

Weekly Focus

Central banks choose the hawkish path

Central banks were in the spotlight this week, and the general outcome was on the hawkish side. The **Federal Reserve** brought its forward guidance more in line with what markets and analysts had already been expecting, signalling an end to the QE purchases already by March and the updated ‘dots’ pointing towards three rate hikes in 2022. Powell highlighted that the decline in labour force has proven more persistent than expected, and tight labour market conditions warrant tightening even if some of the inflation pressures will moderate next year. The overall message was in line with our views, but we now think the first hike is likely to materialize already in May. Read our more in-depth take in *Fed Research - Review: Catching up to reality - first rate hike likely in May*, 15 December.

The **ECB’s** message was more mixed, though still to the hawkish side of expectations. PEPP net purchases will end by March and the APP purchases will be temporarily increased to EUR40bn/month in Q2 and EUR30bn/month in Q3 in order to smooth out the PEPP ending. ECB still left the APP open-ended, and the purchases will continue from Q4 2022 at a pace of EUR20bn/month, until ‘shortly before’ the first rate hike. While we do not look for rate hikes in 2022-2023, we cannot rule out a hike in 2023, and the market continues to price in the first 10bp hike in December 2022. PEPP reinvestments will also continue one year longer than previously communicated (until the end of 2024), as ECB emphasized flexibility ahead of still high uncertainty. ECB did clearly raise its inflation forecasts, although it still sees inflation falling below their target to 1.8 % in 2023-2024. Read more in *Flash: ECB Review - Data dependent means flexibility and optionality*, 16 December.

Bank of England delivered perhaps the most hawkish surprise of the week, hiking rates by 15bp as inflation pressures have continued to rise. BoE pointed towards a gradual hiking cycle, which we agree on, but continue to see market’s pricing as too hawkish. **Norges Bank** faced a similar uncertainty following renewed pandemic restrictions in Norway, but decided to stick with the expected 25bp hike. Importantly, Norges Bank still expects to continue normalizing monetary policy going forward, the rate path points towards the next hike in March and the end of the path was even lifted slightly. Read our review in *Reading the Markets Norway: NB hikes policy rates and maintains firm tightening bias*, 16 December. On the other end of the spectrum, the **Central Bank of Turkey** continued cutting rates by 100bp to 14% despite the rising inflation. Communication from Erdogan shows no signs of policy turnaround, which is reflected in the ever depreciating lira.

Over the next three weeks, we will keep an eye on **US PCE** and **Capex** data next Thursday for signs of continuing rise in private goods demand and capital investment, as well as the **Jobs report** on 7 January. The focus will be on labour force participation, where we only expect a gradual recovery. **Euro area consumer confidence**, due next Tuesday, could fall from the current high levels on the back of the Omicron. **Euro area December HICP**, due for release 7 January, is likely to come slightly down from November peak, both in terms of headline and core inflation. Core goods and recently elevated natural gas prices pose upside risks. As a next step in the renewed **Chinese** easing, we see a 50-50 risk of a Loan Prime Rate cut on Monday. Growth-wise, we are likely near the bottom, which should also be reflected in PMIs near year, with the December figures released around New Year.

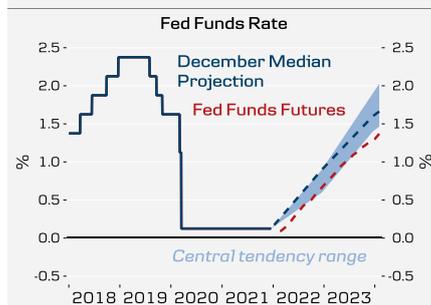
Key market movers

- **Monday 20 Dec:** China LPR
- **Thursday 23 Dec:** US PCE and Durable Goods
- **Wednesday 5 Jan:** US ADP, FOMC Minutes
- **Friday 7 Jan:** Euro Area Flash HICP, US December Jobs Report

Selected reading from Danske Bank

- *Flash: ECB Review - Data dependent means flexibility and optionality*, 16 December
- *Reading the Markets Norway: NB hikes policy rates and maintains firm tightening bias*, 16 December
- *Fed Research - Review: Catching up to reality - first rate hike likely in May*, 15 December

Fed now better aligned with markets and consensus



Source: Macrobond Financial, CBOT

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Scandi market movers

- In **Denmark**, we are scheduled to receive December's consumer expectations on Tuesday. Consumer confidence has taken a severe knock in recent months, driven lower in part by a significant deterioration in expectations for both the Danish economy and consumers' own household finances. High energy prices and a rising infection rate likely mean this picture remains largely unchanged in December. That being said, the labour market continues to expand and house prices are still rising slightly, which should lend some support to consumer confidence.

