

Weekly Focus

All eyes on big central banks

The markets are tuning in for a very exciting central bank week. Both the Fed and the ECB continue their tightrope walking, weighing stubborn inflation against rising financial stability risks. This week provided a sharp reminder of the latter, as the share price for First Republic bank plunged to record lows after their Q1 earnings report showed depositors had withdrawn more than USD 100bn. Maintaining the balance of central bank concerns, though, German public sector reached a wage agreement where the average increase is estimated at a whopping 11.5% over the next two years.

In the context of persistent core price pressures and in the absence of a systemic crisis, we keep our central bank calls unchanged and expect the Fed to deliver their final 25bp hike, see *Fed preview: One more hike – cuts still far away*, 27 April. Powell is unlikely to close the door for further hikes, but even with nominal rates on hold, we expect the monetary policy stance to continue tightening towards H2 as lower inflation expectations drive higher real rates. The JOLTS jobs openings will be released just ahead of the FOMC and it will be interesting to see whether labour demand has continued to ease. As we have highlighted before, recent job gains have been more driven by a recovery in labour supply, not by a further uptick in demand. We get a fresh snapshot on Friday when the US jobs report for April is released. Our call is for a slightly moderating but still solid jobs growth of 200k.

The ECB on Thursday is likely to deliver a 50bp hike unless bank lending survey and loan growth data due on Tuesday change the picture dramatically, see *ECB Preview – The art of compromise*, 27 April. We believe it will be a compromise deal with no specific forward guidance (nor guidance on balance sheet normalisation in H2 yet), but repeating a data-dependent approach to future policy decisions.

Not that big central banks would take their cues from the little ones, but this week, **Riksbank opted for a cautious approach, and while hiking by 50bp as expected, signalled a softer rate path going forward.** The dovish surprise sent the krona sharply weaker and has left EUR/SEK hovering around 11.40 level (our 12M forecast). For now, we keep our call for another 50bp hike in June but recognise that risks are tilted towards a smaller hike, including the possibility of extending the hiking cycle into September, see *Flash comment Riksbank – Dovish hike*, 26 April. The Bank of Japan, in turn, kept its yield curve control policy unchanged as expected. We continue to expect BoJ to loosen the grip on the yield curve at the June or July meeting.

Next week, we expect the Chinese PMIs for April to paint a mixed picture with a recovery in Caixin manufacturing after the big drop in March, while the official PMI is likely to correct lower after reaching a very high level in March. The convergence in the two is in line with our view of a recovery in the Chinese economy. Note that as a result from a very strong Q1 performance, we have raised our growth forecast and now expect the Chinese GDP to expand by 6.2% in 2023 (prev. 5.5%). Our estimate for 2024 is lowered to 5.0% from 5.2%. Read more on *China Macro Monitor – 2023 growth revised up to 6.2%*, 24 April.

Key global views

- Stagnation and periodic contraction in the US and Europe during 2023
- US and euro area inflation set to decline further but core inflation likely to stay elevated
- Rising emphasis on financial stability risks but more hikes in store as long as systemic crisis can be avoided

Key market movers

- Mon: US ISM manufacturing
- Tue: EA bank lending survey, HICP and loan growth, RBA meeting
- Wed: US ISM Services, FOMC meeting
- Thu: ECB meeting
- Fri: US jobs report

Selected reading from Danske Bank

- *ECB preview – The art of compromise*, 27 April
- *Flash comment Riksbank – Dovish hike*, 26 April
- *China Macro Monitor – 2023 growth revised up to 6.2%*, 24 April

Editor

Chief Analyst
Minna Kuusisto
minna.kuusisto@danskebank.com

Scandi market movers

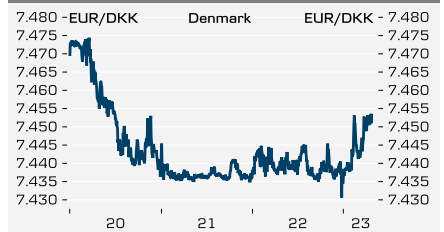
- In **Denmark**, we expect Danmarks Nationalbank to hike interest rates on Thursday by the same amount as the ECB after its rate meeting. Hence, we look for the Danish central bank to raise the current account, certificates of deposit, lending and discount rates by 0.50 percentage points (pp) on Thursday. Denmark can now match the ECB after the Danish krone (DKK) – following a period of trading to the strong side – recently hit its weakest level against the euro (EUR) since the end of 2020. The weakening was prompted by Danmarks Nationalbank widening the rate spread to the eurozone by 0.15pp in February. Since the move, there has been a decent margin between the DKK exchange rate and the lower limit of the fluctuation band.

