

# Weekly Focus

## Make or break on Brexit

**Time is almost up for the UK and EU.** Almost a year after reaching the transition agreement and many soft deadlines later, the real hard deadline on 31 December is nearing rapidly. If the two sides do not find a trade agreement by then, the UK and EU will have to trade on WTO terms, at least until they negotiate something better. At the time of writing, the fishery rights and level playing field appear to be two areas of disagreement. It is difficult to say how close to a deal the two sides are but the strengthening GBP over the past week suggests financial markets are taking a positive view. In our view, the probability of a deal is 50-50 but comments in recent days have been more positive, suggesting, at least on the margin, that a deal is more likely than not. No deal would have large negative implications for the UK economy and the GBP, while Europe and, in particular, the global economy would feel less of an impact.

**Meanwhile the vaccination process is moving forward amid second waves.** Germany and The Netherlands went into new lockdowns this week and London moved to tier 3 after the virus flared up again, with Christmas looming just around the corner. Spain has also seen a new turn higher in COVID-19 cases over the past week. In the US, new cases are rising again, following the 'false peak' after Thanksgiving. On a positive note, this week saw the first vaccinations in the US and UK and Europe is due to follow very soon, providing vaccines to the most vulnerable groups. Further rollout of vaccines in H1 21 is extremely important for the normalisation of economic activity.

**Near term, however, there are signs that the re-escalation of the COVID-19 crisis in the US is starting to take a toll on the economy** (see our high frequency indicator table later in this document). US retail sales released for November contracted compared with October and new unemployment claims are ticking up. In Europe, the virus also continues to weigh on service sector activity. However, the PMI release for the euro area for November was better than expected, for both services and manufacturing. China's economy continues to look robust in Q4, with the growth rates for industrial production and retail sales notching slightly higher in November. We still look for a peak in Q1 as stimulus and 'catch-up effects' start to fade.

**With a still-large number of unemployed and temporary benefits running out in the US before the new year, US congress is working frantically to provide new support to the US economy.** It looks as though a smaller package than envisaged of around USD750bn will be approved, leaving out some of the controversial parts, such as aid to states and local government and protection of companies against lawsuits. This week, the Fed expressed concern about the outlook for the US economy in coming months due to COVID-19 restrictions but it saw a brighter outlook in H2 21 as vaccinations are rolled out. It still signals no rate hike in coming years and is set to continue its bond buying at the current pace for a long time.

**The combination of positive vaccine news, possible approval of a new US fiscal package and good macro data out of China in particular propelled risk markets higher this week.** Equity markets hit another record high. The positive risk sentiment supported the EUR/USD and Nordic and emerging market currencies rallied along with market-based expectations of higher inflation.

### Key market movers week 51

- COVID-19 developments and vaccine news, Brexit negotiations, US fiscal support package
- Wednesday: US monthly private consumption
- Friday: Japanese retail sales and unemployment

### Key market movers week 52

- Monday: Japanese industrial production
- Thursday: Chinese service and manufacturing PMIs

### Selected reading from Danske Bank

- *COVID-19 Update - Vaccination process is moving forward amid second waves*, 17 December
- *Spending Monitor - Spending drops as new restrictions take effect*, 17 December
- *Reading the Markets Norway - Norges Bank now signals first rate hike in March 2022*, 17 December
- *FX Strategy - From 1.10 to 1.30: EUR/USD straddle of 2021*, 15 December

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# Market movers Scandinavia

- Several key figures are due in **Denmark** ahead of Christmas. Monday should bring data for wage-earner employment in October, retail sales in November and consumer confidence in December. Wage-earner employment rose by more than 10,000 in September, which means that since May, 51,000 out of the 80,000 who lost their jobs in the spring had found new positions. Nevertheless, the labour market has slowed considerably since September, according to the daily unemployment figures from the Ministry of Employment. Holiday allowance payouts in October likely lent support to the retail and construction industries, in particular, but the autumn and winter generally look somewhat more challenging for the labour market given the newly imposed restrictions.

