

# Weekly Focus

## Is the manufacturing cycle peaking?

**The COVID-19 development continues to be challenging with improvements in most European countries and the US** but also signs that countries that ease restrictions see a flare-up again. France for example has experienced a new increase in cases raising concerns over a possible third lockdown. On the positive side, Moderna this week said its vaccine is effective against the new variants from the UK and South Africa, see *COVID-19 Update: Moderna and Pfizer vaccine also effective against new variants*, 28 January.

**The challenging virus situation is hurting macroeconomic momentum in both the US and Europe, but the latter seems hardest hit.** This week's data released underscored the gravity of the situation in Europe with the German IFO index declining in January compared to December. **It may also be an indication that the global manufacturing cycle is close to a peak as Chinese indicators have also shown signs of rolling over.** Europe generally has more exposure to the Chinese cycle than the US. The Chinese PMI on Sunday and Monday will be interesting to follow. The US economy has so far held up better than expected despite the third COVID-19 wave. This week, consumer confidence actually increased in January compared with December, while US durable goods and the Richmond survey pointed to abating momentum in the manufacturing sector.

**This week the IMF revised up strongly the outlook for the US economy** by 2pp to 5.1% in 2021, due to stronger-than-expected macro-momentum in H2 20 and the fiscal stimulus package approved before Christmas. This comes even as the IMF does not factor in the possible new fiscal package that the Biden administration has proposed, providing an upside risk to its forecasts. In contrast, the IMF downgraded the outlook for the euro area, while the forecast for China held up at 8.1% in 2021. Watch out for the preliminary euro area Q4 GDP release on Wednesday.

**Despite the stronger outlook for the US economy in 2021, the Fed held back from calling for withdrawal of its stimulus at its meeting this week.** Fed chairman Powell stated any discussion on an exit strategy is 'premature' despite some less influential Fed members opening up for considering tapering of the Fed's asset purchases as soon as the economic recovery gets underway this year. We lean on the side of Powell and think the Fed will start tapering in Q1 22 preceded by discussion in H2 21. Developments on the labour market will be an important gauge for the US economy; hence watch out for the non-farm payroll release next Friday. **Meanwhile, the ECB seems to be worried about the strength of the euro**, with Dutch Governor Knot saying the ECB could cut the deposit rate and stories suggesting that markets underestimate the probability of a rate cut.

**Global equity markets receded heavily in the middle of the week.** We do not think it was related to macro releases or the Fed meeting but rather that positioning starts to be stretched and hence we might be in for a period of more volatile markets than has been the case over recent months. Global yields have also retracted somewhat amid softer signals from advanced country central banks and growth concerns. EUR/USD fell back on the back of the divergent economic outlook between the US and Europe and weaker risk sentiment.

### Key market movers

- Monday: China PMI, US ISM manufacturing
- Tuesday: Euro area preliminary Q4 GDP
- Wednesday: Euro area CPI and US ISM services
- Friday: US non-farm payroll

### Selected reading from Danske Bank

- *COVID-19 Update: Moderna and Pfizer vaccines also effective against new variants*, 28 January
- *Spending Monitor: Spending sees a lift from online and grocery shopping*, 28 January
- *Norges Bank Review*, 21 January
- *ECB Review: Keeping a steady course*, 21 January

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# Scandi market movers

- In **Denmark**, we have a relatively quiet week ahead data-wise. Tuesday should bring FX reserve figures for January. The Danish krone (DKK) continued to trade strongly against the euro (EUR) in January and close to the level at which Danmarks Nationalbank has previously intervened to sell DKK. Nevertheless, the DKK has not strengthened further compared to December, when Danmarks Nationalbank remained on the sidelines, so any intervention measures would probably require additional DKK strengthening. The FX reserve figures will also reveal whether the government has repaid more of its loans in foreign Commercial Papers.

