

23 February 2024

# Weekly Focus

## Strong market sentiment continues

**The leading AI chip designer Nvidia stole market headlines this week** with a record daily jump in market capitalization of USD277bn on Thursday as its' stock rose 16% after it released blowout results and provided upbeat expectations. The news drove a turn higher in stock markets with both EuroStoxx50 and S&P500 hitting new record highs. More signs of a manufacturing recovery in the US added support to the market. Metal prices moved up over the week helped by a surprise 25bp cut in the Chinese benchmark for mortgage rates. Even Chinese stocks had a strong week after a very turbulent start to the year that was exacerbated by the 'quant quake' where forced selling by leveraged quant funds triggered a sharp decline. A hedge fund manager described it as *the industry's biggest black swan moment*.

**Minutes from the latest central bank meetings in both the Fed and the ECB confirmed that policy makers still believe it is too soon to cut rates.** This week we pushed out our expectation of the first cut from the Fed from March to May (see *Reading the Markets USD - We now see the first Fed cut in May*, 20 February) while we still see the first cut from the ECB in June. Bond yields had a slight tilt higher again this week on the back of robust risk sentiment and the still cautious signals by the central banks. The market prices close to four cuts from the ECB this year, which is still a bit more than the three we look for but much less than the six cuts that were seen early this year. The market now sees around three cuts by the Fed this year in line with our expectations. In FX markets, EUR/USD regained some ground after the decline in January and early February. Improving sentiment in China has given some support to the cross. We still see the US economy as the strongest economy, though, and look for EUR/USD to head lower in the medium term.

**Economic data this week was a mixed.** Euro area PMIs showed a return to a two-speed recovery with service PMI rising from 48.4 in January to 50.0 in February while PMI manufacturing dropped back to 46.1 from 46.6 breaking the rising trend of the past three months. Service employment also picked up. We still expect the manufacturing sector to see gradual improvement over the coming quarters driven by a turn in the global manufacturing cycle. With services also improving we look for a slight lift in GDP growth in Q1. The US showed the opposite split with soft service PMI but PMI in manufacturing moving higher. The latter is in line with the latest increase in ISM manufacturing and fits with the positive signals we have seen out of Asia over the past quarters. The weekly US jobless claims were strong, falling to 201k from 213k which is a very low level pointing to a continued robust labour market.

**Over the coming week focus will again be on manufacturing** with the US and China releasing ISM and PMI manufacturing, respectively. Inflation is also in the spotlight with Euro Flash CPI for February and Japanese CPI and US PCE inflation for January. We expect the Euro CPI to still be well behaved measured on monthly momentum in the core CPI, which the ECB is watching closely. We also get unemployment data for the euro area, which is still at record low levels at 6.4% despite the economic slowdown.

### Key global views

- Weak near-term growth outlook in the US and Europe, but recovery from summer 2024
- US and euro inflation set to decline further, but core inflation to remain sticky
- The Fed to cut in May. ECB in June

### Key market movers

- Tuesday: Japan CPI, Euro M3 and credit
- Thursday: US PCE deflator, German CPI
- Friday: US ISM manufacturing, China PMI, Euro Flash CPI, Euro unemployment

### Selected reading from Danske Bank

- *Geopolitical Radar: Trump threatens Europe, Israel eyes Rafah, US-China relations on a calmer path, 21 Feb*
- *Reading the Markets USD – We now see the first Fed cut in May, 20 Feb*
- *FX Forecast Update – Global environment and strong US economy to support USD, 13 Feb*
- *Research Global: manufacturing cycle has turned – more to come, 7 Feb*

Editor

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# Scandi market movers

- In **Denmark**, Wednesday brings retail sales figures for January. Real spending declined slightly in December, and the latest card transactions data suggests that it declined again in January (see more in *Spending Monitor*, 14 February) on a monthly basis. While consumer confidence improved substantially in January, sentiment was still in negative territory, implying cautious consumers. On the other hand, the purchasing power of consumers is increasing, with the latest data showing a 1.4% q/q increase in Q4 real private sector wages. Note that there is some uncertainty associated with the seasonal adjustment of retail sales, as the figure has diverged considerably from the VAT-based firm sales statistics where the only difference should be the seasonal adjustment method.

