

09 February 2024

# Weekly Focus

## Higher rates and central bank pricing

**Focus this week has been on the increase in interest rates and the decline in market expectations for central bank rate cuts** that were initiated by the strong US job market report late Friday last week. While the headline numbers were very strong, we stress that the underlying details were softer. Average weekly hours worked declined to the lowest level since 2010 (when excluding March 2020) in a sign that the labour market is not as tight as one could fear. Also, average weekly earnings growth was negative month-on-month. **Yet, markets have scaled back interest rate cut expectations for 2024 for the Fed and ECB from almost six 25bp cuts to four and a half cuts since Friday last week.** These moves were also supported by speeches from Powell and ECB's Schnabel. Powell reiterated that the Fed would most likely not cut rates in March and backed the December dot plots of three cuts this year. Schnabel warned against the still present upside risks to euro area inflation that could cause inflation to flare up again.

The US ISM services index rose more than expected in January to 53.4 (cons: 52.0, prior: 50.6) and the prices paid subindex rose to the highest level since February 2023. The ISM services index has been very volatile and the rise in the price index contrasts the signal from PMI services. Hence, one should not put too much emphasis on a single print. **However, in the big picture it is still nearly all recent US data releases that have surprised to the upside.**

**Chinese inflation fell more than expected in January with CPI at -0.8% y/y** vs expectations of -0.5% y/y (previous was -0.3% y/y). Inflation was especially pulled lower by food prices. However, core CPI also declined to 0.4% y/y from 0.6% y/y in December. While deflation is still not widespread in core measures, the falling core inflation is clearly a symptom of a weak economy with too soft demand relative to supply.

**In the euro area, retail sales fell 1.1% m/m in December in a sign that euro area consumers were still cautious about spending in December like the entire year.** Given the low current consumption share, strong savings, high employment, and rising real wages there is room for private consumption to pick up in 2024. Yet, we likely still need to see a more pronounced increase in consumer confidence before private consumption picks up.

**In Japan, the average wage growth for December came in at 1.0% y/y, which was stronger than in November, albeit lower than the 1.3% expected by consensus.** Wage growth is key to the outlook for the Bank of Japan's (BoJ) monetary policy and possible tightening. We expect that we will probably have to wait until spring wage negotiations for wages to start moving much higher, and thereby for BoJ tightening to start tightening monetary policy. In the UK, wage growth eased in January in a comforting sign for the BoE although the wage pressure is still strong, and the labour market remains tight.

**Focus next week is on US Inflation.** The January US CPI print will be key in determining whether the recent upside surprises in US macro translates into higher price pressures. Also in the US, we look out for retail sales and the University of Michigan survey. From the UK we receive the job market report and January CPI. In the euro area, focus is on industrial production and German ZEW. Finally, in Japan we look out for 2023Q4 GDP.

### Key global views

- Weak near-term growth outlook in the US and Europe, but recovery from summer 2024
- US and euro area headline set to decline further, but core inflation to remain sticky
- The Fed to start cutting rates in March, followed by June

### Key market movers

- Monday: No market movers
- Tuesday: US CPI, UK CPI, UK labour market report, German ZEW
- Wednesday: UK CPI,
- Thursday: US retail sales, Japan GDP
- Friday: Uni. Mich. survey

### Selected reading from Danske Bank

- *Research Global - Buckle up for EU-China trade tensions*, 8 February
- *Research global - Manufacturing cycle has turned - more to come*, 7 February
- *Euro Area Macro Monitor - Cooling economy buys the ECB more time*, 5 February

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# Scandi market movers

- In **Denmark**, we get the CPI-figures for January on Monday. We expect that inflation increased to 1.0% in January from 0.7% in December. Energy prices are the key drivers with higher fees on fuel and announced higher subscription costs on electricity. Large district heating suppliers, such as HOFOR in Copenhagen, have also raised prices significantly in January. Base effects from food prices on the other hand pull down as the large January 2023 price increase exits the inflation measure. It should be kept in mind that the January inflation print is notoriously uncertain with many businesses adjusting prices at new years' and clothing sales affecting inflation significantly.

