

# Weekly Focus

## Negative rates still not popular with major central banks

**This week, Fed chair Jerome Powell dismissed the possibility of negative rates in the US saying ‘it isn’t something we’re looking at’.** Bank of England has also dismissed it for now and the Bank of Japan (BoJ) sees no need to take interest rates deeper into negative. Focus for BoJ is to pump money into cash-strapped firms and keep financial markets stable. Flexibility within the QE programme will likely be the go-to for now. Negative rates are not at the bottom of the list everywhere, though. The Reserve Bank of New Zealand has said that negative rates could become an option in the future. Apparently, banks have been asked to be ready for negative rates in 2021. The renewed focus on negative policy rates could spur further discussions in Scandies as well.

**In China, we saw another stronger-than-expected reading in Total Social Finance in April.** The boost to credit is coming from corporate bonds and bank loans, probably mostly coming from lending to state-owned companies and infrastructure credit as China is using the state sector as a cushion against the big drop in private demand. It suggests that China's easing is maybe bigger than perceived and happening via the state sector. While not at the same scale as the 2008-09 stimulus, it looks like China is providing a decent support to its economy - and thus to the global economy.

**It has been another eventful week on the oil markets with plenty of support for prices.** The week started off with a surprise 1mb/d cut in production from Saudi Arabia. Other Middle Eastern production cuts followed. The International Energy Agency forecast lower global stockpiles in the second half of 2020, which gave another boost to oil prices. However, demand has weakened over increasing concerns of a possible second wave of COVID-19 infections with the emergence of new cases in South Korea and China.

**In the euro area late last week the Euro group agreed on the terms of use of the Pandemic Crisis Support credit line of the ESM amounting to 2% of GDP of each member state.** However, EU countries will probably be reluctant to make use of it, both due to the stigma and credit nature. Hence, the Commission proposal for the recovery fund – expected on 20 May – is still the more important element, in our view.

**Over the coming two weeks some very interesting data are set to come out, particularly PMIs from the major economies.** Euro area PMIs could show a bounce this time round with the end of lockdowns – just like in China – but probably more muted since France, Italy and Spain are only slowly getting back to speed. In the US, we expect PMIs to increase but remain below 50 (economic activity in May was worse than in April but the decline was smaller). PMIs must increase significantly above the 50 threshold before we can talk about a recovery. In the UK, we expect a PMI increase as well but still below 50.

**In the US, focus will also be on policymakers.** The House Democrats have proposed USD3,000bn more stimulus. So far, the proposal has got the cold shoulder from the Republicans but we think the 3m initial jobless claims last week support our view that the US needs more stimulus.

### Key market movers

- COVID-19 outbreak development
- Week 21
- Monday: Japan flash Q1 GDP
  - Tuesday: German ZEW index
  - Wednesday: EU Commission's proposal on EU budget and recovery fund and FOMC minutes
  - Thursday: US, UK, Japanese PMIs, US initial jobless claims
  - Friday: Euro area PMIs, ECB minutes
- Week 22
- Thursday: US initial jobless claims
  - Friday: Euro area HICP

### Selected reading from Danske Bank

- *Euro Area Research - The road to recovery, 14 May*
- *Spending Monitor - Spending continues to improve but too early to conclude on effect of reopening, 12 May*
- *Friday COVID update*

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## Market movers Scandinavia

- In **Denmark**, the figures for consumer confidence in May are due on Wednesday. Consumer confidence took a dive in April to -11.9 – the lowest level since the financial crisis – but we expect to see a modest pick-up in May to -7.3. Expectations for the Danish economy as a whole were what mostly pulled confidence lower in April, but now that the economy is slowly beginning to open again this view should improve. The Danes' view of their own personal finances remained relatively positive in April, and with growth in the jobless figures slowing since then, Danes should feel more comfortable about their own situation. Nevertheless, consumer confidence remains very low, reflecting the great uncertainty that still permeates the Danish economy.

Friday should bring wage-earner employment in March. These figures are now a little old, and we already know that unemployment has risen by around 50,000, while around 150,000 employees have been furloughed with a subsidised wage. Nevertheless, the employment numbers may help give a first impression of how many have chosen to leave the labour market for other reasons.

