

Weekly Focus

Central banks continue tightening despite recession fears

Central banks delivered further hikes largely as expected, as inflation pressures remain high despite the rising recession risks. In the US, Fed hiked rates by 75bp as broadly expected, but the updated ‘dot plot’ signalled more hawkish rate expectations than markets had expected. While Powell provided few new signals on the upcoming tightening pace, he repeated that Fed is increasingly focusing on limiting economic growth below potential and looking for signs of cooling labour markets. In contrast, we are forecasting a rebound in the Q3 GDP figures, and thus we are also calling for two more 75bp hikes in the November and December meetings. Read our full *Fed review: Hawkish 75bp – Fast hikes to continue*, 21 September, as well as some underlying thoughts on why we continue to see risks tilted towards Fed having to maintain financial conditions restrictive for longer: *FX Strategy - The bullish case for high US interest rates*, 22 September.

Bank of England hiked by only 50bp yesterday, in line with our expectations but less than what markets had priced in. Recession risks are rising in the UK amid the rapid decline in purchasing power, but we continue to expect further hikes in the coming meetings, see *Bank of England Update - Review: another 50bp hike and we expect more to come*, 22 September. **Norges Bank** also hiked by 50bp, but as it was among the first to start hiking last year, we also think it could be among the first to bring the hiking cycle to a halt, we are only looking for one more 25bp hike in the November, read more in Scandi section below.

The few outliers among the hiking central banks are found in **Turkey**, where the CBRT continued its unorthodox monetary policy by cutting rates by 100bp despite the soaring inflation, as well as in **Japan**. BoJ made no changes to its dovish policy stance, but later it was announced that the Ministry of Finance had instructed it to intervene in the FX markets to limit the rapid JPY weakening for the first time since 1998. Despite this, BoJ is still conducting monetary policy which sends more yen into the market, and we think the pressure to abandon the yield curve control has increased. Read our take in *Research Japan - Bank of Japan intervenes to support JPY*, 22 September.

European recession fears got further boosted by the **September Flash PMIs**, which signalled broad based weakening in the growth outlook. Especially the manufacturing sector is under clear pressure due to a steepening decline in new orders but also rising input costs due to the energy crisis.

This weekend, we will focus on the **Italian elections**, where the right-wing coalition’s win looks like a done deal. Giorgia Meloni’s party Brothers of Italy has increased its lead in the *latest polls*, and the focus will be on the margin of victory. Read our preview here: *Italian Politics Monitor - Unchartered territory*, 9 September.

Markets will continue to digest this week’s central bank meetings, and in the Euro Area main focus will be on Friday’s **September Flash HICP** figures, consensus is looking for another uptick to 9.4% y/y. In the US, focus will be on a wide range of **Fed speakers** as well as the August private consumption expenditures data out on Friday. **In China, August PMIs** will be released on Friday morning, we continue to see downside risks amid weakening export demand outlook

Key global views

- High risk of recession in Europe in H2 22. We expect the US to fall into recession in Q2 2023
- US inflation to peak in Q3, wage growth to stay high. Euro inflation to stay elevated in Q3 on higher electricity prices. Easing pressure from oil, metals, freight and food to pull global inflation lower in 2023.
- Fed to hike by another 150bp this year, then stop. ECB to hike a further 75bp this year, then stop.

Key market movers

- Mon: German Ifo
- Tue: US Durable Goods Orders
- Wed: BoJ Minutes
- Thur: EA Economic Sentiment Indicators, German Flash CPI
- Fri: China PMIs, EA Flash HICP, US PCE

Selected reading from Danske Bank

Fed review: Hawkish 75bp – Fast hikes to continue, 21 September

Research Japan - Bank of Japan intervenes to support JPY, 22 September.

Bank of England Update - Review: another 50bp hike and we expect more to come, 22 September.

Italian Politics Monitor - Unchartered territory, 9 September.

Editor

Antti Ilvonen
+358 445 180 297
antti.ilvonen@danskebank.com

Scandi market movers

- In **Denmark**, August's retail sales figures are due on Tuesday. Denmark's retail industry remains fairly buoyant despite a downward trend in the sales index during the first seven months of the year. What is notable here is that retail sales have not fallen further. Danish household finances are under considerable strain at the moment, with prices rising on food, energy and almost all other goods and services. Consumer confidence, meanwhile, points to gloom among Danish consumers. This conundrum indicates that many families have not had to cut consumption quite as drastically as perhaps feared considering the pace of price increases. We expect retail sales to continue trending south, though we also expect the decline to be modest.