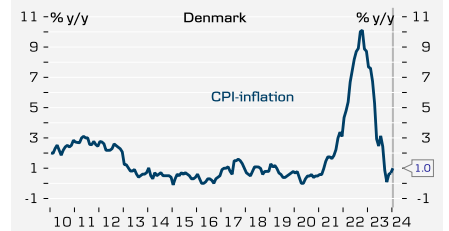
Monday also brings the unemployment indicator for January. The number of unemployed persons increased by 1,000 in December, but unemployment is still very low in a historical context. Outside pharmaceuticals the economy is stagnant, and we have seen substantial wage increases in the fourth quarter. We expect this will result in another modest increase in unemployment.

- Next week in **Sweden**, Riksbank Board members Jansson, Thedeén and Breman will be out speaking. We expect them to continue to stress their messages as laid out in the Minutes. Jansson is the obvious dove saying he does not preclude a March cut although May or June appears more likely. We believe the latter two are more inclined to continue their "cautious cuts" approach suggesting a June/July start with a moderate pace of cuts going forward.

Datawise, next week will bring labour market data in the form of January PES (registered) unemployment and the LFS monthly survey. We put more trust in the former, as it concerns actually registered unemployed people in contrast to the LFS survey. More important, however, are the employment and hours worked data, in our view, as they indicate what is happening to household wage income (employment) and business sector production (hours worked). Recently, employment has been flat while hours worked recovered up to year-end. We expect this positive tendency to continue rather than deteriorate.

- It will be an eventful week in **Norway**. The GDP figures for December and thus for the Q4 and the whole of 2023 will be published. We have seen that consumption of goods fell, and so did production the construction sector in December. On the other hand, it may appear that activity in the service sectors picked up more than expected. Overall, we therefore expect mainland GDP to rise 0.2% m/m in December so that quarterly growth ended at 0.2%. It is somewhat higher than Norges Bank assumed in the December MPR (0.0%), but nevertheless 2023 will end as expected with growth of 1.1% y/yr. The central wage negotiations kick off with the TBU-report on Friday, which will contain the labour market organizations' estimates of inflation in 2024. The inflation estimate will be particularly important this year, as the Unions are very concerned about real wage growth. Also, keep an eye on Norges Bank Governor Wolden Bache's annual speech. Although it usually deals mostly with structural issues, it happens that major shifts in monetary policy are announced on this occasion, although we do not expect that this year.

We expect that inflation increased to 1% in January



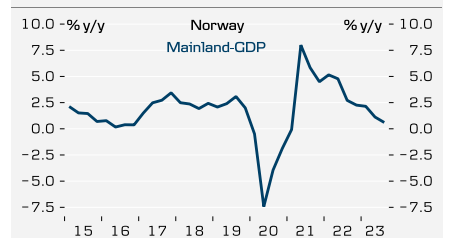
Sources: Statistics Denmark, Danske Bank

Sweden: will employment and hours worked improve now?



Source: SCK, Labour Force Survey

Growth is slowing down



Kilde: Macrobond, Danske Bank

# Scandi update

## Denmark – Things are looking less bad for manufacturers.

Industrial production climbed 5.7% from November to December 2023. Pharmaceuticals, which account for nearly half of total manufacturing in Denmark, again had a positive contribution with an improvement of 4.7% m/m. Pharmaceuticals are the reason why overall manufacturing has increased during 2023, where manufacturing outside pharmaceuticals have had a tough year. But there are signs that the cycle has turned. Production outside pharmaceuticals increased 6.7% m/m in December, with metals and electronics in particular showing increases. This is another sign that things are improving going forward.

The number of bankruptcies in active companies was 207 in January, which is a decline of 10.8% from December. The number of bankruptcies had stabilized around a relatively high level in 2023, but the trend was negative in the last months of the year, and this continued in January. While 207 is still a relatively high number, things are looking better than previously. One explanation is that the share of companies going bankrupt due to pandemic-era VAT loans has decreased. If the economy can continue to cruise towards a soft landing, the negative trend will likely continue, however, we also expect to see continued pressure from rising wage costs.

