

Weekly Focus

Central bankers boost Christmas spirit

Repricing continued in the rates markets this week as central bankers did little to talk rates back up. The market is currently pricing in the US short-term rates to fall below 4% by end of next year. In euro area, short-term rates are priced to approach the 2% mark late next year. Optimism about rate cuts arriving sooner rather than later has driven long-term rates lower and equities higher. The US 10y yield has fallen by more than 100bps from late October to below 4% and the S&P500 index is closing in on the all-time high levels.

We agree that rate cuts loom in the horizon but consider market expectations on the pace too optimistic. We also highlight that recent easing in financial conditions poses an upside risk to inflation next year. In this week's meeting, the FOMC cut down its median forecast for core PCE in 2024 while also revising down the dots (now showing a total of 75bps cuts). After the meeting, we were happy to see our long-held call for the first Fed rate cut in March has now become market consensus. Yet, thereafter, we think the market is too aggressive in pricing the pace for cuts. See *Research US – Fed review: Rising optimism*, 13 December.

For the euro area, the market is fully pricing in the first rate cut by April which we think is premature. In the Governing Council meeting this week, the ECB made no changes on rates as expected but announced it would start scaling back its PEPP portfolio starting H2-2024. The staff economic projections saw a downward revision for 2023 and 2024 in GDP, inflation and core inflation, but Lagarde also highlighted that the cut-off-date for the forecast parameters was prior to the recent fall in rates, which means that growth and inflation could turn out higher. It is true inflation has decelerated faster than expected and December flash PMIs on Friday confirmed that EA economy is slowing down. Yet, we are convinced the ECB wants to see further evidence on core inflation and wage dynamics, and hence, we keep our call for the first ECB rate cut in June 2024. Read more on *Flash: ECB review – A conditional push-back*, 14 December.

Norges Bank was the major outlier this week in a string of monetary policy holds by other central banks, as also the BOE and SNB kept monetary policy unchanged. Unexpectedly, NB decided to hike its policy rate by 25bp to 4.50% and signalled a 20% probability for another hike. Following the hike, we postponed our first rate cut from March to June, but lifted the number of cuts for next year from 4 to 5. See *Reading the Markets Norway – Surprise NB hike paves way for 5 rate cuts in '24*, 14 December.

Before Christmas, we still have the Bank of Japan meeting on Tuesday. There has been some speculation whether the BOJ would tighten policies next week. We continue to believe we need more firm conclusions on 2024 wage negotiations before they will feel confident to abandon yield curve control and raise the rate to zero. Next week is quiet on data front, but in the euro area, we are closely following any news from the EU Council regarding an extraordinary meeting about the new fiscal rules. Also, before Weekly focus returns from Christmas break, we will get euro area December inflation data 5 January. In China, focus will be on December PMIs in early January, and in the US, we will receive November PCE print next week, and the December jobs report before our next publication.

Key global views

- We expect a soft landing for the Western economies but we see significant risk of a worse outcome.
- We expect volatile inflation ahead given slowing activity but strong labour markets.
- Central bank cutting cycle in 2024 will be cautious but continue into 2025.

Key market movers until Jan 5

- Dec 18: German IFO
- Dec 19: BOJ meeting, EA final HICP
- Dec 22: US PCE
- Dec 31-Jan 4: China PMIs
- Jan 5: EA HICP, US jobs report

Selected reading from Danske Bank

- *Research US – Fed review: rising optimism*, 13 December
- *Global Inflation Watch – Diverging signals in November*, 12 December
- *Reading the Markets USD – We still pencil in the first rate cut in March*, 12 December

