

Weekly Focus

Euro area recovery gathers steam

Market sentiment remained volatile this week with further declines in US yields despite last week's hawkish Fed surprise. Comments from Fed members confirmed that a debate on QE is on the cards, but also that policy rate changes are not around the corner. EUR/USD remained below 1.20 and we see scope for further USD upside after the summer (see *FX Strategy - Snap reversal of deflation has taken EUR/USD lower*, 21 June). Bank of England kept its policy rate and bond buying pace unchanged and pledged to maintain its accommodative policy stance until there is clear evidence that inflation will stay above target for a sustained period. Discussions on the ECB strategic review are also gathering pace in the Governing Council. While ECB policymakers still remain apart on a new inflation strategy, there is growing consensus to include climate and owner-occupied housing in their decisions. As we argued in *ECB Research Strategy Review: 'leaving no stone unturned'*, 18 June, we expect a rather muted market reaction to the strategic review.

The euro area recovery picked up pace at the end of Q2 according to June PMIs, with business activity growing at the fastest rate in 15 years thanks to a strong rebound in the service sector. In the US PMI services fell, but volatile transport services might have played a role and we do not see it as a cause for concern. **After a 'hot' summer we believe the global manufacturing cycle is set to peak during Q3** as some of the strong tailwinds behind the boom are about to fade (see also *Research Global - Manufacturing cycle to peak in Q3*, 21 June). We see scope for Europe's manufacturing boom to extend into H2 21, with the turn of the cycle slightly lagging China and the US, but we do not think that the European manufacturing cycle can escape abating global momentum for long (see also *Research Euro Area - Tide is slowly turning for European manufacturing*, 22 June).

Swedish politics was plunged into turmoil, after a majority in the Swedish Parliament supported a non-confidence vote against Prime Minister Löfven and his Social Democrat-Green coalition government. The constitution gives the PM two options: 1) to resign and let the speaker investigate options for a new government backed by parliament or 2) call for snap-elections (held within three months). Despite the uncertainty we do not think it will have much of a market impact, see *Research - Sweden in political crisis*, 21 June.

Next week the key event for markets will be the June US jobs report, where the question will be whether "weak" jobs growth continues due to temporarily higher unemployment benefits. The June ISM manufacturing will also be monitored for any signs of accelerating/subsiding supply side constraints and inflationary cost pressures. In Europe, focus is on the June flash HICP print which should show a further uptick in core inflation to 1.1% in our view, but with headline holding steady at 2.0%. We look for a broadly unchanged Chinese manufacturing PMI in June as strong external demand and slowing domestic demand are pulling in opposite directions. We also keep an eye on oil prices, which lately touched USD/bbl 76 as a rebound in travelling is boosting demand. Higher oil prices have supported market inflation expectations and a continued rise could add to inflation risks. In Japan, the quarterly Tankan business survey is likely to paint a picture of a Japanese economy still heavily supported by the global manufacturing boom but only slowly improving services activity.

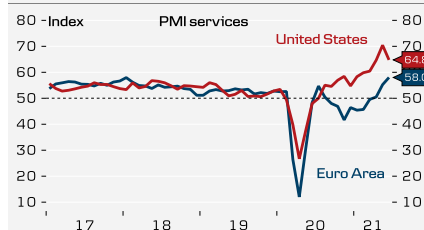
Key market movers

- **Wed:** Euro area flash HICP
- **Thu:** Japan Tankan survey, China PMI manufacturing, Riksbank meeting, US ISM manufacturing
- **Fri:** US jobs report

Selected reading from Danske Bank

- *Research Global - Manufacturing cycle to peak in Q3*, 21 June
- *Research Euro Area - Tide is slowly turning for European manufacturing*, 22 June
- *Research - Sweden in political crisis*, 21 June
- *Nordic outlook - We have lift-off*, 23 June
- *FX Strategy - Snap reversal of deflation has taken EUR/USD lower*, 21 June

Euro area recovery is gaining steam



Source: Markit, Macrobond Financial

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Scandi market movers

- In Denmark, figures for registered unemployment in May are due on Wednesday. Ministry of Employment figures indicate unemployment declined by 15,000 between April and May. Such a large fall is unlikely in registered unemployment, as this does not include the many furloughed workers, but we nevertheless expect a solid decline following the slight increase in April. That being said, unemployment will likely take around 12 months to get back to pre-corona levels, in our view.