Thursday is scheduled to bring business confidence figures for September. Industry turned more optimistic about the future outlook in August, while retail trade sentiment deteriorated further. Service industries were still upbeat, though not quite as positive as in July, while the mood in construction remained subdued. The overall business confidence indicator rose slightly in August. We also noted that fewer companies in the retail and industrial sectors expected to raise their prices in the coming 3 months. Nevertheless, more than 40% of retailers and almost 30% of manufacturers still expected to increase prices, which therefore do not appear set to fall anytime soon according to these figures.

Revised national accounts numbers are due on Friday. Preliminary figures indicate the Danish economy stagnated in H1 22. However, growth is often subject to substantial revision, and that revision could be particularly interesting this time around given that growth was very much driven by inventory building in Q2 22.

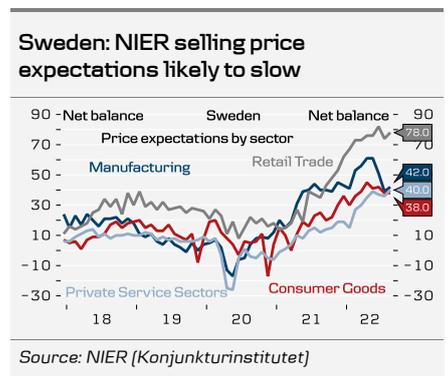
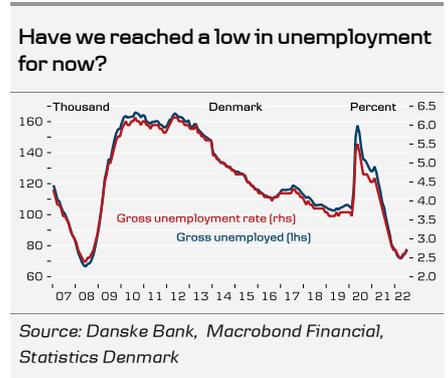
Also due on Friday are the unemployment numbers for August. Unemployment has been increasing for the past three months. Part of the rise is due to Ukrainian refugees joining the workforce who have still to find their footing in the Danish labour market. However, the influx of Ukrainian refugees cannot explain the entire increase, so we will be keen to see whether this trend continues and if these are the first signs that a low in unemployment has been reached for now. Preliminary figures from the Ministry of Employment point to largely unchanged jobless numbers in August.

- In **Sweden**, the upcoming week is fully loaded with speeches from Riksbank's Ingves, Jansson, Flodén and Ohlsson, some of which speak at multiple occasions. Moreover, monetary policy Minutes are released on Thursday 29th.

PPI is usually not a market mover, but the August outcome might be an upside surprise for those who do not realize that the 30 % mom electricity price increase seen in CPI will also show up in PPI.

It is not possible to make any sensible interpretation of the goods trade balance currently as export and import values are sharply inflated by higher prices. Quarterly data shows foreign goods trade volumes rising a much more modest 2-4 % yoy.

In July, retail sales dropped by 3.9 % yoy. August STIL apparel flash index suggest clothing and footwear sales is declining at least 4 % yoy in value terms on which you have to detract another 6 % or so in price increase to get to the volume decline. Whether or not this is indicative for a broader basket of retail sales is very uncertain, but it seems reasonable to expect yet another leg down in August retail sales.



We expect to see a broad-based decline in the NIER September confidence survey. Consumer confidence is already at a 30-year low, but could still move lower as respondents may have become more worried about the outlook for higher inflation, falling property prices and a deteriorating labour market outlook. We believe business hiring expectations and consumer perception of the risk of being unemployed is key going forward as a deterioration would suggest a rising risk for a recession. Selling price expectations are also key. Over the past couple of months, a stabilization has occurred in most sectors, with a peak most notably seen in manufacturing.

