

Weekly Focus

Inflation battle not done as BoE follows suit

In the absence of any bad news from the US banking sector, markets started the week off in a calm manner with yields edging higher. The US CPI print was markets' key focus point this week, and it printed very close to consensus, with core CPI unchanged at 0.4% mom, still way too high. On balance, it was to the soft side, though, as service inflation eased somewhat indicating beginning signs of easing price pressures in the part of the economy, which is running particularly hot. It triggered a move lower in US yields, most notably in the front-end and the market pricing of 3x25bp of rate cuts in the second half of the year further consolidated. Safe haven currencies have been the winners this week, amid uncertainty regarding the US regional banking sector and the US debt ceiling. EUR/USD has traded back below 1.10 and JPY has also seen some tailwinds.

In the US, news on credit conditions showed tightening lending growth and weaker demand for commercial loans but for the right reasons. Overall, the credit tightening was clearly not as worrying as the market had expected and feared. Initial jobless claims surprised to the upside, rising to the highest level since 2021, providing further evidence of a cooling labour market. That said, the labour market remains very tight and we continue to think this pricing is overdone.

China does not have a problem with high inflation, and April CPI printed even lower than consensus at 0.1%. The print triggered a decline in metal prices with copper trading at four-month lows on worries over the strength of the economic recovery. On the positive side, this paves the way for continued policy stimulus and we could see a rate cut from the People's Bank of China soon, which would boost Chinese demand and perhaps the struggling global manufacturing sector in the wake of that. South Korean export figures for the first 10 days of May were down 10% yoy, with semiconductor shipments particularly plummeting, which indicates manufacturing weakness continuing in May.

In Europe, Bank of England hiked by 25bp and left the door open for another hike in June due to a continued high wage and inflation pressure. We have pencilled in another 25bp hike in June in our expectations, marking the peak bank rate at 4.75%. In Germany, hard data confirmed the headwinds to the manufacturing sector following an otherwise promising start to the year, as industrial production declined 3.4% in March.

With major central bank meetings and April inflation figures just behind us, next week will be quieter on the data front. **Retail sales will be interesting, not least in China, as the consumer is set to drive the recovery.**

The following week, euro area PMIs will be scrutinised for clues on whether the service sector continues to be the key driver for euro area growth and inflation. In the US, April leading indicators were broadly quite upbeat, and it is going to be interesting to see if the strength will be reflected in the hard data as well, and if it has continued into May.

Key global views

- Stagnation and periodic contraction in the US and Europe during 2023
- US and euro area inflation set to decline further but core inflation likely to stay elevated.
- More rate hikes in store from ECB, the Fed on hold rest of the year.

Key market movers

- Sunday: Turkish election

Week 20:

- Mon: EU Com. econ outlook
- Tue: DEU ZEW, US and CHN retail sales, US industrial production
- Wed: Final Euro HICP
- Fri: Japan CPI

Week 21:

- Tue: Euro/US/Japan PMIs
- Wed: FOMC minutes, RBNZ decision

Selected reading from Danske Bank

- *Global Inflation Watch - Diverging core inflation trends, 11 May*
- *Bank of England Review - A data dependent approach, 11 May*
- *Euro Area Macro Monitor - Core inflation easing yet service price pressure still persists, 10 May*
- *Research Turkey - Erdogan's final countdown, 8 May*

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Scandi market movers

- In **Denmark**, we are expecting the GDP indicator from Statistics Denmark on Monday. The indicator is the first preliminary calculation of GDP growth in Q1. We have pencilled in Danish economic growth to land at 0.5%. Industrial production in Denmark continues to impress – led by the pharmaceutical industry – though it is unclear just how this will be incorporated into the GDP data. Private consumption has been weak if we allow for price increases, with the consumption of goods in particular falling. In contrast, consumption of services has performed well.