On Thursday we get unemployment numbers for January. The unemployment indicator showed a very small increase of 300 unemployed persons compared to December, underscoring the still strong labour market. There is a high degree of uncertainty associated with the preliminary figure and we have previously seen large revisions. It will be interesting to see whether this is the case on Thursday.

- In **Sweden**, Riksbank Governor Thedeén speaks about the economic outlook and monetary policy on 27 February at 08.00 CET. We look forward to his comment on January inflation which was mixed relative to Riksbank’s forecast (core below and headline above).

The January household lending survey should be investigated for two aspects, 1) are there any signs of mortgage credit growth bottoming out, 2) are there further evidence suggesting that floating rates have continued to come down.

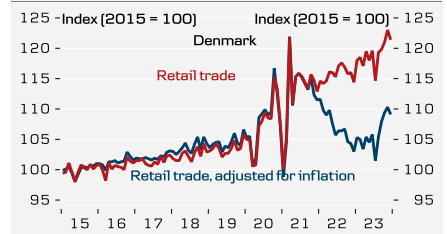
January PPI and trade balance combined give a first clue as to whether the strong jump in real net goods exports seen in Q4 has continued at the start of the new year or not.

NIER’s February survey is again expected to show an increase in business (possibly with the exception of construction) and consumer confidence, albeit all are likely to remain below the normal level. Retail and private services price plans are as always in focus, most needed for Riksbank comfort is a drop in services which remains too high. Hiring plans is another important check point.

The first official estimate of Q4 GDP is likely to show an increase in the order of 0.5% q/q SA. The unofficial GDP indicator rose by 0.1% with SCB commenting that strong foreign demand was balanced by weak domestic demand. We expect the official estimate will be stronger as inventory data suggest manufacturing has started to restock, adding 0.5 p.p. to GDP by itself. Real net goods exports imply a very strong boost to Q4 GDP growth. Retail sales appear to be slightly positive, but the question is if that applies to household consumption too? And given the apparently good spirits in a large part of the business sector (construction obviously still a big drag), business fixed investments should have continued to climb. All in all, we expect to see decent final demand topped up by a turnaround in the inventory cycle.

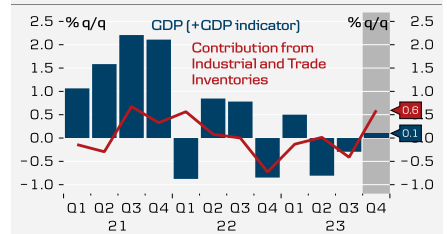
There has been a clear upward shift in the new orders to inventory spread over the past six months or so flashing a go ahead signal for production to increase. Whether this actually shows up in the February PMI data is of course uncertain, but it should not be far off in any case.

Spending data suggests that retail sales declined in January



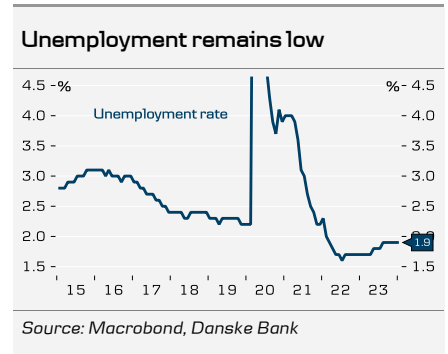
Sources: Statistics Denmark, Danske Bank

Inventory build-up to add to GDP growth



Source: SCB, Danske Bank's calculations

- Unemployment increased only marginally last year and is still well below the levels from 2019. Employment growth is holding up relatively well, but falling activity means that productivity growth has now become negative. Without an immediate boost in activity, there is therefore a risk that unemployment will begin to rise. However, we believe that February was too early, and that the seasonally adjusted unemployment rate was unchanged at 1.9%. Private consumption is still suffering from a combination of low real wage growth and higher interest rates, which result in negative growth in real disposable income. In addition, the saving ratio is already close to zero. As a result, we expect retail sales dropped 1.0 % m/m in January.