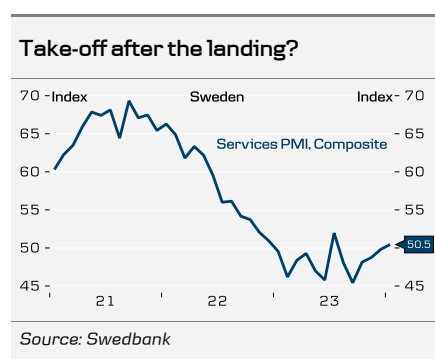
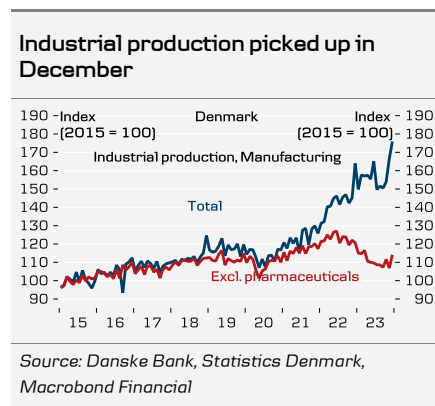
The current account surplus increased to over 36bn in December, which is comparable to the very high levels seen during 2022. For 2023 overall, a shrinking service balance has been a drag on the current account surplus compared to 2022. The same thing in reverse is happening now, as freight rates have risen during the end of 2023, which contributed to a substantial increase in the service balance, particularly shipping, in December. At the same time, the goods balance remains in a solid surplus.

## Sweden – Riksbank’s minutes from January

The Riksbank's minutes mostly confirmed what was said at the monetary update last week. Several board members were open to a cut in H1 2024 depending on the development of inflation and the real economy. At the same time, they emphasize that they would not hesitate to let it stay higher for longer in the event of setbacks.

The minutes highlighted somewhat more any risks than in the official statement; namely worries about inflation risks that a new weakening of the SEK could pose if it spills over into the companies’ pricing behaviour. Across all members, the SEK was mentioned explicitly 27 times, down from 33 in November. Jansson stands out as the most SEK vocal. Both in terms of quantity and quality it is evident that the SEK remains high on their agenda and is likely to stay there at least until inflation is fully 'normalised' (do note that some Board members emphasises that the current SEK focus stems from the inflation risks, and not the 'weak SEK' itself). Jansson also emphasized the importance of timing the cuts well with the major central banks regarding prevent inflation through the exchange rate. However, he pointed out that it is the overall picture of the inflation trend that is central as the Riksbank lacks an exchange rate target.

The currently too alleviated price plans were mentioned as well. In the monetary policy update, it was said that "the companies' price plans ... are now judged to be in line with price increases of 2 percent" while Flodén, Bunge and Breman said on the contrary that the

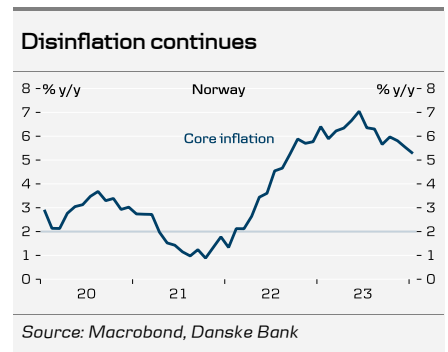


price plans are still too high. There were also some indications of caution to cut before big central banks given risks to the exchange rate. Overall, which was also repeated by governor Thedéen in a speech directly afterwards the publication of the minutes, there is a consensus that they want to proceed cautiously in the cut cycle which is in line with our forecast of a total of three cuts this year at each major meeting starting in June.

January Services PMI increased to the degree that it is now above the 50-threshold at 51,8. All sub-indices were higher except orders. This made the composite index printing 50.5 which is a confirmation that Swedish business (as the services being the biggest sector) is doing fine as we have been arguing for quite a while now. Housing prices from Svensk Mäklarstatistik declined 0.7% MoM in January. However, they also reported that they now see the same number of housing sales as there were in January in the record year of 2021. January central government borrowing was SEK 35.3 Bn, very close to Debt Office's forecast. Up to now (Oct-Jan), the Debt Office is about SEK 12 Bn above funding forecast (i.e. borrowed more). It will release a new forecast on Feb 22. We expect supply from the Debt Office and the Riksbank put together to reach a new high in 2024.