- In **Norway**, the tight labour market is obviously an important factor in Norges Bank's aggressive policy rate signals, and the bank is unlikely to change course until the labour market cools. The week's unemployment data for September could therefore be crucial, and we anticipate a slight increase in the jobless rate to 1.7% (seasonally adjusted). This is due to a clear slowdown in economic growth causing demand for labour to soften somewhat, albeit from high levels. Retail sales have naturally been under pressure from the shift in consumption in favour of services following the reopening of the economy, as well as a general erosion of purchasing power due to stronger inflation. Although we believe the underlying trend is still down, we see the possibility of a moderate rebound in August with retail sales climbing 0.7% m/m.

Unemployment to bottom out at record-low levels



Source: Macrobond, Danske Bank

Scandi update

Denmark – Danmarks Nationalbank points to recession

Danmarks Nationalbank released its latest forecast for the Danish economy on Wednesday, projecting a 0.1% decline in GDP in 2023, an increase in unemployment and falling house prices. In other words, an economic downturn – and unfortunately probably on the money. Activity is simply outpacing what the economy can bear, both in Denmark and abroad, so inflation is high and a period of discomfort seems unavoidable.

Consumer confidence plumbled to even greater depths this month, sinking from -25.1 in August to -32.1 in September. Delving further into the figures reveals that Danes are extremely negative on both the current situation and the future outlook. Moreover, while they are still much more negative on the prospects for the Danish economy overall, they have become increasingly concerned about their own financial situation. Soaring energy prices in late August presumably contributed to pushing consumer confidence lower. This is no real surprise, for while prices have since retreated again, many Danish consumers probably view this as a portent of what could happen with energy prices this winter. Sharply rising interest rates – on both fixed and variable rate loans – are also making life more expensive for consumers.

The number of people in work fell by 5,000 in July – the first decline since January 2021. This actual decline in employment was due to there being fewer public sector employees. We should remember, though, that the number of workers in the public sector has been unusually high since the start of the pandemic and that we have been expecting a fall for quite some time as staff involved in testing and vaccinating are reduced. However, the drop in employment appears particularly pronounced in education, according to the figures. Private sector employment was largely unchanged in July, which is a sign of weakness given that companies have been hiring more workers every month since the start of 2021. The slowdown was likely due to a combination of weaker demand and rising uncertainty, which has caused companies to press pause, plus many industries still have problems finding labour.

Sweden – Riksbank hikes by 100bp to 1.75%

The Riksbank chose to hike by 100bp to 1.75% and keep QE reinvestment levels unchanged for the remainder of the year, in contrast to our expectation of a 75bp hike and a stop of QE reinvestments. The Riksbank therefore has favored a larger hike over a stop of QE reinvestments. The new rate path signals a slowdown in hiking pace for the November meeting (c. 45bp) and the rate path peaks around 2.5% in Q2 2023. Market is unlikely to buy into that story (FRA curve peaks around 3.6%) and we for now stick to our forecast of 75bp in November. As we said earlier, a February 2023 hike cannot be ruled out but it is not our base case for the moment.

The Riksbank now forecast negative growth for Sweden in 2023, while the forecasts indicates positive growth in both EZ and US for 2023. Despite negative growth in Sweden, the unemployment rate is kept unchanged this year at 7.2% and revised up by only 0.2 p.p for 2023. A quite optimistic view in our opinion.

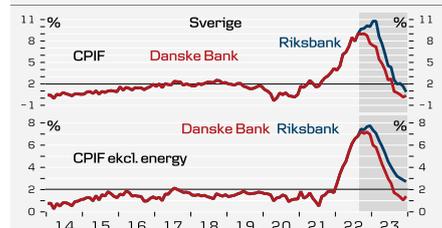
Valueguard published their home-price index for August this week showing a total decrease of 1.2% s.a driven by a decrease in price on houses while prices on flats actually increased. This means that housing prices in Sweden now in total is down by 5% s.a since the beginning of the year, flats -6% and houses -4%. With the Riksbank rate hike (and more to

Danmarks Nationalbank expecting a Danish recession in 2023



Source: Danske Bank, Macrobond Financial, Nationalbanken, Statistics Denmark

Riksbank near term inflation forecast was revised up quite a lot



Source: Maacrobond, Danske Bank, Riksbank.

come), high energy prices and eroded consumer purchasing power we expect housing prices to decline further coming month. With an estimate of another 5-10p.p decline from here.