# Scandi update

## Denmark – Impressive finish to 2023

The Danish economy had an impressive finish to 2023, with GDP growth for Q4 at 2.0% q/q. Furthermore, growth for Q3 was revised up to 0.4% from -0.7%. The development was largely driven by pharmaceuticals, where manufacturing GVA increased almost 8% q/q in Q4, which also drove exports higher. Consumption also ticked up with quarterly growth of 1.7%, indicating somewhat less cautious consumers. All in all, this means the economy grew 1.8% for the year 2023, which is substantially higher than many Eurozone peers. Novo Nordisk’s massive success with its semaglutide-based diabetes and obesity drugs has supported the economy throughout the year. In fact, growth would have been -0.1% for the year when excluding pharmaceuticals. Nevertheless, the labour market has remained strong, with the latest figures showing payrolls increased by 1,300 people in December, and the purchasing power of consumers improved steadily throughout the latter half of the year.

There were 3909 house sales and 1015 apartment sales in January, data from Boligsiden shows adjusted for regular seasonal patterns. Compared to December this is a drop of 6.5% for houses and 30.6% for apartments. We expected a drop as we already had data from the broker *home*. The drop in apartment sales is concentrated especially in the larger cities, but it is important to note that we saw a large increase in sales in December. Apartments in especially Copenhagen were due for a tax hike in 2024, so we think many were keen to buy apartments before year-end as existing owners are exempt from the tax increases.

Business confidence improved in February, as most firms now expect increasing production over the next 3 months. There was a particular shift in manufacturing where the majority was 21 pct, and the optimism was not just contained to pharmaceuticals, but present in a broader range of businesses within, for example, metals and machinery. This is another positive sign that the manufacturing recession seems to be ending, although overall sentiment is still in negative territory, so there is still some way to go.

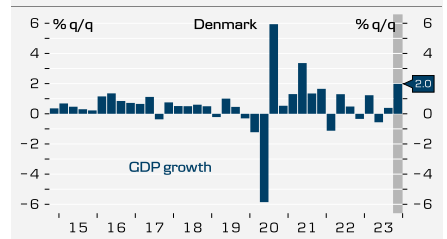
Consumer confidence also improved ever-so-slightly in February, but is still in deep negative territory at -7.4, which is not that much higher than during the financial crisis. A majority still feel poorer than a year ago, and in real terms income is still lower than in 2020. It looks like consumers are still insecure about their financial situation as a result. Nevertheless, we think that confidence will gradually improve throughout the year as consumers stand to regain their purchasing power.

## Sweden – The reverse inflationary impact from restrictive monetary policy and the consequences from “funflation”

The January inflation print was largely in line with our forecast as it was spot on the outcome for core inflation (CPIF excl. energy) at 4.4% y/y and CPIF at 3.3% (we forecasted 3.2%). This means core inflation is 0.1 p.p. below the Riksbank's forecast and CPIF is 0.1 p.p. above. Most anticipated chocks were realized as electricity, housing and food prices pushed up the number, while clothes, fuels, airline tickets and packages holidays drove it down. The expected one-off rent increase was not as high as we anticipated and is something that may provide upwards inflationary impact ahead.

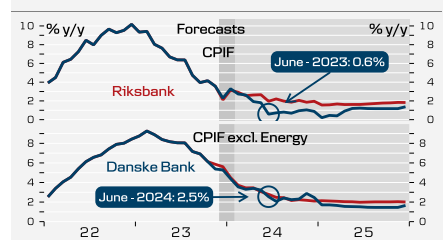
The graph to the right illustrates the current contradictory inflationary effect from the Riksbank’s restrictive monetary policy. For long, the stickiest part of the inflation baskets

