22 April 2022

# Weekly Focus

## Bond rout continues

**The bond bears continue to have the upper hand at the moment getting fuel from high inflation and hawkish central banks.** German 10-year yields continued the march higher reaching 0.95% Friday coming from -0.4% just four months ago. ECB Vice President Luis de Guindos said yesterday that the ECB might have to move early in Q3 putting a July hike increasingly in play. But ECB also highlights that it will be depending on data. In the short term inflation is likely to move higher in April putting pressure on the ECB to act. On the other hand, we also expect activity data to fall sharply in coming months pointing in the direction of a more cautious approach. Our forecast is two hikes coming in September and December.

**US bond markets have also seen a fierce sell-off** and especially mortgage bonds have moved significantly higher in yields. 30-year mortgage bonds now yield around 5.25%, a rise of 200bp in six months. It is the sharpest increase in more than three decades and is likely to put a break on US home sales and house price increases. **Hawkish comments by the Fed also continue to push up yields**. Fed chairman Jerome Powell on Thursday indicated a 50bp hike is likely in May and on the table for the following meetings as well. This is in line with our forecast of 50bp hikes in both May, June and July. The Fed's blackout period ahead of their meeting on 4 May starts on Saturday.

**On the growth front this week Flash PMI's in the euro zone were mixed**. French PMI held up well whereas German PMI manufacturing new orders dropped sharply from 54.7 to 47.8. Service PMI was fairly robust suggesting that this sector may see some tailwind from consumers spending more on restaurants, travelling etc. US home sales declined for the second month in a row and Philadelphia Fed future activity index dropped to a 10-year low. However, US jobless claims continue to point to a robust labour market. China continues to struggle with the Covid-19 outbreak in Shanghai, which is set to keep weighing on activity in April with negative spill-over to the rest of the world. It also delays ships coming out of Shanghai causing more challenges for supply chains. We have seen freight rates come down in recent months, though, pointing to some improvement.

**Looking ahead, the presidential election run-off in France on Sunday will be an important event for European markets**. Polls still favour Macron, but it is going to be a tight race with left-wing voters as the kingmakers. A Le Pen win would trigger a negative market reaction in our view, but even if Macron is re-elected, France is facing increasing headwinds, both from the economy and political fragmentation. We also have euro area inflation figures for April and Q1 22 GDP figures on Friday. Both manufacturing and services activity picked up at the start of the year, before the Ukraine war hit, so we still look for a positive Q1 quarterly growth rate (0.3% q/q). Inflation risks remain skewed to the upside despite the latest stabilization in oil, gas and electricity prices. We look for a further climb in the headline HICP rate above 8%, with core inflation remaining elevated at 3.1%, keeping the pressure high on ECB to proceed with its policy normalisation. In China the development in the Shanghai Covid outbreak will be important for the near-term outlook. In the US we will get GDP for Q1, durable goods orders, consumer confidence and new home sales, which will provide input to how economic activity and sentiment is evolving. We will listen closely to how the Bank of Japan addresses the global pressure for higher yields next week. So far they have defended their yield curve control fiercely.

### Key market movers

- Sun: French election run-off
- Tue: US durable goods orders, US consumer confidence, US new home sales
- Thurs: US GDP for Q1
- Fri: US core PCE and personal spending, Euro Flash CPI

### Key global views

- Rising 'stagflation' risk from war in Ukraine – especially in Europe.
- Weaker growth in coming quarters but not a global recession
- Higher commodity prices to keep inflation elevated for longer
- Fed to hike by another 225bp this year, ECB to hike in September December

### Selected reading from Danske Bank

*Spending Monitor – Spending has performed surprisingly well under the circumstances*, 21 April

*Market guide – Tighter financial conditions add support to USD*, 20 April

*Research global – The biggest commodity shock in decades*, 12 April

*Research China – Three new headwinds to delay recovery*, 8 April

*Editor*

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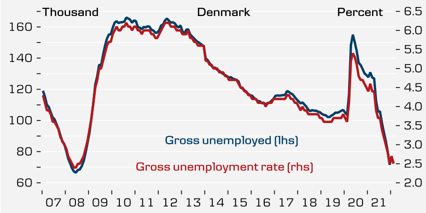
# Scandi market movers

- In **Denmark**, we are expecting business confidence figures for April on Thursday. The March figures were quite stable despite the war in Ukraine. High levels of inflation are eroding consumer purchasing power, which may put a damper on demand. However, Danish companies continue to report labour and materials shortages as their greatest problem, so demand is not currently a limiting factor. We have also seen consumer confidence tumble again, so the potential impact on business confidence will be interesting to follow.