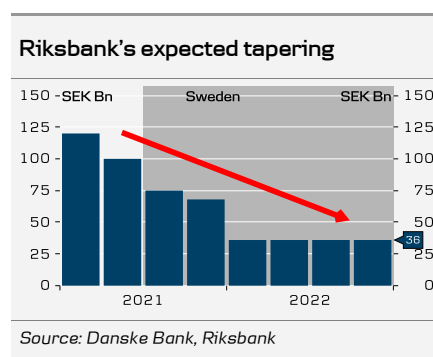
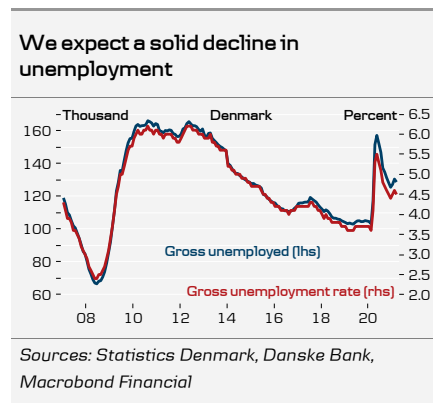
Business confidence for June is also due on Wednesday. May saw very significant progress among service industries, and this looks set to continue in the next few months. It will be interesting to see whether materials shortages in the industrial and construction sectors have an impact on expectations for the coming months. Confidence in the retail sector took a knock in May after a very strong March and April. Consumption has proved very buoyant in June, and we expect this to be reflected in Wednesday's figures.

Danmarks Nationalbank is set to release FX reserve figures for June on Friday. The strong Danish krone (DKK) has been trading at levels against the euro (EUR) that triggered intervention between February and May. We will therefore be monitoring whether the central bank continued to intervene for the fifth month in a row, which would further increase the likelihood of a modest rate cut in the coming months.

- In what concerns the Swedish political turmoil, the PM has a deadline by Monday 28th to deliver a decision to either resign (in which case the speaker looks for other government constellations) or announce a snap election.

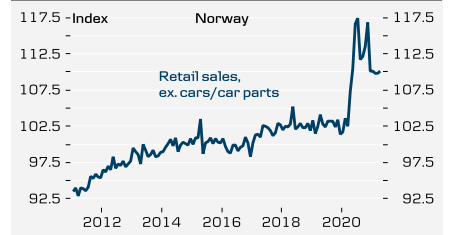
Riksbank has a monetary policy decision on Thursday, July 1. Conditions are different compared with the US: 1) US inflation stands out as the odd-man-out, there is (at least so far) no sign of a boom in Swedish (or EZ) core inflation like the one seen in recent months in the US. 2) Even though stimulatory, Swedish (or EZ) fiscal policy is nowhere near the super-charged policy conducted in the US. 3) The Riksbank is in fact already tapering, with asset purchase declining from SEK 120bn in Q1 21 to SEK 75bn in Q3 21 and to an estimated SEK 68bn in Q4 21. Next year net asset purchases will stop and we estimate that total gross purchases (re-investments) will amount to some SEK 145bn (SEK 36bn per quarter) compared with SEK 345bn this year. From that point of view the Riksbank is already in a process of "normalization" and in the meantime, as long as underlying inflation pressures remain muted (52% of CPIF inflation stems from two components; energy and clothing), the Riksbank is probably in no hurry to signal a rate hike. However, as time goes by and the forecast horizon is extended, the Riksbank will at some point need to consider for how long it is reasonable to signal an unchanged policy rate. At the November policy meeting the forecast horizon will be extended to Q1 2025. That could be the moment when it is time to pencil in a hiking bias.