## Norway – easing price pressure

Core inflation dropped to 5.3 % y/y in January so the disinflationary trend continues, albeit at a slower pace than we had expected. Hence, Norwegian inflation continues to lag its peers. Details reveal a significant slowdown in imported inflation, probably due to weaker global inflation and a stabilisation/strengthening of the import-weighted NOK lately. On the other hand there was a sharp increase in service inflation, mainly in 'Other services' but also in 'Communication'. The big risk regarding the latter is of course that high wage growth during the last part of 2023 now is lifting service prices at the start of 2024. Core inflation in January is marginally below Norges Bank's estimate from the December MPR (5.4 %).



# Calendar – 12-16 February 2024

| Monday, February 12, 2024    |     |  |            |             | Period    | Danske Bank | Consensus   | Previous       |
|------------------------------|-----|--|------------|-------------|-----------|-------------|-------------|----------------|
| 8:00                         | DKK | CPI  | m/mly/y    | Jan         | 0.8% 1.0% |             |             | -0.5% 0.7%     |
| 18:00                        | USD | Fed's Barkin speaks                            |            |             |           |             |             |                |
| 19:00                        | USD | Fed's Kashkari speaks                          |            |             |           |             |             |                |
| 20:00                        | USD | Budget statement                               | USD bn     | Jan         |           |             |             | -129.4         |
| Tuesday, February 13, 2024   |     |  |            |             | Period    | Danske Bank | Consensus   | Previous       |
| 7:30                         | FRF | ILO unemployment                               | %          | 4th quarter |           |             | 7.3%        | 7.4%           |
| 8:00                         | GBP | Average weekly earnings ex bonuses (3M)        | y/y        | Dec         |           |             | 6.0%        | 6.6%           |
| 8:00                         | GBP | Unemployment rate (3M)                         | %          | Dec         |           |             | 4.0%        |                |
| 8:30                         | CHF | CPI  | m/mly/y    | Jan         |           |             | 0.8% 1.6%   | 0.0% 1.7%      |
| 11:00                        | DEM | ZEW current situation                          | Index      | Feb         |           |             | -79.5       | -77.3          |
| 11:00                        | DEM | ZEW expectations                               | Index      | Feb         |           |             | 17.2        | 15.2           |
| 12:00                        | USD | NFIB small business optimism                   | Index      | Jan         |           |             |             | 91.9           |
| 14:30                        | USD | CPI headline                                   | m/mly/y    | Jan         | 0.2% 2.9% | 0.2% 2.9%   | 0.3% 3.4%   | 0.3% 3.4%      |
| 14:30                        | USD | CPI core                                       | m/mly/y    | Jan         | 0.3% 3.7% | 0.3% 3.7%   | 0.3% 3.9%   | 0.3% 3.9%      |
| Wednesday, February 14, 2024 |     |  |            |             | Period    | Danske Bank | Consensus   | Previous       |
| 8:00                         | GBP | CPI  | m/mly/y    | Jan         |           |             | -0.3% 4.2%  | 0.4% 4.0%      |
| 8:00                         | GBP | CPI core                                       | y/y        | Jan         |           |             | 5.2%        | 5.1%           |
| 8:00                         | NOK | GDP (total)                                    | q/q        | 4th quarter |           |             |             | -0.5%          |
| 8:00                         | NOK | GDP (mainland)                                 | q/q        | 4th quarter | 0.2%      | 0.1%        |             | 0.1%           |
| 8:00                         | NOK | GDP (mainland)                                 | m/m        | Dec         | 0.2%      | -0.2%       |             | -0.2%          |
| 11:00                        | EUR | Industrial production                          | m/mly/y    | Dec         |           |             | -0.4% -4.4% | -0.3% -6.8%    |
| 11:00                        | EUR | GDP, preliminary                               | q/qly/y    | 4th quarter | 0.0% 0.1% | 0.0% 0.1%   |             | 0.0% 0.1%      |
| 11:00                        | EUR | Employment, preliminary                        | q/qly/y    | 4th quarter |           |             |             | 0.2% 1.3%      |
| 16:30                        | USD | DOE U.S. crude oil inventories                 | K          |             |           |             |             | 5520           |
| Thursday, February 15, 2024  |     |  |            |             | Period    | Danske Bank | Consensus   | Previous       |
| 0:50                         | JPY | GDP deflator, preliminary                      | y/y        | 4th quarter |           |             | 3.9%        | 5.3%           |
| 0:50                         | JPY | GDP, preliminary                               | q/q ann.   | 4th quarter |           |             | 0.3% 1.2%   | -0.7% -2.9%    |