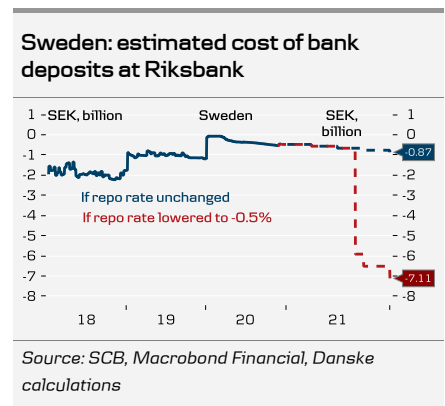
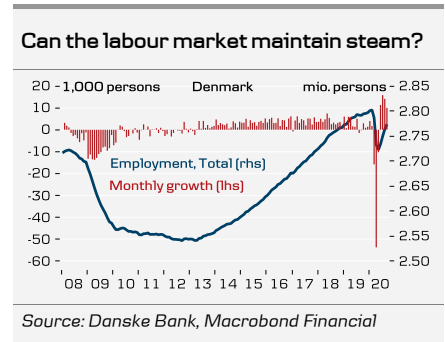
Retail sales received a huge boost in October from the holiday allowance payouts, rising 8.2% compared to September. The impact of the holiday allowance will have faded in November, but the big Black Friday sales, which so far have not been fully captured by the seasonal correction, and new corona-related restrictions, which have previously caused more money to be channelled into the retail sector, mean we will likely continue to see elevated retail sales in November.

We expect consumer confidence to fall further in December from -7.6 to -8.5. The decline will most likely be motivated by a more negative view on the Danish economy both now and in the future due to the new restrictions. Nevertheless, we expect confidence will again begin to pick up in the New Year as vaccines are rolled out and restrictions eased.

The next set of key figures are not due until after New Year, kicking off on 6 January with business confidence for December. The first few days of the New Year are also scheduled to bring property sales figures for October, industrial production and unemployment in November, and bankruptcies in December. Bankruptcy and housing market numbers have been surprisingly robust this year, which is unlikely to change now, though the other key figures will probably be a little less impressive.

We will also be releasing our own forecast for the Nordic economies on 7 January in Nordic Outlook, where we present our take on how the economies are performing at the moment and how they are likely to develop in the coming years.

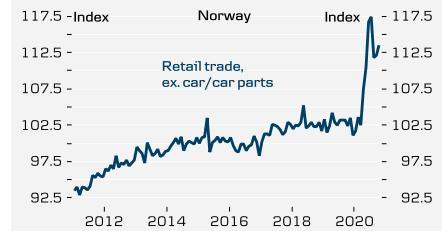
- In **Sweden** several Riksbank Board members have hinted that a rate cut may come into play again. Previously, it has been arguing that as long as the pandemic reduces demand a rate cut is not effective. A second, less emphasized reason, may be that growing interbank liquidity caused by the soaring QE programme will result in a considerable cost for the banking system if the repo rate is cut markedly into negative. We estimate that -0.5% repo rate would cost about SEK8bn in deposits. It seems a prerequisite for a rate cut is procyclical, i.e. pandemic easing with a lingering depressed state for inflation and inflation expectations, partially on the back of a further appreciation of the SEK. As we see it, the negative cost for banks could be dealt with by either introducing negative deposit rates for SMB/households or by wider lending margins. A 10bp margin adjustment in either of these would cover most of the cost for banks. This suggests even bigger repo cuts to say -1.0% would be manageable. Note that this is not our base case, but the probability for a rate cut has increased, not least as some Board members appear to question the efficacy of additional QE in terms of its impact on rates and spreads. There are also question marks about whether it crowds out investors into risky assets and raises financial fragility instead of reducing it.



In terms of data, NIER will release the December confidence report. It should reveal continued pressure on leisure sectors and maybe parts of the retail trade (which took a serious hit in November) while manufacturing/business services and construction should do well. Expect it to be OK overall. SCB releases the December business sector 'sales indicator'. The ensuing week trade balance is on the agenda, where we look for whether exports and imports are simply continuing to rise on a seasonally adjusted basis or not.

- In **Norway**, data is pretty thin on the ground at the end of the year, but we will get figures for retail sales in November between Christmas and New Year. Reports from Black Week suggest that the Christmas trading effect was very strong, with sales up around 9% on last year. We also expect the closure of some parts of the service sector at the beginning of the month to have helped steer spending towards goods. That said, retail sales in October were almost 11% higher than last year, so we expect a moderate decrease of 1% m/m.