  Retail sales figures for March are also due on Thursday. Our own Spending Monitor indicated consumption was slightly down in March and we also expect consumption to be squeezed by the low level of consumer confidence.

  Friday is scheduled to bring registered unemployment for March. Ministry of Employment figures point to seasonally adjusted unemployment falling by 1,000. We should expect unemployment to decline more slowly in the coming months, given that it is already so low.

**Unemployment declining at slower pace**




*Source: Danske Bank, Macrobond Financial*

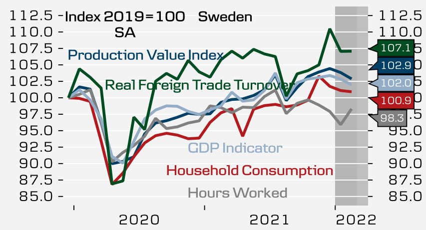
- The upcoming **Riksbank (RB) meeting** (Thursday 28th April) has become the most exciting meeting since the last repo rate hike in 2019. Not only will the RB have to announce QE reinvestment details for Q3, but suddenly also a first repo rate hike is in play. This after the governors have been outspoken about the fact that previous forecasts from the February meeting can be slashed given the much higher than expected inflations prints for February and March. They argue that we are in a new environment which requires a completely new assessment and where action by the Riksbank will be required. Not because anything can be done about short-term inflation spikes, but to ensure spill over (secondary) effects remain muted and confidence in the 2% inflation target can be maintained. The big question is not anymore if the repo rate has to be lifted, but rather when and by how much.

  We stick to our call where we see a first hike in June, followed by September and November. Since our revised call we had a dovish ECB meeting and, as late as Tuesday night (one day ahead of silent period), a publication of an interview with Stefan Ingves, where he reiterates the message that ”it is time to change strategy and start talking about hiking repo rates”. He is cryptic with regards to the exact timing of a first hike, but argues in line with Breman, Ohlsson and Flodén that it is better to act sooner than later. That being said, we do not rule out an April hike, but would argue for a lower probability then the 76% priced by the market.

  With regards to QE reinvestments we expect volumes to be lowered from SEK 37bn to SEK 20bn in Q3 and reinvestments to stop at year-end. Given that 3 out of 6 governors in February voted for a reduction in volumes for Q2 to SEK 27.5bn, we think they will agree on a somewhat larger reduction then suggested by the dissenters in February on the back of latest developments

  Next week the National Institute of Economic Research (NIER) April survey is due (Thursday 28th April) which will give further indication about how the economy have developed. Especially the confidence for both sectors but also households will be of large interest. In March, the sentiment especially among households took a large jump down and indicated worse sentiment than during the pandemic. During April, mortgage rates have increased, electricity prices have remained elevated but with warmer weather, fuel prices have decreased from the highest levels in April but continues to be high → the sentiment among households will probably not see a large improvement.

**Sweden: March and Q1 GDP indicator likely to show a drop**



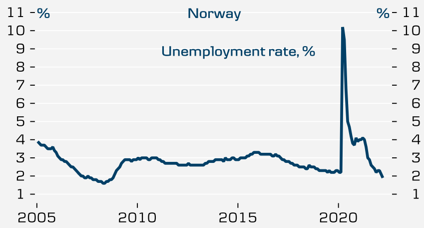

*Sweden: SCB, Danske Bank calculations*

Also the order inflow, price expectations and labour shortage will be of large interest. Were the former have stabilized on a high level and normalized from super high levels on back of the recovery from the pandemic during the past months.

The negative impact from an extremely high CPIF inflation suggests that real household wage income will drop by SEK 80 bn over the 2021 Q4 to 2022 Q2 period, or by 3.6%. In terms of real GDP the impact is a 1.5 percent drag on growth (vs 2021 Q4 real GDP, SA). Against this backdrop, and given that monthly GDP, PVI and consumption indicators already show a decline in January and February, we wouldn't be surprised to see a further drop in March GDP indicator and, hence, in the Q1 GDP indicator as part of the above mentioned effect will hit Q1.

- In **Norway**, unemployment dropped in March to below 2% for the first time since the financial crisis, driven by strong job demand and a reduced supply of temporary foreign labour. With vacancies still near record-high levels going into 2022, we expect this trend to have continued, with unemployment holding at 1.9% in April. As expected, retail sales have trended down since last summer. A shift in consumption away from goods in favour of services as Covid restrictions were lifted has been a key factor. This has been exacerbated in recent months by the high rate of inflation eroding households' purchasing power. While this effect has been offset to some extent by consumers dipping into the savings they made during the pandemic, it has not been enough to stop retail sales from falling. Problems with seasonal adjustment around Easter always make for uncertainty, but we expect retail sales to drop 0.5% m/m in March.