| 1:30                         | AUD | Employment change                              | 1000       | Jan         |           |             | 30          | -65.1          |
| 5:30                         | JPY | Industrial production, final                   | m/mly/y    | Dec         |           |             |             | 1.8% -0.7%     |
| 8:00                         | GBP | GDP, preliminary                               | q/qly/y    | 4th quarter |           |             | 0.0% 0.2%   | -0.1% 0.3%     |
| 8:00                         | GBP | Monthly GDP estimate                           | m/m q/q    | Dec         |           |             | -0.2%       | 0.3%           |
| 8:00                         | GBP | Index of services                              | m/m 3m/3m  | Dec         |           |             | -0.2%       | 0.4%           |
| 8:00                         | NOK | Trade balance                                  | NOK bn     | Jan         |           |             |             | 77.3           |
| 8:00                         | NOK | Oil investment survey                          |            |             |           |             |             |                |
| 9:00                         | ESP | HICP, final                                    | m/mly/y    | Jan         |           |             | -0.2% 3.5%  | -0.2% 3.5%     |
| 9:00                         | EUR | ECB's Lagarde speaks                           |            |             |           |             |             |                |
| 9:00                         | EUR | ECB's Lagarde speaks                           |            |             |           |             |             |                |
| 11:00                        | EUR | Trade balance                                  | EUR bn     | Dec         |           |             |             | 14.8           |
| 14:30                        | USD | Philly Fed index                               | Index      | Feb         |           |             | -9.0        | -10.6          |
| 14:30                        | USD | Retail sales control group                     | m/m        | Jan         |           |             | 0.2%        | 0.8%           |
| 14:30                        | USD | Initial jobless claims                         | 1000       |             |           |             |             | 218            |
| 14:30                        | USD | Import prices                                  | m/mly/y    | Jan         |           |             | -0.1%       | 0.0% -1.6%     |
| 14:30                        | USD | Empire Manufacturing PMI                       | Index      | Feb         |           |             | -10.0       | -43.7          |
| 15:15                        | USD | Capacity utilization                           | %          | Jan         |           |             | 79.0%       | 78.6%          |
| 15:15                        | USD | Industrial production                          | m/m        | Jan         |           |             | 0.4%        | 0.1%           |
| 15:15                        | USD | Manufacturing production                       | m/m        | Jan         |           |             |             | 0.1%           |
| 16:00                        | USD | NAHB Housing Market Index                      | Index      | Feb         |           |             |             | 44.0           |
| 22:00                        | USD | TICS international capital flow, Net inflow    | USD bn     | Dec         |           |             |             | 260.2          |
| Friday, February 16, 2024    |     |  |            |             | Period    | Danske Bank | Consensus   | Previous       |
| 1:00                         | USD | Fed's Bostic speaks                            |            |             |           |             |             |                |
| 8:00                         | GBP | Retail sales ex fuels                          | m/mly/y    | Jan         |           |             | 2.1% -0.9%  | -3.3% -2.1%    |
| 8:45                         | FRF | HICP, final                                    | m/mly/y    | Jan         |           |             | -0.2% 3.4%  | -0.2% 3.4%     |
| 9:45                         | EUR | ECB's Schnabel speaks                          |            |             |           |             |             |                |
| 11:30                        | RUB | Central Bank of Russia rate decision           | %          |             |           |             | 16.0%       | 16.0%          |
| 14:30                        | USD | Building permits                               | 1000 (m/m) | Jan         |           |             | 1515        | 1493.0 (1.8%)  |
| 14:30                        | USD | PPI  | m/mly/y    | Jan         |           |             | 0.1%        | -0.1% 1.0%     |
| 14:30                        | USD | PPI core                                       | m/mly/y    | Jan         |           |             | 0.1%        | 0.0% 1.8%      |
| 14:30                        | USD | Housing starts                                 | 1000 (m/m) | Jan         |           |             | 1460        | 1460.0 (-4.3%) |
| 16:00                        | USD | University of Michigan Confidence, preliminary | Index      | Feb         |           |             | 79.0        | 79.0           |
| 18:10                        | USD | Fed's Daly speaks                              |            |             |           |             |             |                |