#### Retail sales still way higher than last year



Source: Macrobond Financia, Danske Bank

# Scandi update

## Denmark – new restrictions for the rest of the year

Denmark’s government introduced new corona-related restrictions this week in an attempt to curb rising infection rates. Shopping centres and department stores are to remain closed from 17 December to 3 January. Service businesses, such as hairdressers, etc., have to close from 21 December, while the remainder of the retail sector has to close from 25 December. Younger school kids, who had still been attending classes up to now, will also be sent home from 21 December. The restrictions are destined to hit the retail sector particularly hard in the run-up to Christmas, but as they are set to be very short-lived – for now at least – much of the lost business can hopefully be recovered again quickly.

A series of relief packages has also been extended and expanded in connection with the new restrictions – including compensation for fixed costs for businesses covered by the schemes and support for cultural venues and sports and social associations, etc.

## Sweden – a relief, no new bad signs on the labour market despite new restrictions

November’s unemployment rate fell to 8.3% s.a. from 8.6% s.a. in October, in line with our forecast. Both employment and unemployment improved while the labour force was steady at the same level. According to the LFS, 88k workers were on temporary furloughs in November which is a high number, but well below the numbers seen during the spring – suggesting that this second wave of COVID-19 comes with a much lower economic impact. Hours worked rose during November compared to October, albeit marginally but in the right direction and decreasing the probability of an outright decline in Q4 as other indicators show stronger growth signals. We still lack a lot of Q4 data, but this week’s labour market data gives no indications of a second wave (so far at least) on the labour market.

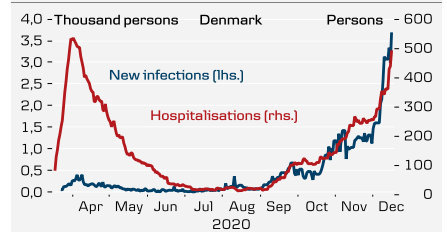
## Norway – policy rate unchanged but path revised up

As expected, Norges Bank left its policy rate at 0% and reiterated that it will ‘most likely remain at today’s level for some time ahead’, but it also added that its ‘policy rate forecast implies a rate at the current level for over a year ahead’. The rate-setting committee emphasised that the growth outlook is now brighter than in September, due presumably to a combination of growth having been stronger than expected and medium-term prospects having improved as a result of the positive news about vaccines.

In the accompanying monetary policy report, the bank presents a policy rate path showing a roughly 70% chance of a first rate hike in March 2022, as opposed to Q3 22 last time around. On the other hand, the bank repeated that the policy rate will be kept on hold ‘until there are clear signs that economic conditions are normalising’, which is a clear signal that the timing and size of future rate increases will (of course) depend on how the economy pans out. The rate path now shows two hikes in 2022 and a further increase of 42bp (1½ hikes) in 2023.

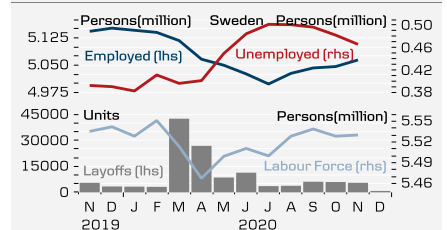
The economic projections are largely in line with our own expectations, although we believe that current activity levels are somewhat higher and that the bank’s interest rate signals are coloured by there still being some risk around vaccinations and the recovery. We still expect Norges Bank to deliver a first rate increase in December 2021, two more in 2022 and another two in 2023.

### Record infection rates prompt new restrictions



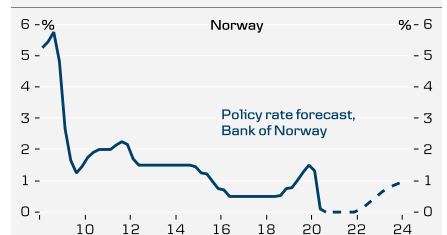
Source: Statistics Denmark, Macrobond Financial

### Swedish labour market continues to show strength



Source: SCB, AMS

### Interest rate path revised up



Source: Macrobond Financial, Norges Bank

- Google mobility trends in retail & recreation in Europe has improved slightly last week, but much of this can probably be explained by Christmas shopping. Further, German textile turnover has improved 12pp last week. We will keep an eye on any Christmas effects/ reversal in the new year. On the down side, electricity demand has decreased across Europe during the past week.
- In the US we are possibly starting to see a minor derailing of the recovery, with the NY Fed index falling for the second week in a row, yet still up on the past month. However, the electricity demand still remains at last year's level and Google mobility is higher than in the European economies. Finally, restaurant bookings continues bleeding with virtually no activity in Germany and only 1/3 in US compared to last year.

