

# Weekly Focus

## New era for Fed or simply more of the same?

**At the annual Jackson Hole conference, Fed Chair Jerome Powell announced the long-awaited conclusions of the Fed's monetary policy review.** We notice two important changes. First, the Fed will no longer tighten monetary policy simply because the unemployment rate is low, a significant change from during Janet Yellen's term. Second, the Fed now aims for 2% inflation on average and will thus have to make up for inflation running below the 2% target by allowing it to move above 2% for some time. There are also some unanswered questions, though, and the formulation of the average inflation targeting is quite vague at this point. Markets reacted with a steepening of the US curve, a weaker USD and a further increase in inflation expectations.

**We have had primarily good news on the economic recovery in Europe this week, at least in Germany.** Here, the August Ifo business climate edged up further and beat expectations, driven in particular by further improvement in the current-situation assessment, while expectations stagnated. Improvement was seen in most subsectors but as in the PMIs, manufacturing registered the biggest increase in activity, while the improvement in wholesale and retail trade stalled.

**Assessing the most recent economic activity with our High Frequency Activity Tracker, 26 August, on the other hand gives ambiguous results.** Most of the German/euro area indicators have improved since last week but Google mobility numbers have worsened, so the jury is still out on the strength of the late-August economic recovery.

**The German government is also not convinced that there is a rosy picture ahead; at least it has agreed to extend its wage compensation scheme until the end of 2021.** It intended the compensation scheme to last 12 months but given the negative effects of the coronavirus outbreak, the government agreed to extend it in order to prevent mass layoffs.

**Next week, we expect sub-zero euro area headline inflation (-0.3%) for the first time since May 2016.** This should not create too many concerns at the ECB, though, as this is due mostly to base effects and the German VAT cut. On Thursday, Chancellor Angela Merkel said there are no plans to extend the VAT cut beyond 2020.

**On the COVID-19 front, Moderna's vaccine candidate stimulates the immune system of older people to the same extent that it stimulates the immune system of young people in a preliminary (phase 1) study.** Moderna and the EU Commission have moved closer to a vaccine purchase agreement of 80 million doses (with the option to buy an additional 80 million doses). In many European countries, the number of new cases is rising but the pace is different from one country to another. Some are struggling with second waves, while others are experiencing 'second waves in slow motion'. See more in our *COVID-19 Update*, 27 August.

**Japanese Prime Minister Shinzō Abe resigned on Friday due to bad health.** Upcoming party elections will find his successor and there are several candidates for the job. In the short run, we believe this is unlikely to bring much change to economic policy, as the economy is currently highly dependent on public support. The Nikkei tumbled 2%, while the JPY strengthened on the news of the departure of Abenomics' originator.

### Key market movers

- **All week:** Fed speeches
- **Monday:** Chinese PMIs
- **Tuesday:** HICP inflation and unemployment rate, euro area
- **Thursday:** Final PMIs and retail sales, euro area
- **Friday:** US jobs report

### Selected readings from Danske Bank

- *Brexit Monitor*, 28 August
- *Nordic Research – Update 5: Moving out of the COVID-19 crisis and the support measures*, 27 August
- *US Macro Monitor*, 25 August
- *FX Forecast Update*, 24 August

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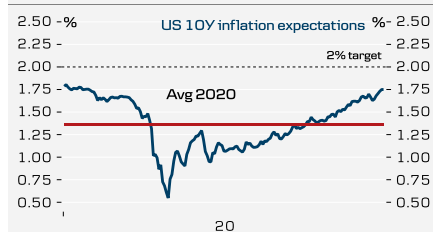


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Video  
Danske Bank research playlist

### US inflation expectations climb further



Source: Bloomberg

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# Market movers Scandinavia

- The coming week in **Denmark** kicks off with a busy Monday: National Accounts for Q2, property prices in June and unemployment figures for July, while the government is scheduled to present its budget, the latest Economic Survey and its fiscal policy framework going forward to 2025. All this follows the government's expected borrowing requirement, which is set to be announced Sunday evening.

The GDP indicator for Q2 surprised negatively two weeks ago with a fall of some 7.4% relative to Q1. The full National Accounts should enlighten us further on what exactly caused this record decline. We can be sure that all areas of the economy were hit by the downturn, but also that there was a substantial difference between those sectors that were hardest hit and those that were less exposed during this special type of crisis. Particularly hard hit will of course be the sectors that were directly affected by the lockdown to combat the coronavirus at the start of the quarter.