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>2</sup> | Public budget <sup>3</sup> | Public debt <sup>3</sup> | Current acc. <sup>3</sup> |
|---------|------|------------------|----------------------------|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|----------------------------|--------------------------|---------------------------|
| Denmark | 2023 | 1.1              | 1.0                        | 1.2                       | -4.6                    | 10.3                  | 8.7                   | 3.3                     | 4.1                      | 2.8                     | 2.0                        | 29.7                     | 10.5                      |
|         | 2024 | 1.0              | 1.8                        | 2.0                       | -0.4                    | 3.6                   | 5.4                   | 2.0                     | 5.7                      | 3.1                     | 1.0                        | 27.9                     | 11.5                      |
|         | 2025 | 1.6              | 1.7                        | 1.6                       | 2.2                     | 1.6                   | 1.8                   | 1.9                     | 3.6                      | 3.3                     | 0.7                        | 26.5                     | 11.5                      |
| Sweden  | 2023 | -0.2             | -1.7                       | 2.3                       | -1.0                    | 2.6                   | 0.7                   | 8.5                     | 4.0                      | 7.7                     | -0.4                       | 29.0                     | 4.7                       |
|         | 2024 | 1.3              | 1.1                        | 0.9                       | 1.3                     | 2.9                   | 2.9                   | 2.3                     | 3.3                      | 8.2                     | -0.8                       | 29.0                     | 4.8                       |
|         | 2025 | 1.8              | 2.0                        | 1.5                       | 2.3                     | 3.2                   | 3.6                   | 1.0                     | 2.5                      | 8.0                     | -0.8                       | 29.0                     | 4.6                       |
| Norway  | 2023 | 1.1              | -1.0                       | 2.0                       | 0.5                     | 4.0                   | 3.0                   | 5.5                     | 5.4                      | 1.8                     | -                          | -                        | -                         |
|         | 2024 | 1.1              | 1.2                        | 1.3                       | 4.0                     | 2.0                   | 1.8                   | 3.0                     | 4.4                      | 2.3                     | -                          | -                        | -                         |
|         | 2025 | 2.1              | 2.5                        | 1.6                       | 4.0                     | 2.0                   | 1.8                   | 2.0                     | 3.5                      | 2.5                     | -                          | -                        | -                         |

### 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>2</sup> | Public budget <sup>3</sup> | Public debt <sup>3</sup> | Current acc. <sup>3</sup> |
|-----------|------|------------------|----------------------------|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|----------------------------|--------------------------|---------------------------|
| Euro area | 2023 | 0.5              | 0.4                        | 0.0                       | 0.9                     | 0.2                   | -0.3                  | 5.4                     | 5.6                      | 6.5                     | -3.2                       | 90.6                     | 2.5                       |
|           | 2024 | 0.5              | 0.6                        | 0.7                       | 0.6                     | 1.7                   | 2.0                   | 2.5                     | 4.6                      | 6.8                     | -3.0                       | 89.9                     | 2.0                       |
|           | 2025 | 1.2              | 1.1                        | 0.8                       | 1.5                     | 2.7                   | 2.6                   | 2.1                     | 3.7                      | 7.1                     | -2.8                       | 88.8                     | 2.4                       |
| Finland   | 2023 | -0.5             | -0.5                       | 3.0                       | -5.5                    | -0.5                  | -4.5                  | 6.3                     | 4.0                      | 7.2                     | -2.8                       | 73.8                     | -0.7                      |
|           | 2024 | 0.3              | 0.5                        | 0.2                       | 0.0                     | 1.0                   | 1.5                   | 1.9                     | 3.4                      | 7.8                     | -3.0                       | 75.3                     | -0.3                      |
|           | 2025 | 1.9              | 1.2                        | 0.2                       | 4.0                     | 3.0                   | 2.0                   | 1.5                     | 2.5                      | 7.2                     | -2.7                       | 75.4                     | 0.0                       |