**Lowest joblessness since financial crisis**



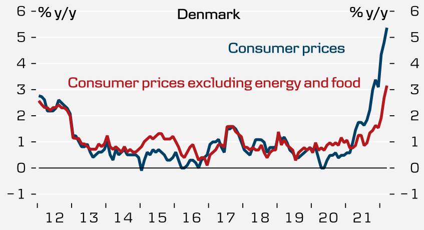

*Source: Macrobond, Danske Bank*

# Scandi update

## Denmark – Highest inflation since 1985

Consumer prices rose 5.4% y/y in March, taking inflation to its highest level since 1985. Energy remained the main driver, with especially petrol and diesel prices making major contributions to higher inflation last month. Food prices have also risen sharply of late. Inflation excluding energy and non-processed food was 3.2%, which is high but has been higher – most recently in 2008, just prior to the economy collapsing due to massive overheating. Nevertheless, price pressures are set to increase further as long as the demand for Danish goods and services remains high both at home and among Denmark's export markets – and as the tight labour market results in higher wage growth and the high costs experienced by companies are passed on to consumers. We do not expect inflation has peaked in Denmark yet.

**Highest inflation since 1985**




*Source: Statistics Denmark, Danske Bank, Macrobond*

Exports of goods and services combined rose 1.4% in February after also growing in January. Overall, Danish exports are being sustained at a level above the considerable boost experienced in H2 2021, mainly due to heavy demand and high prices, not least for shipping. We expect exports to carry on making a solid contribution to keeping activity levels buoyant in Denmark in the time ahead. We are, however, more concerned about 2023, where we see a clear risk of a slowdown or even a recession in the world around us.

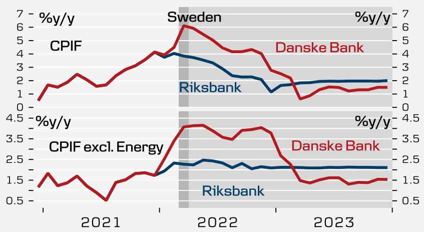
Consumer confidence fell further in April, from -14.4 to -20.9. The last time the Danes had such a negative view on the economy was all the way back in 1988. The decline was driven by the Danes' assessment of their own finances and the national economy compared to a year ago and by whether this was a good time to buy large consumer goods – signs that rising prices and the war in Ukraine are being seriously felt by Danish consumers. However, we would stress that Denmark is not in any sort of economic crisis. Unemployment is very low and the housing market is in good shape. Nevertheless, consumption is definitely under pressure at the moment because of the steep price rises. And while we do not expect as pronounced a fall in consumption as the extremely low consumer confidence figures might indicate, there is no doubt that growth will be much more subdued.

Wage-earner employment rose by 9,000 in February, the 13th month in a row with growth. February was marked by a full reopening after the restrictions imposed on restaurants, etc. in January – and restaurants were also one of the key drivers of the increase in employment. The healthcare area saw a slight decline in employment, most likely due to fewer hands being needed in track and test roles.

## Sweden – Extreme inflation causes Riksbank U-turn

Stefan Ingves, the governor for the Riksbank, confirmed in an interview that the Riksbank is about to make a full U-turn. The interview was made on 12 April, which was before the latest inflation print (higher than the RB forecast) and before ECB (slightly less hawkish). Main takeaways: to sit with one's arms folded is not an option. Otherwise different kind of 2nd round effects may lead to persistently too high inflation. Hence, better to change our strategy and start talking about raising rates. The upcoming wage round is important, but is not the only thing. Risk of slower growth, is not a hinder to make monetary policy less accommodative. Households are more rate-sensitive, an argument for less tightening over time. No push-back on explicit question about current pricing indicating ten hikes until 2023/24: "if we sit with our arms folded, risk is that we need to raise rates more over time."

**Extremely high supply driven inflation through 2022**




*Source: SCB, Danske Bank, Riksbank*

It is hard to interpret Ingves in any other way than the door is wide open for a rate hike already in April - or by latest in June. We stick to June as base case, but admit that it is a close call. The signals from Ingves was hawkish but so is pricing, which is leaning toward April with 20bp priced in followed by another 27 in June and 123 in the total year.