Tuesday is scheduled to bring FX reserve figures for April. Given the weaker DKK, we do not expect the central bank intervened in FX markets in April, just as it did not intervene in the preceding two months.

- New month next week which means PMI's will be out also in **Sweden**. Flash PMI's for the Euro Area pointed to an improved sentiment among the services sector while the sentiment among manufactures continue to be in the contraction territory. The Swedish NIER business survey, out this week gave a mixed picture. With somewhat improved order inflow but despite that, somewhat lower sentiment among the business sector. Although the manufacturing industry continue to be above normal levels. For the PMI's reading, it will be very interesting to see if they follow the Euro Area or the NIER survey as in our view, they points in different directions. What we have seen in hard data so far is that both the consumption and the production side is holding up better than expected.

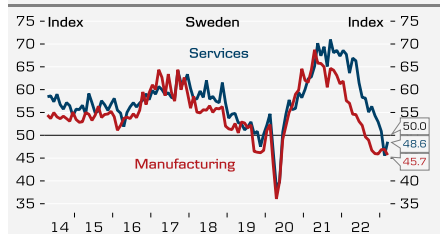
- We expect **Norges Bank** (NB) will hike rates by an additional 25bp to 3.25% at its policy meeting on Thursday. In March, NB was relatively clear about its intention to hike rates again in May, and developments since then have been largely as the central bank expected. Core inflation, GDP growth and unemployment have been in line with expectations. Globally, interest rates have moved higher than anticipated, and NOK has weakened further. All of these developments indicate a need for higher rates in the Norwegian economy. We also expect NB to announce a further rate hike in June. Higher import prices triggered by the NOK weakening since the start of the year will put upward pressure on inflation. Unless this trend starts to reverse, we will likely see growth slowing sharply over the course of the summer months if the June rate hike proves to be the last.

EUR/DKK moves away from the lower limit of the fluctuation band



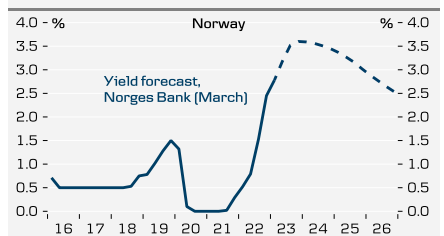
Source: Danmarks Nationalbank, Danske Bank, Macrobond

PMI figures



Source: Sif, Macrobond

Norges Bank signaling rate hikes in May and June



Source: Macrobond, Danske Bank

Scandi update

Denmark – 2023 budget passed

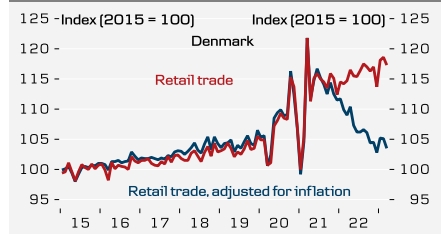
The 2023 Finance Act (budget) was passed by Parliament this week. Most years, the Act is passed at the end of the previous year, but due to parliamentary elections no Act could be passed for 2023 at the end of 2022. The Finance Act addresses the high rate of inflation and capacity pressures in the Danish economy, having a fiscal impact of -0.9%. Hence, the estimated fiscal impact for 2023 is unchanged relative to the economic survey published by the government in March 2023 prior to the budget being passed. Measures likely to have an effect on Danish household finances include a higher limit on so-called equity savings accounts (aktiesparekonto) with their lower tax rates, which will grow from DKK106,600 this year to DKK135,00 in 2026 (in 2023 DKK terms). The Finance Act was passed by a very broad majority that included the Socialist People's Party, the Liberal Alliance, the Danish Social Liberal Party and the Danish People's Party as well as the government.