Editor

Chief Analyst
Minna Kuusisto
+358 44 260 9979
minna.kuusisto@danskebank.com

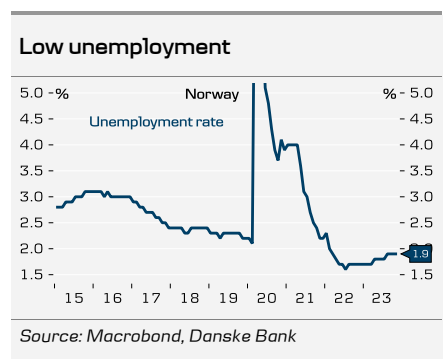
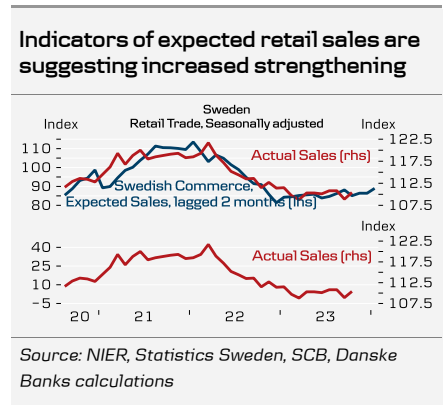
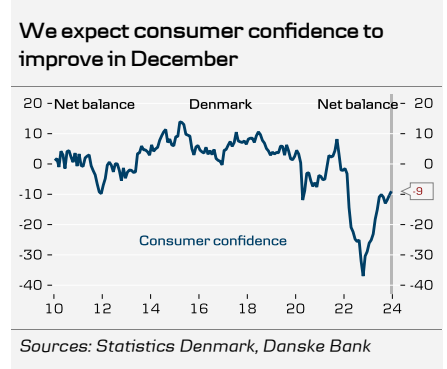
Scandi market movers

- In **Denmark**, we get consumer confidence for December on Wednesday. In November, consumer confidence improved, although sentiment was still overall negative at -10.3. The labour market is still going strong, with unemployment declining in November. Furthermore, inflation was low in November, and given the expected high wage growth, the purchasing power of the consumers is increasing. This is positive for consumer confidence, and we think it will improve again in December.
- In **Sweden**, before Christmas we get NIER’s economic tendency survey. As usual, we are especially curious about the service sector’s price plans and hiring plans. After a steadily decline from its peak, service sectors price plans started to rise again in August and have continued ever since. This is concerning as its sticky service inflation is one of the final trials for the Riksbank to overcome before they can declare victory over inflation and begin with the rate cuts. Last week the service PMI’s index for commodity and intermediate prices decreased slightly from heightened levels, which at least gives some hope.

Retail sale for November is also expected. Last month it recovered to the full extent from the 1.4 % mom SA seen in September. Hopefully this recovery can continue whereas it otherwise has been moving sideways ever since March this year. The Swedish commerce indicator for November showed that for the 18th month in a row, Swedish retailers have a negative view of the upcoming three months as it is below the neutral value of 100. However, this is a bit too simplistic view of the survey results. We weighted the answers of the business in the survey 50/50 between their expectations of sales of the whole retail industry and of their own business. When lagging the answers two months and comparing them to actual retail sales they are showing pronounced correlation ever since the pandemic. Doing the same with the answers in NIER’s survey showed a similar correlation. Concluding, looking forward, both indicators suggest increased retail sales growth in the last months of 2023.

Furthermore, we get PPI that decreased by -0.6% m/m in October and therefore may see a bounce upwards, as it has been volatile historically. The aggregated price level is 7.5% lower since its all-time high level in December last year. However, counting from when the increases took off back in August 2020 when the supply chain disruptions first began, PPI is still 34.5% higher. Governor Erik Thedéen will also discuss the economic situation and current monetary policy at an investor meeting arranged by Carnegie Fonder.

- Despite a clear slowdown in growth in **Norway**, the labor market has remained tight. Admittedly, there are fewer vacancies available and employment appears to have stalled. Nevertheless, unemployment remains low, and although we believe in higher unemployment in 2024, we expect that the seasonally adjusted unemployment was unchanged at 1.9% in December.