Property prices have proved surprisingly robust despite the downturn and based on data from property site 'Boligsiden' and our own Viewing Activity Index (see *Fremvisningsindeks – juli 2020*, 4/8 2020), this situation does not appear to have changed over the summer.

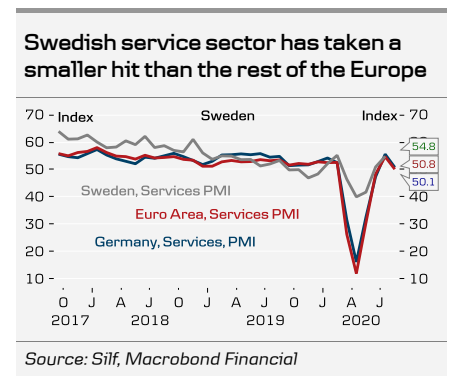
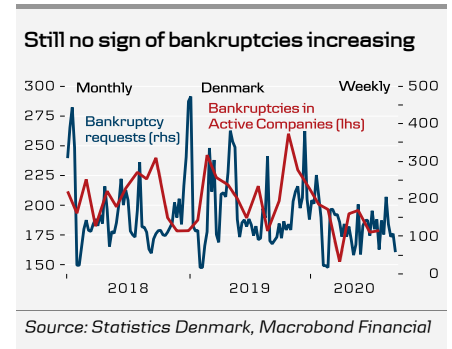
Gross unemployment has risen from 3.7% to 5.5% of the workforce since February. However, daily figures from the Ministry of Employment point to the number of jobless remaining more or less stable in July and declining in August. Hence, we are not expecting any great movement in Monday's unemployment figures. Unemployment is likely to increase again in the autumn as the wage compensation schemes end. Around 20,000 are still covered by these schemes, and there is a high risk that a substantial number of these people will be forced to join the dole queues.

Wednesday is scheduled to bring FX reserve figures for August. The focus in the monthly reserve figures will once again be on the government's foreign borrowing. The figure has remained stable at just under DKK100bn for the past couple of months and repayments may start up soon. Meanwhile, the Danish krone (DKK) hit its strongest level since 2017 in July, though it still remains some way from the level where Danmarks Nationalbank would normally intervene to sell DKK.

The week ends with bankruptcy and forced sale figures for August. The numbers have so far remained surprisingly low, and based on the number of bankruptcy petitions in recent weeks, this does not appear to have changed for bankruptcies in the past month. We expect the numbers to increase going forward, as both bankruptcies and forced sales typically lag any economic downturn. However, judging by the rather limited use made of the liquidity relief packages and a still robust housing market, neither figure is likely to increase dramatically.

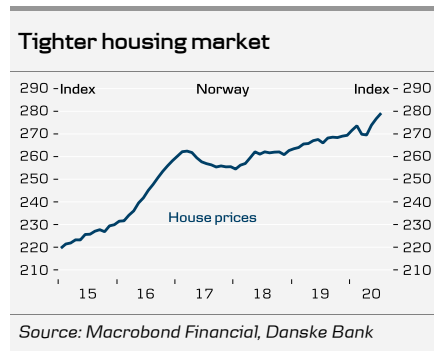
- Next week in **Sweden** is quite data empty but there are some interesting events. First of all, August figures for both PMI manufacturing and PMI services are released. Also Jansson and Skingsley (both deputy governors at the Riksbank) speak about the economic outlook.

Regarding the PMI numbers, we expect no major movements. Manufacturing should continue to improve somewhat or stabilise at the current level. Service sector on the other hand is more uncertain as we did see a downturn in the August euro area numbers. At the same time, the euro area (or especially some countries) have during the summer seen a second wave of COVID-19 cases which of course will impact consumers. Sweden has been stable over the summer so Swedish services might not see the same



hit again in August. Sweden, however, is a small open economy and well correlated with the euro area. This means that COVID-19 development in the euro area is a risk for the Swedish economic recovery if looking forward.

- In **Norway**, the housing market has surprised to the upside in recent months despite there still being more than 200,000 unemployed. Effective systems to support incomes, a gradual economic recovery and, not least, the halving of mortgage rates are probably the most important explanatory factors. Another part of the reason is that the housing market was relatively tight with low housing starts when the coronavirus crisis struck. We reckon the market has been fairly tight in August as well, but after the strong turnover and rise in prices in July, we expect prices to be largely unchanged from July to August. The PMI has been pointing to a much gentler recovery in Norwegian manufacturing than in other countries. To some extent, this probably has to do with the drop in activity in March/April not having been as steep, but it could also be a result of low inflows of new orders and high levels of uncertainty in oil-related industries. According to the latest oil investment survey, however, activity should now be picking up, so we expect the PMI to climb well above 50 in August.