Thursday and Friday are scheduled to bring January's figures for forced sales and bankruptcies, respectively. Despite the crisis, both sets of figures have remained very low. A red-hot housing market with plenty of activity and short sales times has presumably helped to keep a lid on the number of forced sales and there is no sign of this changing anytime soon. The number of bankruptcies has remained low, probably due to the economic relief packages, but we expect bankruptcies to increase when companies' postponed tax payments fall due.

- In **Sweden**, the prime market mover next week is set to be the Q4 GDP indicator. Data so far suggests a surprisingly strong development, albeit K-shaped with some sectors underperforming due to COVID-19 restrictions. The sales indicator shows a 2.5% q/q increase SA. With data limited to October and November, the PVI saw a 2.1% increase SA and the activity indicator a 2.0% increase. The downward leg of the K is represented by the consumption indicator, which may show an outright decline given the severe drop in December retail sales (-4.9% m/m SA). The labour market appears to have been neutral for GDP growth in Q4, hours worked rose a marginal 0.2% q/q SA. The chart on the right shows unchanged December levels for PVI and the activity and consumption indicators for illustrative purposes. To sum up, a cautious forecast for the Q4 GDP indicator would be +1.0% q/q SA.

Throughout the week, the December activity indicator, PVI and consumption indicators are also due for release. These should, however, already be incorporated in the Q4 GDP indicator.

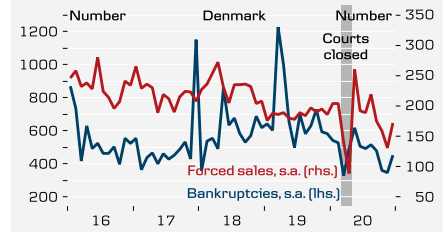
We would be surprised if the January manufacturing PMI did not drop back from a multi-year high, still suggesting a firm recovery. Services PMI has lost momentum over the past couple of months, showing a moderate momentum.

The Debt Office (SNDO) forecasts a SEK10.6bn borrowing requirement in January. During the previous three-month period, however, the borrowing requirement was SEK11.8bn lower than expected each month. Presumably, there is a downside risk to SNDO's forecast for January.

- In **Norway**, data is thin on the ground in the coming week, the only number of any real interest being industrial production for December. As in most other countries, manufacturing activity recovered as the year went on and leading indicators such as the PMI and manufacturing confidence suggest that this continued in December. After strong growth in November, we anticipate a more moderate rise of 0.5% m/m in December.

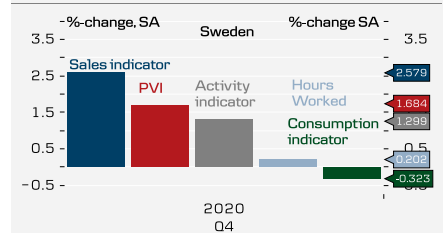
Beyond this, we will be keeping an eye on news about the spread of the UK coronavirus variant in Norway and any further restrictions in and around Oslo.

## Strong housing market and relief packages keeping forced sales and bankruptcies low



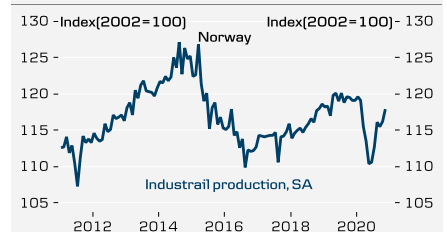
Source: Statistics Denmark, Macrobond Financial

## Growth indicators suggest K-shaped impact



Source: SCB, Danske Bank calculations

## Industrial activity on the up



Source: Macrobond Financial, Danske Bank

# Scandi Update

## Denmark – Lockdown hitting retail sales hard

Retail sales fell 7.7% between November and December, underlining just how hard the latest lockdown, which has closed much of the retail sector, hit Christmas sales. However, the substantial boost to retail sales from the unfrozen holiday allowance in October and November is probably another reason why sales fell in December and retail sales rose overall from Q3 to Q4. December’s total retail sales were also up 1% y/y compared to 2019.