Next week there is a range of data releases, including May retail sales and trade balance figures on the one hand and June PMI and NIER confidence surveys on the other. The implications from the former are limited, but the latter may give clues about the state of the manufacturing cycle and price pressures.



- In **Norway**, we predict a strong rebound in retail sales in May. The main reason, of course, is the impact of reopening shopping centres and so on in the Oslo/Viken region at the beginning of the month. Based on the weekly sales figures, we anticipate an increase of 1.5% m/m, with the risk to the upside. Global manufacturing indicators have continued to improve in June, and the manufacturing side of the regional network survey was very encouraging. We therefore expect the PMI to climb to 60.0 in June from 58.5 in May. The weekly unemployment numbers have continued to come down in June, and so we expect the jobless rate to fall to 3.1% from 3.5% in May, with the risk to the downside.

Fresh retail rebound expected



Source: Macrobond, Danske Bank

Scandi update

Denmark – Employment higher than ahead of second lockdown

The number of wage earners rose by 16,000 in April, taking the number of people finding work in the past three months to 24,000. This means employment is now higher than in November, just before the second lockdown. However, there are still 14,300 fewer wage earners compared to February 2020, before the corona crisis struck. Nevertheless, there has certainly been further progress since April, as witnessed by the number of job ads in May, which was at its highest since 2008 and bodes well for employment in the coming months.

Consumer confidence printed at 2.3 and so was largely unchanged from 2.8 in May. The views and expectations of consumers on the Danish economy lifted confidence, while the Danes’ views and expectations on their own finances pulled in the opposite direction, which was the reason for the small decline in consumer confidence. The reopening has clearly left its mark on consumer confidence, yet it is disappointing that the uplift did not continue into June. Nevertheless, optimism remains intact in terms of consumption, as Danes have demonstrated an increased appetite for spending throughout June – also compared to May.

Danske Bank published its own forecast for the Nordic economies on Wednesday, Nordic Outlook. The Danish economy has transitioned from crisis to concerns about overheating in the past few months, with industry and the labour and housing markets starting to run hot. You can read more here: Nordic Outlook - We have lift-off, 23 June. Danmarks Nationalbank, meanwhile, has also released its forecast for the Danish economy, revising growth expectations for this year considerably higher. Hence, the central bank’s expectations are now pretty much in line with our own, and both predict solid growth in 2021 and 2022.

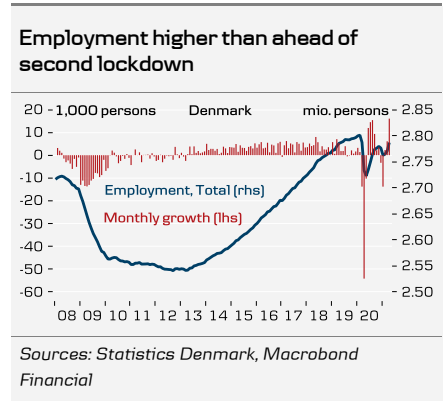
The latest retail sales index was released on Friday and was up 0.9% from April to May. Retail sales are currently at a considerably higher level than prior to the corona crisis, buoyed in part by Danes having more money in their pockets, not least due to payouts of the hitherto frozen holiday allowance. We expect retail sales to find a more normal level as consumption of services increases.

Sweden – Markets unaffected by political turmoil

Last Monday, a majority in the Swedish Parliament (Riksdag) supported a non-confidence vote against the Prime Minister Stefan Löfven and his Social democrat-Green coalition government (which has never happened before). The constitution now gives the PM one week to choose between two options: 1) to resign and let the speaker investigate options of forming a new government which is backed by the Riksdag 2) announce a snap-election (which then must be held within three months).

At this stage it is difficult to say where this will end because there are several complicating factors. One being that a snap-elections have not taken place since 1958. No one knows if and how a snap election held only about a year in advance of the next regular election (September 2022) could affect voter turnout and therefore the election result.