Norway – Norges Bank raises rate and signals slower pace of hikes

As expected, Norges Bank raised its policy rate by 50bp to 2.25% and signalled that it will probably rise further in November. In its assessment, the bank writes: “The policy rate has been raised from a very low level over the past year, and monetary policy is starting to have a tightening effect on the Norwegian economy. This may suggest a more gradual approach to policy rate setting ahead.” This is a clear signal that the bank is now most likely to return to “normal” rises of 25bp.

The bank’s projections in the accompanying monetary policy report show the policy rate probably being raised by another 50bp in Q4 (25bp in November and 25bp in December) to end the year at 2.75%, and a further 25bp in Q1 to peak at 3.0%. No rate cuts are forecast until H2 2024. The policy rate path would have been even lower during the forecast period had the bank not used its judgement to revise it up slightly, which can perhaps be seen as risk management. Either way, its projections are well below current market expectations.

The bank’s risk assessment seems fairly balanced: “If there are prospects that inflation will remain high for longer than currently projected, there may be a need for a higher policy rate. On the other hand, there is a risk of a more pronounced slowdown in both global and domestic activity. If inflation and capacity utilisation decrease faster than projected, the policy rate may be raised less far.”

The bank’s economic forecasts are largely in line with our own. Its prediction for growth next year is actually lower than ours, but the bank is still forecasting a slightly larger output gap than we are, and so slightly lower unemployment. The big difference is when it comes to the bank’s expectations for wage growth in 2023 (4.6%), 2024 (4.5%) and 2025 (4.2%). We expect the slowdown to bring higher unemployment and, not least, pressure on profitability in the business sector, so we consider those levels of wage growth to be way beyond what firms could bear.

We therefore expect Norges Bank to raise its policy rate just once more in 2022, by 25 bp, such that it peaks at 2.5% at the end of this year. We do not expect any further increases in 2023, and see a high probability of a first rate cut towards the end of that year. The risk to our forecast is if the slowdown does not come as quickly as we anticipate and/or Norges Bank is even more aggressive in fighting inflation and so has less focus on medium-term inflation drivers

Higher in the near term, lower further out



Source: Macrobond, Danske Bank

Calendar – 26-30 September 2022

Monday, September 26, 2022

				Period	Danske Bank	Consensus	Previous
2:30	JPY	Nikkei Manufacturing PMI, preliminary	Index	Sep			51.5
2:30	JPY	Markit PMI services, preliminary	Index	Sep			49.5
10:00	DEM	IFO - business climate	Index	Sep		87.1	88.5
10:00	DEM	IFO - current assessment	Index	Sep		96.0	97.5
10:00	DEM	IFO - expectations	Index	Sep		78.9	80.3
18:00	USD	Fed's Bostic speaks					
22:00	USD	Fed's Mester speaks					

Tuesday, September 27, 2022

				Period	Danske Bank	Consensus	Previous
3:30	CNY	Industrial profits	y/y	Aug			
8:00	SEK	PPI	m/mly/y	Aug			-1.5% 20.4%
8:00	SEK	Household lending	y/y	Aug			5.9%
8:00	SEK	Trade balance	SEK bn	Aug			-2100000000
10:00	EUR	Money supply (M3)	y/y	Aug		5.4%	5.5%
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Aug		5.4%	5.5%
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Aug		5.4%	5.5%
12:15	USD	Fed's Evans speaks					
13:30	USD	Fed chair Powell speaks					
14:00	HUF	Central Bank of Hungary rate decision	%			12.8%	11.8%
14:30	USD	Core capital goods orders, preliminary	%	Aug		0.2%	0.3%
15:00	USD	FHFA house price index	m/m	Jul		0.0%	0.1%
15:55	USD	Fed's Bullard speaks					
16:00	USD	Conference Board consumer confidence	Index	Sep		104.5	103.2
16:00	USD	New home sales	1000 (m/m)	Aug		500000	511000.0 (-12.6%)