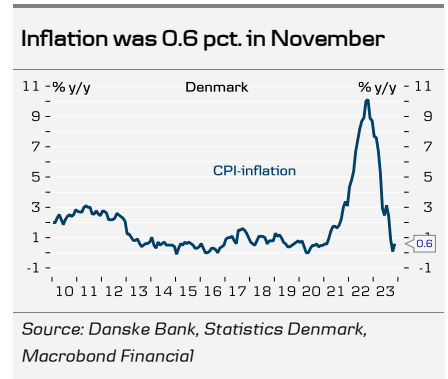
Scandi update

Denmark – Slight increase, but still low inflation in November

In **Denmark**, CPI-inflation printed at 0.6% y/y in November; an increase compared to 0.1% y/y in October. The key reason is a smaller base effect from energy weighing on inflation. Core inflation declined to 3.0% y/y from 3.3% in October. The underlying price pressure has clearly faded, but the question now is when high wage growth starts to feed through to companies' price setting.

There were 500 fewer unemployed people in November than in October, the preliminary unemployment-indicator shows. This is the first time since March that unemployment has declined, and this is somewhat of a surprise given the recent decline in activity. However, we come from a period with a very tight labour market, and the latest numbers suggest employers are keen to fill the still relatively high number of open positions, and keep their employees for now. We expect that this will not last and that unemployment will steadily increase over the coming year, as the economy lands after the tightening of monetary policy.

Exports rose by 5.6% in October m/m. This time, pharmaceuticals in particular contributed to the increase in exports, after largely driving the decline in September. Previously, pharmaceutical exports have been growing, so in that sense, we are back to the same trend in October. Exports of machines and fuel also contributed to the increase in October.

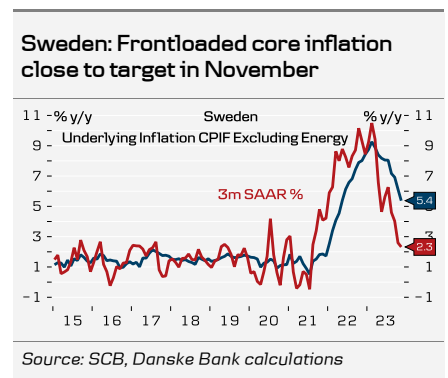


Sweden – Black Friday sales caused big core inflation drop

All three basic inflation measures undershot Danske Bank's and markets' November inflation forecast for all standard measures. Actually, the relatively small discrepancy versus CPI and CPIF is because electricity prices actually surprised to the upside (rising 25% m/m!). That makes the big downward surprise in core CPIF excl. energy even more impressive. Core CPIF excl. energy inflation turned out 0.4 percentage points below Riksbank's forecast, printing 5.4% y/y.

Details reveal that there was surprise sales on clothing, price cuts in November is not seasonally normal, and may be a sign of retailers coming under pressure. That said, the big drag on inflation was recreation and in this category swing factor charter packages dropped a quite normal 19% m/m while the audio, photo, IT and game stations (i.e. electronics in general) showed unusually huge price cuts, obviously a strong impact from Black Friday!

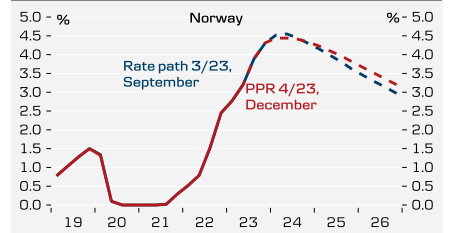
As seen in the withstanding chart, frontloaded core inflation has dropped quickly in recent months and printed just a tad above Riksbank's inflation target, at 2.3% SAAR.



Norge – Norges Bank delivered a surprise

Norges Bank hiked the policy rate by 25 bp. to 4.50%, which was a real surprise for us and the market. At the same time, the interest rate committee indicated that this is the rate peak. We believe that the central banks in other countries will deliver the first rate cuts during the first half of next year, perhaps as early as March, as inflation subsides and the risk of recession increases. Initially, it will open the way for NB to also cut rates during the first half of the year, but today's decision shows that NB still considers the inflation risk to be higher than the recession risk. This probably means that the threshold for cutting rates is higher than we have thought. Hence, we now expect NB to keep the policy rate at 4.50% until they deliver the first rate cut June, and follow up with cuts in August, September, November and December.