We do not think this will have much of a market impact, in particular not for rates. It took four months after the September 2018 election before a new government was in place and the market did not take much notice. The fiscal policy framework which stipulates strict budget discipline is supported by a broad majority in Parliament, so there is no risk of a U-turn there. Perhaps one can see some (minor) risk premium in the SEK until this is resolved.



Riksdag seats	
Social democrats	100
Greens	16
Liberals	19
Centre party	31
Left party	27
Conservatives	70
Christian democrats	22
Sweden democrats	62
Independent	2
TOTAL	349

Source: Swedish Riksdag

Background: It took four months to form a new government after the 2018 election. After an agreement with the Centre party and the Liberals on a list of 73 specific – essentially liberal – reforms (the January agreement), the latter two parties agreed to accept Stefan Löfven as Prime minister of a Social democratic – Green party coalition government. A demand from the Centre party and Liberals was also that the Left party must be excluded from political influence. This was a complicating factor from the outset since the government also needed the (passive) support from the Left party to reach a majority.

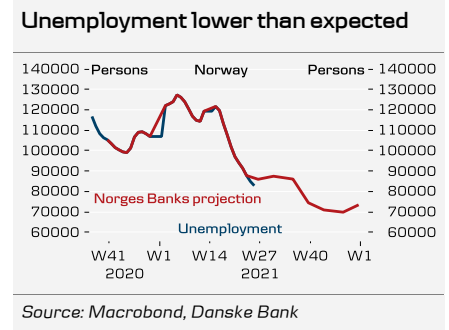
What has happened: One of the issues in the 73-point list was a reform of the housing market (newly constructed rental apartments) which would give landlords a stronger position in setting rents without negotiations with tenants’ representatives. This was a red line for the Left party which has made clear that if the government brings forward such a proposal they will pull their support. This has triggered the government crisis.

Complications: In order to be represented in the Riksdag, a party must get at least 4% of the votes in an election. Since the 2018 election the Liberals have almost imploded (the latest poll shows 2.3%) and are very likely to lose their seats in Parliament in a snap-election. But even if they miraculously would remain in Parliament, the situation has changed since the party leader has explained that the Liberals would no longer support Stefan Löfven after an election. Also, the coalition partner (Greens) are also dangerously close to falling short of the 4% hurdle according to polls.

In the meantime, the speaker has made clear that he will not allow it to take so long to get a new government in place as it did in 2018, this increases the risk of a snap-election but also suggests that the period of political uncertainty will be relatively short-lived.

Norway – Unemployment falling

Unemployment is continuing to fall as temporarily laid-off workers return to work in the industries now reopening. We have also seen an increase in the number of vacancies since the autumn, which points to a substantial need for labour in the sectors that were not locked down. There are signs of bottlenecks forming in the labour market, which could slow growth going forward, but most will probably resolve once the country’s borders are fully reopened. It is also interesting to note that last week there were more than 3,000 fewer jobless than Norges Bank projected only a fortnight ago, so the reopening is very much on track.



Activity tracker

Euro area	Last obs	Value	Last 4 months	1W chg.	1M chg.	Low
Bundesbank weekly activity index*	Week 25	1.48		0.11	0.55	-6.1
German truck toll mileage (1w m.a.), % y/y	16-Jun	8.8%		-1.4 p.p.	-3.6 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	23-Jun	12.6%		-0.1 p.p.	82.1 p.p.	-100%
USA						
NY Fed weekly economic index*	Week 25	9.96		-0.54	-1.33	-11.4
Transaction card spending, (1w m.a.), % y/y	10-Jun	34.4%		-5.3 p.p.	-12.2 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	23-Jun	0.9%		13.9 p.p.	14.9 p.p.	-100%
Google mobility trends retail & recreation (1w m.a.)**						
Germany	21-Jun	-9.1%		-4 p.p.	21.3 p.p.	-67.3%
France		-7.1%		-1.3 p.p.	18.9 p.p.	-88.0%
Italy		-5.7%		-0.9 p.p.	9.4 p.p.	-88.9%
Spain		-14.7%		-0.6 p.p.	5.9 p.p.	-91.7%
UK		-15.6%		-1.1 p.p.	7.3 p.p.	-77.6%
Japan		-13.7%		1.3 p.p.	7.9 p.p.	-37.9%
United States		-3.0%		0.4 p.p.	2.6 p.p.	-46.1%
Electricity demand (1w m.a.)***						
Germany	13-Jun	2.6%		4.2 p.p.	4.8 p.p.	-16.2%
France		-0.6%		0.9 p.p.	1.8 p.p.	-23.1%
Italy		-2.0%		3 p.p.	-1.1 p.p.	-28.2%
Spain		1.3%		2.4 p.p.	1.5 p.p.	-24.2%
UK		0.2%		3.7 p.p.	-1.3 p.p.	-22.1%
Japan	23-Jun	-0.9%		0.7 p.p.	-0.7 p.p.	-18.3%
United States		0.9%		-3.6 p.p.	-1.2 p.p.	-12.5%