Week 22 (25-31 May) will see quite a few economic figures released. Retail sales figures for April are due on Tuesday, which will presumably be rather grim reading given that many shops were closed. Sales were already falling in the shoe and garment industry in March, down 26.7% in brick and mortar shops, and the new figures will likely be even worse. In contrast, grocery consumption is likely to pull the figures up.

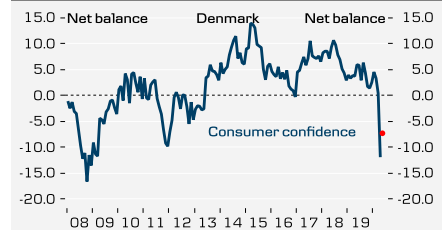
Business confidence for May is set for publication on Wednesday. The weighted indicator hit an all-time low in April, pulled down by pessimism in the service and retail sectors in particular. This month's figures should hopefully show signs of a pick-up after the Danish economy took its first steps towards reopening.

Friday should bring the full national accounts figures for Q1, and it will be interesting to see how the individual segments of the economy performed during lockdown in the latter part of the quarter. Statistics Denmark's property prices in March are due on the same day, as are unemployment figures for April. Figures from property website 'Boligsiden' indicate house prices have fallen despite still relatively high sales activity. The question is whether a similar picture will emerge from Statistics Denmark's figures. April unemployment will likely rise somewhat following the relatively modest increase in March, which did not really match the 50,000 new jobless the Ministry of Employment's daily unemployment figures had shown.

- Quite a lot of data will be out in **Sweden** until the next publication date of the Weekly Focus (two weeks time due to the bank holiday next week). Most important are the labour force survey, economic tendency survey, retail sales and GDP. The soft data mentioned and the retail sales in particular will show the impact COVID-19 has had so far on the Swedish economy. The GDP data will of course also be interesting but since it is for the first quarter it does not capture the effects COVID-19 that much.

As we have mentioned for a while now, the LFS is highly volatile and uncertain due to quality problems, and March data surprisingly showed a decline in the unemployment rate. However, if looking at other indicators than just the unemployment rate in this case, such as employment and hours worked – both declined last month together with the unemployment rate. Also the employment rate decreased to 67.5% percent from earlier 68.3%, indicating a much worse labour market than the unemployment figure suggested. April data will be interesting, and based on layoffs and labour statistics from PES we will probably see a jump in the unemployment rate and there is a risk of a large

### Modest improvement in consumer confidence ahead



Source: Statistics Denmark, Danske Bank, Macrobond Financial

### LSF should increase together with PES



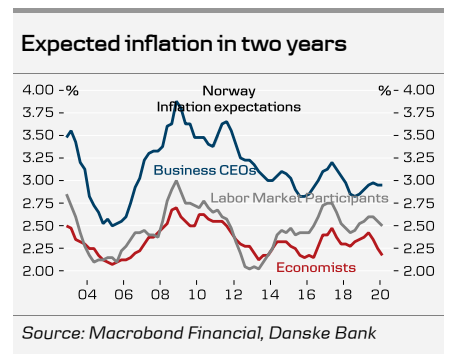
Source: SCB, PES, Macrobond Financial

one. However, it will be extra important to follow how the employment rate and the non-labour force has developed over the month. Data for working hours in March declined sharply by 4.9 % y/y, possibly due to temporary layoffs and workers staying home due to sickness. This suggests that GDP has dipped slightly in Q1, and we forecast a decline by 1.0 % y/y, but of course the big drop will come in Q2.

Regarding NIER, the April survey declined maybe even more than expected and the economic tendency survey dropped to an all time low. The decline was mainly explained by gloomy signals from the service sector and households. It is possible that May will show a rebound, however, not because the situation has improved, rather because it was such a big decline in April and it is difficult to imagine that May could be even lower. The opposite is the case for the retail sales which are one month behind the NIER survey. The retail sales decreased by 1.7% in March which was quite good considering the circumstances. However, coronavirus did not hit until mid-March, hence a larger drop will certainly be seen this month, which will provide information about the spending in April.