## Activity tracker

Euro area	Last obs	Value	Last 4 months	1W chg.	1M chg.	Low
Bundesbank weekly activity index*	Week 50	0.65		-0.28	-0.86	-6.1
Germany, turnover textiles retail trade, weekly, % y/y	Week 50	-12.0%		12 p.p.	15 p.p.	-44%
German truck toll mileage (1w m.a.), % y/y	09-Dec	3.9%		0.8 p.p.	2.1 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	16-Dec	-96.6%		-0.7 p.p.	0.2 p.p.	-100%
<b>USA</b>						
NY Fed weekly economic index*	Week 50	-2.70		-0.23	0.31	-11.5
Transaction card spending, (1w m.a.), % y/y	06-Dec	-15.2%		1.7 p.p.	-1.7 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	16-Dec	-66.6%		-2.3 p.p.	-19.8 p.p.	-100%
<b>Google mobility trends retail &amp; recreation (1w m.a.)**</b>						
Germany	13-Dec	-30.9%		-1 p.p.	0.1 p.p.	-62.1%
France		-29.7%		-1.3 p.p.	28.3 p.p.	-88.0%
Italy		-32.6%		6.9 p.p.	7.4 p.p.	-88.9%
Spain		-32.1%		0.4 p.p.	7.9 p.p.	-91.7%
UK		-33.0%		3.6 p.p.	18.6 p.p.	-77.6%
Japan		-9.1%		0.1 p.p.	-1.6 p.p.	-37.9%
United States		-20.1%		-0.7 p.p.	-2.4 p.p.	-46.1%
<b>Electricity demand (1w m.a.)***</b>						
Germany	16-Dec	-4.6%		-0.9 p.p.	-2.5 p.p.	-16.2%
France		-5.3%		-7.6 p.p.	11.3 p.p.	-23.1%
Italy		-3.2%		0 p.p.	2.5 p.p.	-28.2%
Spain		-3.1%		-4.3 p.p.	3.5 p.p.	-24.2%
UK		-7.2%		-8.4 p.p.	0.7 p.p.	-22.1%
Japan		-3.2%		-1.8 p.p.	0.2 p.p.	-18.3%
United States	17-Dec	-1.2%		0.5 p.p.	3.1 p.p.	-12.5%

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

Normal
Nearing normal
Some improvements
Bad
Very bad

\* NOWcast, Actual index value

\*\* Relative to same day/week in 2019

\*\*\* Relative to same day/week in 15-19 average

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

# Calendar

## Key Data and Events in Week 52

During the week			Period	Danske Bank	Consensus	Previous
Mon 21	EUR	EMA meeting discussing the Pfizer vaccine				
Monday, December 21, 2020			Period	Danske Bank	Consensus	Previous
-	EUR	EMA meeting discussing the Pfizer vaccine				
8:00	DKK	Consumer confidence	Net. bal.	Dec		-7.6
8:00	DKK	Retail sales	m/m/y/y	Nov		8.2% 13.6%
16:00	EUR	Consumer confidence, preliminary	Net bal.	Dec	-19.0	-17.6
Tuesday, December 22, 2020			Period	Danske Bank	Consensus	Previous
8:00	NOK	Unemployment (LFS)	%	Oct	5.2%	5.2%
8:00	DEM	GfK consumer confidence	Net. Bal.	Jan	-7.5	-6.7
9:00	SEK	Consumer confidence	Index	Dec		88.3
9:00	SEK	Economic Tendency Survey	Index	Dec		97.5
9:00	SEK	Manufacturing confidence	Index	Dec		110.6
9:30	SEK	Wages (blue collars/white collars)	y/y	Oct		1.9%
9:30	SEK	Retail sales s.a.	m/m/y/y	Nov		0.5% 3.6%
9:30	SEK	PPI	m/m/y/y	Nov		0.4% -4.2%
16:00	USD	Existing home sales	m (m/m)	Nov	6.7	6.85 0.043
16:00	USD	Conference Board consumer confidence	Index	Dec	97.5	96.1
Wednesday, December 23, 2020			Period	Danske Bank	Consensus	Previous
6:00	JPY	Leading economic index, final	Index	Oct		93.8
8:00	DKK	GDP, final	q/q/y/y	3rd quarter		4.9% ...
9:00	ESP	GDP, final	q/q/y/y	3rd quarter	16.7% -8.7%	16.7% -8.7%
14:30	USD	Core capital goods orders, preliminary	%	Nov		0.8%
14:30	USD	Initial jobless claims	1000			885
14:30	USD	Personal spending	m/m	Nov	-0.1%	0.5%
14:30	USD	PCE headline	m/m/y/y	Nov	0.1% 1.2%	0.0% 1.2%
14:30	CAD	GDP	m/m/y/y	Oct		0.8% -3.9%
14:30	USD	PCE core	m/m/y/y	Nov	0.1% 1.4%	0.0% 1.4%
15:00	USD	FHFA house price index	m/m	Oct	0.5%	1.7%
16:00	USD	University of Michigan Confidence, final	Index	Dec	80.9	81.4
16:00	USD	New home sales	1000 (m/m)	Nov	990	999.0 (-0.3%)
16:30	USD	DOE U.S. crude oil inventories	K			-3135
Thursday, December 24, 2020			Period	Danske Bank	Consensus	Previous
10:00	EUR	ECB Publishes Economic Bulletin				
12:00	TRY	Central Bank of Turkey rate decision	%		16.5%	15.0%
Friday, December 25, 2020			Period	Danske Bank	Consensus	Previous
0:30	JPY	Unemployment rate	%	Nov	3.1%	3.1%
0:30	JPY	Job-to-applicant ratio		Nov	1.04	1.04
0:50	JPY	Retail trade	m/m/y/y	Nov	-0.8% 1.7%	0.5% 6.4%