### 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>2</sup> | Public budget <sup>3</sup> | Public debt <sup>3</sup> | Current acc. <sup>3</sup> |
|-------|------|------------------|----------------------------|---------------------------|-------------------------|-----------------------|-----------------------|-------------------------|--------------------------|-------------------------|----------------------------|--------------------------|---------------------------|
| USA   | 2023 | 2.5              | 2.2                        | 4.0                       | 0.5                     | 2.7                   | -1.7                  | 4.1                     | 4.3                      | 3.6                     | -5.8                       | 124.6                    | -3.0                      |
|       | 2024 | 1.7              | 0.8                        | 3.5                       | 2.5                     | -1.6                  | -0.4                  | 2.5                     | 3.2                      | 4.4                     | -5.8                       | 126.8                    | -2.8                      |
|       | 2025 | 1.2              | 0.2                        | 2.3                       | 4.9                     | 3.1                   | 3.8                   | 2.5                     | 2.5                      | 4.4                     | -5.8                       | 128.6                    | -2.6                      |
| China | 2023 | 5.4              | 6.6                        | -                         | 4.6                     | -                     | -                     | 0.5                     | -                        | 5.3                     | -7.5                       | 83.0                     | 1.5                       |
|       | 2024 | 4.5              | 5.5                        | -                         | 3.8                     | -                     | -                     | 1.0                     | -                        | 5.2                     | -7.2                       | 87.4                     | 1.4                       |
|       | 2025 | 4.5              | 5.5                        | -                         | 3.8                     | -                     | -                     | 1.5                     | -                        | 5.2                     | -7.0                       | 91.8                     | 1.1                       |
| UK    | 2023 | 0.5              | -                          | -                         | -                       | -                     | -                     | 7.4                     | -                        | 4.2                     | -                          | -                        | -                         |
|       | 2024 | 0.0              | -                          | -                         | -                       | -                     | -                     | 2.8                     | -                        | 4.6                     | -                          | -                        | -                         |
|       | 2025 | 1.0              | -                          | -                         | -                       | -                     | -                     | 1.9                     | -                        | 4.9                     | -                          | -                        | -                         |