We should also not forget that the Swedish national debt office will next week provide a new borrowing forecast which will probably have a larger market impact than usual. The debt office is likely to boost borrowing in all instruments because in one way or the other, the DO must finance the deficit as a result of the government spending that has been undertaken to mitigate the crisis.

- In **Norway**, new data is thin on the ground in the coming week. One exception is Norges Bank's expectations survey, which measures how various players view the outlook for the likes of inflation. Unlike many other countries, there has been no notable decline in inflation expectations in Norway in recent years, and it will be interesting to see whether this picture has changed given the uncertainty around the coronavirus. Either way, the social partners' wage expectations could provide an initial indication of how wage formation will be affected. It is also worth keeping an eye on business leaders' expectations for profitability and employment over the next year. The following week, on the other hand, brings both retail and unemployment data. Consumer spending was probably weak in the first half of April but with something of a recovery towards the end of the month. We therefore expect retail sales to fall 1.2% m/m, but Easter trading may have been much lower than last year, so there is some risk to the downside. The weekly numbers indicate that unemployment bottomed out around mid-April, and the jobless rate fell from March to April. This trend has since continued, so we expect NAV unemployment to drop from 9.6% in April to 6.3% in May.



# Scandi update

## Denmark – GDP down 1.9% in Q1

Denmark embarked on phase two of its reopening on Monday, when shopping centres and some sports activities were allowed to reopen. Our daily spending monitor did not point to any significant increase in retail consumption on Monday, but hopefully the reopening will ease the pressure on the retail sector going forward.

Inflation fell to 0.0% in April, meaning Denmark just about avoided deflation. Petrol prices led the fall following the dramatic decline in oil prices in April. Clothing prices somewhat surprisingly rose as they usually do in April despite many shops being forced to hold untimely sales to remain afloat. This was probably due to prices only being collected from online shops, which meant that around 90% of the normal price observations were missing. Now that many shops are open again, this will likely be corrected in the coming month, though much will depend on how the data is collected.

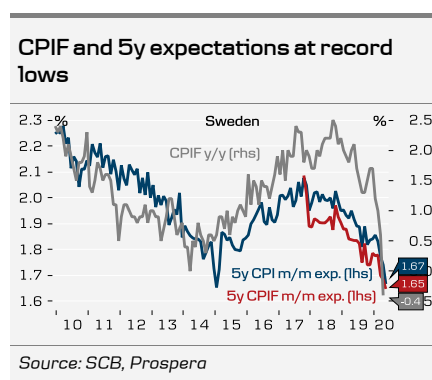
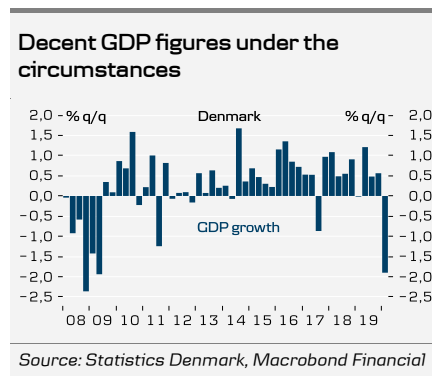
As expected, foreign trade declined in March, when exports and imports of goods fell by 5.1% and 4.5%, respectively. Particularly hard hit were exports of finished goods, which were more than 20% down relative to January. In contrast, less cyclically sensitive healthcare and food exports were not nearly as hard hit, which is also why the overall fall in exports was relatively subdued – less than half of that in Germany, for example.

Friday’s GDP indicator pointed to a fall of 1.9% in Q1, which was well in line with our expectations. The decline is the biggest since the financial crisis, though the downturn had been anticipated and under the circumstances at the low end of what could be expected given the lockdown of the economy. That the figure was not worse was mainly due to the lockdown not initially hitting industry, construction, or agriculture particularly hard. However, the figure is clouded by much uncertainty, as many of the usual data sources are missing, while public sector employees are fully counted in production despite many being sent home. The second quarter will almost certainly be considerably worse than the first, when the economy was after all doing rather well in the first two months of the year.