Source: Danske Bank

# Calendar

## Key Data and Events in Week 53

During the week			Period	Danske Bank	Consensus	Previous
Sun 27	EUR	Possible vaccination start date				
Sun 27	DEM	Retail sales	m/m y/y	Nov	-2.0% 2.3%	2.6% 8.6%
Sun 27	CNY	Industrial profits	y/y	Nov		28.2%
Monday, December 28, 2020			Period	Danske Bank	Consensus	Previous
0:50	JPY	Industrial production, preliminary	m/m y/y	Nov		4.0% -3.0%
8:00	NOK	Retail sales, s.a.	m/m	Nov		1.2%
Tuesday, December 29, 2020			Period	Danske Bank	Consensus	Previous
9:30	SEK	Household lending	y/y	Nov		5.4%
9:30	SEK	Trade balance	SEK bn	Nov		4.7
Wednesday, December 30, 2020			Period	Danske Bank	Consensus	Previous
9:00	ESP	HICP, preliminary	m/m y/y	Dec	... -0.6%	0.1% -0.8%
9:00	CHF	KOF leading indicator	Index	Dec	100.5	103.5
10:00	NOK	Norges Bank's daily FX purchases	m	Jan		-500
14:30	USD	Advance goods trade balance	USD bn	Nov	-81.8	-80.3
15:45	USD	Chicago PMI	Index	Dec	56.9	58.2
16:00	USD	Pending home sales	m/m y/y	Nov	-0.8% ...	-1.1% 19.5%
Thursday, December 31, 2020			Period	Danske Bank	Consensus	Previous
-	GBP	Brexit deadline				
2:00	CNY	PMI manufacturing	Index	Dec	51.9	52.1
2:00	CNY	PMI non-manufacturing	Index	Dec	56.3	56.4
Friday, January 1, 2021			Period	Danske Bank	Consensus	Previous
-	GBP	New EU-UK relationship comes into force				

Accuracy of figures, hours or dates stated above  
 For further information, call (+45) 45 12 85 22.