Wednesday, September 28, 2022

				Period	Danske Bank	Consensus	Previous
2:35	USD	Fed's Daly speaks					
7:00	JPY	Leading economic index, final	Index	Jul			99.6
8:00	DKK	Retail sales	m/mly/y	Aug			0.0% -9.1%
8:00	SEK	Retail sales s.a.	m/mly/y	Aug			-0.6% -3.9%
8:00	NOK	Retail sales, s.a.	m/m	Aug	0.7%		-2.1%
8:00	DEM	GfK consumer confidence	Net. Bal.	Oct		-38.8	-36.5
8:45	FRF	Consumer confidence	Index	Sep		80.0	82.0
9:00	SEK	Consumer confidence	Index	Sep			56.3
9:00	SEK	Economic Tendency Survey	Index	Sep			97.5
9:00	SEK	Manufacturing confidence	Index	Sep			116.4
9:15	SEK	NIER economic forecasts					
9:15	SEK	NIER economic forecasts					
14:30	USD	Advance goods trade balance	USD bn	Aug		8800000000.0	-9020000000.0
14:35	USD	Fed's Bostic speaks					
16:00	USD	Pending home sales	m/mly/y	Aug		-0.5%	-1.0% -22.5%
16:10	USD	Fed's Bullard speaks					
16:30	USD	DOE U.S. crude oil inventories	K				1141000
20:00	USD	Fed's Evans speaks					

Thursday, September 29, 2022

				Period	Danske Bank	Consensus	Previous
9:00	ESP	HICP, preliminary	m/mly/y	Sep		0.6% 10.0%	0.3% 10.5%
11:00	EUR	Industrial confidence	Net bal.	Sep		-0.3	1.2
11:00	EUR	Economic confidence	Index	Sep		96.0	97.6
11:00	EUR	Consumer confidence, final	Net bal.	Sep			-28.8
11:00	EUR	Service confidence	Net bal.	Sep		7.5	8.7
14:00	DEM	HICP, preliminary	m/mly/y	Sep		1.3% 10.0%	0.4% 8.8%
14:30	USD	GDP, ___ release	q/q AR	2nd quarter		-0.006	-0.006
14:30	USD	Initial jobless claims	1000				213000
14:30	CAD	GDP	m/mly/y	Jul		-0.1% 4.2%	0.1% 4.7%
14:30	USD	PCE core	q/q AR	2nd quarter		0.044	0.044
15:30	USD	Fed's Bullard speaks					
19:00	USD	Fed's Mester speaks					
22:45	USD	Fed's Daly speaks					