Lower rate path



Source: Macrobond, Danske Bank

Calendar – 18-22 December 2023

Monday, December 18, 2023				Period	Danske Bank	Consensus	Previous
10:00	DEM	IFO - business climate	Index	Dec		87.8	87.3
10:00	DEM	IFO - current assessment	Index	Dec		89.8	89.4
10:00	DEM	IFO - expectations	Index	Dec		86.0	85.2
14:30	EUR	ECB's Schnabel speaks					
16:00	USD	NAHB Housing Market Index	Index	Dec		38.0	34.0
Tuesday, December 19, 2023				Period	Danske Bank	Consensus	Previous
-	JPY	BoJ policy rate	%		-0.1%	-0.1%	-0.1%
11:00	EUR	HICP inflation, final	m/mly/y	Nov	-0.5% 2.4%	-0.5% 2.4%	-0.5% 2.4%
11:00	EUR	HICP - core inflation, final	y/y	Nov	3.6%	3.6%	3.6%
14:00	HUF	Central Bank of Hungary rate decision	%		10.75%	10.8%	11.5%
14:30	CAD	CPI	m/mly/y	Nov		- 2.8%	- 3.1%
14:30	USD	Building permits	1000 (m/m)	Nov		1460	1498.0 (1.8%)
14:30	USD	Housing starts	1000 (m/m)	Nov		1360	1372.0 (1.9%)
18:30	USD	Fed's Bostic speaks					
Wednesday, December 20, 2023				Period	Danske Bank	Consensus	Previous
0:50	JPY	Exports	y/y (%)	Nov		0.0	0.0
0:50	JPY	Import	y/y (%)	Nov		-0.1	-0.1
0:50	JPY	Trade balance, s.a.	JPY bn	Nov		-734.9	-462.0
8:00	DKK	Consumer confidence	Net. bal.	Dec	-9		-10.3
8:00	GBP	CPI	m/mly/y	Nov		0.2% 4.4%	0.0% 4.6%
8:00	GBP	CPI core	y/y	Nov		5.5%	5.7%
8:00	DEM	GfK consumer confidence	Net. Bal.	Jan			-27.8
10:00	EUR	Current account	EUR bn	Oct			31.2
14:30	USD	Current account	USD bn	3rd quarter		-196.5	-212.1
16:00	EUR	Consumer confidence, preliminary	Net bal.	Dec			-16.9
16:00	USD	Existing home sales	m (m/m)	Nov		3.77	3.79 -0.041
16:00	USD	Conference Board consumer confidence	Index	Dec		103.4	102.0
16:30	USD	DOE U.S. crude oil inventories	K				-425.8
Thursday, December 21, 2023				Period	Danske Bank	Consensus	Previous
0:05	TRY	Central Bank of Turkey rate decision	%		42.5%	42.5%	40.0%
8:45	FRF	Business confidence	Index	Dec			97.0
9:00	SEK	Consumer confidence	Index	Dec			72.8
9:00	SEK	Economic Tendency Survey	Index	Dec			84.6
9:00	SEK	Manufacturing confidence	Index	Dec			99.1
10:00	NOK	Unemployment	%	Dec	1.9%		1.8%
14:30	USD	Philly Fed index	Index	Dec		-3.0	-5.9
14:30	USD	Initial jobless claims	1000				202
14:30	CZK	Czech republic central bank rate decision	%		7.0%	6.8%	7.0%
14:30	USD	GDP, third release	q/q AR	3rd quarter		0.052	0.052
14:30	CAD	Retail sales	m/m	Oct		0.8%	0.6%
14:30	USD	PCE core	q/q AR	3rd quarter			0.023
Friday, December 22, 2023				Period	Danske Bank	Consensus	Previous
0:30	JPY	CPI - national	y/y	Nov		2.7%	3.3%
0:30	JPY	CPI - national ex. fresh food	y/y	Nov		2.5%	2.9%
8:00	DKK	Retail sales	m/mly/y	Nov			0.3% 3.7%
8:00	DKK	GDP, final	q/qly/y	3rd quarter			-0.1%
8:00	SEK	Retail sales s.a.	m/mly/y	Nov			1.4% -1.0%
8:00	SEK	PPI	m/mly/y	Nov			-0.6% -3.7%
8:00	SEK	Wages (blue collars/white collars)	y/y	Oct			4.6%
8:00	NOK	Credit indicator (C2)	y/y	Nov			3.7%
8:00	GBP	GDP, final	q/qly/y	3rd quarter		0.0% 0.6%	0.0% 0.6%
8:00	GBP	Retail sales ex fuels	m/mly/y	Nov		0.0%	-0.1% -2.4%
8:45	FRF	Consumer confidence	Index	Dec			87.0
9:00	ESP	GDP, final	q/qly/y	3rd quarter			0.3% 1.8%
14:30	USD	Core capital goods orders, preliminary	%	Nov		0.1%	-0.3%
14:30	USD	Personal spending	m/m	Nov		0.2%	0.2%
14:30	USD	PCE headline	m/mly/y	Nov		0.0% 2.8%	0.0% 3.0%
14:30	CAD	GDP	m/mly/y	Oct			0.1% 0.6%
14:30	USD	PCE core	m/mly/y	Nov		0.2% 3.4%	0.2% 3.5%
16:00	USD	New home sales	1000 (m/m)	Nov		688	679.0 (-5.6%)
16:00	USD	University of Michigan Confidence, final	Index	Dec		69.4	69.4