Source: Danske Bank

# Calendar

## Key Data and Events in Week 1

During the week				Period	Danske Bank	Consensus	Previous
<b>Monday, January 4, 2021</b>							
1:30	JPY	Nikkei Manufacturing PMI, final	Index	Dec			49.7
2:45	CNY	Caixin PMI manufacturing	Index	Dec		55.2	54.9
8:30	SEK	PMI manufacturing	Index	Dec			59.1
9:15	ESP	PMI manufacturing	Index	Dec			49.8
9:45	ITL	PMI manufacturing	Index	Dec		51.3	51.5
9:50	FRF	PMI manufacturing, final	Index	Dec		51.1	51.1
9:55	DEM	PMI manufacturing, final	Index	Dec		58.5	58.6
10:00	NOK	PMI manufacturing	Index	Dec			51.9
10:00	EUR	PMI manufacturing, final	Index	Dec		55.5	55.5
10:30	GBP	PMI manufacturing, final	Index	Dec		57.3	57.3
15:30	CAD	RBC manufacturing PMI	Index	Dec			55.8
15:45	USD	Markit PMI manufacturing, final	Index	Dec			56.5
16:00	USD	Construction spending	m/m	Nov			1.3%
16:00	USD	Fed's Evans (non-voter, neutral) speaks					
16:00	USD	Fed's Bostic (non-voter, neutral) speaks					
18:15	USD	Fed's Mester (voter, hawkish) speaks					
23:00	USD	Fed's Williams (voter, neutral) speaks					
<b>Tuesday, January 5, 2021</b>							
-	USD	Fed's Mester (voter, hawkish) speaks					
-	USD	Total vehicle sales	m	Dec			15.55
8:30	CHF	CPI	m/m y/y	Dec		0.0% -0.7%	-0.2% -0.7%
8:45	FRF	HICP, preliminary	m/m y/y	Dec			0.2% 0.2%
9:55	DEM	Unemployment	%	Dec		6.2%	6.1%
10:00	EUR	Money supply (M3)	y/y	Nov			10.5%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Nov			
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Nov			
16:00	USD	ISM manufacturing	Index	Dec			57.5
17:00	DKK	Currency reserves	DKK bn	Dec			456.4
<b>Wednesday, January 6, 2021</b>							
-	EUR	EMA meeting discussing the Moderna vaccine					
1:30	JPY	Markit PMI services, final	Index	Dec			47.2
2:45	CNY	Caixin PMI service	Index	Dec			57.8
6:00	JPY	Consumer confidence	Index	Dec			33.7
8:00	NOK	Credit indicator (C2)	y/y	Nov			4.5%
8:30	SEK	PMI services	Index	Dec			58.6
8:45	FRF	Consumer confidence	Index	Dec			90.0
9:15	ESP	PMI services	Index	Dec		44.0	39.5
9:45	ITL	PMI services	Index	Dec		44.0	39.4
9:50	FRF	PMI services, final	Index	Dec		49.2	49.2
9:55	DEM	PMI services, final	Index	Dec		47.7	47.7
10:00	EUR	PMI composite, final	Index	Dec		49.8	49.8
10:00	EUR	PMI services, final	Index	Dec		47.3	47.3
10:30	GBP	PMI services, final	Index	Dec		49.9	49.9
11:00	EUR	PPI	m/m y/y	Nov			-2.0% 0.4%
14:00	DEM	HICP, preliminary	m/m y/y	Dec		0.6% -0.6%	-1.0% -0.7%
14:15	USD	ADP employment	1000	Dec			307
15:45	USD	Markit PMI service, final	Index	Dec			55.3
20:00	USD	FOMC minutes					

Source: Danske Bank



# Calendar

## Thursday, January 7, 2021

				Period	Danske Bank	Consensus	Previous
0:30	JPY	Labour cash earnings		y/y	Nov		-0.8%
6:00	DKK	Danske Bank publishes Nordic Outlook					
7:45	CHF	Unemployment		%	Dec	3.4%	3.4%
8:00	DEM	Factory orders		m/m y/y	Nov	-2.1% ...	2.9% 1.8%
9:00	CHF	SNB balance sheet, intervention		CHF bn	Dec		875.9
10:30	GBP	PMI construction		Index	Dec		54.7
11:00	ITL	HICP, preliminary		m/m y/y	Dec		0.0% -0.3%
11:00	EUR	Retail sales		m/m y/y	Nov	-3.0% ...	1.5% 4.3%
11:00	EUR	Industrial confidence		Net bal.	Dec		-10.1
11:00	EUR	Economic confidence		Index	Dec	87.4	87.6
11:00	EUR	HICP inflation, preliminary		m/m y/y	Dec	0.3% ...	-0.3% ...
11:00	EUR	HICP - core inflation, preliminary		y/y	Dec	0.2%	0.2%
11:00	EUR	HICP inflation, preliminary		y/y	Dec	-0.3%	-0.3%
11:00	EUR	Service confidence		Net bal.	Dec		-17.3
14:30	USD	Trade balance		USD bn	Nov		-63.1
16:00	USD	ISM non-manufacturing		Index	Dec		55.9