In 2022, Denmark had the EU's largest government surplus for the fourth year in a row, according to the so-called EMU debt and EMU balance (EMU = Economic and Monetary Union) figures, which are the figures used to compare finances within the EU system. The surplus ran to DKK93bn, or 3.3% of GDP and, as mentioned, was the largest in the EU for the fourth consecutive year. Denmark's debt was calculated as DKK841.7bn, or 30.1% of GDP. Denmark's government finances are among the absolute strongest in Europe, not least because Denmark has a plan to address its longer-term needs when an ageing population will generate additional expenses, and also because government finances continue to perform better than expected. At the start of 2022, for example, the Ministry of Finance expected a surplus of just DKK25bn, and this has been the pattern year after year.

Retail sales fell 1.5% between February and March after making price and seasonal adjustments. In pure DKK terms, we could note a decline in retail sales of 1.1%. Food prices have continued to increase, as illustrated by the volume of food sold falling 6.7% in March while 0.17% more was spent on buying food. That despite the rise in food prices do not see any noticeable increase in the amount of money spent on food indicates that while Danes are not quite as thrifty when they shop as they were to just a few months ago, they have not abandoned their new habits of buying more discount goods and fewer brand names.

The number of jobless fell by 100 from February to March. The decline is so small that in practice it equates to no change. On a positive note, however, we could say there has been a very modest turnaround from a minimal increase of 400 in connection with the unemployment indicator that arrives earlier in the month to a tiny decline in unemployment now. Hence, this is the first time in three months where no increase was recorded in the unemployment numbers.

Retail sales fell from February to March



Source: Danske Bank, Statistics Denmark, Macrobond Financial

Sweden – Improving growth, declining price expectations

The Riksbank hiked 50bp as expected to 3.50%, but the signals for future policy was dovish, signalling for less than another 25bp hike in either June or September, clearly lower than market pricing heading into the release. Anna Breman and Martin Flodén dissented against the decision, opting for a 25bp hike instead and a rate path signalling for additional 25bp hikes in June and/or September. For now, we keep our 50bp call for June, but given today's release there is downside risk to our call. Given the signals, we would not rule out a scenario with 25bp in June followed by 25bp in Sep. Note that ECB will hold two more meetings ahead of the next RB meeting in June, where our forecast is for a total of 75bp

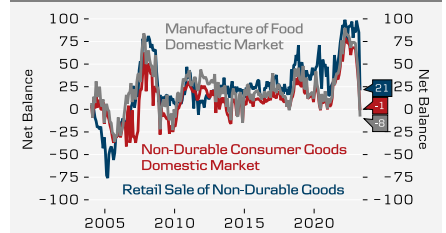
The Q1 GDP indicator showed a 0.2 % qoq seasonally adjusted increase, much better than we have anticipated in our Nordic Outlook forecasts. If we take this figure for granted it would change the 2023 growth outlook entirely from negative to slightly positive as we have previously pencilled in a consecutively growing economy from Q2 and onwards. That said, there are of course reasons to be cautious with such a drastic change as we can indeed see a continued pressure on the consumer, retail trade and residential construction sectors in coming quarters. But for now, it seems manufacturing, foreign goods trade, services and the labour market is performing exceptionally well relative to our expectations.

NIER's (Konjunkturinstitutet, KI) April confidence survey was a very positive reading from an inflation point of view. Manufacturing home market price expectations for consumption goods dropped back to just shy of the unchanged price expectations threshold. This is very positive as it suggests retail trade will soon come to a standstill too. It should be noted the latter actually dropped significantly in April too, but remain at an elevated level. Perhaps even more cheerful readings come from food producers: their price expectations fell into negative territory actually implying domestic food prices are being outright reduced. This is of course a very welcome development for many households, not to say Riksbank.

Norway – unemployment edging higher

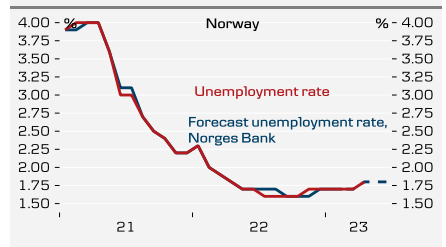
The unemployment rate rose to 1.8% (seasonally adjusted) in April, and close to 1,700 new people joined the dole queue in April. While remaining tight, the labour market is starting to show signs of weakening. For some months, we have seen a declining trend in the number of new, vacant positions, which would indicate weaker demand for labour, and at the same time the number of bankruptcies has risen, causing temporary lay-offs and redundancies. In addition, we have seen a tendency of higher unemployment in AKU unemployment figures since before Christmas, which would also indicate that finding a job has become more difficult. Unemployment numbers were fully consistent with Norges Bank's projection in its monetary policy report from March, and other things being equal, this ought to be neutral for coming interest rate decisions.