Wage-earner employment for October is due on the same day. The number of employees has increased for the past 8 months. Meanwhile, unemployment continued to tumble in October, which tends to indicate yet another surge in the number of people in work.

Thursday should bring revised national accounts figures for Q3 21, and we could well see the current figure for GDP growth of 0.9% revised higher – at least, that is what the massive, DKK44bn, upward revision to corporate sales in Q3 21 would indicate.

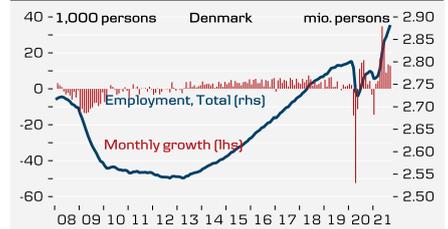
Business confidence indicators are due in the first week of the new year, and we will be keeping a particular eye on whether the labour shortage problem has eased. We should also get registered unemployment figures for November. Will the already tight labour market tighten even further? Ministry of Employment figures point to yet another substantial decline of around 6,000 in seasonally adjusted unemployment.

- In **Sweden**, next week gives us the business confidence survey from NIER (Tuesday) and retail sales (Wednesday). We look out for information about changes in business sentiment given the recent focus on Covid-19. New cases have increased in Sweden but so far remain quite low. But given the development in the rest of the Nordics (especially Norway) it could be just a matter of time - this remains to be seen. Sweden however is a small open economy and hence is very much affected by what is happening in the rest of the world, and we have seen lower export orders but also domestic orders have trended lower since July. Indicators for price plans will also be of large interest, as mentioned earlier - we expect inflation to come down in 2022. November retail sales will also give a heads up how household consumption developed during the month.

Last but not least PMI's for both the manufacturing industry and the services sector will be released by the beginning of January. We look out for same thing as in NIER, the difference between NIER and PMI's is that NIER is a broader measure while PMI rather reflects larger businesses and services more related to the business sector and not consumer closed services. PMIs also gives further information about if further reliefs in supply chain problems can be seen.

- In **Norway**, retail sales are still more than 7% above pre-Covid levels despite having come down some way from their peak. Part of the fall is down to a shift in spending away from goods in favour of services as more of the economy reopened. Last month, however, consumers really began to feel the effects of higher power prices. Together with reports of only moderate sales during Black Week, this means that we expect retail sales to drop 1% m/m in November.

Source: Statistics Denmark, Danske Bank, Macrobond Financial



Source: Statistics Denmark, Danske Bank, Macrobond Financial

PMI's Manufacturing - Sweden is holding up



Source: Macrobond

Retail sales still high



Source: Macrobond, Danske Bank

Scandi update

Denmark – Stronger activity levels in Q3 21 than reckoned

Corporate sales in October were largely unchanged from September if we ignore energy, indicating a strong start to Q4 21 – even after adjusting for price growth. However, what was more notable here was a massive upward revision of DKK44bn to Q3 21 corporate sales.

The government has just published its views on the Danish economy in its latest Economic Survey. The government is relatively optimistic and does not expect the pandemic to noticeably affect the growth outlook. They look for growth of 2.8% next year and above trend growth of 2.1% in 2023. They assume a soft landing, though with higher wage growth and somewhat higher inflation.