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

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

Calendar – 28 June 2- July 2021

During the week				Period	Danske Bank	Consensus	Previous
Sun 27	CNY	Industrial profits	y/y	May			57.0%
Monday, June 28, 2021				Period	Danske Bank	Consensus	Previous
8:00	NOK	Retail sales, s.a.	m/m	May	1.5%		0.3%
9:30	SEK	Retail sales s.a.	m/mly/y	May			-1.4% 7.2%
9:30	SEK	Household lending	y/y	May			5.7%
14:00	EUR	ECB's Weidmann speaks in					
15:00	USD	Fed's Williams (voter, neutral) speaks					
Tuesday, June 29, 2021				Period	Danske Bank	Consensus	Previous
1:30	JPY	Unemployment rate	%	May		2.9%	2.8%
1:30	JPY	Job-to-applicant ratio		May		1.08	1.09
1:50	JPY	Retail trade	m/mly/y	May		-0.7% 7.9%	-4.6% 11.9%
7:30	FRF	ILO unemployment	%	1st quarter			8.0%
8:45	FRF	Consumer confidence	Index	Jun		100.0	97.0
9:00	ESP	HICP, preliminary	m/mly/y	Jun			0.5% 2.4%
9:00	SEK	Consumer confidence	Index	Jun			112.3
9:00	SEK	Economic Tendency Survey	Index	Jun			119.3
9:00	SEK	Manufacturing confidence	Index	Jun			126.0
9:30	SEK	Trade balance	SEK bn	May			1.8
11:00	EUR	Industrial confidence	Net bal.	Jun		12.0	11.5
11:00	EUR	Economic confidence	Index	Jun		116.1	114.5
11:00	EUR	Consumer confidence, final	Net bal.	Jun			-3.3
11:00	EUR	Service confidence	Net bal.	Jun		14.3	11.3
14:00	DEM	HICP, preliminary	m/mly/y	Jun		0.3% 2.1%	0.3% 2.4%
15:00	USD	Fed's Barkin (non-voter, neutral) speaks					
15:00	USD	FHFA house price index	m/m	Apr		1.7%	1.4%
16:00	USD	Conference Board consumer confidence	Index	Jun		119.0	117.2
18:00	EUR	ECB's Weidmann speaks in					
Wednesday, June 30, 2021				Period	Danske Bank	Consensus	Previous
1:50	JPY	Industrial production, preliminary	m/mly/y	May		-2.0% 27.0%	2.9% 15.8%
3:00	CNY	PMI manufacturing	Index	Jun		50.8	51.0
3:00	CNY	PMI non-manufacturing	Index	Jun		55.5	55.2
7:00	JPY	Consumer confidence	Index	Jun		35.5	34.1
8:00	GBP	GDP, final	q/qly/y	1st quarter		-1.5% -6.1%	-1.5% -6.1%
8:00	NOK	Credit indicator (C2)	y/y	May			5.0%
8:00	DKK	Gross unemployment s.a.	K (%)	May			0.046
8:00	DKK	GDP, final	q/qly/y	1st quarter			-1.3% ..
8:45	FRF	Household consumption	m/mly/y	May			-8.3% 32.0%
8:45	FRF	HICP, preliminary	m/mly/y	Jun		0.1% 1.8%	0.3% 1.8%
9:00	CHF	KOF leading indicator	Index	Jun		145.0	143.2
9:30	SEK	Wages (blue collars/white collars)	y/y	Apr			2.2%
9:55	DEM	Unemployment	%	Jun		5.9%	6.0%
10:00	NOK	Norges Bank's daily FX purchases	m	Jul			-1700
11:00	ITL	HICP, preliminary	m/mly/y	Jun		0.2% 1.4%	-0.1% 1.2%
11:00	EUR	HICP inflation, preliminary	m/mly/y	Jun		0.2% ..	0.3% ..
11:00	EUR	HICP - core inflation, preliminary	y/y	Jun	1.1%	0.9%	1.0%
11:00	EUR	HICP inflation, preliminary	y/y	Jun	2.0%	1.9%	2.0%
14:15	USD	ADP employment	1000	Jun		530	978
14:30	CAD	GDP	m/mly/y	Apr			1.1% 6.6%
15:45	USD	Chicago PMI	Index	Jun		69.9	75.2
16:00	USD	Pending home sales	m/mly/y	May		-1.0% ..	-4.4% 53.5%
16:30	USD	DOE U.S. crude oil inventories	K				-7614