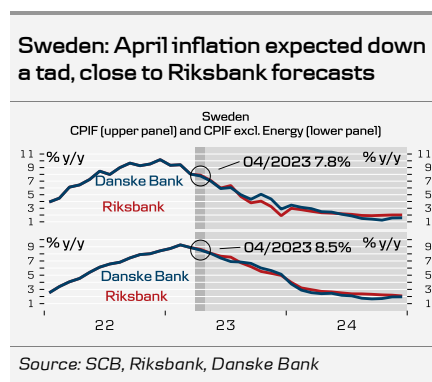
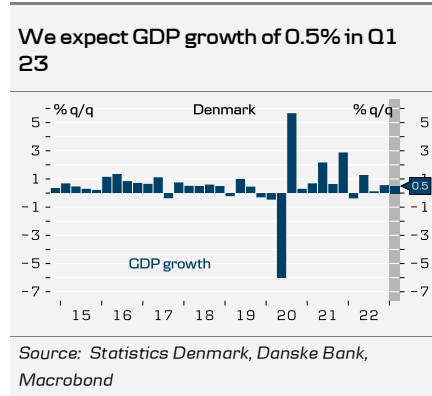
Property website ‘Boligsiden’ is set to release home sales figures for April on Wednesday. After a substantial decline in sales activity in H2 22, the housing market has started 2023 on a more positive footing, with sales activity picking up significantly. However, despite the increases, we are still at a very low level compared to the pandemic years, when sales activity exploded, and also the pre-pandemic years, when the number of homes sold gradually rose to very decent levels. We generally expect sales activity to have risen again in May, as also indicated by home’s (estate agent) ‘Boligbrief’ publication earlier this month.

The following Monday is set to bring consumer confidence figures for May. We expect to see a further move higher to -15 after April saw consumer confidence increase significantly to -18. While consumer confidence is still at a very low level from a historical perspective, and we continue to expect it will remain so next month, consumer confidence is nevertheless slowly approaching more normal levels. Inflation is easing, and energy prices have calmed. The labour market remains strong with a very low unemployment rate, while decent pay rises are on the horizon following the recent acceptance of collective agreements by all parties. In addition, the housing market has had a better start to the year than one might have feared. Hence, so long as the economy develops in this direction, we are likely to see consumer confidence normalise month by month.

The same day (Monday) should see the release of employment figures for March. Employment surged in February by 5,400, which means that in the first two months of the year alone, the number of people in work rose by 9,000 – and that despite companies reporting high levels of uncertainty and expectations that they would reduce head counts. We expect employment will continue to rise in the coming months before beginning to decline towards the end of the year.

- **Swedish** April inflation is due on Monday 15 May. We expect CPIF and CPIF excl. Energy to slow to 7.8 % yoy and 8.5 % yoy respectively. This is 0.1 percentage points below Riksbank’s forecasts on both. Given the level of inflation this would be neglectable deviations. Most price components are expected to show seasonally normal price swings, but there are two exceptions: Firstly, food prices are expected to decline as indicated by Matpriskollen and in line with price drops seen in Denmark and Germany. Secondly, so far rents and condo association fees have risen only 2.7 % this year. Rent deals struck suggest 4.1 % on average. We expect that gap largely to be filled in April, however, our forecast of another 2 % will be added in the coming three months.

On 16 May, Prospera May money market inflation expectations will be released. In recent months 1y CPIF expectations have stabilized at 4%, while 2 and 5 y expectation have risen slightly to 2.4 % and 2.2 % respectively. We expect to see a resumption of the downward trend on all horizons as other survey data suggests declining corporate selling price expectations.

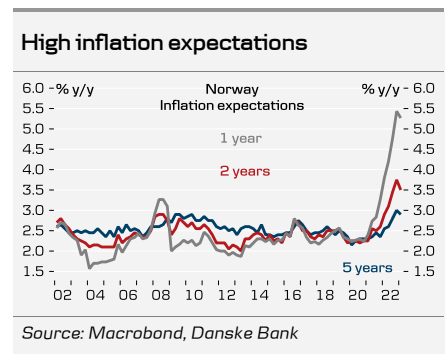


The April LFS (25 May) is likely to yet again show a very robust labour market. The PES April printed a record low 2.8 % unemployment rate (6.4 % incl. those in labour market measures). Hence, we see few reasons to expect a materially different LFS trend, noting the corresponding March UR outcome was 7.2 % sa. The Debt Office releases its new funding forecast on the 25th. It has to take into account that borrowing has been SEK 38 bn less than expected up to this point.