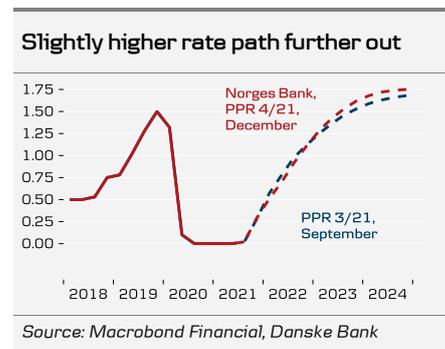
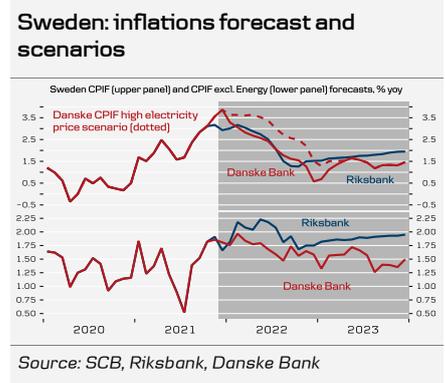
Sweden – unusually high November core inflation print, but still 2021 shows normal prices gains

To be sure, both November headline and core inflation was higher than we had expected printing 3.4 % yoy and 1.9% yoy respectively. So does this mean a real problem is looming? The answer is no. Why?

First, headline is driven mainly by energy prices (mostly electricity). This a result of energy policies in EU causing higher gas and electricity prices which spills over on Sweden’s electricity area 4 (southern) and in turn affecting other areas. But it is also a result of Swedish energy policies reducing stable, plannable nuclear power with volatile non-plannable wind power at the same time as transfer is limited. These high prices are expected to go even higher in December before turning lower in February and return to normal by May. But this is a guess and therefore we have an alternative scenario in which prices basically remain a recent extremes. Secondly, although higher than expected in November, the accumulated price gain in core inflation in 2021 is normal, comparable to the years before Covid-19 struck in 2020. The reason that we see relatively high core inflation in recent months is mostly that price gains were low in 2020, not that they are unduly high now. Hence, inflation is backloaded rather than frontloaded. Part of the explanation is also that seasonal patterns mainly in transportation services and recreation have been battered by Covid causing a whipsawing pattern for core inflation. Thirdly, looking forward, there is no evidence that higher energy prices are causing significant second round effects on, for instance, rent agreements or wage growth. The Q4 Prospera survey revealed that wage expectations just rose marginally while inflation expectations rose quite markedly. Suggestive that the expectations link is weak. Hence, we expect accumulated price increases in core CPIF to be fairly normal in 2022 too.

Norway – Normalisation of interest rates continues

As we predicted, albeit with decreasing certainty, Norges Bank raised its policy rate by 25bp to 0.5% during the week and signalled that it will most likely go up again in March. The projections in the monetary policy report show (at least) two further hikes next year and slightly more than two more in 2023 and 2024, taking the policy rate to just over 1.75% at the end of 2024. This is a moderate upward revision of the interest rate path in the September monetary policy report, due simply to capacity utilisation in the Norwegian economy (including the labour market) being higher than expected, and rising wage and price expectations. Meanwhile, the central bank does of course acknowledge that the latest Covid restrictions and high power prices will put a damper on growth in the near term, but finds that these are most likely temporary factors that will not reduce growth sufficiently on their own to prevent stronger wage and price growth. At the short end, through to around September 2022, the bank’s projections have been revised down slightly, reflecting the



growing uncertainty in the near term. The bank also says straight out that if infections rise to the point where more stringent and/or protracted restrictions are needed, the March hike could be pushed back. In this case, the signalled rate increases will be postponed rather than cancelled. On the other hand, the bank expresses concern about rising wage and price inflation, which could cause the policy rate to be raised more quickly than forecast. We largely share Norges Bank's view of the outlook for the Norwegian economy, so we too expect the policy rate to go up again in March, with two further hikes in 2022. The risk here is clearly to the upside, and we are much more likely to see four hikes next year than two. We then expect two further rate increases in 2023, taking the policy rate to 1.75% in autumn that year, again with the risk to the upside.