We have also received January’s business confidence figures. Companies in the industrial, construction and service sectors have turned a little more pessimistic than in December, although the figures for all three sectors are higher than in November and order books look decent, while labour shortages are again becoming a problem for industry. The picture is quite different in the retail sector, where sentiment has taken a heavy knock, especially with regard to the near-term outlook. This is no real surprise, as most brick-and-mortar shops have closed since businesses were last surveyed. Supermarket and online sales remain buoyant, but this does not change the fact that the overall situation for retailers has deteriorated significantly.

Gross unemployment fell by 2,000 in December despite new and extensive restrictions being placed on the economy. The explanation is presumably that restrictions on restaurants, etc. were more than offset by growth in construction and industry, plus the full restrictions on shops were not in place until the final week of the month. We expect that unemployment rose at the start of 2021.

Seasonally adjusted house prices rose 0.3% in November, while apartment prices increased by 0.5%, according to Statistics Denmark. This was the third consecutive month that apartment prices rose by less than half a per cent following a pronounced spurt in the summer – so, it is good news that the pace has slowed after a hectic year.

On Thursday, the government extended the current coronavirus restrictions by three weeks to the end of February, mostly due to concerns about the so-called British virus mutation. In connection with the extension, the government presented new liquidity measures and loan schemes that can help Danish companies pay upcoming VAT and tax bills via DKK170bn in interest-free loans.

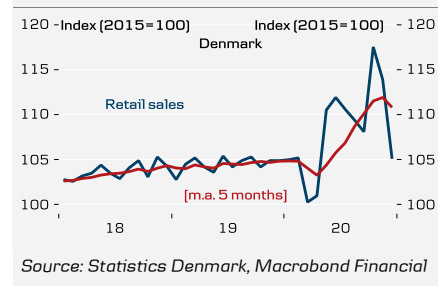
## Sweden – A bunch of data

First out this week were the monthly **Prospera inflation expectations**. The Riksbank’s main measure of the inflation confidence is the 5Y expectations, which increased to 1.75% from earlier 1.66% giving the Riksbank some relief, at least for now.

Strong industry sentiment in **NIER’s January confidence survey**, which pushed up the overall ETI to normal levels (100). A welcomed improvement in private services and consumer confidence, while noting that primarily retail trade and construction lost some momentum. Retail trade was hit by the second COVID-19 wave. All these sectors are still below the normal 100 level, implying that the divided recovery continues.

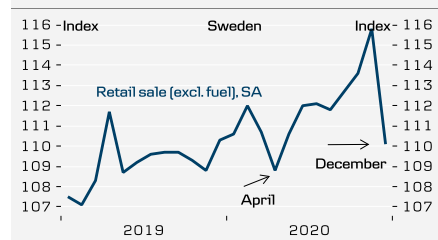
**December retail sales** falling off a cliff down 4.9% m/m (you need to go back decades to find something similar), non-durables down 8.9% m/m. This is mainly the result of accelerating spreading of the virus and much tighter restrictions. For comparison, the biggest month-on-month drop during spring was in April with retail sales down 1.7%, but this should also be seen in the light of the strong retail sales numbers in the three-month period up to November.

Retail sales take a beating



Source: Statistics Denmark, Macrobond Financial

Largest drop in a long, long time



Source: Macrobond Financial, SCB

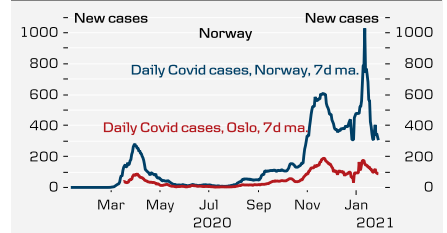
Regarding the **December labour force survey AKU**, the unemployment rate increased to 8.7% SA from earlier 8.3% SA, driven by both lower employment and higher unemployment. We believe this should be viewed in the light of the surprisingly low number in November combined with tighter restrictions and that the overall labour market picture is still decent. When looking at labour market details such as new vacancies and layoffs, it is still a resilient labour market. Furloughs also at low 59,000 despite the second wave of COVID-19, compared to over 200,000 during spring.