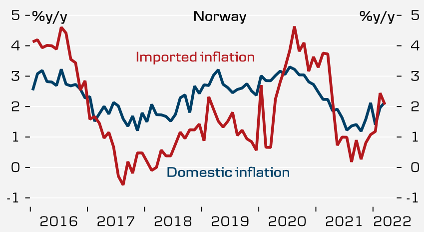
The March inflation outcome was, for the third month in a row, surprisingly high. Clearly this revealed that we have been understating the secondary effects from supply disruptions and higher energy prices and transportation costs, which have been hitting a broader range of primarily goods in the first quarter of 2022. For instance, food, furniture and car prices have accelerated and are expected to print in the 6-8 % y/y range in coming months. On the services side, it is mainly hotel/restaurant prices that have accelerated sharply, however, also recreational and health prices are showing higher prices gains, but more moderately so. All in all, core inflation (excluding energy) has become more broadbased. That said, these developments are most likely still temporary in nature, being the result of a sequence of supply disturbances. It is NOT sustainable though in the sense that supply problems are likely to continue to push prices further up at recent elevated paces. A sustainable factor would in our view be higher wage growth. Currently, we see no signs of compensations claims that risk leading to a much more problematic wage/inflation process. In such a case, inflation would move from being supply to demand driven or a combination of both.

The Jan-Mar outcome has pushed core inflation from 1.7 % in December to 4.1 % y/y in March, i.e. twice Riksbank's inflation target. Headline CPIF printed 6.1 % y/y. Although we expect the energy effect to recede gradually in 2022, we will have to live with core inflation at around 4 % for the remainder of the year.

## Norway – Further moderate inflation

Unlike in many other countries, inflation surprised to the downside in March with the core rate unchanged at 2.1% y/y, well below the 2.5% Norges Bank had projected. This was due entirely to imported inflation, which was unexpectedly low given such strong global inflationary pressures. We reckon this may have been down to a combination of the NOK's appreciation since summer last year taking the edge off global price pressures, and many Norwegian food prices being regulated, meaning that the impact of global food prices is also more muted. We do still expect core inflation to continue to climb as the year goes on and reach around 3% at the end of 2022, but we think the above factors could help reduce the upside risk somewhat.