Source: OECD and Danske Bank. 1) % y/y. 2) % of labour force. 3) % 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* | 08-Feb | 5.50              | -                | 4.30            | 3.79             | 0.93            | -               | 6.93            | 10.62           | 10.50           |
|      | +3m    | 5.25              | -                | 4.07            | 3.81             | 0.92            | -               | 6.84            | 10.55           | 10.46           |
|      | +6m    | 5.00              | -                | 3.87            | 3.86             | 0.93            | -               | 6.96            | 11.03           | 10.84           |
|      | +12m   | 4.50              | -                | 3.70            | 3.85             | 0.95            | -               | 7.10            | 11.24           | 11.05           |
| EUR  | 08-Feb | 4.00              | 3.87             | 3.07            | 2.72             | -               | 1.08            | 7.4544          | 11.44           | 11.30           |
|      | +3m    | 4.00              | 3.77             | 2.97            | 2.70             | -               | 1.09            | 7.4550          | 11.50           | 11.40           |
|      | +6m    | 3.75              | 3.56             | 2.82            | 2.70             | -               | 1.07            | 7.4500          | 11.80           | 11.60           |
|      | +12m   | 3.25              | 3.15             | 2.55            | 2.70             | -               | 1.05            | 7.4500          | 11.80           | 11.60           |
| JPY  | 08-Feb | -0.10             | -                | -               | -                | 0.006           | 0.007           | 4.64            | 7.11            | 7.03            |
|      | +3m    | 0.00              | -                | -               | -                | 0.007           | 0.007           | 4.85            | 7.48            | 7.42            |
|      | +6m    | 0.00              | -                | -               | -                | 0.007           | 0.007           | 5.05            | 7.99            | 7.86            |
|      | +12m   | 0.00              | -                | -               | -                | 0.007           | 0.007           | 5.26            | 8.32            | 8.18            |
| GBP* | 08-Feb | 5.25              | -                | 4.45            | 3.80             | 1.17            | 1.09            | 8.73            | 13.39           | 13.23           |
|      | +3m    | 5.25              | -                | 4.17            | 3.65             | 1.14            | 1.24            | 8.47            | 13.07           | 12.95           |
|      | +6m    | 5.00              | -                | 3.96            | 3.65             | 1.12            | 1.20            | 8.37            | 13.26           | 13.03           |
|      | +12m   | 4.50              | -                | 3.75            | 3.65             | 1.12            | 1.18            | 8.37            | 13.26           | 13.03           |
| CHF  | 08-Feb | 1.75              | -                | -               | -                | 1.06            | 1.14            | 7.92            | 12.15           | 12.00           |
|      | +3m    | 1.75              | -                | -               | -                | 1.06            | 1.16            | 7.93            | 12.23           | 12.13           |
|      | +6m    | 1.50              | -                | -               | -                | 1.08            | 1.15            | 8.01            | 12.69           | 12.47           |
|      | +12m   | 1.00              | -                | -               | -                | 1.08            | 1.13            | 8.01            | 12.69           | 12.47           |
| DKK  | 08-Feb | 3.60              | 3.87             | 3.21            | 2.89             | 0.134           | 0.144           | -               | 1.53            | 1.52            |
|      | +3m    | 3.60              | 3.71             | 3.13            | 2.85             | 0.134           | 0.146           | -               | 1.54            | 1.53            |
|      | +6m    | 3.35              | 3.45             | 2.97            | 2.85             | 0.134           | 0.144           | -               | 1.58            | 1.56            |
|      | +12m   | 2.85              | 3.00             | 2.70            | 2.85             | 0.134           | 0.141           | -               | 1.58            | 1.56            |
| SEK  | 08-Feb | 4.00              | 4.08             | 3.16            | 2.69             | 0.088           | 0.095           | 0.66            | 1.01            | -               |
|      | +3m    | 4.00              | 4.03             | 2.66            | 2.71             | 0.088           | 0.096           | 0.65            | 1.01            | -               |
|      | +6m    | 3.75              | 3.76             | 2.48            | 2.76             | 0.086           | 0.092           | 0.64            | 1.02            | -               |
|      | +12m   | 3.25              | 3.30             | 2.50            | 2.90             | 0.086           | 0.091           | 0.64            | 1.02            | -               |
| NOK  | 08-Feb | 4.50              | 4.71             | 4.26            | 3.70             | 0.087           | 0.094           | 0.65            | -               | 0.99            |
|      | +3m    | 4.50              | 4.60             | 3.75            | 3.65             | 0.087           | 0.095           | 0.65            | -               | 0.99            |
|      | +6m    | 4.25              | 4.17             | 3.58            | 3.65             | 0.085           | 0.091           | 0.63            | -               | 0.98            |
|      | +12m   | 3.25              | 3.50             | 3.40            | 3.65             | 0.085           | 0.089           | 0.63            | -               | 0.98            |

\*Notes: GBP swaps are SONIA, USD swaps are SOFR

### Commodities

|           | 08-Feb | 2023 |    |    |    | 2024 |    |    |    | Average |      |
|-----------|--------|------|----|----|----|------|----|----|----|---------|------|
|           |        | Q1   | Q2 | Q3 | Q4 | Q1   | Q2 | Q3 | Q4 | 2023    | 2024 |
| ICE Brent | 82     | 82   | 78 | 86 | 83 | 80   | 80 | 80 | 80 | 82      | 80   |

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