## Sweden – Riksbank is a risk bank

The April monetary policy meeting minutes showed that Executive Board members apparently are happy to play with fire. The inflation target is put in the back seat to fight off the acute corona impact on the real economy – that is the priority. The arguments, some understandable, some not, are that 1) there is no use in stimulating the economy while social distancing is in place (OK we buy that, but what happened to the monetary policy lag that Riksbank usually refers to?), 2) going back to NIRP is not an option now as it may hurt bank profitability and have a negative impact on importers while the positive impact on exporters is limited in a depressed corona world. Whenever were the latter arguments for monetary policy before? Well, by arguing this way the Riksbank is in fact gambling with the credibility of the inflation target, which the Riksbank still says is in place.

This became evident as April CPIF inflation showed an unprecedented drop into deflation, reaching an all-time-low at -0.4 % y/y. And no, it was NOT entirely due to energy. The actual surprise was that CPIF excl. Energy turned out 0.4pp lower than expected at 1.0% y/y. Well, this is still a bit away from the 0.3% y/y in March 2014 which at that time caused panic about a deflationary future and later caused the Riksbank to introduce NIRP and QE in 2015. Adding to this drama, Prospera money market expectations showed that 5y CPI expectations dropped to 1.67 % (CPIF expectations were the same), very close to the record low of 1.65 % registered in January 2015.



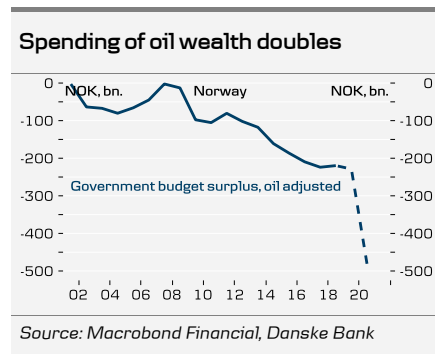
The question is if the Riksbank, by not waging a two front war against both a recession and simultaneous deflation, is risking ending up in a similar or even worse situation than in 2015. The apparent threats to core inflation going forward are twofold: 1) a further SEK appreciation and 2) a weak outcome in the postponed wage round (to restart in October).

Either the Riksbank starts to act soon, or scraps the target. But it cannot continue to pretend that it is trying to achieve it without acting accordingly.

### Norway – record spending of oil wealth

The revised national budget shows that the government now intends to spend NOK480bn of its oil wealth to cover the budget deficit – around twice as much as planned back in the autumn. However, this is still only 4.2% of the value of the oil fund, or 1.2pp higher than permitted by the fiscal rule. An oil-adjusted deficit of NOK480bn is around NOK37bn more than the estimated provisional cost of the coronavirus response. This means that Norges Bank may need to increase its daily purchases of kroner by a further NOK100-200m from June. The budget indicator shows a fiscal stimulus of 5.1% of GDP this year.

Remember, though, that the government announced a general stimulus package on 29 May to help boost growth in the wake of the crisis. That probably means that the overall stimulus will be 7-8% of GDP this year, and so the daily purchases of kroner will need to be higher still.



# Calendar

## Key Data and Events in Week 21

### During the week

#### Monday, May 18, 2020

				Period	Danske Bank	Consensus	Previous
1:50	JPY	GDP deflator, preliminary	y/y	1st quarter		0.7%	1.2%
1:50	JPY	GDP, preliminary	q/q ann.	1st quarter		-1.1% -4.5%	-1.8% -7.1%
16:00	USD	NAHB Housing Market Index	Index	May		35.0	30.0
20:00	USD	Fed's Bostic (non-voter, neutral) speaks					