Activity tracker

Euro area	Last obs	Value	Last 4 months	1W chg.	1M chg.	Low
Bundesbank weekly activity index*	Week 50	0.17		0.11	0.32	-6.1
German truck toll mileage (1w m.a.), % y/y	08-Dec	0.0%		-0.5 p.p.	-3.5 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	15-Dec	28.4%		-11.1 p.p.	-58.9 p.p.	-100%
USA						
NY Fed weekly economic index*	Week 50	7.69		0.47	0.82	-11.3
Transaction card spending, (1w m.a.), % y/y	10-Dec	16.2%		-2 p.p.	-12.7 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	15-Dec	-12.4%		1.9 p.p.	-10.9 p.p.	-100%
Google mobility trends retail & recreation (1w m.a.)**						
Germany	13-Dec	-12.7%		-1.1 p.p.	-5.9 p.p.	-67.3%
France		-2.9%		2.4 p.p.	6 p.p.	-88.0%
Italy		-9.0%		-0.9 p.p.	-0.4 p.p.	-88.9%
Spain		-11.6%		-1.3 p.p.	-0.1 p.p.	-91.7%
UK		-8.0%		0 p.p.	2.1 p.p.	-77.6%
Japan		-3.0%		1 p.p.	3.4 p.p.	-37.9%
United States		-6.4%		-0.3 p.p.	-0.9 p.p.	-46.1%
Electricity demand (1w m.a.)***						
Germany	16-Dec	-3.1%		-0.7 p.p.	1.1 p.p.	-6.2%
France		0.8%		-1.5 p.p.	1.6 p.p.	-22.0%
Italy		2.0%		-4.2 p.p.	0.4 p.p.	-8.8%
Spain		-4.3%		-2.4 p.p.	-1.8 p.p.	-23.6%
UK		0.0%		0 p.p.	0 p.p.	-22.2%
Japan		1.4%		-15.4 p.p.	2.4 p.p.	-7.3%
United States		-4.2%		0.1 p.p.	-1.1 p.p.	-12.5%

*NOWcast, Actual index value, **Relative to same day/week in 2019, *** Relative to same day/week in 15-19 avg.

Source: Google mobility data, ENTSO-E, EIA, Open Table, Statistisches Bundesamt, TextilWirtschaft, Bundesbank, NY Fed, Macrobond Financial

Calendar

Monday, December 20, 2021				Period	Danske Bank	Consensus	Previous
2:30	CNY	PBoCs 1-Year Loan Prime Rate	%			3.85	3.85
10:00	EUR	Current account	EUR bn	Oct			18.7
Tuesday, December 21, 2021				Period	Danske Bank	Consensus	Previous
8:00	DEM	GfK consumer confidence	Net. Bal.	Jan		-3.2	-1.6
8:00	DKK	Consumer confidence	Net. bal.	Dec			-2
8:00	DKK	Retail sales	m/mly/y	Nov			1.7% -2.5%
9:00	SEK	Consumer confidence	Index	Dec			99.7
9:00	SEK	Economic Tendency Survey	Index	Dec			118.0
9:00	SEK	Manufacturing confidence	Index	Dec			126.6
14:30	USD	Current account	USD bn	3rd quarter		-205.4	-190.3
14:30	CAD	Retail sales	m/m	Oct			-0.6%
16:00	EUR	Consumer confidence, preliminary	Net bal.	Dec		-8.1	-6.8
Wednesday, December 22, 2021				Period	Danske Bank	Consensus	Previous
8:00	GBP	GDP, final	q/qly/y	3rd quarter		1.3%L	1.3% 6.6%
9:30	SEK	Retail sales s.a.	m/mly/y	Nov			0.4% 5.2%
9:30	SEK	PPI	m/mly/y	Nov			0.1% 16.8%
9:30	SEK	Wages (blue collars/white collars)	y/y	Oct			3.1%
14:30	USD	GDP, ___ release	q/q AR	3rd quarter		0.021	0.021
14:30	USD	PCE core	q/q AR	3rd quarter			0.045
16:00	USD	Existing home sales	m (m/m)	Nov		6.52	6.34 0.008
16:00	USD	Conference Board consumer confidence	Index	Dec		110.6	109.5
16:30	USD	DOE U.S. crude oil inventories	K				-4584
Thursday, December 23, 2021				Period	Danske Bank	Consensus	Previous
6:00	JPY	Leading economic index, final	Index	Oct			102.1
8:00	DKK	GDP, final	q/qly/y	3rd quarter			0.9%L
9:00	ESP	GDP, final	q/qly/y	3rd quarter		2.0%L	2.0% 2.7%
14:30	USD	Core capital goods orders, preliminary	%	Nov		0.6%	0.7%
14:30	USD	Initial jobless claims	1000				206
14:30	USD	Personal spending	m/m	Nov		0.5%	1.3%
14:30	USD	PCE headline	m/mly/y	Nov		0.6% 5.7%	0.6% 5.0%
14:30	CAD	GDP	m/mly/y	Oct			0.1% 3.4%
14:30	USD	PCE core	m/mly/y	Nov		0.4% 4.5%	0.4% 4.1%
16:00	USD	New home sales	1000 (m/m)	Nov		769	745.0 (0.4%)
16:00	USD	University of Michigan Confidence, final	Index	Dec		70.4	70.4
Friday, December 24, 2021				Period	Danske Bank	Consensus	Previous
0:30	JPY	CPI - national	y/y	Nov		0.5%	0.1%
0:30	JPY	CPI - national ex. fresh food	y/y	Nov		0.4%	0.1%

