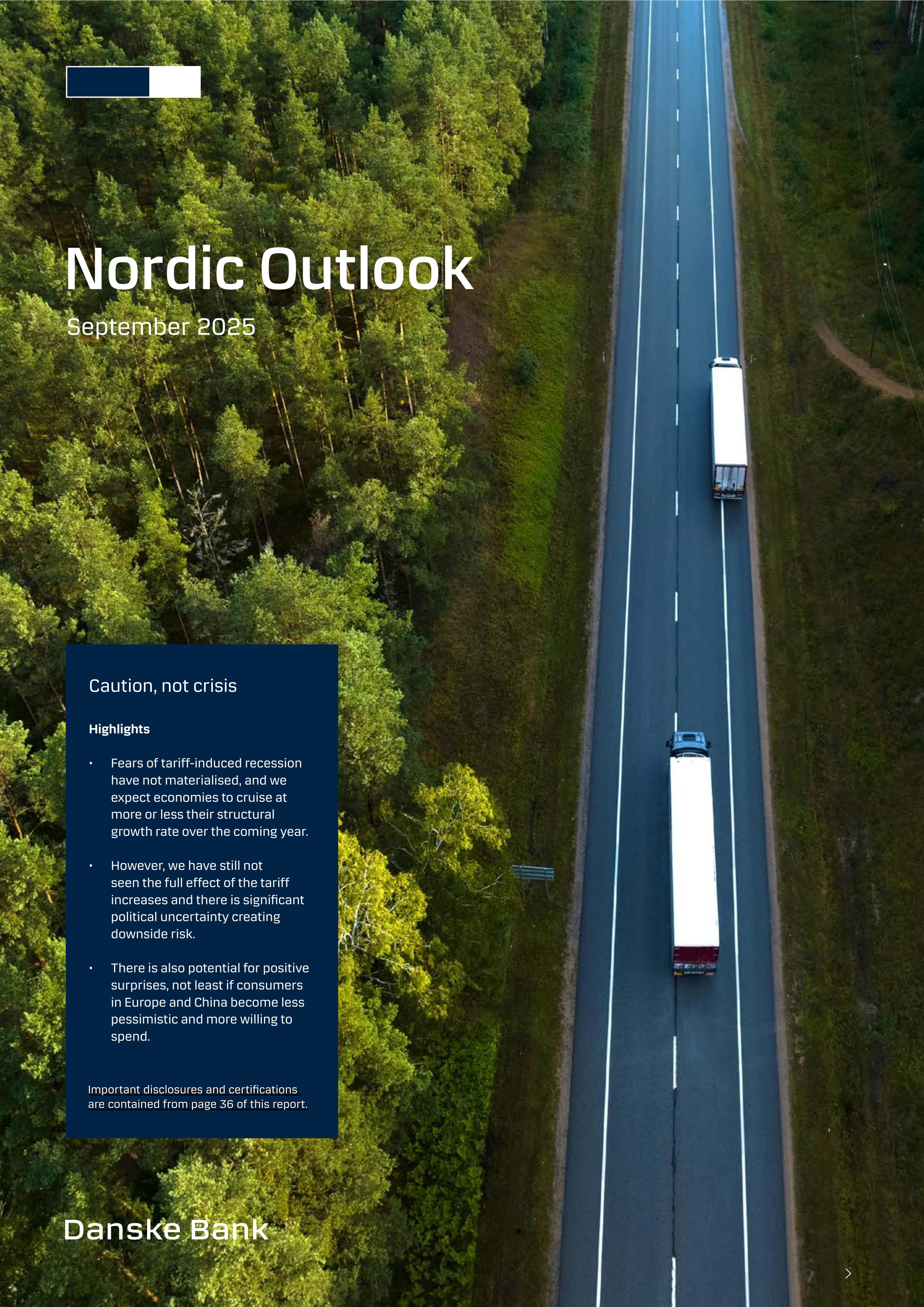

Nordic Outlook

September 2025

Caution, not crisis

Highlights

- Fears of tariff-induced recession have not materialised, and we expect economies to cruise at more or less their structural growth rate over the coming year.
- However, we have still not seen the full effect of the tariff increases and there is significant political uncertainty creating downside risk.
- There is also potential for positive surprises, not least if consumers in Europe and China become less pessimistic and more willing to spend.

Important disclosures and certifications are contained from page 36 of this report.

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Editorial deadline: 2 September at 16:00 CET
Date of publication: 3 September at 06:00 CET

This publication can be viewed on
www.danskebank.com/danskeresearch

Where no other source is mentioned statistical sources are: Danske Bank, Macrobond, EC, IMF and other national statistical institutes as well as proprietary calculations.

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Caution, not crisis

Global

Fears that US tariffs would cause an immediate recession have not materialised, in the US itself or in other countries. There are effects on prices and profits, but there has not been an impact on sentiment large enough to stall economic growth. We are mostly in a soft landing where interest rates in Western economies are heading towards or are already down to neutral levels, as inflation has been brought under control without unemployment blowing up. We expect growth around normal levels with several risk factors, including too much of a slowdown in the US, delayed effects of tariffs, and politically induced uncertainty. The normalisation of growth is expected to be at lower levels than previously in the US and that means less support from that to the global economy.

Euro area

The economy has fared better than expected in 2025, the labour market is resilient, and inflation has returned to the 2% target. We expect growth to be muted in the rest of 2025 before picking up next year. The risks are tilted to the downside in the near-term due to cautious consumers while balanced next year due to fiscal easing in Germany. Inflation is expected to fluctuate around the 2% target in the coming months before falling markedly below target next year amid core inflation being stuck above 2% until spring. The risks around the outlook are viewed as balanced. We expect the ECB to leave the deposit rate unchanged at 2% in the entire forecast period, seeing downside risks to the forecast in the near-term and upside in the end of 2026.