On 26 May, April retail sales and PPI are due. As both retail and consumer confidence has rebounded slightly in recent months we wouldn't be surprised to see a bounce back up in retail sales from the -11.6 % yoy plunge seen in March. When it comes to PPI most devotion should be given to domestic supply consumption goods prices (which is a mix of home market and import prices just as CPI is), especially those for food (basically non-durables) and durable consumer goods. These inflation rates peaked in Oct/Nov last year and are currently trending sharply lower, a tendency we expect to persist.

There are a lot of Riksbank speeches between 15 and 26 May.

- In **Norway**, Norges Bank's Q2 expectations survey will be important given the situation the bank currently finds itself in. Put simply, the better that wage and price expectations are anchored, the more account the central bank can take of slower growth and inflation. Expectations for this year are likely to be at least as high as they were last time around, but we are excited to see where expectations for next year land, for both wages and prices. Signs that expectations will peak this year and fall next year are important for there not to be a growing risk of persistent high inflation. Retail sales have been trending down for almost two years now, driven by a shift towards consumption of services and the decline in households' purchasing power. Based on the monthly numbers from BankAsept, it looks like this trend will have continued in April, with retail sales falling 1.5% m/m.



Scandi update

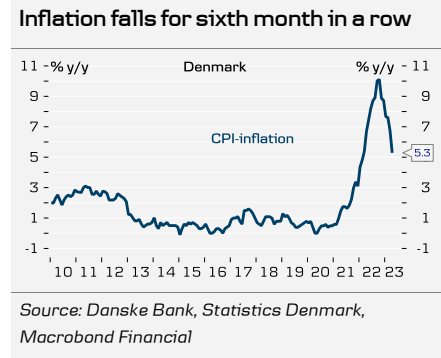
Denmark – Inflation pressures ease once more

Inflation has fallen once more, to 5.3% in April from 6.7% in March – the sixth month in a row of decline after peaking at some 10.1% in October. The fall was precisely as we forecast and driven lower by electricity and gas prices in particular, mainly because of the enormous energy price increases seen in April last year just after Russia’s invasion of Ukraine. Food prices also finally provided some good news, falling 0.6% between March and April (seasonally adjusted), though they are still 13.7% higher than at this time last year. Nevertheless, price pressures remain considerable, and the consumer price index rose 0.2% overall from March to April (seasonally adjusted). Prices ex food and energy also fell, with core inflation declining from 6.4% in March to 6.1% in April, which is, however, still very elevated. We expect inflation will continue to ease throughout the remainder of 2023. First, because many prices were already rising by early 2022, so we are now comparing to a higher price level than was the case last year (base effect). Second, we expect central bank interest rate hikes to begin putting a damper on growth and so curtail price pressures.

Denmark’s current account surplus declined to DKK29.5bn in March from DKK30.7bn in February. However, the surplus for the first two months of the year was revised higher by DKK4.2bn in all, leaving us with an even stronger balance of payments than we expected. March’s surplus equates to around 12.5% of GDP, which is enormous and puts Denmark in the same league as the oil-producing nations despite the country’s limited production of energy. Instead, the explanation lies with some very strong Danish companies, particularly in the pharmaceuticals field, and the high level of pension savings in Denmark.

Average Danish square metre prices for detached and terrace houses rose by 0.9% in April, while for apartments the increase was 1.4%, according to figures from property website ‘Boligsiden’. Taking into account that prices normally rise in April, the seasonally adjusted figures come in at unchanged for detached and terrace houses, while they increased by 0.5% for apartments. Despite the fine start to the year for the housing market, we continue to expect that housing prices have further to fall – by 9.5% overall this year compared to 2022. In our view, this is because the housing market needs to make further adjustments in order to find a new equilibrium in an environment of substantially higher interest rates.