Source: Danske Bank

Calendar

Monday, December 27, 2021					Period	Danske Bank	Consensus	Previous
-	DEM	Retail sales	m/mly/y	Nov		0.6%	0.1% -3.3%	
0:50	JPY	Retail trade	m/mly/y	Nov			1.0% 0.9%	
2:30	CNY	Industrial profits	y/y	Nov			24.6%	
8:00	NOK	Retail sales, s.a.	m/m	Nov			1.0%	
Tuesday, December 28, 2021					Period	Danske Bank	Consensus	Previous
0:30	JPY	Unemployment rate	%	Nov		2.7%	2.7%	
0:30	JPY	Job-to-applicant ratio		Nov		1.16	1.15	
0:50	JPY	Industrial production, preliminary	m/mly/y	Nov		4.4% 3.2%	1.8% -4.1%	
9:30	SEK	Household lending	y/y	Nov			6.6%	
9:30	SEK	Trade balance	SEK bn	Nov			0.8	
15:00	USD	FHFA house price index	m/m	Oct			0.9%	
Wednesday, December 29, 2021					Period	Danske Bank	Consensus	Previous
10:00	EUR	Money supply (M3)	y/y	Nov		7.6%	7.7%	
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Nov		7.6%	7.7%	
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Nov		7.6%	7.7%	
14:30	USD	Advance goods trade balance	USD bn	Nov		-85.5	-82.9	
16:00	USD	Pending home sales	m/mly/y	Nov			7.5% -4.7%	
16:30	USD	DOE U.S. crude oil inventories	K					
Thursday, December 30, 2021					Period	Danske Bank	Consensus	Previous
9:00	ESP	HICP, preliminary	m/mly/y	Dec			0.2% 5.5%	
9:00	CHF	KOF leading indicator	Index	Dec			108.5	
10:00	NOK	Norges Bank's daily FX purchases	m	Jan			0	
10:00	EUR	ECB Publishes Economic Bulletin						
14:30	USD	Initial jobless claims	1000					
15:45	USD	Chicago PMI	Index	Dec			61.8	
Friday, December 31, 2021					Period	Danske Bank	Consensus	Previous
2:00	CNY	PMI manufacturing	Index	Dec			50.1	
2:00	CNY	PMI non-manufacturing	Index	Dec			52.3	