# Scandi Update

Retail sales in Denmark dipped 1.0% from June to July, although they remain at a high level – some 6.8% up on July last year. This is probably at least partly due to postponed consumption, but also because consumption has shifted from a number of other areas that are not covered by the statistic, such as hotels and restaurants. Hence, high retail sales do not necessarily mean consumption as a whole is at a high level. Our own consumption figures, for example, indicate that overall consumption levels are roughly on a par with last year (see *Spending Monitor*, 25 August 2020).

Business confidence indicators for August showed a marginal improvement in Danish business sentiment overall. After a brief dip, industry is hovering around pre-coronavirus levels but this figure conceals a mix of companies that are seriously struggling, while others have been relatively untouched by the crisis. Nevertheless, one distinct positive is that export order books continue to grow, so there is not yet any sign of new export challenges following the major loss of income in the rest of Europe. The service sector continues to suffer most and sentiment here remains rather downbeat – though there has been a considerable improvement compared to recent months.

## Sweden – Better but far below normal levels

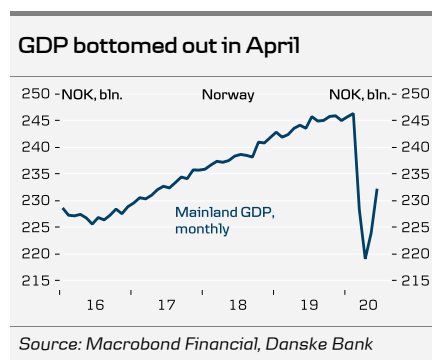
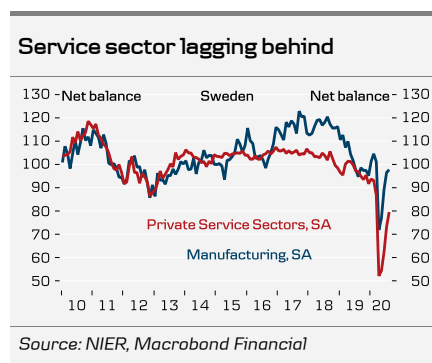
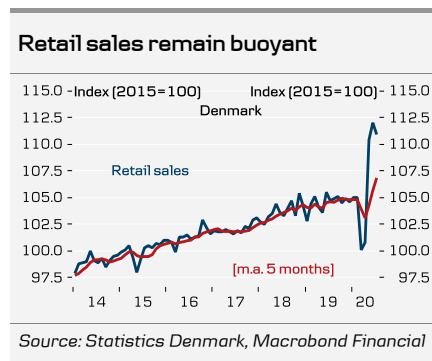
The overall Economic Tendency Indicator climbed 3.2 points in August from 83.8 to 87.0. Both manufacturing and service indicators continue to improve but remain well below normal levels albeit moving in the right direction. Especially the confidence indicator for the service sector is lagging behind. Regarding consumer confidence, a small increase to 84.4 from earlier 83.8 was seen, which was primarily driven by consumers being less pessimistic about the Swedish economy and their view of their own finances.

July retail sales came out really strong at 1.9% m/m and 4.8% y/y (forecast was 0.5/3.3). The strong number was mainly driven by durables, which is a really good indicator of recovery. Retail sales took a hit in the beginning of the crisis but have held up quite well in the past months. Since consumer confidence continued to improve in August, we see support for a further continued upward trend in retail sales and thus a recovery in total consumption is still intact.

## Norway – Growth recovering, as expected

Mainland GDP fell 6.3% q/q in Q2, but that figure conceals an increase of 2.2% m/m in May and 3.7% m/m in June. This serves to illustrate that growth has clearly accelerated after bottoming out around mid-April. Not surprisingly, private consumption, of both goods and services, has been the most important driver of growth. That being said, there are now also signs of business investment picking up modestly and exports from mainland Norway are rising again, while oil investments continue to decline. A significant increase in mainland imports weighed on GDP, though this was most likely due to strong growth in the consumption of imported goods. Moreover, retail sales figures for July showed that private consumption growth continued into Q3.