There were 239 bankruptcies among active companies in April (seasonally adjusted). That represents a decline compared to the 275 in March and is the lowest number since December 2022. Nevertheless, the month-on-month figures fluctuate considerably, and these latest figures do not alter the trend towards a clear increase in the number of bankruptcies over the past year. April’s figures, for example, are still higher than any month during the period 2020-2021 – despite the decline from March.



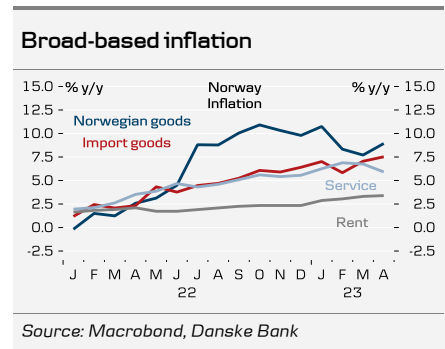
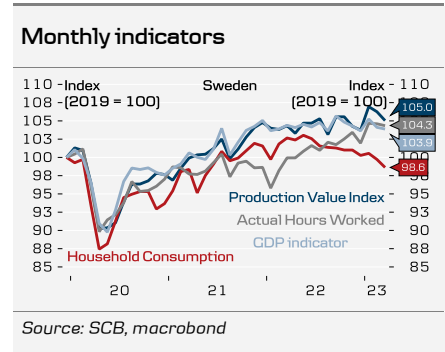
Sweden – A two-track economy

This week, a string of March data was out and showed that household consumption dipped by 1.1% m/m and 4.0% y/y. The main downward drivers on a monthly basis were lower consumption in clothing, furniture, and telecommunications. Looking in a longer-term perspective, it is particularly consumption in furniture that has taken a hard hit, now 25% lower than the earlier trend. Although weak consumption in March was expected, we were a bit surprised that production was as weak as consumption on a monthly basis, with a decline of 1.1%. Both driven by manufacturing and services, while production in construction actually increased on a monthly basis.

However, all in all, the GDP indicator for Q1 has already been released, printing at 0.2% quarter-on-quarter, much better than we had anticipated in our Nordic outlook in early April, -1.1% q/q. This means that the year started much better than expected, and unless there is a big revision in the final figure out later this month, our GDP growth forecast for 2023 at -1% would probably be on the low side. If the rest of the year develops as we have expected, it could even mean that the Swedish economy could avoid a negative print for the full year. This is also reflected in the unemployment figure out this week, which showed that the unemployment rate continued to move lower during April and hence continue to be at the lowest level seen since 2009.

Norway – Inflation still high

Core inflation climbed to 6.3% y/y in April, which is somewhat higher than we anticipated. The preceding months had seen a clear decrease in domestic-goods inflation, while services inflation and imported-goods inflation had risen, which meant that there was considerable uncertainty ahead of the April numbers in terms of what effect the recent decline in the NOK would have. Norges Bank signalled very clearly at its May interim meeting that the balance of risks around its March policy rate path (hikes in May and July and a 50% probability of another in September) has shifted to the upside due to a weaker currency and higher capacity/wage pressures than expected, and these inflation numbers will only increase the chances of a third rate increase after the summer. Should the NOK hold at current levels or fall further, we can see the bank hiking further in August unless the economy takes a sharp turn for the worse over the summer.