## Friday, January 8, 2021

					Period	Danske Bank	Consensus	Previous
8:00	NOK	Manufacturing production		m/m y/y	Nov			0.6% -2.7%
8:00	NOK	Industrial production		m/m y/y	Nov			-3.5% 0.0%
8:00	DKK	Gross unemployment s.a.		K (%)	Nov			0.046
8:00	DEM	Industrial production		m/m y/y	Nov		0.3% -2.1%	3.2% -3.0%
8:00	DEM	Trade balance		EUR bn	Nov			19.4
8:00	DKK	Industrial production		m/m	Nov			-5.6%
8:45	FRF	Household consumption		m/m y/y	Nov			3.7% 2.7%
8:45	FRF	Industrial production		m/m y/y	Nov			1.6% -4.2%
9:30	SEK	Industrial orders		m/m y/y	Nov			1.3% 1.3%
9:30	SEK	Private Sector Production		m/m y/y	Nov			1.3% -1.7%
9:30	SEK	Household consumption		m/m y/y	Nov			0.1% -4.3%
11:00	EUR	Unemployment		%	Nov		8.5%	8.4%
14:30	USD	Unemployment		%	Dec			6.7%
14:30	USD	Average hourly earnings, non-farm		m/m y/y	Dec			0.3% 4.4%
14:30	USD	Non farm payrolls		1000	Dec			245
14:30	CAD	Net change in full time employment		1000	Dec			99.4
21:00	USD	Consumer credit		USD bn	Nov			7.2

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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	2.8	1.4	1.2	2.8	5.0	2.4	0.8	2.5	3.7	3.8	33.3	8.9
	2020	-3.5	-1.8	-0.6	-1.7	-12.4	-10.2	0.4	2.0	4.8	-3.4	43.2	7.5
	2021	3.0	4.6	2.9	0.4	4.6	4.6	0.8	1.8	4.2	-2.2	41.2	7.5
Sweden	2019	1.3	1.2	0.4	-1.2	4.2	1.8	1.8	2.6	6.8	0.5	35.7	1.1
	2020	-3.3	-5.1	-0.3	-3.7	-6.1	-7.1	0.4	2.0	8.7	-5.8	40.0	4.9
	2021	3.8	4.2	2.8	2.5	6.2	4.6	0.8	2.0	9.0	-1.0	39.0	4.6
Norway	2019	2.3	1.4	1.9	4.8	0.5	4.7	2.2	3.5	2.3	-	-	-
	2020	-3.5	-7.1	1.7	-5.0	-4.0	-10.5	1.5	2.0	5.0	-	-	-
	2021	3.9	6.7	2.0	-0.8	4.5	3.8	2.8	2.3	3.3	-	-	-
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	1.3	1.4	1.9	5.7	2.5	3.9	1.2	2.0	7.6	-0.6	85.9	3.1
	2020	-7.0	-8.8	-0.8	-13.7	-9.1	-10.5	0.3	-1.0	7.9	-8.8	101.7	2.6
	2021	4.9	4.5	3.2	-1.2	13.1	10.6	1.1	1.0	8.9	-6.2	102.1	2.6
Germany	2019	0.6	1.6	2.7	2.6	1.0	2.6	1.4	3.2	3.1	1.5	59.6	7.1
	2020	-5.4	-6.0	4.5	-4.8	-10.1	-8.9	0.4	-0.1	4.2	-6.0	71.2	6.0
	2021	3.9	3.3	2.4	2.8	12.4	10.9	1.4	1.5	4.2	-4.0	70.0	6.3
Finland	2019	1.1	0.8	-1.0	-1.1	7.7	2.4	1.0	2.1	6.7	-1.0	59.2	-0.2
	2020	-3.3	-4.0	-2.5	-5.0	-10.0	-8.0	0.3	1.9	7.8	-8.0	68.6	-0.6
	2021	2.2	3.5	2.0	2.0	5.0	5.0	1.0	2.5	8.0	-4.1	71.0	-0.6
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	2.2	2.4	2.3	1.9	-0.1	1.1	1.8	3.3	3.7	-4.6	106.8	-2.2
	2020	-3.4	-3.8	1.0	-2.6	-13.7	-10.8	1.2	4.6	8.1	-16.0	126.0	-2.1
	2021	3.3	4.6	1.5	4.6	1.7	6.4	1.6	2.0	6.4	-12.2	132.0	-2.1
China	2019	6.2	7.4	-	5.0	-	-	2.5	10.2	-	-6.3	-	0.5
	2020	1.7	1.5	-	3.0	-	-	3.0	7.5	-	-11.9	-	0.6
	2021	9.2	9.0	-	10.0	-	-	2.0	7.0	-	-11.8	-	0.4
UK	2019	1.3	0.8	4.1	1.5	2.8	3.3	1.8	3.5	3.8	-2.3	85.4	-4.3
	2020	-11.1	-14.4	-9.9	-12.8	-12.5	-21.1	0.9	2.0	4.4	-19.0	109.1	-2.0
	2021	5.2	4.2	4.0	6.2	6.4	6.1	1.6	1.2	4.9	-7.7	109.3	-3.8
Japan	2019	0.7	0.1	1.9	1.3	-1.6	-0.6	0.6	-	2.4	-	-	-
	2020	-5.6	-7.0	1.9	-5.7	-12.8	-7.5	-0.2	-	2.8	-	-	-
	2021	2.7	2.4	1.8	-1.0	9.1	1.5	0.3	-	2.7	-	-	-