Source: Danske Bank

Calendar

Friday, September 30, 2022			Period	Danske Bank	Consensus	Previous
1:30	JPY	Unemployment rate	%	Aug	2.5%	2.6%
1:30	JPY	Job-to-applicant ratio		Aug	1.3	1.29
1:50	JPY	Retail trade	m/mly/y	Aug	0.2% 2.7%	0.7% 2.4%
1:50	JPY	Industrial production, preliminary	m/mly/y	Aug	-0.2% 1.8%	0.8% -2.0%
3:30	CNY	PMI manufacturing	Index	Sep	49.4	49.4
3:30	CNY	PMI non-manufacturing	Index	Sep	52.6	52.6
3:45	CNY	Caixin PMI manufacturing	Index	Sep		49.5
7:00	JPY	Consumer confidence	Index	Sep	33.5	32.5
8:00	GBP	GDP, final	q/qly/y	2nd quarter	-0.1% 2.9%	-0.1% 2.9%
8:00	SEK	Wages (blue collars/white collars)	y/y	Jul		3.2%
8:00	DKK	Gross unemployment s.a.	K (%)	Aug	77.8 (2.7%)	77.8 (2.7%)
8:00	DKK	GDP, final	q/qly/y	2nd quarter		0.9% ..
8:45	FRF	Household consumption	m/mly/y	Aug		-0.8% -4.3%
8:45	FRF	HICP, preliminary	m/mly/y	Sep	0.0% 6.7%	0.5% 6.6%
9:00	CHF	KOF leading indicator	Index	Sep	85.5	86.5
9:55	DEM	Unemployment	%	Sep	5.5%	5.5%
10:00	NOK	Unemployment	%	Sep	1.7%	1.6%
10:00	NOK	Norges Bank's daily FX purchases	m	Oct	3500000000	3500000000
11:00	ITL	HICP, preliminary	m/mly/y	Sep	1.8% 9.5%	0.9% 9.1%
11:00	EUR	Unemployment	%	Aug	6.6%	6.6%
11:00	EUR	HICP inflation, preliminary	m/m	Sep	1.0%	0.6%
11:00	EUR	HICP - core inflation, preliminary	y/y	Sep	4.7%	4.8%
11:00	EUR	HICP inflation, preliminary	y/y	Sep	9.8%	9.7%
14:30	USD	PCE core	m/mly/y	Aug	0.4% 4.7%	0.5% 4.8%
14:30	USD	Personal spending	m/m	Aug	0.2%	0.1%
14:30	USD	PCE headline	m/mly/y	Aug	0.1% 6.0%	0.1% 6.0%
15:00	USD	Fed's Brainard speaks				-0.1% 6.3%
15:45	USD	Chicago PMI	Index	Sep	51.8	52.2
16:00	USD	University of Michigan Confidence, final	Index	Sep	59.5	59.5
22:15	USD	Fed's Williams 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	4.9	4.3	4.2	6.2	8.0	8.0	1.9	3.0	3.7	2.6	36.7	8.3
	2022	3.5	2.1	-0.3	3.3	4.1	1.9	7.5	3.7	2.5	1.0	31.9	8.8
	2023	0.7	1.3	0.9	-0.4	2.2	2.5	3.4	4.0	2.7	0.7	29.9	8.1
Sweden	2021	4.8	6.1	2.6	5.9	7.6	9.3	2.2	2.7	8.8	-0.2	37.3	5.2
	2022	1.1	2.6	0.1	-0.3	5.4	6.3	6.4	2.0	7.4	-0.3	33.0	4.9
	2023	1.6	1.7	1.2	1.3	3.9	3.4	3.5	2.1	7.2	0.3	31.0	5.2
Norway	2021	4.1	4.9	3.8	-0.9	4.7	2.3	3.5	3.5	3.2	-	-	-
	2022	2.9	6.7	1.3	3.1	6.0	7.5	5.3	3.7	1.8	-	-	-
	2023	1.2	2.5	1.3	2.0	4.0	4.0	3.0	3.7	2.1	-	-	-

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	5.2	3.7	4.2	4.1	10.3	8.0	2.6	4.1	7.7	-5.1	97.4	3.2
	2022	3.1	3.9	2.2	3.1	6.4	7.7	8.5	4.0	6.8	-3.7	94.7	2.4
	2023	0.3	0.6	2.4	2.3	2.7	4.9	5.0	3.4	6.8	-2.5	92.7	2.9
Germany	2021	2.6	0.4	3.8	1.0	9.5	8.9	3.2	3.4	3.6	-3.7	69.3	7.4
	2022	1.5	4.1	4.6	0.7	2.0	6.7	8.8	3.3	3.0	-2.5	66.4	6.4
	2023	-0.1	0.2	3.2	2.0	2.0	4.8	6.5	3.9	3.0	-1.0	64.5	6.8
Finland	2021	3.0	3.7	2.9	1.5	5.4	6.0	2.2	2.3	7.7	-2.6	72.3	0.9
	2022	1.5	1.6	1.5	4.0	1.0	2.5	6.0	2.8	6.4	-2.8	65.0	-0.6
	2023	1.6	2.5	1.0	2.5	2.0	3.5	2.5	2.6	6.3	-2.3	64.8	-0.2