Source: Danske Bank

Calendar – 25-29 December 2023

Monday, December 25, 2023				Period	Danske Bank	Consensus	Previous
6:00	JPY	Leading economic index, final	Index	Oct			108.7
Tuesday, December 26, 2023				Period	Danske Bank	Consensus	Previous
0:30	JPY	Unemployment rate	%	Nov			2.5%
0:30	JPY	Job-to-applicant ratio		Nov			1.3
15:00	USD	FHFA house price index	m/m	Oct			0.6%
Wednesday, December 27, 2023				Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/mly/y	Nov			1.2% -0.1%
-	DEM	Retail sales	m/mly/y	Nov			1.2% -0.1%
2:30	CNY	Industrial profits	y/y	Nov			2.7%
8:00	NOK	Retail sales, s.a.	m/m	Nov			0.6%
Thursday, December 28, 2023				Period	Danske Bank	Consensus	Previous
0:50	JPY	Industrial production, preliminary	m/mly/y	Nov			1.3% 1.1%
0:50	JPY	Retail trade	m/mly/y	Nov			-1.7% 4.1%
8:00	SEK	Trade balance	SEK bn	Nov			8.9
14:30	USD	Advance goods trade balance	USD bn	Nov			-89.6
14:30	USD	Initial jobless claims	1000				
16:00	USD	Pending home sales	m/mly/y	Nov			-1.5% -6.6%
17:00	USD	DOE U.S. crude oil inventories	K				
Friday, December 29, 2023				Period	Danske Bank	Consensus	Previous
8:00	SEK	Household lending	y/y	Nov			0.6%
9:00	ESP	HICP, preliminary	m/mly/y	Dec			-0.5% 3.3%
9:00	CHF	KOF leading indicator	Index	Dec			96.7
10:00	NOK	Norges Bank's daily FX purchases	m	Jan			1400
15:45	USD	Chicago PMI	Index	Dec		50.0	55.8