## Norway – Short lockdown

Attention in Norway in the past week has centred on the outbreak of the so-called British virus mutation in and around Oslo. The authorities have responded with the toughest restrictions since March last year, initially for a period of one week. This is mainly affecting hospitality and retail in 25 municipalities in the Oslo region, home to some 27% of the Norwegian population. Our tentative estimate is that the lockdown will cut economic growth by around 0.1pp per week. Otherwise, the week's figures show that the total number of infections in Norway has continued to fall, including in Oslo. Nor are there any signs of the UK variant spreading to any great extent. We therefore expect the new restrictions to be relatively short-lived and have little impact on growth in February.

More serious is that the production problems at AstraZeneca now look likely to delay vaccinations in Norway too. According to the health authorities, there could be a delay of one to two months in the rollout of the vaccination programme – and so also in the full reopening of the economy and the normalisation of activity. We had been expecting this to happen in H1, but there is now a growing risk of it dragging out until July/August. This could also, of course, affect the timing of the first policy rate hike.

### Infections clearly coming down



Source: Macrobond Financial, Danske Bank

# Activity tracker

- Google mobility has remained roughly unchanged over the past week, where Spain and Italy however continued a downward trajectory decreasing 4.6 and 6.1p.p respectively. All countries are now in a “Bad” state (25%> decrease from pre-level) or worse. However, Germany, France and United Kingdom have stabilized the last couple of weeks. We don’t expect to see any meaningful improvement in the mobility numbers before restrictions and lockdowns measures are eased.
- Japan have experienced a slightly delayed second wave and we are now seeing the same tendencies repeating themselves in Japan with Google mobility down 19.4p.p. on the month. In a month where Japan went from borderline “Normal” level to the current ”Bad” level. Past week also brought a dip in the Japanese electricity consumption, but we expect it to remain stable around the current level in the foreseeable future as electricity consumption in general has been affected little with the second wave.

Activity tracker						
Euro area	Last obs	Value	Last 4 months	1W chg.	1M chg.	Low
Bundesbank weekly activity index*	Week 4	-0.48		-0.42	-0.95	-5.9
Germany, turnover textiles retail trade, weekly, % y/y	Week 51	-54.0%		-42 p.p.	-26 p.p.	-54%
German truck toll mileage (1w m.a.), % y/y	20-Jan	-0.3%		2.3 p.p.	-23.9 p.p.	-16.2%
OpenTable restaurant bookings, Germany (1w m.a.)**	27-Jan	-99.5%		0 p.p.	-4.2 p.p.	-100%
USA						
NY Fed weekly economic index*	Week 4	-2.28		-0.29	-1.64	-11.5
Transaction card spending, (1w m.a.), % y/y	16-Jan	-13.9%		0.5 p.p.	-0.9 p.p.	-40.6%
OpenTable restaurant bookings (1w m.a.)**	27-Jan	-59.4%		-2.2 p.p.	1.7 p.p.	-100%
Google mobility trends retail & recreation (1w m.a.)**						
Germany	24-Jan	-59.6%		0.6 p.p.	1.4 p.p.	-67.3%
France		-42.4%		1 p.p.	-13.4 p.p.	-88.0%
Italy		-46.1%		-6.1 p.p.	-15.6 p.p.	-88.9%
Spain		-49.4%		-4.6 p.p.	-21.9 p.p.	-91.7%
UK		-64.3%		0.1 p.p.	-23 p.p.	-77.6%
Japan		-25.0%		-3.9 p.p.	-19.4 p.p.	-37.9%
United States		-25.6%		-0.9 p.p.	-5 p.p.	-46.1%
Electricity demand (1w m.a.)***						
Germany	27-Jan	-2.1%		-1.8 p.p.	-2.7 p.p.	-16.2%
France		-2.5%		-2 p.p.	-0.5 p.p.	-23.1%
Italy		-1.8%		-1.3 p.p.	-1.8 p.p.	-28.2%
Spain		-4.2%		-6.9 p.p.	-5.5 p.p.	-24.2%
UK		0.3%		5.8 p.p.	1.7 p.p.	-22.1%
Japan	28-Jan	-4.4%		-8.9 p.p.	-1.8 p.p.	-18.3%
United States	28-Jan	0.1%		4.1 p.p.	-0.4 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