The economic recovery has also caused the labour market to improve. Seasonally adjusted unemployment (full-time) fell to 4.2% in August, while overall unemployment declined to 7.7% after peaking at 15.5% in the first week of April.



# Activity tracker

Euro area	Last obs	Value	Last 4 months	1W chg.	1M chg.	Low
Bundesbank weekly activity index*	Week 34	2.63		0.75	3.51	-6.7
Germany, turnover textiles retail trade, weekly, % y/y	Week 34	-11.0%		5 p.p.	-9 p.p.	-44%
German truck toll mileage (1w m.a.), % y/y	19-Aug	2.1%		0.4 p.p.	2.5 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	26-Aug	22.5%		12.7 p.p.	3.4 p.p.	-100%
<b>USA</b>						
NY Fed weekly economic index*	Week 34	-4.91		1.25	2.29	-11.5
Transaction card spending, (1w m.a.), % y/y	20-Aug	-9.1%		5 p.p.	10.1 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	26-Aug	-48.4%		3.7 p.p.	12.6 p.p.	-100%
<b>Google mobility trends retail &amp; recreation (1w m.a.)**</b>						
Germany	23-Aug	-3.4%		1.6 p.p.	-0.3 p.p.	-62.1%
France		-5.3%		2.1 p.p.	1.4 p.p.	-88.0%
Italy		-2.9%		2.6 p.p.	5 p.p.	-88.9%
Spain		-17.1%		-0.3 p.p.	1.7 p.p.	-91.7%
UK		-18.4%		3 p.p.	12.9 p.p.	-77.6%
Japan		-11.6%		-10.1 p.p.	-5.3 p.p.	-37.9%
United States		-14.1%		0.7 p.p.	1.1 p.p.	-46.1%
<b>Electricity demand (1w m.a.)***</b>						
Germany	27-Aug	-2.7%		-1 p.p.	6 p.p.	-16.2%
France		-4.6%		-4.8 p.p.	-1.5 p.p.	-23.1%
Italy		3.5%		-4 p.p.	8.8 p.p.	-28.2%
Spain		-1.6%		2.2 p.p.	-1.1 p.p.	-24.2%
UK		-9.1%		-4.1 p.p.	6.5 p.p.	-22.1%
Japan	26-Aug	-3.9%		-3.8 p.p.	3.7 p.p.	-18.3%
United States		5.6%		5.5 p.p.	6.1 p.p.	-10.5%