Source: Danske Bank

Calendar – 1-5 January 2024

During the week					Period	Danske Bank	Consensus	Previous
Sun 31	CNY	PMI manufacturing	Index	Dec				49.4
Sun 31	CNY	PMI non-manufacturing	Index	Dec				50.2
Monday, January 1, 2024					Period	Danske Bank	Consensus	Previous
Tuesday, January 2, 2024					Period	Danske Bank	Consensus	Previous
2:45	CNY	Caixin PMI manufacturing	Index	Dec				50.7
7:00	EUR	S&P may publish Netherlands's debt rating		Dec				44.9
8:30	SEK	PMI manufacturing	Index	Dec				49.0
9:15	ESP	PMI manufacturing	Index	Dec				46.3
9:45	ITL	PMI manufacturing	Index	Dec				44.4
9:50	FRF	PMI manufacturing, final	Index	Dec				42.0
9:55	DEM	PMI manufacturing, final	Index	Dec				43.1
10:00	NOK	PMI manufacturing	Index	Dec				49.9
10:00	EUR	S&P may publish Greece's debt rating		Dec				50.9
10:00	EUR	PMI manufacturing, final	Index	Dec				44.2
10:00	EUR	Money supply (M3)	y/y	Nov				-1.0%
10:30	GBP	PMI manufacturing, final	Index	Dec				46.4
14:30	USD	Construction spending	m/m	Nov				0.6%
15:30	CAD	RBC manufacturing PMI	Index	Dec				47.7
15:45	USD	Markit PMI manufacturing, final	Index	Dec				
17:00	DKK	Currency reserves	DKK bn	Dec				616.7
Wednesday, January 3, 2024					Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Dec				15.32
9:55	DEM	Unemployment	%	Dec				5.9%
16:00	USD	ISM manufacturing	Index	Dec				46.7
16:00	USD	JOLTS Job openings	K	Nov				8733 8733
20:00	USD	FOMC minutes						
Thursday, January 4, 2024					Period	Danske Bank	Consensus	Previous
1:30	JPY	Nikkei Manufacturing PMI, final	Index	Dec				47.7
2:45	CNY	Caixin PMI service	Index	Dec				51.5
8:30	SEK	PMI services	Index	Dec				48.3
8:45	FRF	HICP, preliminary	m/mly/y	Dec				-0.2% 3.9%
9:15	ESP	PMI services	Index	Dec				51.0
9:45	ITL	PMI services	Index	Dec				49.5
9:50	FRF	PMI services, final	Index	Dec				44.3
9:55	DEM	PMI services, final	Index	Dec				48.4
10:00	EUR	PMI composite, final	Index	Dec				47.0
10:00	EUR	PMI services, final	Index	Dec				48.1
10:30	GBP	PMI services, final	Index	Dec				52.7
14:00	DEM	HICP, preliminary	m/mly/y	Dec				-0.7% 2.3%
14:15	USD	ADP employment	1000	Dec				103
14:30	USD	Initial jobless claims	1000	Dec				
15:45	USD	Markit PMI service, final	Index	Dec				
17:00	USD	DOE U.S. crude oil inventories	K					
Friday, January 5, 2024					Period	Danske Bank	Consensus	Previous
1:30	JPY	Markit PMI services, final	Index	Dec				52.0
6:00	JPY	Consumer confidence	Index	Dec				36.1
8:00	DKK	Gross unemployment s.a.	K (%)	Nov				0.028
9:00	CHF	Foreign Currency Reserves	CHF bn	Dec				641.7
10:30	GBP	PMI construction	Index	Dec				45.5
11:00	EUR	PPI	m/mly/y	Nov				-9.4% 0.2%
11:00	EUR	HICP inflation, preliminary	m/mly/y	Dec		0.2% 2.9%		_ 2.4%
11:00	EUR	HICP - core inflation, preliminary	y/y	Dec		_ 3.3%		
11:00	ITL	HICP, preliminary	m/mly/y	Dec				-0.6% 0.6%
14:30	USD	Unemployment	%	Dec				3.7%
14:30	USD	Average hourly earnings, non-farm	m/mly/y	Dec		0.2% ...		0.4% 4.0%
14:30	USD	Non farm payrolls	1000	Dec		170		199
14:30	USD	Trade balance	USD bn	Nov				-64.3
14:30	CAD	Net change in full time employment	1000	Dec				59.6
16:00	USD	Core capital goods orders, final	%	Nov				
16:00	USD	ISM non-manufacturing	Index	Dec				52.7