Pharma drove a rebound in GDP growth to 2.0% in Q4



Source: Danske Bank, Statistics Denmark, Macrobond Financial

Inflation to remain below Riksbank forecast, especially core CPIF



Source: Statistics Sweden, Riksbank, Danske Banks forecast

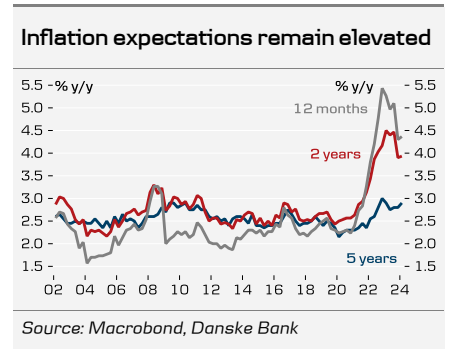
has been service inflation and hardest for the Riksbank to combat. However, service inflation includes the categories of electricity, rents, and mortgage costs. When we strip away the service categories from these housing components the three months seasonally adjusted inflation rate, recalculated in annual terms (3m SAAR) shows only 1.1%. Thereby what largely drives inflation at the moment are the price components that are pushed upwards by the alleviated interest rate level and thereby directly caused by the Riksbank's rate hikes. Conversely, the momentum of inflation looks largely positive for the most important categories such as goods, that is currently way below the inflationary target of 2%. That is further seen in the core inflation 3m SAAR at 2.2%. Furthermore, we project that electricity prices will successively decrease in the spring as the upwards price pressure from cold weather, temporary shutdown of nuclear plants and operator grid fees fades out.

Most notable in the print however was the great impact of the "basket effect" that gets incorporated in the CPIF in January every year. This occurs as the weighting in CPIF is altered to better reflect when consumers substitute their purchases for cheaper goods and services. This time the basket effect was much greater than usual and drove down the m/m change of CPIF by 0.35p.p. and core inflation by 0.48 p.p.! The basket effect also shows us the aftermath of the phenomenon of "funflation" or "holiday spending". Back then prices of e.g. recreation, restaurants and traveling rose after the pandemic as people were freed from the lockdown and increased their spending in these categories. It was these price categories that mainly contributed to the downward pressure in the basket effect. This reflects that people have substituted away their spending from these categories as it has become more expensive.

The print has no major impact on our current policy rate forecast as it is as we anticipated, and we still forecast that the first cut will come in June.

## Norway – The expectations survey to the strong side

An (unweighted) average of participants (CEOs, economists, and labour market organizations) in the Q1 Expectations survey now expects inflation in the next 12M of 4.37% (4.3%), in 2 years of 3.93% (3.9%) and in 5 years of 2.9% (2.8%). Numbers in brackets show the previous measurement. The same participants now expect wage growth this year of 4.9%, and 4.4% for next year. In comparison, NB's forecast from December showed wage growth of 5.0% and 4.3%, respectively in 2024 and 2025. Keep in mind that this survey was taken up before TBU presented its estimates for price growth this year, which were lower than expected. The labour unions for example, expects real wage growth this year of 0.7%. With TBU's price estimate of 4.1%, this will result in wage growth of 4.8% this year. The CEOs expect a fall in both purchase and retail prices in the next 12 months, although the fall in retail prices is somewhat lower than in the previous round. All in all, wage and price expectations were somewhat higher than expected, and will initially put pressure on Norges Bank to continue to focus on inflationary pressure in the economy. Having said that, the wage and price figures from TBU, which came after this measurement, were clearly more positive. We still believe there is a downside risk for both the wage growth (5.0%) and inflation estimate (4.4%) from NB in the December report.