Sweden: food price plans turning negative



Source: NIER (Konjunkturinstitutet)

Unemployment on the rise



Source: Macrobond, Danske Bank

Calendar - 1-5 May 2023

During the week					Period	Danske Bank	Consensus	Previous
Sun 30	CNY	PMI manufacturing	Index	Apr		51.4	51.9	
Sun 30	CNY	PMI non-manufacturing	Index	Apr		57.0	58.2	
Monday, May 1, 2023					Period	Danske Bank	Consensus	Previous
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Apr			49.5	
7:00	JPY	Consumer confidence	Index	Apr		34.8	33.9	
15:30	CAD	RBC manufacturing PMI	Index	Apr			48.6	
15:45	USD	Markit PMI manufacturing, final	Index	Apr		50.4	50.4	
16:00	USD	Construction spending	m/m	Mar		0.2%	-0.1%	
16:00	USD	ISM manufacturing	Index	Apr		46.8	46.3	
Tuesday, May 2, 2023					Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Apr		14.75	14.82	
6:30	AUD	Reserve Bank of Australia rate decision	%		3.6%	3.6%	3.6%	
8:00	DEM	Retail sales	m/m/y/y	Mar		0.4% -7.2%	-0.4% -5.9%	
8:30	SEK	PMI manufacturing	Index	Apr			45.7	
9:15	ESP	PMI manufacturing	Index	Apr		49.9	51.3	
9:45	ITL	PMI manufacturing	Index	Apr		49.7	51.1	
9:50	FRF	PMI manufacturing, final	Index	Apr		45.5	45.5	
9:55	DEM	PMI manufacturing, final	Index	Apr		44.0	44.0	
10:00	EUR	PMI manufacturing, final	Index	Apr		45.5	45.5	
10:00	EUR	Money supply (M3)	y/y	Mar		2.3%	2.9%	
10:00	EUR	Loans to households (adj. for sales and sec.)	%	Mar		2.3%	2.9%	
10:00	EUR	Loans to NFCs (adj. for sales and sec.)	%	Mar		2.3%	2.9%	
10:00	NOK	PMI manufacturing	Index	Apr			48.3	
10:30	GBP	PMI manufacturing, final	Index	Apr		46.6	46.6	
11:00	EUR	HICP inflation, preliminary	y/y	Apr	7.0%	7.0%	6.9%	
11:00	EUR	HICP inflation, preliminary	m/m/y/y	Apr		0.8% ...	0.9% ...	
11:00	EUR	HICP - core inflation, preliminary	y/y	Apr	5.8%	5.7%	5.7%	
11:00	ITL	HICP, preliminary	m/m/y/y	Apr		... 8.1%	0.8% 8.1%	
16:00	USD	Core capital goods orders, final	%	Mar			-0.4%	
17:00	DKK	Currency reserves	DKK bn	Apr			599.2	
Wednesday, May 3, 2023					Period	Danske Bank	Consensus	Previous
11:00	EUR	Unemployment	%	Mar		6.6%	6.6%	
14:15	USD	ADP employment	1000	Apr		143	145	
15:45	USD	Markit PMI service, final	Index	Apr			53.7	
16:00	USD	ISM non-manufacturing	Index	Apr		52.0	51.2	
16:30	USD	DOE U.S. crude oil inventories	K				-5054	
20:00	USD	FOMC meeting	%		5.25%	5.25%	5.00%	
Thursday, May 4, 2023					Period	Danske Bank	Consensus	Previous
3:45	CNY	Caixin PMI manufacturing	Index	Apr		50.3	50.0	
8:30	SEK	PMI services	Index	Apr			48.6	
9:15	ESP	PMI services	Index	Apr			59.4	
9:45	ITL	PMI services	Index	Apr		57.0	55.7	
9:50	FRF	PMI services, final	Index	Apr		56.3	56.3	
9:55	DEM	PMI services, final	Index	Apr		55.7	55.7	
10:00	NOK	Norges Banks monetary policy meeting	%		3.25%	3.3%	3.0%	
10:00	EUR	PMI composite, final	Index	Apr			54.4	
10:00	EUR	PMI services, final	Index	Apr		56.6	56.6	
10:30	GBP	PMI services, final	Index	Apr		54.9	54.9	
11:00	EUR	PPI	m/m/y/y	Mar			13.2% -0.5%	
14:15	EUR	ECB's Lagarde speaks at press conference				4.00%	3.50%	
14:15	EUR	ECB announces refi rate	%		4.00%	4.00%	3.50%	
14:15	EUR	ECB announces deposit rate	%		3.50%	3.50%	3.00%	
14:30	USD	Initial jobless claims	1000				230	
14:30	USD	Unit labour cost, preliminary	q/q	1st quarter		3.6%	3.2%	
14:30	USD	Trade balance	USD bn	Mar		-68.9	-70.5	
Friday, May 5, 2023					Period	Danske Bank	Consensus	Previous
-	EUR	EFSS's debt rating (Fitch)						
-	EUR	ESM's debt rating (Fitch)						
3:45	CNY	Caixin PMI service	Index	Apr		57.3	57.8	
7:45	CHF	Unemployment	%	Apr		1.9%	1.9%	
8:00	NOK	Manufacturing production	m/m/y/y	Mar			0.0% 1.5%	
8:00	NOK	Industrial production	m/m/y/y	Mar			-0.1% -6.0%	
8:00	DEM	Factory orders	m/m/y/y	Mar		-2.5% ...	4.8% -5.7%	
8:30	CHF	CPI	m/m/y/y	Apr		0.1% 2.7%	0.2% 2.9%	
8:45	FRF	Industrial production	m/m/y/y	Mar		-0.2% ...	1.2% 1.3%	
9:00	CHF	SNB balance sheet, intervention	CHF bn	Apr			742.7	
10:00	EUR	ECB's survey of professional forecasters						
10:30	GBP	PMI construction	Index	Apr		51.0	50.7	
11:00	EUR	Retail sales	m/m/y/y	Mar		-0.4% -3.1%	-0.8% -3.0%	
14:30	USD	Unemployment	%	Apr		3.6%	3.5%	
14:30	USD	Average hourly earnings, non-farm	m/m/y/y	Apr		0.3% 4.2%	0.3% 4.2%	
14:30	USD	Non farm payrolls	1000	Apr	200	175	236	
14:30	CAD	Net change in full time employment	1000	Apr			18.8	
19:00	USD	Fed's Bullard speaks						
21:00	USD	Consumer credit	USD bn	Mar		17.3	15.3	