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

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

# Calendar

## Key Data and Events in Week 36

### During the week

				Period	Danske Bank	Consensus	Previous
<b>Monday, August 31, 2020</b>							
1:50	JPY	Industrial production, preliminary	m/m/y/y	Jul		5.0% -17.5%	1.9% -18.2%
1:50	JPY	Retail trade	m/m/y/y	Jul		-2.5% -1.7%	13.1% -1.3%
3:00	CNY	PMI manufacturing	Index	Aug		51.2	51.1
3:00	CNY	PMI non-manufacturing	Index	Aug		54.2	54.2
7:00	JPY	Consumer confidence	Index	Aug		28.5	29.5
8:00	NOK	Credit indicator (C2)	y/y	Jul			4.5%
8:00	DKK	Gross unemployment s.a.	K (%)	Jul			0.055
8:00	DKK	GDP, preliminary	q/q/y/y	2nd quarter			-2.0% ...
9:00	ESP	HICP, preliminary	m/m/y/y	Aug		... -0.7%	-1.6% -0.7%
9:30	SEK	Wages (blue collars/white collars)	y/y	Jun			1.5%
10:00	ITL	GDP, final	q/q/y/y	2nd quarter		-12.4% -17.3%	-12.4% -17.3%
10:00	NOK	Norges Bank's daily FX purchases	m	Sep			-2000
11:00	ITL	HICP, preliminary	m/m/y/y	Aug		-1.3% -0.1%	-0.7% 0.8%
12:00	EUR	Portugal, GDP, final	q/q/y/y	2nd quarter			-13.9% -16.3%
12:00	DKK	Danish government budget proposal					
14:00	DEM	HICP, preliminary	m/m/y/y	Aug		0.0% 0.1%	-0.5% 0.0%
15:00	USD	Fed vice chair Clarida (voter, neutral) speaks					
16:30	USD	Fed's Bostic (non-voter, neutral) speaks					
<b>Tuesday, September 1, 2020</b>							
-	USD	Total vehicle sales	m	Aug		14.5	14.52
1:30	JPY	Unemployment rate	%	Jul		3.0%	2.8%
1:30	JPY	Job-to-applicant ratio		Jul		1.08	1.11
2:30	JPY	Nikkei Manufacturing PMI, final	Index	Aug			46.6
3:45	CNY	Caixin PMI manufacturing	Index	Aug		52.5	52.8
6:30	AUD	Reserve Bank of Australia rate decision	%			0.3%	0.3%
8:30	SEK	PMI manufacturing	Index	Aug			51.0
9:00	SEK	NIER economic forecasts					
9:15	ESP	PMI manufacturing	Index	Aug		53.0	53.5
9:45	ITL	PMI manufacturing	Index	Aug		52.2	51.9
9:50	FRF	PMI manufacturing, final	Index	Aug		49.0	49.0
9:55	DEM	PMI manufacturing, final	Index	Aug		53.0	53.0
9:55	DEM	Unemployment	%	Aug		6.4%	6.4%
10:00	EUR	PMI manufacturing, final	Index	Aug		51.7	51.7
10:00	NOK	PMI manufacturing	Index	Aug			43.3
10:30	GBP	PMI manufacturing, final	Index	Aug		55.3	55.3
11:00	EUR	Unemployment	%	Jul		8.0%	7.8%
11:00	EUR	HICP inflation, preliminary	m/m/y/y	Aug		0.0% ...	-0.4% ...
11:00	EUR	HICP - core inflation, preliminary	y/y	Aug		0.8%	1.2%
11:00	EUR	HICP inflation, preliminary	y/y	Aug		0.2%	0.4%
15:30	CAD	RBC manufacturing PMI	Index	Aug			52.9
15:45	USD	Markit PMI manufacturing, final	Index	Aug			53.6
16:00	USD	Construction spending	m/m	Jul		1.1%	-0.7%
16:00	USD	ISM manufacturing	Index	Aug		54.4	54.2
19:00	USD	Fed's Brainard (voter, dovish) speaks					

Source: Danske Bank

# Calendar

Wednesday, September 2, 2020				Period	Danske Bank	Consensus	Previous
3:30	AUD	GDP	q/q/y/y	2nd quarter		-6.0% 5.2%	-0.3% 1.4%
8:00	DEM	Retail sales	m/m/y/y	Jul		0.5% 4.1%	-2.0% 6.0%
11:00	EUR	PPI	m/m/y/y	Jul		-3.3% 0.5%	-3.7% 0.7%
14:15	USD	ADP employment	1000	Aug		900	167
16:00	USD	Fed's Williams (voter, neutral) speaks					
16:00	USD	Core capital goods orders, final	%	Jul			1.9%
16:30	USD	DOE U.S. crude oil inventories	K				-4689
17:00	DKK	Currency reserves	DKK bn	Aug			455.6
18:00	USD	Fed's Mester (voter, hawkish) speaks					
19:00	EUR	ECB's Weidmann speaks in <PLACE>					
Thursday, September 3, 2020				Period	Danske Bank	Consensus	Previous
2:30	JPY	Markit PMI services, final	Index	Aug			45.0
3:45	CNY	Caixin PMI service	Index	Aug		54.0	54.1
8:30	SEK	PMI services	Index	Aug			54.8
8:30	CHF	CPI	m/m/y/y	Aug		0.1% -0.8%	-0.2% -0.9%
9:15	ESP	PMI services	Index	Aug		48.0	51.9
9:45	ITL	PMI services	Index	Aug		48.8	51.6
9:50	FRF	PMI services, final	Index	Aug		51.9	51.9
9:55	DEM	PMI services, final	Index	Aug		50.8	50.8
10:00	EUR	PMI composite, final	Index	Aug		51.6	51.6
10:00	EUR	PMI services, final	Index	Aug		50.1	50.1
10:30	GBP	PMI services, final	Index	Aug		60.1	60.1
11:00	EUR	Retail sales	m/m/y/y	Jul		1.0% 3.7%	5.7% 1.3%
14:30	USD	Initial jobless claims	1000				1006
14:30	USD	Unit labour cost, final	q/q	2nd quarter		12.2%	12.2%
14:30	USD	Trade balance	USD bn	Jul		-51.7	-50.7
15:45	USD	Markit PMI service, final	Index	Aug			54.8
16:00	USD	ISM non-manufacturing	Index	Aug		57.2	58.1
18:30	USD	Fed's Evans (non-voter, neutral) speaks					
Friday, September 4, 2020				Period	Danske Bank	Consensus	Previous
-	EUR	S&P may publish Finland's debt rating					
-	EUR	S&P may publish Cyprus's debt rating					
8:00	DKK	Bankruptcies (s.a.)		Aug			
8:00	DKK	Enforced sales (s.a.)		Aug			
8:00	DEM	Factory orders	m/m/y/y	Jul		6.0% -4.9%	27.9% -11.3%
10:30	GBP	PMI construction	Index	Aug		58.6	58.1
12:00	EUR	Ireland, GDP	q/q/y/y	2nd quarter			1.2% 5.1%
14:30	USD	Unemployment	%	Aug		9.9%	10.2%
14:30	USD	Average hourly earnings, non-farm	m/m/y/y	Aug		0.0% 4.5%	0.2% 4.8%
14:30	USD	Non farm payrolls	1000	Aug		1518	1763
14:30	CAD	Net change in full time employment	1000	Aug			73.2