**Surprisingly low imported inflation**




*Source: Macrobond, Danske Bank*

# Calendar

| During the week | | | | Period | Danske Bank | *Consensus* | Previous |
|---|---|---|---|---|---|---|---|
| Sun 24 | USD | Fed's George speaks | | | | | |
| Sun 24 | USD | Fed's George speaks | | | | | |
| **Monday, April 25, 2022** | | | | **Period** | **Danske Bank** | ***Consensus*** | **Previous** |
| 7:00 | JPY | Leading economic index | Index | Feb | | | 100.9 |
| 7:00 | JPY | Leading economic index | Index | Feb | | | 100.9 |
| 10:00 | DEM | IFO - business climate | Index | Apr | | *88.6* | 90.8 |
| 10:00 | DEM | IFO - current assessment | Index | Apr | | *95.4* | 97.0 |
| 10:00 | DEM | IFO - expectations | Index | Apr | | *82.5* | 85.1 |
| **Tuesday, April 26, 2022** | | | | **Period** | **Danske Bank** | **Consensus** | **Previous** |
| 1:30 | JPY | Unemployment rate | % | Mar | | *2.7%* | 2.7% |
| 1:30 | JPY | Job-to-applicant ratio | | Mar | | *1.22* | 1.21 |
| 1:30 | JPY | Unemployment rate | % | Mar | | *2.7%* | 2.7% |
| 1:30 | JPY | Job-to-applicant ratio | | Mar | | *1.22* | 1.21 |
| 14:00 | HUF | Central Bank of Hungary rate decision | % | | | *5.4%* | 4.4% |
| 14:30 | USD | Core capital goods orders, preliminary | % | Mar | | *0.4%* | -0.2% |
| 15:00 | USD | FHFA house price index | m/m | Feb | | *1.5%* | 1.6% |
| 16:00 | USD | Conference Board consumer confidence | Index | Apr | | *108.4* | 107.2 |
| 16:00 | USD | New home sales | 1000 (m/m) | Mar | | *774* | 772.0 (-2.0%) |
| 20:00 | USD | Fed's George speaks | | | | | |
| **Wednesday, April 27, 2022** | | | | **Period** | **Danske Bank** | ***Consensus*** | **Previous** |
| 3:30 | AUD | CPI | q/q\|y/y | 1st quarter | | *1.7%\|4.6%* | 1.3%\|3.5% |
| 3:30 | CNY | Industrial profits | y/y | Mar | | | 4.2% |
| 3:30 | CNY | Industrial profits | y/y | Mar | | | 4.2% |
| 8:00 | SEK | PPI | m/m\|y/y | Mar | | | 1.2%\|19.3% |
| 8:00 | SEK | Trade balance | SEK bn | Mar | | | 1 |
| 8:00 | DEM | GfK consumer confidence | Net. Bal. | May | | *-16.8* | -15.5 |
| 8:45 | FRF | Consumer confidence | Index | Apr | | *92.0* | 91.0 |
| 14:30 | USD | Advance goods trade balance | USD bn | Mar | | *-105.0* | -106.3 |
| 16:00 | USD | Pending home sales | m/m\|y/y | Mar | | *-1.0%\|...* | -4.1%\|-5.4% |
| 16:30 | USD | DOE U.S. crude oil inventories | K | | | | -8020 |
| **Thursday, April 28, 2022** | | | | **Period** | **Danske Bank** | ***Consensus*** | **Previous** |
| - | USD | Fed's George speaks | | | | | |
| - | JPY | BoJ policy rate | % | | -0.1% | *-0.1%* | -0.1% |
| - | JPY | BoJ policy rate | % | | -0.1% | *-0.1%* | -0.1% |
| 1:50 | JPY | Industrial production, preliminary | m/m\|y/y | Mar | | *0.5%\|-1.4%* | 2.0%\|0.5% |
| 1:50 | JPY | Retail trade | m/m\|y/y | Mar | | *1.1%\|0.3%* | -0.9%\|-0.9% |
| 1:50 | JPY | Industrial production, preliminary | m/m\|y/y | Mar | | *0.6%\|-0.5%* | 2.0%\|0.5% |
| 1:50 | JPY | Retail trade | m/m\|y/y | Mar | | *2.1%\|1.4%* | -0.9%\|-0.9% |
| 6:00 | USD | Fed's George speaks | | | | | |
| 8:00 | SEK | Retail sales s.a. | m/m\|y/y | Mar | | | -0.1%\|2.9% |
| 8:00 | DKK | Retail sales | m/m\|y/y | Mar | | | -1.2%\|2.5% |
| 9:00 | SEK | Consumer confidence | Index | Apr | | | 73.5 |
| 9:00 | SEK | Economic Tendency Survey | Index | Apr | | | 110.3 |
| 9:00 | SEK | Manufacturing confidence | Index | Apr | | | 125.0 |
| 9:00 | ESP | HICP, preliminary | m/m\|y/y | Apr | | *...\|9.6%* | 3.9%\|9.8% |
| 9:30 | SEK | Riksbank, rate decision | % | | 0.0% | *0.0%* | 0.0% |
| 10:00 | EUR | ECB Publishes Economic Bulletin | | | | | |
| 11:00 | EUR | Industrial confidence | Net bal. | Apr | | *9.5* | 10.4 |
| 11:00 | EUR | Economic confidence | Index | Apr | | *107.6* | 108.5 |
| 11:00 | EUR | Consumer confidence, final | Net bal. | Apr | | | -16.9 |
| 11:00 | EUR | Service confidence | Net bal. | Apr | | *12.7* | 14.4 |
| 14:00 | DEM | HICP, preliminary | m/m\|y/y | Apr | | *0.4%\|7.5%* | 2.5%\|7.6% |
| 14:30 | USD | PCE core, preliminary | q/q AR | 1st quarter | | *0.056* | 0.05 |
| 14:30 | USD | Initial jobless claims | 1000 | | | | 184 |
| 14:30 | USD | GDP, ___ release, preliminary | q/q AR | 1st quarter | | *0.01* | 0.069 |
| 17:00 | USD | Fed's George speaks | | | | | |
| 17:00 | USD | Fed's George speaks | | | | | |
| 18:00 | USD | Fed's Williams speaks | | | | | |