#### Tuesday, May 19, 2020

				Period	Danske Bank	Consensus	Previous
6:30	JPY	Industrial production, final	m/m y/y	Mar			-3.7% -5.2%
8:00	GBP	Unemployment rate (3M)	%	Mar		4.4%	4.0%
8:00	GBP	Average weekly earnings ex bonuses (3M)	y/y	Mar		2.6%	2.9%
9:00	SEK	NIER economic forecasts					
11:00	DEM	ZEW current situation	Index	May		-85.0	-91.5
11:00	DEM	ZEW expectations	Index	May		30.0	28.2
14:30	USD	Building permits	1000 (m/m)	Apr		1000	1350.0 (-7.0%)
14:30	USD	Housing starts	1000 (m/m)	Apr		950	1216.0 (-22.3%)
16:00	USD	Fed chair Powell (voter, neutral) speaks					
16:00	USD	Fed's Kashkari (voter, dovish) speaks					
18:00	USD	Fed's George (non-voter, hawkish) speaks					
20:00	USD	Fed's Rosengren (non-voter, hawk) speaks					
21:30	USD	Fed's George (non-voter, hawkish) speaks					

#### Wednesday, May 20, 2020

				Period	Danske Bank	Consensus	Previous
-	EUR	EU Commission might present its revised proposal for the 2021-27 EU budget and recovery fund					
-	JPY	Leading economic index, final	Index	Mar			83.8
8:00	DKK	Consumer confidence	Net. bal.	May		-7.3	-11.9
8:00	DKK	Business confidence		May			
8:00	GBP	PPI - input	m/m y/y	Apr			-3.6% -2.9%
8:00	GBP	CPI	m/m y/y	Apr		0.0% 0.9%	0.0% 1.5%
8:00	GBP	CPI core	y/y	Apr		1.3%	1.6%
9:30	SEK	Borrowing forecast from the debt office					
9:30	SEK	Capacity utilization, industry	%	1st quarter			89.2%
10:00	EUR	Current account	EUR bn	Mar			40.2
10:00	NOK	Expectations Survey		2nd quarter			
11:00	EUR	HICP inflation, final	m/m y/y	Apr		0.3% 0.4%	0.3% 0.7%
14:30	CAD	CPI	m/m y/y	Apr			.. 0.9%
16:00	EUR	Consumer confidence, preliminary	Net bal.	May		-23.0	-22.7
16:30	USD	DOE U.S. crude oil inventories	K				-745
18:00	USD	Fed's Bullard (non-voter, dovish) speaks					
20:00	USD	FOMC minutes from April meeting					

Source: Danske Bank

# Calendar

Thursday, May 21, 2020				Period	Danske Bank	Consensus	Previous
1:50	JPY	Trade balance, s.a.	JPY bn	Apr		-777.4	-190.0
1:50	JPY	Exports	y/y (%)	Apr		-0.2	-0.1
1:50	JPY	Import	y/y (%)	Apr		-0.1	-0.1
2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	May			41.9
2:30	JPY	Markit PMI services, preliminary	Index	May			21.5
10:30	GBP	PMI manufacturing, preliminary	Index	May		34.3	32.6
10:30	GBP	PMI services, preliminary	Index	May		18.0	13.4
13:00	TRY	Central Bank of Turkey rate decision	%		8.0%	8.25%	8.75%
14:30	USD	Initial jobless claims	1000				2981
14:30	USD	Philly Fed index	Index	May		-40.0	-56.6
15:45	USD	Markit PMI manufacturing, preliminary	Index	May		37.8	36.1
15:45	USD	Markit PMI service, preliminary	Index	May		32.5	26.7
16:00	USD	Fed's Williams (voter, neutral) speaks					
16:00	USD	Existing home sales	m (m/m)	Apr		4.3	5.27 -8.5%
19:00	USD	Fed vice chair Clarida (voter, neutral) speaks					
19:00	USD	Fed's George (non-voter, hawkish) speaks					
20:30	USD	Fed chair Powell (voter, neutral) speaks					
Friday, May 22, 2020				Period	Danske Bank	Consensus	Previous
-	EUR	Fitch may publish Portugal's debt rating					
1:30	JPY	CPI - national	y/y	Apr		0.1%	0.4%
1:30	JPY	CPI - national ex. fresh food	y/y	Apr		-0.1%	0.4%
8:00	GBP	Retail sales ex fuels	m/m y/y	Apr		-12.3% -17.6%	-3.7% -4.1%
8:00	DKK	Wage-earner employment		Mar			
9:15	FRF	PMI manufacturing, preliminary	Index	May		35.5	31.5
9:15	FRF	PMI services, preliminary	Index	May		20.4	10.2
9:30	DEM	PMI manufacturing, preliminary	Index	May		38.0	34.5
9:30	DEM	PMI services, preliminary	Index	May		23.0	16.2
10:00	EUR	PMI manufacturing, preliminary	Index	May		37.0	33.4
10:00	EUR	PMI composite, preliminary	Index	May		23.7	13.6
10:00	EUR	PMI services, preliminary	Index	May		21.4	12.0
14:30	CAD	Retail sales	m/m	Mar			0.3%