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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>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Denmark	2019	2.3	2.2	1.2	2.4	1.8	0.5	0.8	2.2	3.7	3.8	33.2	7.8
	2020	-3.5	-1.4	1.4	-6.0	-7.7	-5.7	0.6	2.0	5.4	-6.9	44.1	6.6
	2021	2.5	3.5	0.5	-0.7	4.1	2.8	1.3	2.1	5.2	-1.9	42.1	7.1
Sweden	2019	1.3	1.2	0.5	-1.1	4.2	1.8	1.8	2.6	6.8	0.5	35.7	1.1
	2020	-4.1	-5.0	0.7	-8.1	-1.0	-3.3	-0.1	2.4	8.8	-7.4	45.0	4.9
	2021	3.7	4.3	-0.7	4.3	4.2	5.2	1.1	2.4	8.5	-1.0	47.0	4.6
Norway	2019	2.3	1.5	1.7	6.1	1.5	5.2	2.2	3.5	2.3	-	-	-
	2020	-3.5	-5.0	3.5	-6.5	-4.5	-8.0	1.5	3.5	5.1	-	-	-
	2021	3.5	4.0	2.0	0.0	5.0	3.5	2.8	3.3	3.5	-	-	-

### 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>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
Euro area	2019	1.3	1.3	1.8	5.0	2.5	4.0	1.2	2.0	7.6	-0.6	84.1	3.3
	2020	-8.4	-6.4	1.4	-6.5	-10.5	-9.4	0.3	0.4	8.1	-8.5	102.7	3.4
	2021	5.5	7.7	3.5	0.7	14.4	12.6	1.1	1.3	8.1	-3.5	98.8	3.6
Germany	2019	0.6	1.6	2.7	2.6	1.0	2.6	1.4	3.2	3.1	1.4	59.8	7.1
	2020	-6.2	-4.3	3.0	-4.5	-14.7	-11.0	0.7	1.7	4.0	-7.0	75.6	5.7
	2021	5.0	7.0	3.6	1.8	14.2	13.9	1.5	2.2	3.5	-1.5	71.8	7.0
Finland	2019	1.1	0.9	1.2	-1.0	7.5	2.4	1.0	1.0	6.7	-1.1	59.2	-0.5
	2020	-5.5	-6.0	4.0	-10.0	-13.0	-11.0	0.2	1.2	8.0	-9.4	71.5	-1.5
	2021	3.5	4.5	1.0	3.0	6.0	5.0	1.2	1.5	8.0	-3.8	72.5	-1.3