Calendar – 15-19 May 2023

Monday, May 15, 2023					Period	Danske Bank	Consensus	Previous
8:00	SEK	Underlying inflation CPIF	m/m/y/y	Apr	0.3% 7.8%	0.5% 8.0%	0.4% 8.0%	
8:00	NOK	Trade balance	NOK bn	Apr			71.1	
8:00	SEK	CPI	m/m/y/y	Apr	0.5% 10.5%	0.7% 10.7%	0.6% 10.6%	
8:00	DKK	GDP indicator	q/q	1st quarter	0.5%		1.1%	
11:00	EUR	Industrial production	m/m/y/y	Mar		-2.0% 1.3%	1.5% 2.0%	
14:30	USD	Empire Manufacturing PMI	Index	May		-4.0	10.8	
14:45	USD	Fed's Bostic speaks						
15:15	USD	Fed's Kashkari speaks						
22:00	USD	TICS international capital flow, Net inflow	USD bn	Mar			28.0	
Tuesday, May 16, 2023					Period	Danske Bank	Consensus	Previous
4:00	CNY	Industrial production	y/y	Apr		10.8%	3.9%	
4:00	CNY	Retail sales	y/y	Apr		22.0%	10.6%	
4:00	CNY	Fixed assets investments	y/y	Apr		5.7%	5.1%	
8:00	GBP	Unemployment rate (3M)	%	Mar		3.8%	3.8%	
8:00	GBP	Average weekly earnings ex bonuses (3M)	y/y	Mar		6.8%	6.6%	
8:00	SEK	Prospera inflation expectations						
11:00	DEM	ZEW current situation	Index	May		-37.5	-32.5	
11:00	DEM	ZEW expectations	Index	May		-6.0	4.1	
11:00	ITL	HICP, final	m/m/y/y	Apr		-18.8%	-18.8%	
11:00	EUR	Trade balance	EUR bn	Mar			-0.1	
11:00	EUR	GDP, preliminary	q/q/y/y	1st quarter	0.1% 1.3%	0.1% 1.3%	0.1% 1.3%	
11:00	EUR	Employment, preliminary	q/q/y/y	1st quarter			0.3% 1.5%	
14:15	USD	Fed's Mester speaks						
14:30	USD	Retail sales control group	m/m	Apr		0.3%	-0.3%	
14:30	CAD	CPI	m/m/y/y	Apr			-14.3%	
15:15	USD	Capacity utilization	%	Apr		79.7%	79.8%	
15:15	USD	Industrial production	m/m	Apr		0.0%	0.4%	
15:15	USD	Manufacturing production	m/m	Apr		0.2%	-0.5%	
16:00	USD	NAHB Housing Market Index	Index	May		45.0	45.0	
18:15	USD	Fed's Williams speaks						
Wednesday, May 17, 2023					Period	Danske Bank	Consensus	Previous
1:00	USD	Fed's Bostic speaks						
1:50	JPY	GDP deflator, preliminary	y/y	1st quarter		2.0%	1.2%	
1:50	JPY	GDP, preliminary	q/qlann.	1st quarter		0.2% 0.8%	0.0% 0.1%	
6:30	JPY	Industrial production, final	m/m/y/y	Mar			0.8% -0.7%	
7:30	FRF	ILO unemployment	%	1st quarter		7.1%	7.2%	
11:00	EUR	HICP inflation, final	m/m/y/y	Apr	0.7% 7.0%	0.7% 7.0%	0.7% 6.9%	
11:00	EUR	HICP - core inflation, final	y/y	Apr	5.6%	5.6%	5.6%	
14:30	USD	Building permits	1000 (m/m)	Apr		1428	1430.0 (-7.7%)	
14:30	USD	Housing starts	1000 (m/m)	Apr		1396	1420.0 (-0.8%)	
16:30	USD	DOE U.S. crude oil inventories	K				2951	
Thursday, May 18, 2023					Period	Danske Bank	Consensus	Previous
1:50	JPY	Exports	y/y (%)	Apr		0.0	0.0	
1:50	JPY	Import	y/y (%)	Apr		0.0	0.1	
1:50	JPY	Trade balance, s.a.	JPY bn	Apr		-1078.6	-1209.9	
3:30	AUD	Employment change	1000	Apr		25	53	
10:00	EUR	ECB Publishes Economic Bulletin						
14:30	USD	Initial jobless claims	1000				264	
14:30	USD	Philly Fed index	Index	May		-21.1	-31.3	
16:00	USD	Existing home sales	m (m/m)	Apr		428	444 -2.4%	
Friday, May 19, 2023					Period	Danske Bank	Consensus	Previous
-	EUR	Moody's may publish Italy's debt rating						
-	EUR	S&P may publish Ireland's debt rating						
-	EUR	Moody's may publish Portugal's debt rating						
1:01	GBP	GfK consumer confidence	Index	May		-27.0	-30.0	
1:30	JPY	CPI - national	y/y	Apr		3.5%	3.2%	
1:30	JPY	CPI - national ex. fresh food	y/y	Apr		3.4%	3.1%	
8:00	SEK	Capacity utilization, industry	%	1st quarter			90.1%	
14:30	CAD	Retail sales	m/m	Mar			-0.2%	
14:45	USD	Fed's Williams speaks						
15:00	USD	Fed's Bowman speaks						