Source: Danske Bank

Calendar

Monday, January 3, 2022					Period	Danske Bank	Consensus	Previous
-	ITL	HICP, preliminary	m/mly/y	Dec				0.7% 3.9%
8:30	SEK	PMI manufacturing	Index	Dec				63.3
9:15	ESP	PMI manufacturing	Index	Dec				57.1
9:45	ITL	PMI manufacturing	Index	Dec			62.0	62.8
9:50	FRF	PMI manufacturing, final	Index	Dec			55.0	54.9
9:55	DEM	PMI manufacturing, final	Index	Dec				57.9
9:55	DEM	PMI services, final	Index	Dec				48.4
10:00	EUR	PMI manufacturing, final	Index	Dec			58.0	58.0
10:00	NOK	PMI manufacturing	Index	Dec				63.7
15:45	USD	Markit PMI manufacturing, final	Index	Dec				57.8
16:00	USD	Construction spending	m/m	Nov				0.2%
18:00	USD	Fed's Williams (voter, neutral) speaks						
Tuesday, January 4, 2022					Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Dec				12.86
1:30	JPY	Nikkei Manufacturing PMI, final	Index	Dec				54.2
2:45	CNY	Caixin PMI manufacturing	Index	Dec				49.9
8:30	CHF	CPI	m/mly/y	Dec				0.0% 1.5%
8:45	FRF	HICP, preliminary	m/mly/y	Dec				0.4% 3.4%
9:55	DEM	Unemployment	%	Dec			5.3%	5.3%
10:30	GBP	PMI manufacturing, final	Index	Dec				57.6
15:30	CAD	RBC manufacturing PMI	Index	Dec				57.2
16:00	USD	ISM manufacturing	Index	Dec				61.1
Wednesday, January 5, 2022					Period	Danske Bank	Consensus	Previous
6:00	JPY	Consumer confidence	Index	Dec				39.2
8:30	SEK	PMI services	Index	Dec				68.7
8:45	FRF	Consumer confidence	Index	Dec				99.0
9:15	ESP	PMI services	Index	Dec				59.8
9:45	ITL	PMI services	Index	Dec			54.0	55.9
9:50	FRF	PMI services, final	Index	Dec				57.1
10:00	EUR	PMI composite, final	Index	Dec			53.4	53.4
10:00	EUR	PMI services, final	Index	Dec			53.4	53.3
14:15	USD	ADP employment	1000	Dec				534
15:45	USD	Markit PMI service, final	Index	Dec				57.5
16:30	USD	DOE U.S. crude oil inventories	K					
20:00	USD	FOMC minutes						
Thursday, January 6, 2022					Period	Danske Bank	Consensus	Previous
1:30	JPY	Markit PMI services, final	Index	Dec				51.1
2:45	CNY	Caixin PMI service	Index	Dec				52.1
8:00	DKK	Gross unemployment s.a.	K (%)	Nov				0.031
8:00	DEM	Factory orders	m/mly/y	Nov			2.0%L	-6.9% -1.0%
10:30	GBP	PMI services, final	Index	Dec				53.2
11:00	EUR	PPI	m/mly/y	Nov				21.9% 5.4%
14:00	DEM	HICP, preliminary	m/mly/y	Dec				0.3% 6.0%
14:30	USD	Trade balance	USD bn	Nov				-67.1
14:30	USD	Initial jobless claims	1000					
16:00	USD	Core capital goods orders, final	%	Nov				
16:00	USD	ISM non-manufacturing	Index	Dec				69.1
Friday, January 7, 2022					Period	Danske Bank	Consensus	Previous
0:30	JPY	Labour cash earnings	y/y	Nov				0.2%
7:45	CHF	Unemployment	%	Dec				2.5%
8:00	NOK	Credit indicator (C2)	y/y	Nov				5.3%
8:00	NOK	Manufacturing production	m/mly/y	Nov				-0.9% 1.9%
8:00	NOK	Industrial production	m/mly/y	Nov				-5.3% 6.9%
8:00	DEM	Industrial production	m/mly/y	Nov			1.3% -0.5%	2.8% -0.6%
8:00	DEM	Trade balance	EUR bn	Nov				12.7
8:45	FRF	Household consumption	m/mly/y	Nov				-0.4% -5.3%
8:45	FRF	Industrial production	m/mly/y	Nov				0.9% -0.5%
10:30	GBP	PMI construction	Index	Dec				55.5
11:00	EUR	Retail sales	m/mly/y	Nov			0.3%L	0.2% 1.4%
11:00	EUR	Industrial confidence	Net bal.	Dec			14.1	14.1
11:00	EUR	Economic confidence	Index	Dec			116.8	117.5
11:00	EUR	Consumer confidence, final	Net bal.	Dec				
11:00	EUR	HICP inflation, preliminary	m/mly/y	Dec				0.4%L
11:00	EUR	HICP - core inflation, preliminary	y/y	Dec				2.6%
11:00	EUR	HICP inflation, preliminary	y/y	Dec			4.7%	4.9%
11:00	EUR	Service confidence	Net bal.	Dec				18.4
14:30	CAD	Net change in full time employment	1000	Dec				79.9
14:30	USD	Unemployment	%	Dec				4.2%
14:30	USD	Average hourly earnings, non-farm	m/mly/y	Dec				0.3% 4.8%
14:30	USD	Non farm payrolls	1000	Dec				210
21:00	USD	Consumer credit	USD bn	Nov				16.9