# Calendar - 26 February 1 March - 2024

Monday, February 26, 2024				Period	Danske Bank	Consensus	Previous
16:00	USD	New home sales	1000 (m/m)	Jan		684	6640 (8.0%)
Tuesday, February 27, 2024				Period	Danske Bank	Consensus	Previous
2:15	CNY	1-Year Loan Prime Rate		Feb	3.50%	3.50%	3.50%
2:15	CNY	5-Year Loan Prime Rate		Feb	4.10%	4.10%	4.10%
0:30	JPY	CPI - national	y/y	Jan		1.9%	2.6%
0:30	JPY	CPI - national ex. fresh food	y/y	Jan		1.9%	2.3%
6:30	NOK	Consumer confidence	Net. bal.	1st quarter			-33.5
8:00	SEK	Household lending	y/y	Jan			0.4%
8:00	DEM	GfK consumer confidence	Net. Bal.	Mar		-29	-29.7
8:45	FRF	Consumer confidence	Index	Feb		92.0	91.0
10:00	EUR	Money supply (M3)	y/y	Jan		0.3%	0.1%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Jan			
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Jan			
14:00	HUF	Central Bank of Hungary rate decision	%			9.00%	10.00%
14:30	USD	Core capital goods orders, preliminary	%	Jan		0.1%	0.2%
15:00	USD	FHFA house price index	m/m	Dec			0.3%
16:00	USD	Conference Board consumer confidence	Index	Feb		114.8	114.8
Wednesday, February 28, 2024				Period	Danske Bank	Consensus	Previous
2:00	NZD	Reserve Bank of New Zealand (cash rate decision)	%		5.50%	5.50%	5.50%
6:00	JPY	Leading economic index, final	Index	Dec			110.0
8:00	DKK	Retail sales	m/mly/y	Jan			-1.1% 4.5%
8:00	SEK	PPI	m/mly/y	Jan			-1.6% -7.7%
8:00	SEK	Trade balance	SEK bn	Jan			3.8
9:00	SEK	Consumer confidence	Index	Feb			82.3
9:00	SEK	Economic Tendency Survey	Index	Feb			90.5
9:00	SEK	Manufacturing confidence	Index	Feb			99.3
11:00	EUR	Industrial confidence	Net bal.	Feb		-9.0	-9.3
11:00	EUR	Economic confidence	Index	Feb		96.6	96.2
11:00	EUR	Consumer confidence	Net bal.	Feb			-15.5
11:00	EUR	Service confidence	Net bal.	Feb			8.8
14:30	USD	Advance goods trade balance	USD bn	Jan		-88.1	-87.9
14:30	USD	PCE core	q/q AR	4th quarter			0.02
14:30	USD	GDP, 2nd release	q/q AR	4th quarter		3.30%	3.30%
16:30	USD	DOE U.S. crude oil inventories	K				3514
18:00	USD	Fed's Bostic speaks					
18:45	USD	Fed's Williams speaks					
Thursday, February 29, 2024				Period	Danske Bank	Consensus	Previous
0:50	JPY	Industrial production, preliminary	m/mly/y	Jan		-7.0% -1.8%	1.4% -1.0%
0:50	JPY	Retail trade	m/mly/y	Jan		0.5% 2.0%	-2.6% 2.3%
8:00	SEK	Retail sales s.a.	m/mly/y	Jan			-0.2% -2.2%
8:00	SEK	GDP	q/qly/y	4th quarter		0.0%	-0.3% -1.4%
8:00	SEK	Wages (blue collars/white collars)	y/y	Dec			4.9%
8:00	NOK	Retail sales, s.a.	m/m	Jan	-1.0%		-0.9%
8:00	DKK	Gross unemployment s.a.	K (%)	Jan			0.029
8:00	DEM	Retail sales	m/mly/y	Jan		0.5%	-1.1% -4.1%
8:45	FRF	Household consumption	m/mly/y	Jan			0.3% 1.3%
8:45	FRF	HICP, preliminary	m/mly/y	Feb			-0.2% 3.4%
8:45	FRF	GDP, final	q/qly/y	4th quarter		0.0%	0.0% 0.7%
9:00	ESP	HICP, preliminary	m/mly/y	Feb			-0.2% 3.5%
9:00	CHF	GDP	q/qly/y	4th quarter		0.2% 0.7%	0.3% 0.3%
9:00	CHF	KOF leading indicator	Index	Feb		101.5	101.5
9:55	DEM	Unemployment	%	Feb		5.8%	5.8%
10:00	NOK	Norges Bank's daily FX purchases	m	Mar			350
12:00	EUR	Portugal, GDP, final	q/qly/y	4th quarter			0.8% 2.2%
14:00	DEM	HICP, preliminary	m/mly/y	Feb		0.7% 2.8%	-0.2% 3.1%
14:30	USD	Initial jobless claims	1000				201
14:30	CAD	GDP	m/mly/y	Dec		0.2% 1.6%	0.2% 1.1%
14:30	USD	PCE core	m/mly/y	Jan		0.4% 2.8%	0.2% 2.9%
14:30	USD	Personal spending	m/m	Jan		0.2%	0.7%
14:30	USD	PCE headline	m/mly/y	Jan		0.3% 2.4%	0.2% 2.6%
15:45	USD	Chicago PMI	Index	Feb			46.0
16:00	USD	Pending home sales	m/mly/y	Jan		1.0%	8.3% -1.0%
16:50	USD	Fed's Bostic speaks					
19:15	USD	Fed's Mester speaks					