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	2022	3.8	-2.4	-3.5	8.6	8.6	4.2	7.7	3.6	2.6	3.3	29.8	13.1
	2023	0.5	0.0	-0.4	-5.0	1.3	-2.0	5.1	4.7	3.1	2.0	27.1	11.5
	2024	1.3	1.8	1.6	-1.7	1.3	0.6	3.6	5.0	3.6	1.1	25.1	11.3
Sweden	2022	2.7	2.1	0.0	5.2	6.6	8.7	8.4	2.5	7.5	0.7	33.0	4.6
	2023	-1.0	-2.3	1.1	-2.8	2.0	-0.1	9.6	4.1	8.0	-0.9	29.0	5.7
	2024	1.7	1.8	1.2	2.3	2.8	2.6	2.3	3.3	7.9	-0.9	29.0	5.8
Norway	2022	3.8	6.8	0.1	4.4	5.9	9.3	5.8	4.3	1.8	-	-	-
	2023	1.0	-1.0	1.2	0.5	4.0	3.0	4.8	5.0	2.1	-	-	-
	2024	1.5	0.9	1.7	4.0	2.0	2.0	2.5	4.0	2.4	-	-	-

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	2022	3.5	4.3	1.4	3.8	7.1	8.0	8.4	4.5	6.7	-3.6	93.7	1.5
	2023	0.4	-0.1	1.2	-0.8	3.4	3.4	6.3	4.9	6.9	-3.2	92.5	1.9
	2024	0.6	1.2	1.0	0.2	3.6	4.6	3.5	3.6	7.0	-3.0	91.6	2.4
Finland	2022	2.1	2.1	2.9	5.0	1.7	7.5	7.1	2.4	6.8	-0.9	73.0	-3.9
	2023	-0.2	-0.2	1.2	-2.0	-0.5	-1.0	5.5	4.1	7.0	-2.5	72.1	-1.4
	2024	0.9	1.0	0.5	2.0	1.5	2.0	2.1	3.7	6.8	-1.7	72.4	-1.0