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Source: Danske Bank

# Calendar

## Key Data and Events in Week 22

### During the week

#### Monday, May 25, 2020

				Period	Danske Bank	Consensus	Previous
8:00	DEM	GDP, final	q/q y/y	1st quarter			-2.2% -2.3%
8:00	DEM	Private consumption	q/q	1st quarter			0.0%
8:00	DEM	Government consumption	q/q	1st quarter			0.3%
8:00	DEM	Gross fixed investments	q/q	1st quarter			-0.2%
9:30	SEK	Unemployment (n.s.a. s.a.)	%	Apr			7.1% 6.7%
10:00	DEM	IFO - business climate	Index	May			74.3
10:00	DEM	IFO - current assessment	Index	May			79.5
10:00	DEM	IFO - expectations	Index	May			69.4

#### Tuesday, May 26, 2020

				Period	Danske Bank	Consensus	Previous
6:30	NOK	Consumer confidence	Net. bal.	2nd quarter			14.5
8:00	DEM	GfK consumer confidence	Net. Bal.	Jun			-23.4
8:00	DKK	Retail sales	m/m y/y	Apr			-2.0% -3.7%
8:45	FRF	Business confidence	Index	May			62.0
14:00	HUF	Central Bank of Hungary rate decision	%		0.90%	0.90%	0.90%
15:00	USD	FHFA house price index	m/m	Mar			0.7%
16:00	USD	New home sales	1000 (m/m)	Apr		500	627.0 (-15.4%)
16:00	USD	Conference Board consumer confidence	Index	May		69.0	86.9

#### Wednesday, May 27, 2020

				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/m y/y	Apr			-4.0% -1.2%
3:30	CNY	Industrial profits	y/y	Apr			-34.9%
8:00	NOK	Retail sales, s.a.	m/m	Apr	-1.2%		-0.9%
8:00	NOK	Unemployment (LFS)	%	Mar			3.5%
8:45	FRF	Consumer confidence	Index	May			95.0
9:30	SEK	PPI	m/m y/y	Apr			-1.2% -3.6%
21:00	USD	Fed's George (non-voter, hawkish) speaks					

#### Thursday, May 28, 2020

				Period	Danske Bank	Consensus	Previous
-	PLN	Polish central bank rate decision	%		0.5%		0.5%
9:00	SEK	Consumer confidence	Index	May			73.9
9:00	SEK	Economic Tendency Survey	Index	May			58.6
9:00	SEK	Manufacturing confidence	Index	May			70.5
9:00	ESP	HICP, preliminary	m/m y/y	May			0.4% -0.7%
9:30	SEK	Retail sales s.a.	m/m y/y	Apr			-1.7% 0.6%
11:00	EUR	Industrial confidence	Net bal.	May			-30.4
11:00	EUR	Economic confidence	Index	May			67.0
11:00	EUR	Service confidence	Net bal.	May			-35.0
14:00	DEM	HICP, preliminary	m/m y/y	May			0.4% 0.8%
14:30	USD	GDP, second release	q/q AR	1st quarter		-5.1%	-4.80%
14:30	USD	PCE core	q/q AR	1st quarter			0.018
14:30	USD	Core capital goods orders, preliminary	%	Apr			-0.1%
16:00	USD	Pending home sales	m/m y/y	Apr			-20.8% -14.5%
17:00	USD	Fed's Williams (voter, neutral) speaks					