Source: Danske Bank

Calendar – 22-26 May 2023

Monday, May 22, 2023				Period	Danske Bank	Consensus	Previous
8:00	DKK	Consumer confidence	Net. bal.	May	-15		-18.2
14:30	USD	Fed's Bullard speaks					
16:00	EUR	Consumer confidence, preliminary	Net. bal.	May			-17.5
17:05	USD	Fed's Barkin speaks					
17:05	USD	Fed's Bostic speaks					
Tuesday, May 23, 2023				Period	Danske Bank	Consensus	Previous
2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	May			49.5
2:30	JPY	Markit PMI services, preliminary	Index	May			55.4
6:30	NOK	Consumer confidence	Net. bal.	2nd quarter			-36.5
9:15	FRF	PMI manufacturing, preliminary	Index	May			45.6
9:15	FRF	PMI services, preliminary	Index	May			54.6
9:30	DEM	PMI manufacturing, preliminary	Index	May			44.5
9:30	DEM	PMI services, preliminary	Index	May			56.0
10:00	EUR	PMI manufacturing, preliminary	Index	May			45.8
10:00	EUR	PMI composite, preliminary	Index	May			54.1
10:00	EUR	PMI services, preliminary	Index	May			56.2
10:00	EUR	Current account	EUR bn	Mar			24.3
10:30	GBP	PMI manufacturing, preliminary	Index	May			47.8
10:30	GBP	PMI services, preliminary	Index	May			55.9
14:00	HUF	Central Bank of Hungary rate decision	%		13.00%		13.00%
15:45	USD	Markit PMI manufacturing, preliminary	Index	May			50.2
15:45	USD	Markit PMI service, preliminary	Index	May			53.6
16:00	USD	New home sales	1000 (m/m)	Apr		663	683.0 (9.6%)
Wednesday, May 24, 2023				Period	Danske Bank	Consensus	Previous
4:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%		5.25%		5.25%
8:00	GBP	CPI	m/m/y/y	Apr			0.8% 10.1%
8:00	GBP	CPI core	y/y	Apr			6.2%
10:00	DEM	IFO - business climate	Index	May			93.6
10:00	DEM	IFO - current assessment	Index	May			95.0
10:00	DEM	IFO - expectations	Index	May			92.2
16:30	USD	DOE U.S. crude oil inventories	K				
20:00	USD	FOMC minutes					
Thursday, May 25, 2023				Period	Danske Bank	Consensus	Previous
8:00	DEM	GfK consumer confidence	Net. Bal.	Jun			-25.7
8:00	DEM	GDP, final	q/q/y/y	1st quarter			0.0% -0.1%
8:00	DEM	Private consumption	q/q	1st quarter			-1.0%
8:00	DEM	Government consumption	q/q	1st quarter			0.6%
8:00	DEM	Gross fixed investments	q/q	1st quarter			-2.5%
8:00	NOK	Credit indicator [C2]	y/y	Apr			5.2%
8:45	FRF	Business confidence	Index	May			102.0
13:00	TRY	Central Bank of Turkey rate decision	%				8.50%
14:30	USD	PCE core	q/q AR	1st quarter			0.049
14:30	USD	GDP, ___ release	q/q AR	1st quarter		0.011	0.011
14:30	USD	Initial jobless claims	1000				
16:00	USD	Pending home sales	m/m/y/y	Apr			-5.2% -23.3%
Friday, May 26, 2023				Period	Danske Bank	Consensus	Previous
-	EUR	Fitch may publish Spain's debt rating					
8:00	GBP	Retail sales ex fuels	m/m/y/y	Apr			-1.0% -3.2%
8:00	SEK	Retail sales s.a.	m/m/y/y	Apr			-1.6% -11.6%
8:00	SEK	PPI	m/m/y/y	Apr			-0.1% 3.5%
8:00	NOK	Retail sales, s.a.	m/m	Apr	1.5%		0.0%
8:45	FRF	Consumer confidence	Index	May			83.0
14:30	USD	PCE core	m/m/y/y	Apr		0.3%L	0.3% 4.6%
14:30	USD	Personal spending	m/m	Apr		0.4%	0.0%
14:30	USD	Core capital goods orders, preliminary	%	Apr			-0.6%
14:30	USD	Advance goods trade balance	USD bn	Apr		-85.6	-84.6
14:30	USD	PCE headline	m/m/y/y	Apr			0.1% 4.2%
16:00	USD	University of Michigan Confidence, final	Index	May			