Source: Danske Bank

Calendar – 28 June 2- July 2021

Thursday, July 1, 2021				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Jun		1705	1699
1:50	JPY	Tankan large manufacturers index (outlook)	Index	2nd quarter		16.0	5.0 4.0
1:50	JPY	Tankan large non-manufacturers index (outlook)	Index	2nd quarter		3.0	-1.0 -1.0
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Jun			51.5
3:45	CNY	Caixin PMI manufacturing	Index	Jun		51.9	52.0
8:00	DEM	Retail sales	m/mly/y	May		5.0% -3.0%	-6.8% 5.1%
8:30	CHF	CPI	m/mly/y	Jun		0.2% 0.7%	0.3% 0.6%
8:30	SEK	PMI manufacturing	Index	Jun			66.4
9:15	ESP	PMI manufacturing	Index	Jun		59.2	59.4
9:30	SEK	Riksbank, rate decision	%		0.0%	0.0%	0.0%
9:45	ITL	PMI manufacturing	Index	Jun		62.1	62.3
9:50	FRF	PMI manufacturing, final	Index	Jun		58.6	58.6
9:55	DEM	PMI manufacturing, final	Index	Jun		64.9	64.9
10:00	NOK	PMI manufacturing	Index	Jun	60.0		58.5
10:00	EUR	PMI manufacturing, final	Index	Jun		63.1	63.1
10:30	GBP	PMI manufacturing, final	Index	Jun		64.2	64.2
11:00	EUR	Unemployment	%	May		8.0%	8.0%
14:30	USD	Initial jobless claims	1000				411
15:45	USD	Markit PMI manufacturing, final	Index	Jun			62.6
16:00	USD	Construction spending	m/m	May		0.5%	0.2%
16:00	USD	ISM manufacturing	Index	Jun		61.0	61.2
Friday, July 2, 2021				Period	Danske Bank	Consensus	Previous
10:00	NOK	Unemployment	%	Jun	3.1%		3.3%
11:00	EUR	PPI	m/mly/y	May		9.5%L	7.6% 1.0%
14:30	USD	Unemployment	%	Jun		5.7%	5.8%
14:30	USD	Average hourly earnings, non-farm	m/mly/y	Jun		0.4% 3.6%	0.5% 2.0%
14:30	USD	Non farm payrolls	1000	Jun		695	559
14:30	USD	Trade balance	USD bn	May		-70.9	-68.9
15:30	CAD	RBC manufacturing PMI	Index	Jun			57.0
16:00	USD	Core capital goods orders, final	%	May			-0.1%
17:00	DKK	Currency reserves	DKK bn	Jun			455.9