*Source: Danske Bank*

# Calendar

| Friday, April 29, 2022 | | | | Period | Danske Bank | *Consensus* | Previous |
|---|---|---|---|---|---|---|---|
| 7:30 | FRF | Household consumption | m/m\|y/y | Mar | | | 0.8%\|-2.3% |
| 7:30 | FRF | GDP, preliminary | q/q\|y/y | 1st quarter | | *0.3%\|5.5%* | 0.7%\|5.4% |
| 8:00 | SEK | Wages (blue collars/white collars) | y/y | Feb | | | 2.2% |
| 8:00 | SEK | Household lending | y/y | Mar | | | 6.6% |
| 8:00 | NOK | Retail sales, s.a. | m/m | Mar | | | -1.1% |
| 8:00 | NOK | Credit indicator (C2) | y/y | Mar | | | 4.8% |
| 8:00 | DKK | Gross unemployment s.a. | K (%) | Mar | | | 0.025 |
| 8:45 | FRF | HICP, preliminary | m/m\|y/y | Apr | | *...\|5.3%* | 1.6%\|5.1% |
| 9:00 | CHF | KOF leading indicator | Index | Apr | | *98.7* | 99.7 |
| 9:00 | ESP | GDP, preliminary | q/q\|y/y | 1st quarter | | *0.6%\|6.3%* | 2.2%\|5.5% |
| 10:00 | NOK | Unemployment | % | Apr | **1.9% s.a.** | *1.9%* | 2.0% |
| 10:00 | DEM | GDP, preliminary | q/q\|y/y | 1st quarter | **0.1%** | *0.2%\|3.7%* | -0.3%\|1.8% |
| 10:00 | NOK | Norges Bank's daily FX purchases | m | May | | *2000* | 2000 |
| 10:00 | ITL | GDP, preliminary | q/q\|y/y | 1st quarter | | *-0.3%\|5.8%* | 0.6%\|6.2% |
| 10:00 | EUR | Loans to households (adj. for sales and sec.) | % | Mar | | *6.3%* | 6.3% |
| 10:00 | EUR | Loans to NFCs (adj. for sales and sec.) | % | Mar | | *6.3%* | 6.3% |
| 10:00 | EUR | Money supply (M3) | y/y | Mar | | *6.3%* | 6.3% |
| 10:30 | EUR | Portugal, GDP, preliminary | q/q\|y/y | 1st quarter | | | 1.6%\|5.8% |
| 11:00 | EUR | HICP inflation, preliminary | m/m\|y/y | Apr | | *0.7%\|...* | 2.4%\|... |
| 11:00 | EUR | HICP - core inflation, preliminary | y/y | Apr | **3.1%** | *3.1%* | 2.9% |
| 11:00 | ITL | HICP, preliminary | m/m\|y/y | Apr | | *...\|7.1%* | 2.4%\|6.8% |
| 11:00 | EUR | HICP inflation, preliminary | y/y | Apr | **8.8%** | *7.6%* | 7.5% |
| 11:00 | EUR | GDP, preliminary | q/q\|y/y | 1st quarter | **0.3%** | *0.3%\|5.1%* | 0.3%\|4.6% |
| 12:30 | RUB | Central Bank of Russia rate decision | % | | | *15.0%* | 17.0% |
| 14:30 | USD | Employment cost index | m/m | 1st quarter | | *1.1%* | 1.0% |
| 14:30 | USD | PCE headline | m/m\|y/y | Mar | | *0.9%\|6.7%* | 0.6%\|6.4% |
| 14:30 | CAD | GDP | m/m\|y/y | Feb | | | 0.2%\|3.5% |
| 14:30 | USD | PCE core | m/m\|y/y | Mar | | *0.3%\|5.3%* | 0.4%\|5.4% |
| 14:30 | USD | Personal spending | m/m | Mar | | *0.6%* | 0.2% |
| 15:45 | USD | Chicago PMI | Index | Apr | | *61.0* | 62.9 |
| 16:00 | USD | University of Michigan Confidence, final | Index | Apr | | *65.7* | 65.7 |
| 19:47 | USD | Fed's George speaks | | | | | |

*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 | 2021 | 4.7 | 4.3 | 3.7 | 5.6 | 7.8 | 8.2 | 1.9 | 3.0 | 3.7 | 2.4 | 36.7 | 8.3 |
| | 2022 | 3.5 | 2.2 | 0.6 | 2.0 | 6.0 | 4.0 | 4.5 | 3.7 | 2.4 | 1.7 | 32.6 | 7.5 |
| | 2023 | 1.3 | 2.5 | 0.5 | 1.1 | 3.1 | 4.1 | 1.2 | 4.0 | 2.5 | 1.8 | 30.3 | 7.7 |
| Sweden | 2021 | 4.5 | 5.7 | 2.5 | 5.9 | 7.2 | 9.1 | 2.2 | 2.7 | 8.8 | -0.5 | 37.0 | 1.4 |
| | 2022 | 2.5 | 3.3 | 1.3 | 2.8 | 5.1 | 5.6 | 4.0 | 2.0 | 7.0 | 0.8 | 33.0 | 4.8 |
| | 2023 | 2.0 | 1.9 | 1.2 | 2.2 | 3.9 | 3.4 | 1.3 | 2.1 | 6.8 | 0.8 | 30.0 | 5.1 |
| Norway | 2021 | 4.2 | 5.0 | 3.9 | -0.3 | 4.8 | 2.0 | 3.5 | 3.5 | 3.2 | - | - | - |
| | 2022 | 3.8 | 6.5 | 1.3 | 3.1 | 6.0 | 7.5 | 3.3 | 3.7 | 2.0 | - | - | - |
| | 2023 | 2.0 | 2.5 | 1.3 | 2.0 | 4.0 | 4.0 | 1.8 | 3.7 | 1.9 | - | - | - |