Source: Danske Bank



## Calendar

Friday, May 29, 2020			Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Ireland's debt rating				
1:00	GBP	GfK consumer confidence	Index	May		-33.0
1:30	JPY	Unemployment rate	%	Apr		2.5%
1:30	JPY	Job-to-applicant ratio		Apr		1.39
1:50	JPY	Retail trade	m/m y/y	Apr		-4.5% -4.6%
7:00	JPY	Consumer confidence	Index	May		21.6
8:00	NOK	Credit indicator (C2)	y/y	Apr		4.7%
8:00	DKK	GDP, preliminary	q/q y/y	1st quarter		0.6% ...
8:00	DKK	Gross unemployment s.a.	K(%)	Apr		116 (4.1)%
8:00	DKK	Property prices		Mar		
8:00	FRF	HICP, preliminary	m/m y/y	May		0.0% 0.4%
8:45	FRF	GDP, final	q/q y/y	1st quarter		-5.8% -5.4%
8:45	FRF	Household consumption	m/m y/y	Apr		-17.9% -18.1%
9:00	CHF	KOF leading indicator	Index	May		63.5
9:00	SEK	Trade balance	SEK bn	Apr		4.1
9:30	SEK	GDP	q/q y/y	1st quarter	.. -1.0%	0.2% 0.8%
9:30	SEK	Wages (blue collars/white collars)	y/y	Mar		3.1%
9:30	SEK	Household lending	y/y	Apr		5.2%
10:00	NOK	Unemployment	%	May	6.3%	9.6%
10:00	NOK	Norges Bank's daily FX purchases	m	Jun		-2100
10:00	ITL	GDP, final	q/q y/y	1st quarter		-4.7% -4.8%
10:00	EUR	Money supply (M3)	y/y	Apr		7.5%
10:00	EUR	Loans to households (adj. for sales and sec.)		Apr		
10:00	EUR	Loans to NFCs (adj. for sales and sec.)		Apr		
11:00	EUR	HICP inflation, preliminary	y/y	May	0.1%	0.4%
11:00	EUR	HICP - core inflation	y/y	May	0.8%	
11:00	ITL	HICP, preliminary	m/m y/y	May		0.5% 0.1%
12:00	EUR	Portugal, GDP, final	q/q y/y	1st quarter		-3.9% -2.4%
14:00	USD	Advance goods trade balance	USD bn	Apr		-65.0
14:30	USD	Personal spending	m/m	Apr		-9.7%
14:30	USD	PCE headline	m/m y/y	Apr		-0.3% 1.3%
14:30	CAD	GDP	m/m y/y	Mar		0.0% 2.1%
14:30	USD	PCE core	m/m y/y	Apr		-0.1% 1.7%
15:00	USD	Chicago PMI	Index	May		35.4
16:00	USD	University of Michigan Confidence, final	Index	May		
22:00	EUR	Moody's may publish Belgium's debt rating				