During the week				Period	Danske Bank	Consensus	Previous
Sun 31	CNY	PMI manufacturing	Index	Jan		51.6	51.9
Sun 31	CNY	PMI non-manufacturing	Index	Jan		55.0	55.7
Monday, February 1, 2021				Period	Danske Bank	Consensus	Previous
1:30	JPY	Nikkei Manufacturing PMI, final	Index	Jan			49.7
2:45	CNY	Caixin PMI manufacturing	Index	Jan		52.6	53.0
8:00	DEM	Retail sales	m/m y/y	Dec		-2.0% 4.7%	1.1% 5.0%
8:30	SEK	PMI manufacturing	Index	Jan			64.9
9:15	ESP	PMI manufacturing	Index	Jan		50.0	51.0
9:45	ITL	PMI manufacturing	Index	Jan		52.5	52.8
9:50	FRF	PMI manufacturing, final	Index	Jan		51.5	51.5
9:55	DEM	PMI manufacturing, final	Index	Jan		57.0	57.0
10:00	NOK	PMI manufacturing	Index	Jan			51.9
10:00	EUR	PMI manufacturing, final	Index	Jan		54.7	54.7
10:30	GBP	PMI manufacturing, final	Index	Jan		52.7	52.9
11:00	EUR	Unemployment	%	Dec		8.3%	8.3%
15:30	CAD	RBC manufacturing PMI	Index	Jan			57.9
15:45	USD	Markit PMI manufacturing, final	Index	Jan		59.1	59.1
16:00	USD	Construction spending	m/m	Dec		0.8%	0.9%
16:00	USD	ISM manufacturing	Index	Jan		59.9	60.5
20:00	USD	Fed's Bostic (non-voter, neutral) speaks					
Tuesday, February 2, 2021				Period	Danske Bank	Consensus	Previous
-	USD	Total vehicle sales	m	Jan		16.1	16.27
4:30	AUD	Reserve Bank of Australia rate decision	%		0.1%	0.1%	0.1%
8:45	FRF	HICP, preliminary	m/m y/y	Jan		-0.4% 0.2%	0.2% 0.0%
10:00	ITL	GDP, preliminary	q/q y/y	4th quarter		-2.4% -7.0%	15.9% -5.0%
10:30	EUR	Portugal, GDP, preliminary	q/q y/y	4th quarter		-2.0% ...	13.3% -5.7%
11:00	EUR	GDP, preliminary	q/q y/y	4th quarter		-1.4% -5.8%	12.5% -4.3%
17:00	DKK	Currency reserves	DKK bn	Jan			439.6
20:00	USD	Fed's Mester (voter, hawkish) speaks					
22:00	USD	Fed's George (non-voter, hawkish) speaks					
Wednesday, February 3, 2021				Period	Danske Bank	Consensus	Previous
-	PLN	Polish central bank rate decision	%			0.1%	0.1%
1:30	JPY	Markit PMI services, final	Index	Jan			45.7
2:45	CNY	Caixin PMI service	Index	Jan		55.5	56.3
8:30	SEK	PMI services	Index	Jan			56.6
9:15	ESP	PMI services	Index	Jan		45.7	48.0
9:45	ITL	PMI services	Index	Jan		39.5	39.7
9:50	FRF	PMI services, final	Index	Jan		46.5	46.5
9:55	DEM	PMI services, final	Index	Jan		46.8	46.8
10:00	EUR	PMI composite, final	Index	Jan		47.5	47.5
10:00	EUR	PMI services, final	Index	Jan		45.0	45.0
10:30	GBP	PMI services, final	Index	Jan		38.8	38.8
11:00	EUR	PPI	m/m y/y	Dec			-1.9% 0.4%
11:00	EUR	HICP inflation, preliminary	m/m y/y	Jan		-0.4% ...	0.3% ...
11:00	EUR	HICP - core inflation, preliminary	y/y	Jan		0.7%	0.2%
11:00	EUR	HICP inflation, preliminary	y/y	Jan		0.3%	-0.3%
11:00	ITL	HICP, preliminary	m/m y/y	Jan		-1.7% -0.1%	0.2% -0.3%
14:15	USD	ADP employment	1000	Jan		50	-123
15:45	USD	Markit PMI service, final	Index	Jan			57.5
16:00	USD	ISM non-manufacturing	Index	Jan		56.8	57.7
16:30	USD	DOE U.S. crude oil inventories	K				-9910
18:30	USD	Fed's George (non-voter, hawkish) speaks					
19:00	USD	Fed's Bullard (non-voter, dovish) speaks					
20:00	USD	Fed's Harker (voter, neutral) speaks					
23:00	USD	Fed's Mester (voter, hawkish) speaks					
23:00	USD	Fed's Evans (non-voter, neutral) speaks					