## 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 | 2021 | 5.4 | 3.5 | 3.9 | 4.2 | 11.0 | 8.7 | 2.6 | 4.1 | 7.7 | -6.9 | 99.8 | 3.1 |
| | 2022 | 2.5 | 2.8 | 3.9 | 3.7 | 7.3 | 9.4 | 7.0 | 2.5 | 6.7 | -3.6 | 97.6 | 3.2 |
| | 2023 | 2.8 | 1.2 | 3.7 | 4.5 | 5.3 | 4.9 | 2.0 | 3.4 | 6.5 | -2.1 | 96.7 | 3.4 |
| Germany | 2021 | 2.9 | 0.1 | 3.1 | 1.3 | 9.8 | 9.1 | 3.2 | 3.4 | 3.6 | -4.9 | 71.4 | 7.5 |
| | 2022 | 1.0 | 2.8 | 2.6 | 0.2 | 6.2 | 8.8 | 7.4 | 3.2 | 3.1 | -2.1 | 69.2 | 6.6 |
| | 2023 | 3.6 | 1.6 | 4.1 | 4.0 | 6.4 | 4.9 | 2.7 | 3.8 | 2.9 | -0.5 | 68.1 | 6.8 |
| Finland | 2021 | 3.5 | 3.1 | 3.2 | 1.2 | 4.7 | 5.3 | 2.2 | 2.3 | 7.7 | -2.6 | 65.8 | 0.7 |
| | 2022 | 1.7 | 2.3 | 1.0 | 3.0 | 3.0 | 4.0 | 4.4 | 2.8 | 7.0 | -3.0 | 66.1 | 0.2 |
| | 2023 | 2.0 | 2.5 | 1.0 | 3.0 | 3.0 | 3.5 | 2.0 | 2.6 | 6.6 | -1.8 | 65.5 | 0.4 |

## 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 | 2021 | 5.7 | 7.9 | 0.5 | 7.8 | 4.5 | 14.0 | 4.7 | 4.0 | 5.4 | -13.4 | 129.7 | -3.5 |
| | 2022 | 2.8 | 2.5 | 0.1 | 2.9 | 4.9 | 5.5 | 7.2 | 5.0 | 4.0 | -4.7 | 125.6 | -3.5 |
| | 2023 | 2.0 | 1.9 | 1.0 | 3.5 | 1.5 | 1.8 | 3.0 | 4.6 | 3.8 | -3.1 | 124.0 | -3.3 |
| China | 2021 | 8.0 | 10.2 | - | 5.2 | - | - | 0.7 | 5.0 | - | -5.6 | 68.9 | 3.0 |
| | 2022 | 4.7 | 6.0 | - | 3.0 | - | - | 3.0 | 5.5 | - | -7.0 | 72.0 | 1.0 |
| | 2023 | 5.3 | 6.0 | | 4.5 | | | 2.5 | 5.5 | | -6.8 | 74.5 | 0.7 |
| UK | 2021 | 7.4 | 6.2 | 14.3 | 5.9 | -1.3 | 3.8 | 2.6 | 4.9 | 4.5 | -5.4 | 95.6 | -3.0 |
| | 2022 | 5.1 | 6.1 | 3.3 | 6.5 | 3.3 | 4.8 | 5.2 | 3.2 | 4.0 | -3.9 | 95.5 | -4.6 |
| | 2023 | 2.4 | 2.5 | 0.8 | 4.8 | 3.4 | 3.7 | 2.9 | 3.9 | 3.7 | -1.9 | 94.1 | -4.2 |
| Japan | 2021 | 1.7 | 1.1 | 2.1 | -1.3 | 11.8 | 5.2 | -0.2 | - | 2.8 | - | - | - |
| | 2022 | 2.1 | 3.3 | 1.5 | -2.2 | 4.6 | 1.4 | 1.6 | - | 2.6 | - | - | - |
| | 2023 | 1.0 | 1.4 | 0.7 | -0.6 | 3.2 | 2.0 | 1.1 | - | 2.5 | - | - | - |