Source: OECD and Danske Bank. 1) % y/y. 2) % contribution to GDP growth. 3) % of labour force. 4) % of GDP.

## Financial forecasts

### 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	18-Dec	0.25	0.24	0.21	0.94	122.6	-	606.9	858.1	826.3
	+3m	0.25	0.20	0.25	1.00	122.0	-	610.2	844.3	819.7
	+6m	0.25	0.20	0.30	1.15	119.0	-	625.6	857.1	857.1
	+12m	0.25	0.22	0.35	1.35	116.0	-	641.8	879.3	887.9
EUR	18-Dec	-0.50	-0.54	-0.52	-0.25	-	122.6	743.9	1051.8	1012.9
	+3m	-0.50	-0.54	-0.50	-0.30	-	122.0	744.5	1030.0	1000.0
	+6m	-0.50	-0.54	-0.50	-0.20	-	119.0	744.5	1020.0	1020.0
	+12m	-0.50	-0.54	-0.45	-0.10	-	116.0	744.5	1020.0	1030.0
JPY	18-Dec	-0.10	-0.10	-0.05	0.03	120.5	103.5	6.17	8.73	8.40
	+3m	-0.10	-	-	-	123.2	101.0	6.04	8.36	8.12
	+6m	-0.10	-	-	-	119.0	100.0	6.26	8.57	8.57
	+12m	-0.10	-	-	-	116.0	100.0	6.42	8.79	8.88
GBP	18-Dec	0.10	0.05	0.08	0.46	90.5	135.4	822.0	1162.2	1119.2
	+3m	0.10	0.07	0.10	0.40	86.0	141.9	865.7	1197.7	1162.8
	+6m	0.10	0.07	0.15	0.60	86.0	138.4	865.7	1186.0	1186.0
	+12m	0.10	0.07	0.15	0.65	86.0	134.9	865.7	1186.0	1197.7
CHF	18-Dec	-0.75	-0.78	-0.74	-0.29	108.5	88.5	685.8	969.5	933.6
	+3m	-0.75	-	-	-	109.0	89.3	683.0	945.0	917.4
	+6m	-0.75	-	-	-	110.0	92.4	676.8	927.3	927.3
	+12m	-0.75	-	-	-	110.0	94.8	676.8	927.3	936.4
DKK	18-Dec	-0.60	-0.22	-0.16	-0.01	743.93	606.93	-	141.38	136.15
	+3m	-0.60	-0.27	-0.20	-0.05	744.50	610.25	-	138.35	134.32
	+6m	-0.60	-0.27	-0.20	0.05	744.50	625.63	-	137.00	137.00
	+12m	-0.60	-0.30	-0.15	0.15	744.50	641.81	-	137.00	138.35
SEK	18-Dec	0.00	-0.10	-0.04	0.36	1012.9	826.3	73.4	103.8	100.0
	+3m	0.00	-0.05	0.03	0.30	1000.0	819.7	74.5	103.0	-
	+6m	0.00	-0.05	0.10	0.40	1020.0	857.1	73.0	100.0	-
	+12m	0.00	-0.05	0.10	0.40	1030.0	887.9	72.3	99.0	-
NOK	18-Dec	0.00	0.40	0.55	1.26	1051.8	858.1	70.7	100.0	96.3
	+3m	0.00	0.34	0.60	1.40	1030.0	844.3	72.3	-	97.1
	+6m	0.25	0.30	0.80	1.45	1020.0	857.1	73.0	-	100.0
	+12m	0.25	0.54	1.05	1.70	1020.0	879.3	73.0	-	101.0

### Commodities

	18-Dec	2020				2021				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021
ICE Brent	51	35	35	40	40	45	45	50	60	38	50

Source Danske Bank

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