Source: Danske Bank

# Calendar

Thursday, February 4, 2021			Period	Danske Bank	Consensus	Previous
1:30	USD	Fed's George (non-voter, hawkish) speaks				
10:00	EUR	ECB Publishes Economic Bulletin				
10:30	GBP	PMI construction	Index	Jan	52.8	54.6
11:00	EUR	Retail sales	m/mly/y	Dec	0.5% 0.8%	-6.1% -2.9%
13:00	GBP	BoE minutes				
13:00	GBP	BoE government bond purchases (APF)	GBP bn	Feb	875	875
13:00	GBP	BoE corporate bond purchases (CBPP)	GBP bn	Feb	20	20
13:00	GBP	BoE Bank rate	%		0.1%	0.1%
14:30	USD	Unit labour cost, preliminary	q/q	4th quarter	3.8%	-6.6%
14:30	USD	Initial jobless claims	1000			847
16:00	USD	Core capital goods orders, final	%	Dec		0.6%
20:00	USD	Fed's Daly (non-voter, neutral) speaks				
Friday, February 5, 2021			Period	Danske Bank	Consensus	Previous
1:30	AUD	RBA Statement of Monetary Policy				
2:00	USD	Fed's George (non-voter, hawkish) speaks				
6:00	SEK	Maklarstatistik Swedish housing price data				
6:00	JPY	Leading economic index, preliminary	Index	Dec	95.2	96.4
8:00	DEM	Factory orders	m/mly/y	Dec	-1.3% 5.7%	2.3% 6.3%
8:00	NOK	Manufacturing production	m/mly/y	Dec		1.5% -0.9%
8:00	NOK	Industrial production	m/mly/y	Dec		1.8% -0.7%
9:00	CHF	SNB balance sheet, intervention	CHF bn	Jan		891.2
9:30	SEK	Budget balance	SEK bn	Jan		-125.9
9:30	SEK	Industrial orders	m/mly/y	Dec		3.8% 5.7%
9:30	SEK	Private Sector Production	m/mly/y	Dec		0.8% -1.0%
9:30	SEK	Household consumption	m/mly/y	Dec		-0.6% -5.0%
14:30	USD	Unemployment	%	Jan	6.7%	6.7%
14:30	USD	Average hourly earnings, non-farm	m/mly/y	Jan	0.3% 5.1%	0.8% 5.1%
14:30	USD	Non farm payrolls	1000	Jan	50	-140
14:30	USD	Trade balance	USD bn	Dec	-66.0	-68.1
14:30	CAD	Net change in full time employment	1000	Jan		42.7
21:00	USD	Consumer credit	USD bn	Dec	12.0	15.3