Source: Danske Bank

# Calendar - 26 February - 1 March 2024

Friday, March 1, 2024			Period	Danske Bank	Consensus	Previous
-	EUR	Ireland, GDP, final	q/q y/y	4th quarter		-0.7% 3.4%
-	USD	Total vehicle sales	m	Feb	15.45	15
0:30	JPY	Unemployment rate	%	Jan	2.4%	2.4%
0:30	JPY	Job-to-applicant ratio		Jan	1.27	1.27
1:30	JPY	Nikkei Manufacturing PMI	Index	Feb		47.2
2:10	USD	Fed's Williams speaks				
2:30	CNY	PMI manufacturing	Index	Feb	49.1	49.2
2:30	CNY	PMI non-manufacturing	Index	Feb	50.8	50.7
2:45	CNY	Caixin PMI manufacturing	Index	Feb	50.7	50.8
6:00	JPY	Consumer confidence	Index	Feb	38.3	38.0
8:30	SEK	PMI manufacturing	Index	Feb		47.1
9:15	ESP	PMI manufacturing	Index	Feb	50.0	49.2
9:45	ITL	PMI manufacturing	Index	Feb	49.5	48.5
9:50	FRF	PMI manufacturing	Index	Feb	46.8	46.8
9:55	DEM	PMI manufacturing	Index	Feb	42.3	42.3
10:00	NOK	PMI manufacturing	Index	Feb		50.7
10:00	NOK	Unemployment	%	Feb	1.9%	2.1%
10:00	EUR	PMI manufacturing	Index	Feb		46.1
10:30	GBP	PMI manufacturing	Index	Feb		47.1
11:00	EUR	Unemployment	%	Jan	6.4%	6.4%
11:00	EUR	HICP inflation, preliminary	m/m y/y	Feb	0.5% 2.4%	0.7% 2.5%
11:00	EUR	HICP - core inflation, preliminary	y/y	Feb	2.8%	3.0%
11:00	ITL	HICP, preliminary	m/m y/y	Feb		-1.1% 0.9%
12:00	ITL	GDP	y/y			
15:30	CAD	RBC manufacturing PMI	Index	Feb		48.3
15:45	USD	Markit PMI manufacturing	Index	Feb		51.5
16:00	USD	Construction spending	m/m	Jan	0.2%	0.9%
16:00	USD	ISM manufacturing	Index	Feb	49.2	49.1
16:00	USD	University of Michigan Confidence	Index	Feb	79.6	79.6
16:15	USD	Fed's Waller speaks				
18:15	USD	Fed's Bostic speaks				
19:30	USD	Fed's Daly speaks				

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>2</sup>	Public budget <sup>3</sup>	Public debt <sup>3</sup>	Current acc. <sup>3</sup>
Denmark	2023	1.8	1.3	0.0	-5.0	12.5	7.7	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
	2025	1.6	1.7	1.6	2.2	1.6	1.8	1.9	3.6	3.3	0.7	26.5	11.5
Sweden	2023	-0.2	-1.7	2.3	-1.0	2.6	0.7	8.5	4.0	7.7	-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
	2025	1.8	2.0	1.5	2.3	3.2	3.6	1.0	2.5	8.0	-0.8	29.0	4.6
Norway	2023	1.1	-0.7	3.6	0.3	1.4	0.7	5.5	5.4	1.8	-	-	-
	2024	1.1	1.2	1.3	4.0	2.0	1.8	3.0	4.4	2.3	-	-	-
	2025	2.1	2.5	1.6	4.0	2.0	1.8	2.0	3.5	2.5	-	-	-

### 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>2</sup>	Public budget <sup>3</sup>	Public debt <sup>3</sup>	Current acc. <sup>3</sup>
Euro area	2023	0.5	0.4	0.0	0.9	0.2	-0.3	5.4	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
	2025	1.2	1.1	0.8	1.5	2.7	2.6	2.1	3.7	7.1	-2.8	88.8	2.4
Finland	2023	-0.5	-0.5	3.0	-5.5	-0.5	-4.5	6.3	4.0	7.2	-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
	2025	1.9	1.2	0.2	4.0	3.0	2.0	1.5	2.5	7.2	-2.7	75.4	0.0