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	2022	2.1	2.7	-0.6	-0.2	7.1	8.1	8.0	5.3	3.6	-5.5	123.3	-3.9
	2023	0.8	0.7	1.7	-5.5	-0.3	-5.5	4.0	4.1	3.7	-5.4	123.6	-3.1
	2024	0.3	0.4	1.3	-1.5	-1.9	-1.9	1.9	3.2	4.2	-5.8	125.4	-2.8
China	2022	3.0	2.8	-	4.0	-	-	2.0	-	-	-7.5	77.1	2.3
	2023	6.2	7.0	-	6.0	-	-	2.2	-	-	-6.9	82.4	1.4
	2024	5.0	5.2	-	4.8	-	-	2.5	-	-	-6.4	87.2	1.1
UK	2022	4.2	-	-	-	-	-	8.9	-	3.8	-	-	-
	2023	-0.7	-	-	-	-	-	6.2	-	4.4	-	-	-
	2024	0.8	-	-	-	-	-	2.6	-	5.0	-	-	-

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	28-Apr	5.00	5.27	4.34	3.49	110.1	-	677.3	1066.6	1028.9
	+3m	5.25	5.40	4.70	3.65	109.0	-	683.0	1055.0	1018.3
	+6m	5.25	5.40	4.60	3.55	106.0	-	702.4	1066.0	1056.6
	+12m	5.00	4.88	4.20	3.35	103.0	-	723.3	1048.5	1106.8
EUR	28-Apr	3.00	3.25	3.54	3.07	-	110.1	745.3	1173.9	1132.4
	+3m	3.75	4.14	3.55	3.10	-	109.0	744.5	1150.0	1110.0
	+6m	4.00	4.16	3.20	3.00	-	106.0	744.5	1130.0	1120.0
	+12m	4.00	4.03	2.80	2.60	-	103.0	745.0	1080.0	1140.0
JPY	28-Apr	-0.10	-0.03	-	-	120.5	135.7	6.18	9.74	9.40
	+3m	-0.10	-	-	-	138.4	127.0	5.38	8.31	8.02
	+6m	0.10	-	-	-	134.6	127.0	5.53	8.39	8.32
	+12m	0.10	-	-	-	130.8	127.0	5.70	8.26	8.71
GBP*	28-Apr	4.25	-	4.54	3.70	88.2	124.8	845.1	1331.1	1284.1
	+3m	4.50	-	4.10	3.70	88.0	123.9	846.0	1306.8	1261.4
	+6m	4.50	-	4.10	3.60	88.0	120.5	846.0	1284.1	1272.7
	+12m	4.25	-	3.90	3.50	88.0	117.0	846.6	1227.3	1295.5
CHF*	28-Apr	1.50	-	1.88	1.99	98.5	89.5	756.7	1191.9	1149.8
	+3m	2.00	-	-	-	98.0	89.9	759.7	1173.5	1132.7
	+6m	2.00	-	-	-	97.0	91.5	767.5	1164.9	1154.6
	+12m	2.00	-	-	-	97.0	94.2	768.0	1113.4	1175.3
DKK	28-Apr	2.60	3.35	3.66	3.20	745.34	677.26	-	157.50	151.93
	+3m	3.35	3.83	3.70	3.25	744.50	683.03	-	154.47	149.09
	+6m	3.60	3.85	3.35	3.15	744.50	702.36	-	151.78	150.44
	+12m	3.60	3.74	2.95	2.75	745.00	723.30	-	144.97	153.02
SEK	28-Apr	3.00	3.55	3.52	2.91	1132.4	1028.9	65.8	103.7	100.0
	+3m	4.00	4.10	3.65	2.90	1110.0	1018.3	67.1	103.6	-
	+6m	4.00	4.15	3.30	2.80	1120.0	1056.6	66.5	100.9	-
	+12m	3.75	3.70	3.00	2.75	1140.0	1106.8	65.4	94.7	-
NOK	28-Apr	3.00	3.73	3.87	3.32	1173.9	1066.6	63.5	100.0	96.5
	+3m	3.50	3.45	3.45	3.15	1150.0	1055.0	64.7	-	96.5
	+6m	3.50	3.31	3.20	2.95	1130.0	1066.0	65.9	-	99.1
	+12m	3.25	3.20	3.10	2.60	1080.0	1048.5	69.0	-	105.6