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	2020	-2.1	-1.4	-1.7	5.1	-7.0	-4.1	0.4	2.3	4.6	-0.2	42.1	8.1
	2021	4.0	3.4	3.8	8.9	3.5	3.3	1.8	3.1	3.9	-1.4	37.8	7.8
	2022	3.0	3.4	-0.8	2.9	6.1	5.1	1.8	2.8	3.2	0.4	36.9	7.6
Sweden	2020	-3.1	-4.7	-0.5	0.6	-5.2	-5.8	0.5	2.1	8.3	-2.8	37.7	1.5
	2021	3.9	3.8	2.9	6.5	6.0	7.3	2.0	2.7	8.8	-0.8	37.0	5.3
	2022	3.5	4.1	1.7	5.2	3.0	4.0	1.6	1.8	7.5	0.2	33.0	4.7
Norway	2020	-2.3	-6.6	1.8	-5.6	-1.2	-11.9	1.3	3.1	5.0	-	-	-
	2021	3.8	4.2	3.0	1.0	2.7	3.5	3.2	3.0	3.2	-	-	-
	2022	4.0	7.0	1.7	2.0	7.0	7.0	1.6	3.3	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 ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2020	-6.5	-8.0	1.3	-7.3	-9.4	-9.3	0.3	-0.6	7.9	-7.2	97.3	2.6
	2021	5.2	3.5	3.7	3.4	9.5	7.0	2.4	3.1	7.7	-6.9	99.8	3.1
	2022	4.0	6.4	1.2	2.0	6.5	6.8	2.5	2.0	7.3	-3.6	97.6	3.2
Germany	2020	-4.9	-6.1	3.5	-3.0	-10.1	-9.2	0.4	0.0	3.9	-4.3	68.7	6.9
	2021	2.7	-0.5	2.5	2.2	7.7	7.9	3.0	1.2	3.6	-4.9	71.4	6.6
	2022	4.0	6.9	1.2	2.5	5.4	6.7	2.5	1.8	3.2	-2.1	69.2	6.6
Finland	2020	-2.8	-4.7	0.3	-0.8	-6.8	-6.5	0.3	1.8	7.8	-5.5	69.6	0.8
	2021	3.3	4.0	2.5	4.0	3.5	4.5	2.0	2.5	7.7	-4.4	70.5	0.6
	2022	3.0	3.5	1.0	4.0	6.5	6.5	1.8	2.7	7.1	-2.6	70.5	0.6