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 ²	Public budget ³	Public debt ³	Current acc. ³
Denmark	2022	2.7	-1.6	-2.8	3.2	10.8	6.5	7.7	3.5	2.5	3.4	29.8	13.0
	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
Sweden	2022	3.0	1.8	-0.1	6.0	7.3	9.2	8.4	2.5	7.5	0.7	31.0	3.7
	2023	-0.2	-1.7	2.3	-1.0	2.6	0.7	8.6	4.0	7.6	-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
Norway	2022	3.8	6.2	1.1	5.2	4.7	12.3	5.8	4.3	1.8	-	-	-
	2023	1.1	-1.0	2.0	0.5	4.0	3.0	5.6	5.4	1.9	-	-	-
	2024	1.1	1.2	1.3	4.0	2.0	1.8	3.0	4.4	2.3	-	-	-

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 ²	Public budget ³	Public debt ³	Current acc. ³
Euro area	2022	3.4	4.2	1.6	2.8	7.4	8.0	8.4	3.1	6.7	-3.6	92.6	1.0
	2023	0.5	0.4	0.0	0.9	0.2	-0.3	5.5	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
Finland	2022	1.6	1.7	0.8	3.2	3.7	8.5	7.1	2.4	6.8	-0.8	73.3	-2.5
	2023	-0.5	-0.5	3.0	-5.5	-0.5	-4.5	6.2	4.0	7.3	-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

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 ²	Public budget ³	Public debt ³	Current acc. ³
USA	2022	1.9	2.5	-0.9	1.3	7.0	8.6	8.0	5.3	3.6	-5.5	123.3	-3.9
	2023	2.4	2.1	3.9	0.4	1.7	-2.1	4.1	4.3	3.7	-5.8	124.6	-3.0
	2024	1.1	0.2	3.3	3.1	-1.7	0.4	2.4	3.2	4.4	-5.8	126.8	-2.8
China	2022	3.0	2.8	-	4.0	-	-	2.0	-	5.5	-7.5	77.0	2.2
	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
UK	2022	4.3	-	-	-	-	-	9.1	-	3.7	-	-	-
	2023	0.5	-	-	-	-	-	7.4	-	4.2	-	-	-
	2024	0.0	-	-	-	-	-	2.8	-	4.6	-	-	-