Source: Danske Bank

Macroeconomic forecast

Macro forecast. Scandinavia

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Denmark	2020	-2.7	-2.0	-0.1	2.1	-7.7	-4.8	0.4	2.3	4.6	-0.6	42.2	8.3
	2021	3.0	3.0	0.9	3.0	9.7	8.1	1.2	2.7	4.4	-2.1	38.7	8.4
	2022	3.5	4.0	0.2	3.5	7.0	6.4	1.2	2.5	3.8	-0.4	37.3	8.5
Sweden	2020	-3.1	-4.7	-0.5	0.6	-5.2	-5.8	0.5	2.0	8.3	-3.1	37.9	1.4
	2021	3.7	3.4	1.7	2.5	8.8	7.0	1.3	1.9	8.5	-0.6	38.0	6.6
	2022	3.4	4.1	1.4	3.7	4.0	4.1	0.7	1.9	7.3	0.1	35.0	6.4
Norway	2020	-2.5	-6.9	1.7	-3.8	-0.5	-11.9	1.3	3.1	5.0	-	-	-
	2021	3.7	5.0	2.5	1.0	2.7	3.5	3.1	2.7	3.3	-	-	-
	2022	3.7	7.4	1.8	2.0	6.5	7.0	1.7	3.1	2.5	-	-	-