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	2020	-3.4	-3.8	2.5	-2.7	-13.6	-8.9	1.2	4.8	8.1	-14.9	128.1	-2.9
	2021	5.4	7.8	0.7	7.8	3.7	13.2	4.7	3.9	5.4	-13.4	129.7	-3.5
	2022	3.5	2.9	0.8	3.6	1.9	3.3	4.5	4.6	4.0	-4.7	125.6	-3.5
China	2020	5.3	-0.8	-	4.6	-	-	2.5	4.0	-	-6.2	66.3	0.7
	2021	8.0	10.2	-	5.2	-	-	0.7	5.0	-	-5.6	68.9	3.0
	2022	4.5	6.0	-	3.0	-	-	2.0	5.5	-	-7.0	72.0	1.0
UK	2020	-9.7	-10.5	-6.3	-9.1	-14.7	-16.8	0.9	2.1	4.5	-12.9	102.3	-3.5
	2021	6.9	3.8	15.8	4.5	-3.0	1.0	2.6	4.9	4.6	-5.3	96.9	-3.4
	2022	5.1	6.1	3.3	6.5	3.3	4.8	5.2	3.2	4.0	-0.6	96.7	-5.3
Japan	2020	-4.7	-6.4	2.8	-4.3	-11.8	-7.3	-0.2	-	2.8	-	-	-
	2021	1.8	1.4	2.7	-1.1	10.9	5.9	-0.2	-	2.8	-	-	-
	2022	2.4	3.3	2.2	-0.5	3.0	2.0	0.4	-	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	17-Dec	0.25	0.22	0.85	1.46	113.2	-	656.7	898.4	907.3
	+3m	0.25	0.21	0.85	1.75	113.0	-	658.4	911.5	893.8
	+6m	0.25	0.42	1.10	1.85	112.0	-	664.7	928.6	919.6
	+12m	0.75	0.95	1.45	2.05	110.0	-	676.8	945.5	954.5
EUR	17-Dec	-0.50	-0.58	-0.37	0.09	-	113.2	743.6	1017.3	1027.4
	+3m	-0.50	-0.54	-0.25	0.35	-	113.0	744.0	1030.0	1010.0
	+6m	-0.50	-0.54	-0.20	0.50	-	112.0	744.5	1040.0	1030.0
	+12m	-0.50	-0.54	-0.10	0.65	-	110.0	744.5	1040.0	1050.0
JPY	17-Dec	-0.10	-0.08	0.01	0.10	120.5	113.3	6.17	8.44	8.53
	+3m	-0.10	-	-	-	126.6	112.0	5.88	8.14	7.98
	+6m	-0.10	-	-	-	124.3	111.0	5.99	8.37	8.29
	+12m	-0.10	-	-	-	119.9	109.0	6.21	8.67	8.76
GBP	17-Dec	0.25	0.10	1.08	1.00	85.2	133.0	873.3	1194.7	1206.5
	+3m	0.10	0.21	1.10	1.35	85.0	132.9	875.3	1211.8	1188.2
	+6m	0.25	0.46	1.35	1.55	84.0	133.3	886.3	1238.1	1226.2
	+12m	0.50	0.70	1.65	1.65	83.0	132.5	897.0	1253.0	1265.1
CHF	17-Dec	-0.75	-0.78	-0.57	-0.01	104.1	91.9	714.3	977.3	986.9
	+3m	-0.75	-	-	-	107.0	94.7	695.3	962.6	943.9
	+6m	-0.75	-	-	-	107.0	95.5	695.8	972.0	962.6
	+12m	-0.75	-	-	-	108.0	98.2	689.4	963.0	972.2
DKK	17-Dec	-0.60	-0.27	-0.10	0.32	743.64	656.71	-	136.81	138.16
	+3m	-0.60	-0.28	0.05	0.60	744.00	658.41	-	138.44	135.75
	+6m	-0.60	-0.28	0.08	0.75	744.50	664.73	-	139.69	138.35
	+12m	-0.60	-0.28	0.18	0.90	744.50	676.82	-	139.69	141.03
SEK	17-Dec	0.00	-0.10	0.22	0.80	1027.4	907.3	72.4	99.0	100.0
	+3m	0.00	-0.03	0.20	1.00	1010.0	893.8	73.7	102.0	-
	+6m	0.00	-0.03	0.20	0.95	1030.0	919.6	72.3	101.0	-
	+12m	0.00	-0.03	0.20	1.05	1050.0	954.5	70.9	99.0	-
NOK	17-Dec	0.25	0.84	1.47	1.69	1017.3	898.4	73.1	100.0	101.0
	+3m	0.50	1.10	1.70	2.05	1030.0	911.5	72.2	-	98.1
	+6m	0.75	1.31	1.80	2.10	1040.0	928.6	71.6	-	99.0
	+12m	1.00	1.62	2.15	2.25	1040.0	945.5	71.6	-	101.0

Commodities												
	17-Dec	2021				2022				Average		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2021	2022	
ICE Brent	74	55	65	70	75	75	75	75	75	66	75	

Source Danske Bank

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