### 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>3</sup>	Public budget <sup>4</sup>	Public debt <sup>4</sup>	Current acc. <sup>4</sup>
USA	2019	2.2	2.4	2.3	1.9	-0.1	1.1	1.8	3.3	3.7	-4.6	105.0	-2.5
	2020	-5.3	-5.6	2.7	-10.0	-8.0	-12.4	2.1	3.7	9.0	-17.9	127.0	-2.6
	2021	4.4	5.3	3.3	2.1	3.3	4.3	2.1	0.8	7.0	-9.8	134.0	-2.5
China	2019	6.2	8.0	-	3.8	-	-	2.7	8.0	-	-6.1	-	0.5
	2020	1.0	2.5	-	0.0	-	-	2.7	7.5	-	-6.3	-	0.4
	2021	9.0	9.0	-	10.0	-	-	2.2	7.5	-	-6.2	-	0.2
UK	2019	1.5	1.0	3.4	0.7	5.0	4.6	1.8	3.5	3.8	-2.2	85.4	-3.5
	2020	-5.8	-7.0	0.9	-9.5	-10.9	-13.5	1.4	0.3	7.3	-13.9	97.6	-3.7
	2021	4.2	4.1	3.9	2.8	3.2	4.2	1.7	1.2	6.0	-3.2	99.4	-3.7
Japan	2019	0.7	0.1	1.9	1.3	-1.6	-0.6	0.6	-	2.4	-	-	-
	2020	-4.0	-5.2	3.2	-6.4	-11.5	-10.3	0.1	-	4.0	-	-	-
	2021	2.6	3.3	4.9	-2.0	3.5	2.4	0.2	-	3.8	-	-	-

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-Aug	0.25	0.26	0.25	0.77	118.9	-	626.1	882.0	866.1
	+3m	0.25	0.23	0.23	0.70	116.0	-	642.0	896.6	896.6
	+6m	0.25	0.23	0.23	0.80	112.0	-	665.2	919.6	910.7
	+12m	0.25	0.23	0.33	1.10	112.0	-	665.6	919.6	910.7
EUR	28-Aug	-0.50	-0.48	-0.42	-0.12	-	118.9	744.3	1048.4	1029.5
	+3m	-0.50	-0.48	-0.40	-0.15	-	116.0	744.8	1040.0	1040.0
	+6m	-0.50	-0.48	-0.35	-0.10	-	112.0	745.0	1030.0	1020.0
	+12m	-0.50	-0.48	-0.30	0.10	-	112.0	745.5	1030.0	1020.0
JPY	28-Aug	-0.10	-0.05	-0.03	0.07	120.5	106.0	6.18	8.70	8.54
	+3m	-0.10	-	-	-	126.4	109.0	5.89	8.23	8.23
	+6m	-0.10	-	-	-	125.4	112.0	5.94	8.21	8.13
	+12m	-0.10	-	-	-	125.4	112.0	5.94	8.21	8.13
GBP	28-Aug	0.10	0.07	0.13	0.51	89.5	132.9	831.9	1171.9	1150.8
	+3m	0.10	0.07	0.15	0.50	88.0	131.8	846.3	1181.8	1181.8
	+6m	0.10	0.07	0.20	0.60	86.0	130.2	866.3	1197.7	1186.0
	+12m	0.10	0.07	0.25	0.75	86.0	130.2	866.9	1197.7	1186.0
CHF	28-Aug	-0.75	-0.72	-0.64	-0.21	107.5	90.4	692.3	975.3	957.7
	+3m	-0.75	-	-	-	108.0	93.1	689.6	963.0	963.0
	+6m	-0.75	-	-	-	109.0	97.3	683.5	945.0	935.8
	+12m	-0.75	-	-	-	110.0	98.2	677.7	936.4	927.3
DKK	28-Aug	-0.60	-0.22	-0.14	0.10	744.3	626.1	-	140.9	138.3
	+3m	-0.60	-0.24	-0.15	0.05	744.8	642.0	-	139.6	139.6
	+6m	-0.60	-0.25	-0.10	0.10	745.0	665.2	-	138.3	136.9
	+12m	-0.60	-0.26	-0.10	0.30	745.5	665.6	-	138.2	136.8
SEK	28-Aug	0.00	0.01	-0.02	0.41	1029.5	866.1	72.3	101.8	100.0
	+3m	0.00	0.00	0.00	0.35	1040.0	896.6	71.6	100.0	-
	+6m	0.00	0.10	0.05	0.35	1020.0	910.7	73.0	101.0	-
	+12m	0.00	0.05	0.10	0.45	1020.0	910.7	73.1	101.0	-
NOK	28-Aug	0.00	0.23	0.46	1.07	1048.4	882.0	71.0	100.0	98.2
	+3m	0.00	0.26	0.65	1.15	1040.0	896.6	71.6	-	100.0
	+6m	0.00	0.26	0.80	1.30	1030.0	919.6	72.3	-	99.0
	+12m	0.00	0.28	0.90	1.55	1030.0	919.6	72.4	-	99.0

Commodities												
		2020				2021				Average		
	28-Aug	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	
ICE Brent	45	35	35	40	40	45	45	50	60	38	50	

Source Danske Bank

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