see separate disclaimer below) and retail customers in the European Economic Area as defined by Directive 2014/65/EU.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

## Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank A/S is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank A/S who have prepared this research report are not registered or qualified as research analysts with the New York Stock Exchange or Financial Industry Regulatory Authority but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

## Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

## Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

**Report completed:** 3 April 2020, 14:25 CEST

**Report first disseminated:** 3 April 2020, 14:40 CEST