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	4.2	5.4	-12.4	126.9	-3.5
	2022	1.6	2.4	-1.4	1.3	5.7	9.4	7.9	5.2	3.6	-4.2	124.0	-3.5
	2023	-0.2	-0.1	0.9	-2.9	-1.5	-3.4	3.8	4.2	3.9	-3.8	121.0	-3.2
China	2021	8.0	10.2	-	5.2	-	-	0.7	5.0	-	-5.6	68.9	3.0
	2022	2.8	4.8	-	3.0	-	-	2.5	5.0	-	-7.7	77.8	1.1
	2023	5.7	6.5	-	5.0	-	-	2.5	5.5	-	-7.1	81.8	1.0
UK	2021	7.4	6.2	14.3	5.9	-1.3	3.8	2.6	5.1	4.5	-5.4	95.6	-2.6
	2022	4.0	4.8	1.3	8.1	0.7	14.7	8.4	4.4	3.6	-3.9	95.5	-4.8
	2023	-0.2	-0.3	1.2	-1.9	-2.4	-2.4	5.6	3.3	4.1	-1.9	97.0	-3.7
Japan	2021	1.7	1.1	2.1	-1.3	11.9	5.1	-0.2	-	2.8	-	-	-
	2022	1.7	3.3	1.4	-1.8	3.6	4.1	1.6	-	2.5	-	-	-
	2023	1.8	1.6	0.7	1.7	2.9	1.1	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	23-Sep	3.25	3.60	4.59	3.81	97.6	-	761.8	1050.6	1118.7
	+3m	4.75	4.90	3.90	3.35	97.0	-	766.8	1092.8	1113.4
	+6m	4.75	4.90	3.90	3.45	96.0	-	775.5	1062.5	1166.7
	+12m	4.75	4.71	3.65	3.25	95.0	-	784.2	1031.6	1178.9
EUR	23-Sep	0.75	1.15	2.94	2.84	-	97.6	743.6	1025.5	1092.0
	+3m	1.50	1.61	2.30	2.65	-	97.0	743.8	1060.0	1080.0
	+6m	1.50	1.62	2.35	2.50	-	96.0	744.5	1020.0	1120.0
	+12m	1.50	1.62	2.25	2.45	-	95.0	745.0	980.0	1120.0
JPY	23-Sep	-0.10	-0.02	0.15	0.53	120.5	142.9	6.17	8.51	9.06
	+3m	-0.10	-	-	-	137.7	142.0	5.40	7.70	7.84
	+6m	-0.10	-	-	-	136.3	142.0	5.46	7.48	8.22
	+12m	-0.10	-	-	-	123.5	130.0	6.03	7.94	9.07
GBP*	23-Sep	2.25	-	4.91	3.86	88.3	110.5	842.3	1161.6	1236.9
	+3m	3.25	-	4.00	3.20	86.0	112.8	864.8	1232.6	1255.8
	+6m	3.50	-	3.80	3.15	86.0	111.6	865.7	1186.0	1302.3
	+12m	3.50	-	3.70	3.00	85.0	111.8	876.5	1152.9	1317.6
CHF*	23-Sep	0.50	-	1.68	2.15	95.8	98.1	775.9	1070.0	1139.4
	+3m	1.25	-	-	-	95.0	97.9	782.9	1115.8	1136.8
	+6m	1.25	-	-	-	94.0	97.9	792.0	1085.1	1191.5
	+12m	1.25	-	-	-	93.0	97.9	801.1	1053.8	1204.3
DKK	23-Sep	0.65	1.47	3.23	3.10	743.64	761.81	-	137.90	146.85
	+3m	1.40	1.80	2.60	2.95	743.75	766.75	-	142.52	145.21
	+6m	1.40	1.80	2.65	2.80	744.50	775.52	-	137.00	150.44
	+12m	1.40	1.80	2.55	2.75	745.00	784.21	-	131.54	150.34
SEK	23-Sep	1.75	1.91	3.41	3.07	1092.0	1118.7	68.1	93.9	100.0
	+3m	2.50	1.95	2.70	2.40	1080.0	1113.4	68.9	98.1	-
	+6m	2.50	2.50	2.65	2.50	1120.0	1166.7	66.5	91.1	-
	+12m	2.50	2.50	2.50	2.40	1120.0	1178.9	66.5	87.5	-
NOK	23-Sep	1.75	2.85	3.77	3.57	1025.5	1050.6	72.5	100.0	106.5
	+3m	1.75	2.85	3.05	3.35	1060.0	1092.8	70.2	-	101.9
	+6m	2.25	2.85	2.95	3.40	1020.0	1062.5	73.0	-	109.8
	+12m	2.25	2.85	2.85	3.20	980.0	1031.6	76.0	-	114.3

*Notes: GBP swaps are SONIA and CHF swaps are SHARON.

We have updated our Norges Bank forecasts after yesterday's Norges Bank meeting but not yet our Norwegian yield outlook

Commodities												
	23-Sep	2022				2023				Average		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2022	2023	
ICE Brent	88	98	112	115	100	95	95	95	95	106	95	

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