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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	0.4	2.0	5.2	-4.8	39.6	7.0
	2021	2.5	3.7	0.7	1.2	1.6	1.4	1.4	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	0.5	35.7	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	1.5	1.7	6.1	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	1.7	5.5	2.5	3.8	1.2	1.9	7.6	-0.6	84.1	3.3
	2020	-5.2	-4.1	3.5	1.1	-1.9	1.9	0.6	1.7	7.9	-4.7	95.0	3.4
	2021	1.8	2.0	2.5	1.3	2.6	2.9	1.3	2.0	7.6	-2.8	91.0	3.6
Germany	2019	0.6	1.6	2.6	2.7	0.9	1.9	1.4	3.2	3.2	1.4	59.8	7.1
	2020	-2.8	-3.5	5.1	-1.7	-2.4	1.0	1.0	2.6	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	-4.6	105.0	-2.5
	2020	-5.7	-29.3	2.3	-7.2	-5.5	-12.0	2.1	3.1	9.0	-17.9	127.0	-2.6
	2021	3.0	33.5	1.2	2.5	4.6	3.7	2.1	3.3	7.0	-9.8	134.0	-2.5
China	2019	6.2	8.0	-	3.8	-	-	2.7	8.0	-	-6.1	-	0.5
	2020	1.0	2.5	-	0.0	-	-	2.7	7.5	-	-6.3	-	0.4
	2021	9.0	9.0	-	10.0	-	-	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	-2.1	85.4	-3.5
	2020	-3.9	-4.9	4.2	-11.1	2.0	-6.7	1.4	2.2	7.5	-13.9	97.6	-3.7
	2021	3.8	1.8	2.3	4.5	4.0	3.6	1.7	3.0	6.0	-3.2	99.4	-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	15-May	0.25	0.39	0.25	0.59	108.1	-	689.8	1015.7	981.7
	+3m	0.25	0.31	0.25	0.50	109.0	-	684.6	990.8	972.5
	+6m	0.25	0.25	0.30	0.70	107.0	-	697.2	981.3	1009.3
	+12m	0.25	0.25	0.35	1.00	107.0	-	696.7	962.6	1009.3
EUR	15-May	-0.50	-0.26	-0.30	-0.17	-	108.1	745.7	1098.0	1061.3
	+3m	-0.50	-0.41	-0.35	-0.15	-	109.0	746.3	1080.0	1060.0
	+6m	-0.50	-0.41	-0.35	-0.05	-	107.0	746.0	1050.0	1080.0
	+12m	-0.50	-0.41	-0.25	0.15	-	107.0	745.5	1030.0	1080.0
JPY	15-May	-0.10	-0.02	-0.04	-0.01	120.5	107.1	6.19	9.11	8.81
	+3m	-0.10	-	-	-	119.9	110.0	6.22	9.01	8.84
	+6m	-0.10	-	-	-	119.8	112.0	6.22	8.76	9.01
	+12m	-0.10	-	-	-	119.8	112.0	6.22	8.59	9.01
GBP	15-May	0.10	0.33	0.32	0.44	88.6	122.1	842.1	1239.9	1198.5
	+3m	0.10	0.14	0.30	0.40	90.0	121.1	829.2	1200.0	1177.8
	+6m	0.10	0.14	0.35	0.50	90.0	118.9	828.9	1166.7	1200.0
	+12m	0.10	0.14	0.40	0.55	86.0	124.4	866.9	1197.7	1255.8
CHF	15-May	-0.75	-0.60	-0.68	-0.40	105.2	97.3	708.7	1043.6	1008.7
	+3m	-0.75	-	-	-	105.0	96.3	710.7	1028.6	1009.5
	+6m	-0.75	-	-	-	104.0	97.2	717.3	1009.6	1038.5
	+12m	-0.75	-	-	-	103.0	96.3	723.8	1000.0	1048.5
DKK	15-May	-0.60	-0.12	-0.09	0.05	745.7	689.8	-	147.2	142.3
	+3m	-0.60	-0.19	-0.15	0.05	746.3	684.6	-	144.7	142.0
	+6m	-0.60	-0.21	-0.15	0.15	746.0	697.2	-	140.8	144.8
	+12m	-0.60	-0.22	-0.05	0.35	745.5	696.7	-	138.2	144.9
SEK	15-May	0.00	0.19	0.05	0.32	1061.3	981.7	70.3	103.5	100.0
	+3m	0.00	0.10	0.05	0.45	1060.0	972.5	70.4	101.9	-
	+6m	0.00	0.10	0.05	0.50	1080.0	1009.3	69.1	97.2	-
	+12m	0.00	0.10	0.10	0.65	1080.0	1009.3	69.0	95.4	-
NOK	15-May	0.00	0.26	0.30	0.63	1098.0	1015.7	67.9	100.0	96.7
	+3m	0.00	0.25	0.20	0.75	1080.0	990.8	69.1	-	98.1
	+6m	0.00	0.25	0.30	0.85	1050.0	981.3	71.0	-	102.9
	+12m	0.00	0.25	0.50	1.10	1030.0	962.6	72.4	-	104.9

Commodities												
		2020				2021				Average		
	15-May	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	
ICE Brent	32	35	35	35	35	44	44	44	44	35	44	

Source Danske Bank

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