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*	14-Dec	5.50	-	4.18	3.59	0.91	-	6.78	10.46	10.20
	+3m	5.50	-	4.55	4.05	0.92	-	6.84	10.92	10.55
	+6m	5.00	-	4.19	3.95	0.94	-	7.03	11.42	11.13
	+12m	4.75	-	3.95	3.85	0.96	-	7.16	11.63	11.35
EUR	14-Dec	4.00	3.89	2.97	2.59	-	1.10	7.4555	11.50	11.21
	+3m	4.00	3.96	3.45	3.15	-	1.09	7.4550	11.90	11.50
	+6m	3.75	3.71	3.14	2.99	-	1.06	7.4500	12.10	11.80
	+12m	3.25	3.22	2.70	2.85	-	1.04	7.4500	12.10	11.80
JPY	14-Dec	-0.10	-	-	-	0.006	0.007	4.79	7.38	7.20
	+3m	0.00	-	-	-	0.006	0.007	4.68	7.48	7.23
	+6m	0.00	-	-	-	0.007	0.007	4.95	8.04	7.84
	+12m	0.00	-	-	-	0.007	0.007	5.27	8.55	8.34
GBP*	14-Dec	5.25	-	4.34	3.56	1.16	1.06	8.65	13.34	13.01
	+3m	5.25	-	4.59	3.95	1.14	1.24	8.47	13.52	13.07
	+6m	5.25	-	4.38	3.79	1.12	1.19	8.37	13.60	13.26
	+12m	4.75	-	4.20	3.70	1.12	1.17	8.37	13.60	13.26
CHF	14-Dec	1.75	-	-	-	1.05	1.15	7.83	12.08	11.78
	+3m	1.75	-	-	-	1.05	1.15	7.85	12.53	12.11
	+6m	1.50	-	-	-	1.06	1.13	7.93	12.87	12.55
	+12m	1.25	-	-	-	1.06	1.11	7.93	12.87	12.55
DKK	14-Dec	3.60	3.90	3.08	2.75	0.134	0.147	-	1.54	1.50
	+3m	3.60	3.90	3.61	3.31	0.134	0.146	-	1.60	1.54
	+6m	3.35	3.65	3.27	3.13	0.134	0.142	-	1.62	1.58
	+12m	3.10	3.18	2.85	3.00	0.134	0.140	-	1.62	1.58
SEK	14-Dec	4.00	4.04	3.00	2.45	0.089	0.098	0.66	1.03	-
	+3m	4.00	4.12	3.35	2.99	0.087	0.095	0.65	1.03	-
	+6m	4.00	3.95	2.98	3.01	0.085	0.090	0.63	1.03	-
	+12m	3.50	3.47	2.80	2.95	0.085	0.088	0.63	1.03	-
NOK	14-Dec	4.50	4.80	3.95	3.33	0.087	0.096	0.65	-	0.98
	+3m	4.50	4.73	4.25	3.65	0.084	0.092	0.63	-	0.97
	+6m	4.25	4.36	3.92	3.48	0.083	0.088	0.62	-	0.98
	+12m	3.25	3.48	3.65	3.35	0.083	0.086	0.62	-	0.98

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

Commodities

	14-Dec	2023				2024				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024
ICE Brent	77	82	78	86	80	80	80	80	80	81	80

Source Danske Bank

Disclosures

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

Analyst certification

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

Regulation

Danske Bank is authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Danske Bank is authorised by the Prudential Regulation Authority in the UK and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Danske Bank's research reports are prepared in accordance with the recommendations of Capital Market Denmark.

Conflicts of interest

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

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

Danske Bank is a market maker and liquidity provider and may hold positions in the financial instruments mentioned in this research report.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to the companies mentioned in this publication and have whatever rights are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding the companies mentioned in this publication that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual fixed income asset.

We base our conclusion on an estimation of the financial risk profile of the financial asset. By combining these risk profiles with market technical and financial asset-specific issues such as rating, supply and demand factors, macro factors, regulation, curve structure, etc., we arrive at an overall view and risk profile for the specific financial asset. We compare the financial asset to those of peers with similar risk profiles and on this background, we estimate whether the specific financial asset is attractively priced in the specific market. We express these views through buy and sell recommendations. These signal our opinion about the financial asset's performance potential in the coming three to six months.

More information about the valuation and/or methodology and the underlying assumptions is accessible via <https://danskeci.com/ci/research/research-disclaimer>. Select *Fixed Income Research Methodology*.

Risk warning

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

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the final page of this research report for the date and time of completion and first dissemination.

Validity time period

This communication as well as the communications in the list referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

Investment recommendations disseminated in the preceding 12-month period

A list of previous investment recommendations disseminated by the lead analyst(s) of this research report in the preceding 12-month period can be found at <https://danskeci.com/ci/research/research-disclaimer>. Select *Fixed Income Trade Recommendation History*

Other previous investment recommendations disseminated by Danske Bank are also available in the database.

See <https://danskeci.com/ci/research/research-disclaimer> for further disclosures and information.

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

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

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

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

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

Disclaimer related to distribution in the United States

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

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

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

Disclaimer related to distribution in the United Kingdom

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

Disclaimer related to distribution in the European Economic Area

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

Report completed: 15 December 2023, 13:45 CET

Report first disseminated: 15 December 2023, 14:00 CET