*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 | 22-Apr | 0.50 | 1.14 | 3.06 | 2.99 | 108.0 | - | 688.7 | 894.9 | 952.4 |
| | +3m | 1.25 | 1.40 | 2.40 | 2.50 | 107.0 | - | 695.6 | 915.9 | 953.3 |
| | +6m | 1.75 | 1.88 | 2.60 | 2.60 | 106.0 | - | 702.4 | 943.4 | 952.8 |
| | +12m | 2.75 | 2.77 | 2.90 | 2.70 | 105.0 | - | 709.5 | 933.3 | 971.4 |
| EUR | 22-Apr | -0.50 | -0.43 | 0.89 | 1.64 | - | 108.0 | 744.0 | 966.8 | 1029.0 |
| | +3m | -0.50 | -0.53 | 0.40 | 1.10 | - | 107.0 | 744.3 | 980.0 | 1020.0 |
| | +6m | -0.50 | -0.53 | 0.80 | 1.20 | - | 106.0 | 744.5 | 1000.0 | 1010.0 |
| | +12m | 0.00 | -0.03 | 1.10 | 1.45 | - | 105.0 | 745.0 | 980.0 | 1020.0 |
| JPY | 22-Apr | -0.10 | -0.02 | 0.11 | 0.47 | 120.5 | 128.4 | 6.17 | 8.02 | 8.54 |
| | +3m | -0.10 | - | - | - | 133.8 | 125.0 | 5.56 | 7.33 | 7.63 |
| | +6m | -0.10 | - | - | - | 130.4 | 123.0 | 5.71 | 7.67 | 7.75 |
| | +12m | -0.10 | - | - | - | 125.0 | 119.0 | 5.96 | 7.84 | 8.16 |
| GBP* | 22-Apr | 0.75 | - | 2.35 | 2.02 | 83.9 | 128.8 | 887.3 | 1152.9 | 1227.0 |
| | +3m | 1.00 | | 2.25 | 1.80 | 84.0 | 127.4 | 886.0 | 1166.7 | 1214.3 |
| | +6m | 1.25 | | 2.35 | 1.90 | 84.0 | 126.2 | 886.3 | 1190.5 | 1202.4 |
| | +12m | 1.50 | | 2.40 | 1.90 | 84.0 | 125.0 | 886.9 | 1166.7 | 1214.3 |
| CHF* | 22-Apr | -0.75 | - | 0.32 | 1.30 | 103.2 | 95.5 | 721.0 | 936.8 | 997.1 |
| | +3m | -0.75 | - | - | - | 101.0 | 94.4 | 736.9 | 970.3 | 1009.9 |
| | +6m | -0.50 | - | - | - | 100.0 | 94.3 | 744.5 | 1000.0 | 1010.0 |
| | +12m | -0.25 | - | - | - | 99.0 | 94.3 | 752.5 | 989.9 | 1030.3 |
| DKK | 22-Apr | -0.60 | -0.20 | 1.16 | 1.90 | 744.03 | 688.66 | - | 129.94 | 138.29 |
| | +3m | -0.60 | -0.24 | 0.65 | 1.35 | 744.25 | 695.56 | - | 131.68 | 137.05 |
| | +6m | -0.60 | -0.23 | 1.05 | 1.45 | 744.50 | 702.36 | - | 134.32 | 135.66 |
| | +12m | -0.10 | 0.26 | 1.35 | 1.70 | 745.00 | 709.52 | - | 131.54 | 136.91 |
| SEK | 22-Apr | 0.00 | 0.14 | 1.67 | 2.30 | 1029.0 | 952.4 | 72.3 | 94.0 | 100.0 |
| | +3m | 0.00 | 0.03 | 1.00 | 1.70 | 1020.0 | 953.3 | 73.0 | 96.1 | - |
| | +6m | 0.25 | 0.30 | 1.10 | 1.70 | 1010.0 | 952.8 | 73.7 | 99.0 | - |
| | +12m | 0.75 | 0.80 | 1.25 | 1.70 | 1020.0 | 971.4 | 73.0 | 96.1 | - |
| NOK | 22-Apr | 0.75 | 1.21 | 2.51 | 2.94 | 966.8 | 894.9 | 77.0 | 100.0 | 106.4 |
| | +3m | 1.00 | 1.43 | 2.55 | 2.75 | 980.0 | 915.9 | 75.9 | - | 104.1 |
| | +6m | 1.25 | 1.69 | 2.75 | 2.80 | 1000.0 | 943.4 | 74.5 | - | 101.0 |
| | +12m | 1.75 | 2.19 | 2.95 | 2.85 | 980.0 | 933.3 | 76.0 | - | 104.1 |

*Note: GBP swaps are SONIA and CHF swaps are SHARON

## Commodities

| | | 2022 | | | | 2023 | | | | Average | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 22-Apr | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | 2022 | 2023 |
| ICE Brent | 106 | 98 | 125 | 115 | 100 | 95 | 95 | 95 | 95 | 110 | 95 |

*Source Danske Bank*

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**Report completed:** 22 April 2022, 13:25 CET
**Report first disseminated:** 22 April 2022, 13:35 CET