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	2020	-3.7	-3.1	-1.2	0.8	-8.8	-6.6	0.4	2.5	4.6	-2.6	42.5	7.4
	2021	2.3	3.0	1.6	3.1	3.6	4.7	0.8	2.0	4.7	-1.9	41.1	6.9
	2022	3.4	3.6	0.4	3.8	7.2	6.4	1.2	1.8	3.8	-1.2	40.7	7.7
Sweden	2020	-3.2	-4.7	-0.2	-1.4	-5.5	-6.8	0.5	2.0	8.3	-3.0	39.0	5.3
	2021	3.3	3.8	2.4	4.1	6.9	7.6	1.2	1.9	8.3	-2.8	40.0	5.1
	2022	2.6	3.0	1.5	2.7	3.9	3.9	0.8	1.9	7.3	-1.0	39.0	5.1
Norway	2020	-3.3	-7.5	1.7	-5.6	-3.0	-12.0	1.3	2.0	5.0	-	-	-
	2021	4.0	8.0	2.0	1.0	5.8	5.0	2.5	2.3	3.3	-	-	-
	2022	3.3	5.5	2.0	2.0	4.5	6.0	2.1	2.9	2.6	-	-	-

### 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	2020	-7.0	-8.8	-0.8	-13.7	-9.1	-10.5	0.3	-1.0	8.0	-8.8	101.7	2.6
	2021	4.9	4.5	3.2	-1.2	13.1	10.6	1.1	1.0	8.9	-6.2	102.1	2.6
	2022	3.4	5.3	1.8	2.1	3.5	4.3	1.1	1.0	8.6	-4.4	102.3	2.8
Germany	2020	-5.3	-5.9	4.5	-3.7	-10.2	-8.8	0.4	-0.1	4.2	-6.0	71.2	6.0
	2021	4.0	3.2	4.1	2.8	13.8	10.9	1.2	-0.1	4.2	-4.0	70.1	6.3
	2022	2.2	3.3	1.4	2.1	3.3	4.3	1.3	-0.1	3.7	-2.5	69.0	6.1
Finland	2020	-3.3	-4.0	0.0	-2.5	-10.0	-8.0	0.3	1.9	7.8	-8.0	68.6	-0.6
	2021	2.2	3.5	1.5	2.0	5.0	5.0	1.0	2.5	8.0	-4.1	71.0	-0.6
	2022	2.8	2.7	1.0	3.0	6.0	5.0	1.5	2.5	7.2	-2.4	70.8	-0.6