Source: Danske Bank

Macroeconomic forecast

Macro forecast. Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2022	3.8	-2.4	-3.5	8.6	8.6	4.2	7.7	3.6	2.6	3.3	29.8	13.1
	2023	0.5	0.0	-0.4	-5.0	1.3	-2.0	5.1	4.7	3.1	2.0	27.1	11.5
	2024	1.3	1.8	1.6	-1.7	1.3	0.6	3.6	5.0	3.6	1.1	25.1	11.3
Sweden	2022	2.7	2.1	0.0	5.2	6.6	8.7	8.4	2.5	7.5	0.7	33.0	4.6
	2023	-1.0	-2.3	1.1	-2.8	2.0	-0.1	9.6	4.1	8.0	-0.9	29.0	5.7
	2024	1.7	1.8	1.2	2.3	2.8	2.6	2.3	3.3	7.9	-0.9	29.0	5.8
Norway	2022	3.8	6.9	0.1	4.3	5.9	9.2	5.8	4.3	1.8	-	-	-
	2023	1.0	-1.0	1.2	0.5	4.0	3.0	4.8	5.0	2.1	-	-	-
	2024	1.5	0.9	1.7	4.0	2.0	2.0	2.5	4.0	2.4	-	-	-

Macro forecast. Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2022	3.5	4.3	1.4	3.8	7.1	8.0	8.4	4.5	6.7	-3.6	93.7	1.5
	2023	0.4	-0.1	1.2	-0.8	3.4	3.4	6.3	4.9	6.9	-3.2	92.5	1.9
	2024	0.6	1.2	1.0	0.2	3.6	4.6	3.5	3.6	7.0	-3.0	91.6	2.4
Finland	2022	2.1	2.1	2.9	5.0	1.7	7.5	7.1	2.4	6.8	-0.9	73.0	-3.9
	2023	-0.2	-0.2	1.2	-2.0	-0.5	-1.0	5.5	4.1	7.0	-2.5	72.1	-1.4
	2024	0.9	1.0	0.5	2.0	1.5	2.0	2.1	3.7	6.8	-1.7	72.4	-1.0

Macro forecast. Global

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
USA	2022	2.1	2.7	-0.6	-0.2	7.1	8.1	8.0	5.3	3.6	-5.5	123.3	-3.9
	2023	0.8	0.7	1.7	-5.5	-0.3	-5.5	4.1	4.1	3.7	-5.4	123.6	-3.1
	2024	0.3	0.4	1.3	-1.5	-1.9	-1.9	2.1	3.2	4.2	-5.8	125.4	-2.8
China	2022	3.0	2.8	-	4.0	-	-	2.0	-	-	-7.5	77.1	2.3
	2023	6.2	7.0	-	6.0	-	-	2.2	-	-	-6.9	82.4	1.4
	2024	5.0	5.2	-	4.8	-	-	2.5	-	-	-6.4	87.2	1.1
UK	2022	4.2	-	-	-	-	-	8.9	-	3.8	-	-	-
	2023	-0.7	-	-	-	-	-	6.2	-	4.4	-	-	-
	2024	0.8	-	-	-	-	-	2.6	-	5.0	-	-	-