Macro forecast. Euroland

	Year	GDP ¹	Private cons. ¹	Public cons. ¹	Fixed inv. ¹	Ex-ports ¹	Im-ports ¹	Infla-tion ¹	Wage growth ¹	Unem-ploym ³	Public budget ⁴	Public debt ⁴	Current acc. ⁴
Euro area	2020	-6.7	-8.0	1.4	-8.4	-9.6	-9.1	0.3	-0.6	8.0	-7.2	98.0	3.0
	2021	4.7	2.6	3.3	5.0	10.0	8.2	1.9	3.1	8.4	-7.8	102.2	3.1
	2022	4.1	5.7	1.8	2.1	4.6	4.3	1.5	2.0	8.3	-4.4	102.3	3.1
Germany	2020	-5.1	-6.2	3.7	-3.5	-10.2	-9.0	0.4	0.0	4.2	-4.2	69.8	6.9
	2021	3.2	-0.7	1.8	3.2	12.0	9.9	2.5	1.2	4.3	-7.5	73.0	7.5
	2022	4.0	5.1	1.4	2.1	5.0	4.3	1.6	1.8	3.8	-2.5	72.1	6.9
Finland	2020	-2.7	-4.8	2.3	-3.1	-6.6	-6.6	0.3	1.8	7.8	-5.4	69.1	0.3
	2021	2.6	4.0	1.5	4.0	3.5	5.0	1.7	2.5	7.7	-4.7	70.8	-0.2
	2022	2.9	3.0	1.0	3.0	6.0	5.0	1.6	2.7	7.1	-2.3	70.5	-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	2020	-3.5	-3.9	1.1	-1.8	-12.9	-9.3	1.2	4.6	8.1	-16.0	126.4	-2.1
	2021	7.5	8.4	1.6	8.9	5.6	11.2	3.9	2.0	4.7	-12.2	132.3	-2.1
	2022	5.3	6.7	3.1	3.7	2.0	4.4	2.7	2.3	3.5	-7.2	131.9	-2.1
China	2020	2.3	1.5	-	3.0	-	-	3.0	7.5	-	-11.9	-	0.6
	2021	9.0	9.0	-	10.0	-	-	2.0	7.0	-	-11.8	-	0.4
	2022	5.4	7.0	-	4.0	-	-	2.5	7.0	-	10.9	-	0.4
UK	2020	-9.8	-10.6	-6.5	-8.8	-15.8	-17.8	0.9	2.0	4.5	-12.3	104.5	-2.0
	2021	5.2	4.2	4.0	6.2	6.4	6.1	1.5	1.2	4.9	-7.7	109.3	-3.8
	2022	6.9	8.3	2.1	11.9	5.9	8.2	1.8	1.6	4.6	-4.5	108.3	-3.6
Japan	2020	-4.9	-6.4	2.7	-4.2	-12.4	-6.8	-0.2	-	2.8	-	-	-
	2021	3.1	1.3	3.3	3.3	10.5	2.5	0.3	-	2.7	-	-	-
	2022	2.0	2.4	-1.1	3.2	4.1	3.5	0.6	-	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	25-Jun	0.25	0.15	0.34	1.46	119.4	-	622.7	848.9	846.7
	+3m	0.25	0.11	0.30	1.70	118.0	-	630.5	872.9	864.4
	+6m	0.25	0.11	0.40	2.00	117.0	-	636.3	888.9	880.3
	+12m	0.25	0.28	0.85	2.20	115.0	-	647.4	904.3	904.3
EUR	25-Jun	-0.50	-0.54	-0.45	0.12	-	119.4	743.6	1013.7	1011.0
	+3m	-0.50	-0.54	-0.45	0.25	-	118.0	744.0	1030.0	1020.0
	+6m	-0.50	-0.54	-0.45	0.35	-	117.0	744.5	1040.0	1030.0
	+12m	-0.50	-0.54	-0.40	0.65	-	115.0	744.5	1040.0	1040.0
JPY	25-Jun	-0.10	-0.08	-0.03	0.08	120.5	110.8	6.17	8.41	8.39
	+3m	-0.10	-	-	-	131.0	111.0	5.68	7.86	7.79
	+6m	-0.10	-	-	-	129.9	111.0	5.73	8.01	7.93
	+12m	-0.10	-	-	-	128.8	112.0	5.78	8.07	8.07
GBP	25-Jun	0.10	0.08	0.38	1.00	85.9	139.0	865.8	1180.2	1177.2
	+3m	0.10	0.07	0.40	1.25	84.0	140.5	885.7	1226.2	1214.3
	+6m	0.10	0.07	0.45	1.35	84.0	139.3	886.3	1238.1	1226.2
	+12m	0.10	0.07	0.60	1.75	83.0	138.6	897.0	1253.0	1253.0
CHF	25-Jun	-0.75	-0.76	-0.63	0.02	109.5	91.7	679.1	925.8	923.4
	+3m	-0.75	-	-	-	111.0	94.1	670.3	927.9	918.9
	+6m	-0.75	-	-	-	112.0	95.7	664.7	928.6	919.6
	+12m	-0.75	-	-	-	113.0	98.3	658.8	920.4	920.4
DKK	25-Jun	-0.50	-0.21	-0.10	0.42	743.61	622.72	-	136.32	135.96
	+3m	-0.60	-0.30	-0.15	0.52	744.00	630.51	-	138.44	137.10
	+6m	-0.60	-0.30	-0.17	0.60	744.50	636.32	-	139.69	138.35
	+12m	-0.60	-0.30	-0.12	0.90	744.50	647.39	-	139.69	139.69
SEK	25-Jun	0.00	-0.04	0.08	0.78	1011.0	846.7	73.5	100.3	100.0
	+3m	0.00	-0.04	0.07	0.90	1020.0	864.4	72.9	101.0	-
	+6m	0.00	-0.04	0.05	0.95	1030.0	880.3	72.3	101.0	-
	+12m	0.00	-0.04	0.05	1.05	1040.0	904.3	71.6	100.0	-
NOK	25-Jun	0.00	0.19	1.03	1.70	1013.7	848.9	73.4	100.0	99.7
	+3m	0.25	0.40	1.15	2.00	1030.0	872.9	72.2	-	99.0
	+6m	0.25	0.89	1.45	2.15	1040.0	888.9	71.6	-	99.0
	+12m	0.50	0.90	1.65	2.30	1040.0	904.3	71.6	-	100.0

Commodities												
		2021				2022				Average		
	25-Jun	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2021	2022	
ICE Brent	75	55	65	70	70	73	73	73	73	65	73	

Source Danske Bank

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