### 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	2020	-3.5	-3.9	1.1	-1.8	-13.0	-9.3	1.3	4.6	8.1	-16.0	126.4	-2.1
	2021	3.3	4.6	1.4	4.6	1.7	6.6	1.6	2.0	6.5	-12.2	132.3	-2.1
	2022	3.8	4.3	2.1	4.3	2.0	3.8	1.6	2.3	5.3	-7.2	131.9	-2.1
China	2020	1.7	1.5	-	3.0	-	-	3.0	7.5	-	-11.9	-	0.6
	2021	9.2	9.0	-	10.0	-	-	2.0	7.0	-	-11.8	-	0.4
	2022	5.5	7.0	-	4.0	-	-	2.5	7.0	-	10.9	-	0.4
UK	2020	-11.1	-14.4	-9.9	-12.8	-12.5	-21.1	0.9	2.0	4.4	-19.0	109.1	-2.0
	2021	5.2	4.2	4.0	6.2	6.4	6.1	1.6	1.2	4.9	-7.7	109.3	-3.8
	2022	6.9	8.3	2.1	11.9	5.9	8.2	1.9	1.6	4.6	-4.5	108.3	-3.6
Japan	2020	-5.6	-7.0	1.9	-5.7	-12.8	-7.5	-0.2	-	2.8	-	-	-
	2021	2.7	2.4	1.8	-1.0	9.1	1.5	0.3	-	2.7	-	-	-
	2022	2.5	2.7	-1.1	3.7	5.3	3.0	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	29-Jan	0.25	0.21	0.20	1.10	121.1	-	614.0	859.8	836.0
	+3m	0.25	0.20	0.25	1.15	122.0	-	609.8	827.9	819.7
	+6m	0.25	0.20	0.30	1.25	119.0	-	625.6	857.1	857.1
	+12m	0.25	0.20	0.35	1.60	116.0	-	641.8	887.9	887.9
EUR	29-Jan	-0.50	-0.54	-0.54	-0.19	-	121.1	743.7	1041.5	1012.7
	+3m	-0.50	-0.55	-0.55	-0.25	-	122.0	744.0	1010.0	1000.0
	+6m	-0.50	-0.55	-0.55	-0.10	-	119.0	744.5	1020.0	1020.0
	+12m	-0.50	-0.55	-0.50	0.05	-	116.0	744.5	1030.0	1030.0
JPY	29-Jan	-0.10	-0.09	-0.06	0.07	120.5	104.7	6.17	8.64	8.40
	+3m	-0.10	-	-	-	124.4	102.0	5.98	8.12	8.04
	+6m	-0.10	-	-	-	120.2	101.0	6.19	8.49	8.49
	+12m	-0.10	-	-	-	116.0	100.0	6.42	8.88	8.88
GBP	29-Jan	0.10	0.04	0.09	0.51	88.5	136.9	840.2	1176.5	1144.1
	+3m	0.10	0.07	0.10	0.50	88.0	138.6	845.5	1147.7	1136.4
	+6m	0.10	0.07	0.15	0.65	87.0	136.8	855.7	1172.4	1172.4
	+12m	0.10	0.07	0.15	0.65	87.0	133.3	855.7	1183.9	1183.9
CHF	29-Jan	-0.75	-0.77	-0.73	-0.24	107.7	88.9	690.3	966.7	940.0
	+3m	-0.75	-	-	-	108.0	88.5	688.9	935.2	925.9
	+6m	-0.75	-	-	-	110.0	92.4	676.8	927.3	927.3
	+12m	-0.75	-	-	-	110.0	94.8	676.8	936.4	936.4
DKK	29-Jan	-0.60	-0.24	-0.19	0.05	743.71	613.95	-	140.03	136.17
	+3m	-0.60	-0.27	-0.20	0.00	744.00	609.84	-	135.75	134.41
	+6m	-0.60	-0.27	-0.20	0.15	744.50	625.63	-	137.00	137.00
	+12m	-0.60	-0.30	-0.20	0.25	744.50	641.81	-	138.35	138.35
SEK	29-Jan	0.00	-0.05	-0.05	0.42	1012.7	836.0	73.4	102.8	100.0
	+3m	0.00	-0.05	-0.05	0.43	1000.0	819.7	74.4	101.0	-
	+6m	0.00	-0.05	-0.05	0.45	1020.0	857.1	73.0	100.0	-
	+12m	0.00	-0.05	-0.05	0.55	1030.0	887.9	72.3	100.0	-
NOK	29-Jan	0.00	0.47	0.66	1.36	1041.5	859.8	71.4	100.0	97.2
	+3m	0.00	0.42	0.60	1.40	1010.0	827.9	73.7	-	99.0
	+6m	0.00	0.58	0.80	1.45	1020.0	857.1	73.0	-	100.0
	+12m	0.25	0.71	1.05	1.75	1030.0	887.9	72.3	-	100.0

Commodities												
		2020				2021				Average		
	29-Jan	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	
ICE Brent	56	35	35	40	40	55	55	60	60	38	58	

Source Danske Bank

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