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	12-May	5.25	5.34	4.12	3.41	110.5	-	674.2	1066.9	1025.2
	+3m	5.25	5.40	4.70	3.65	109.0	-	683.0	1055.0	1018.3
	+6m	5.25	5.40	4.60	3.55	106.0	-	702.4	1066.0	1056.6
	+12m	5.00	4.85	4.20	3.35	103.0	-	723.3	1048.5	1106.8
EUR	12-May	3.00	3.28	3.43	2.95	-	110.5	745.1	1179.0	1133.0
	+3m	3.75	4.10	3.55	3.10	-	109.0	744.5	1150.0	1110.0
	+6m	4.00	4.16	3.20	3.00	-	106.0	744.5	1130.0	1120.0
	+12m	4.00	3.92	2.80	2.60	-	103.0	745.0	1080.0	1140.0
JPY	12-May	-0.10	-0.03	-	-	120.5	134.6	6.18	9.78	9.40
	+3m	-0.10	-	-	-	138.4	127.0	5.38	8.31	8.02
	+6m	0.10	-	-	-	134.6	127.0	5.53	8.39	8.32
	+12m	0.10	-	-	-	130.8	127.0	5.70	8.26	8.71
GBP*	12-May	4.25	-	4.46	3.68	88.0	125.7	847.2	1340.5	1288.2
	+3m	4.50	-	4.10	3.70	88.0	123.9	846.0	1306.8	1261.4
	+6m	4.50	-	4.10	3.60	88.0	120.5	846.0	1284.1	1272.7
	+12m	4.25	-	3.90	3.50	88.0	117.0	846.6	1227.3	1295.5
CHF*	12-May	1.50	-	1.82	1.95	98.0	88.7	760.0	1202.6	1155.7
	+3m	2.00	-	-	-	98.0	89.9	759.7	1173.5	1132.7
	+6m	2.00	-	-	-	97.0	91.5	767.5	1164.9	1154.6
	+12m	2.00	-	-	-	97.0	94.2	768.0	1113.4	1175.3
DKK	12-May	2.60	3.37	3.55	3.07	745.11	674.19	-	158.23	152.06
	+3m	3.35	3.84	3.70	3.25	744.50	683.03	-	154.47	149.09
	+6m	3.60	3.85	3.35	3.15	744.50	702.36	-	151.78	150.44
	+12m	3.60	3.71	2.95	2.75	745.00	723.30	-	144.97	153.02
SEK	12-May	3.50	3.61	3.49	2.84	1133.0	1025.2	65.8	104.1	100.0
	+3m	4.00	4.10	3.65	2.90	1110.0	1018.3	67.1	103.6	-
	+6m	4.00	4.15	3.30	2.80	1120.0	1056.6	66.5	100.9	-
	+12m	3.75	3.70	3.00	2.75	1140.0	1106.8	65.4	94.7	-
NOK	12-May	3.00	3.80	3.88	3.29	1179.0	1066.9	63.2	100.0	96.1
	+3m	3.50	3.75	3.80	3.20	1150.0	1055.0	64.7	-	96.5
	+6m	3.50	3.60	3.40	3.00	1130.0	1066.0	65.9	-	99.1
	+12m	3.25	3.35	3.05	2.65	1080.0	1048.5	69.0	-	105.6

*Notes: GBP swaps are SONIA and CHF swaps are SHARON.

We have updated our Norges Bank forecasts after yesterday's Norges Bank meeting but not yet our Norwegian yield outlook

Commodities												
		2023				2024				Average		
	12-May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	
ICE Brent	73	87	90	85	80	80	80	80	80	86	80	

Source Danske Bank

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