*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												
	28-Apr	2023				2024				Average		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	
ICE Brent	79	87	90	85	80	80	80	80	80	86	80	

Source Danske Bank

Disclosures

This research report has been prepared by Danske Bank A/S ('Danske Bank'). The author of this research report is Minna Kuusisto, Chief Analyst.

Analyst certification

Each research analyst responsible for the content of this research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report. Each responsible research analyst further certifies that no part of the compensation of the research analyst was, is or will be, directly or indirectly, related to the specific recommendations expressed in the research report.

Regulation

Danske Bank is authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Danske Bank is authorised by the Prudential Regulation Authority in the UK and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Danske Bank's research reports are prepared in accordance with the recommendations of Capital Market Denmark.

Conflicts of interest

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are organised independently from and do not report to other business areas within Danske Bank.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank is a market maker and liquidity provider and may hold positions in the financial instruments mentioned in this research report.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to the companies mentioned in this publication and have whatever rights are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding the companies mentioned in this publication that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Financial models and/or methodology used in this research report

Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual fixed income asset.

We base our conclusion on an estimation of the financial risk profile of the financial asset. By combining these risk profiles with market technical and financial asset-specific issues such as rating, supply and demand factors, macro factors, regulation, curve structure, etc., we arrive at an overall view and risk profile for the specific financial asset. We compare the financial asset to those of peers with similar risk profiles and on this background, we estimate whether the specific financial asset is attractively priced in the specific market. We express these views through buy and sell recommendations. These signal our opinion about the financial asset's performance potential in the coming three to six months.

More information about the valuation and/or methodology and the underlying assumptions is accessible via <https://danskeci.com/ci/research/research-disclaimer>. Select *Fixed Income Research Methodology*.

Risk warning

Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the final page of this research report for the date and time of completion and first dissemination.

Validity time period

This communication as well as the communications in the list referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

Investment recommendations disseminated in the preceding 12-month period

A list of previous investment recommendations disseminated by the lead analyst(s) of this research report in the preceding 12-month period can be found at <https://danskeci.com/ci/research/research-disclaimer>. Select *Fixed Income Trade Recommendation History*

Other previous investment recommendations disseminated by Danske Bank are also available in the database.

See <https://danskeci.com/ci/research/research-disclaimer> for further disclosures and information.

This research has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

This research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this research report.

This research report is not intended for, and may not be redistributed to, retail customers in the United Kingdom (see separate disclaimer below) and retail customers in the European Economic Area as defined by Directive 2014/65/EU.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

Disclaimer related to distribution in the United States

This research report was created by Danske Bank A/S and is distributed in the United States by Danske Markets Inc., a U.S. registered broker-dealer and subsidiary of Danske Bank A/S, pursuant to SEC Rule 15a-6 and related interpretations issued by the U.S. Securities and Exchange Commission. The research report is intended for distribution in the United States solely to 'U.S. institutional investors' as defined in SEC Rule 15a-6. Danske Markets Inc. accepts responsibility for this research report in connection with distribution in the United States solely to 'U.S. institutional investors'.

Danske Bank A/S is not subject to U.S. rules with regard to the preparation of research reports and the independence of research analysts. In addition, the research analysts of Danske Bank A/S who have prepared this research report are not registered or qualified as research analysts with the New York Stock Exchange or Financial Industry Regulatory Authority but satisfy the applicable requirements of a non-U.S. jurisdiction.

Any U.S. investor recipient of this research report who wishes to purchase or sell any Relevant Financial Instrument may do so only by contacting Danske Markets Inc. directly and should be aware that investing in non-U.S. financial instruments may entail certain risks. Financial instruments of non-U.S. issuers may not be registered with the U.S. Securities and Exchange Commission and may not be subject to the reporting and auditing standards of the U.S. Securities and Exchange Commission.

Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 28 April 2023, 14:15 CET

Report first disseminated: 28 April 2023, 14:30 CET