### 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>2</sup>	Public budget <sup>3</sup>	Public debt <sup>3</sup>	Current acc. <sup>3</sup>
USA	2023	2.5	2.2	4.0	0.5	2.7	-1.7	4.1	4.3	3.6	-5.8	124.6	-3.0
	2024	1.7	0.8	3.5	2.5	-1.6	-0.4	2.6	3.2	4.4	-5.8	126.8	-2.8
	2025	1.2	0.2	2.3	4.9	3.1	3.8	2.5	2.5	4.4	-5.8	128.6	-2.6
China	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
	2025	4.5	5.5	-	3.8	-	-	1.5	-	5.2	-7.0	91.8	1.1
UK	2023	0.5	-	-	-	-	-	7.4	-	4.2	-	-	-
	2024	0.0	-	-	-	-	-	2.8	-	4.6	-	-	-
	2025	1.0	-	-	-	-	-	1.9	-	4.9	-	-	-

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*	22-Feb	5.50	-	4.57	3.96	0.92	-	6.89	10.51	10.34
	+3m	5.25	-	4.20	3.90	0.94	-	7.03	10.75	10.75
	+6m	5.00	-	4.00	3.90	0.95	-	7.10	11.14	11.05
	+12m	4.50	-	3.80	3.90	0.96	-	7.16	11.44	11.15
EUR	22-Feb	4.00	3.89	3.24	2.78	-	1.08	7.4543	11.36	11.18
	+3m	4.00	3.70	2.90	2.70	-	1.06	7.4550	11.40	11.40
	+6m	3.75	3.50	2.75	2.70	-	1.05	7.4500	11.70	11.60
	+12m	3.25	3.00	2.50	2.70	-	1.04	7.4500	11.90	11.60
JPY	22-Feb	-0.10	-	-	-	0.006	0.007	4.58	6.98	6.87
	+3m	0.00	-	-	-	0.007	0.007	4.85	7.42	7.42
	+6m	0.00	-	-	-	0.007	0.007	5.00	7.85	7.78
	+12m	0.00	-	-	-	0.007	0.007	5.19	8.29	8.08
GBP*	22-Feb	5.25	-	4.60	3.88	1.17	1.08	8.71	13.28	13.06
	+3m	5.25	-	4.20	3.75	1.15	1.22	8.57	13.10	13.10
	+6m	5.00	-	4.00	3.75	1.14	1.19	8.47	13.30	13.18
	+12m	4.50	-	3.75	3.75	1.14	1.18	8.47	13.52	13.18
CHF	22-Feb	1.75	-	-	-	1.05	1.13	7.82	11.91	11.72
	+3m	1.75	-	-	-	1.06	1.13	7.93	12.13	12.13
	+6m	1.50	-	-	-	1.08	1.13	8.01	12.58	12.47
	+12m	1.00	-	-	-	1.08	1.12	8.01	12.80	12.47
DKK	22-Feb	3.60	3.89	3.36	2.94	0.134	0.145	-	1.52	1.50
	+3m	3.60	3.65	3.05	2.90	0.134	0.142	-	1.53	1.53
	+6m	3.35	3.40	2.90	2.90	0.134	0.141	-	1.57	1.56
	+12m	2.85	2.90	2.65	2.90	0.134	0.140	-	1.60	1.56
SEK	22-Feb	4.00	4.10	3.34	2.81	0.089	0.097	0.67	1.02	-
	+3m	4.00	3.98	2.85	2.80	0.088	0.093	0.65	1.00	-
	+6m	3.75	3.73	2.70	2.85	0.086	0.091	0.64	1.01	-
	+12m	3.25	3.22	2.50	2.90	0.086	0.090	0.64	1.03	-
NOK	22-Feb	4.50	4.74	4.54	3.91	0.088	0.095	0.66	-	0.98
	+3m	4.50	4.55	4.30	3.80	0.088	0.093	0.65	-	1.00
	+6m	4.00	4.10	4.00	3.75	0.085	0.090	0.64	-	0.99
	+12m	3.25	3.45	3.40	3.65	0.084	0.087	0.63	-	0.97

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

### Commodities

	22-Feb	2023				2024				Average	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024
ICE Brent	83	82	78	86	83	80	80	80	80	82	80

Source Danske Bank

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