Denmark

Data revisions have lowered growth figures both historically and forecasted, while lower expectations at Novo Nordisk have also dampened the outlook. Private consumption has been revised markedly lower, which provides potential for more growth going forward, helped along by rising real incomes. Inflation is not particularly high and the planned near elimination of the electricity tax next year will reduce it significantly. Pharmaceuticals continue to drive exports, which are not unduly affected by US tariff hikes, though service exports to neighbouring countries are in decline. Housing market activity remains solid despite consumer caution, with house prices nationally well aligned with incomes and interest rates, while Copenhagen looks expensive.

Sweden

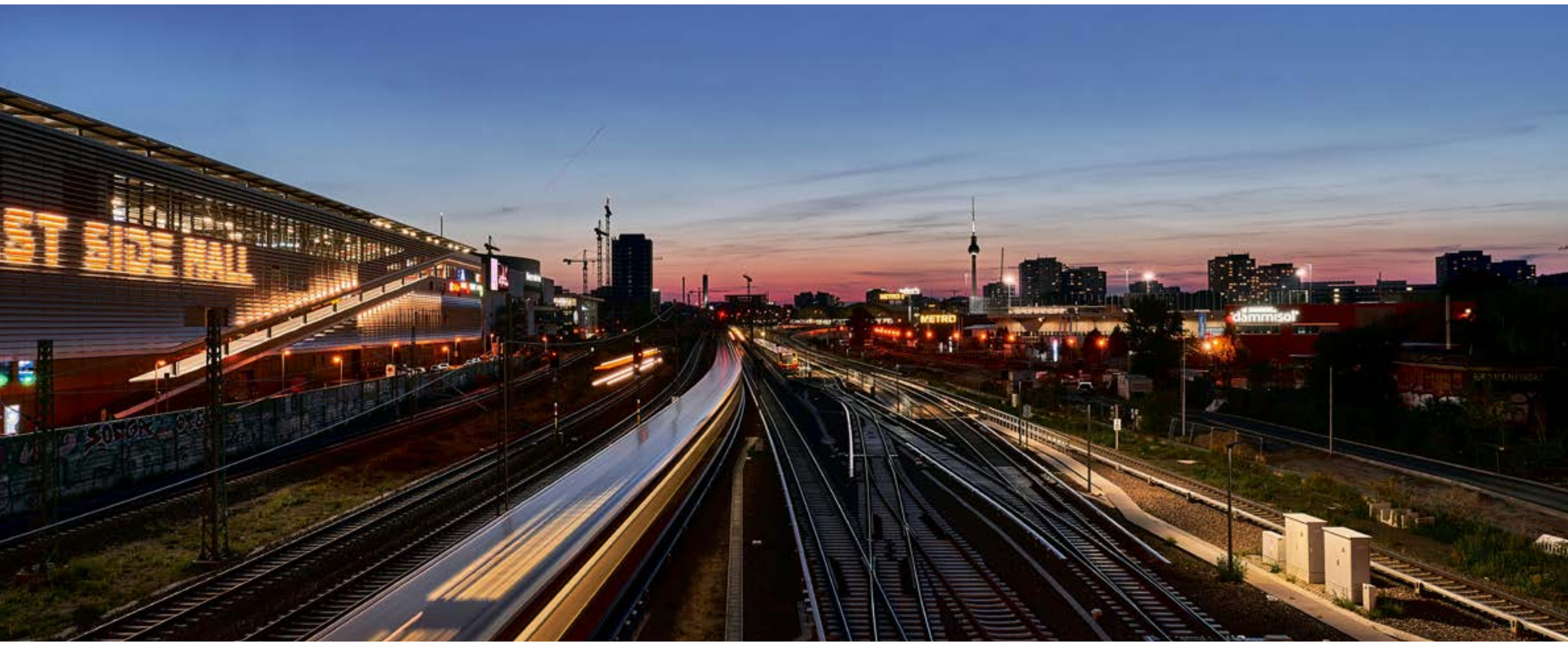
The Swedish economy has underperformed in 2025, marked by high inflation and weak growth. The weaker economic outlook is most evident in the labour market. However, consumption has increased, and interest rate cuts and real income growth provide some relief. Housing prices are pressured by higher interest rate expectations, but the outlook is brightening. Inflation remains too high, complicating the Riksbank's ability to implement further rate cuts to support the slow recovery. Near-term, inflation remains too high, but a more benign inflation outlook motivates the Riksbank to cut its policy rate to 1.75% before year-end. At the same time, the government's expansionary fiscal policy should strengthen household confidence and contribute positively to growth.

Norway

Growth picked up significantly in the first quarter, driven by strong growth in the rate-sensitive sectors and supported by public consumption. Even more encouraging was the fact that productivity growth has risen and was close to the historical average. The labour market remains tight, driven by strong demand for labour, but higher productivity has resulted in higher unemployment despite stronger growth. after all. Inflation has been as expected, and allowed Norges Bank to cut the policy rate in June and signal further cuts ahead. We now expect Norges Bank to cut the rate in both September and December.

Finland

Growth is slowly picking up in Finland after multiple difficult years. Falling interest rates, low inflation and rising salaries continue to boost household purchasing power, but the high unemployment rate restrains consumer sentiment and spending. The industrial sector is experiencing better momentum with more order inflows despite the trade war and a muted global industrial cycle. The housing market outlook has continued to improve cautiously during the first half of the year with more transactions, but prices are still to follow. Housing construction remains muted, but the outlook for 2026 is slightly better. The public deficit remains large in the near term but is expected to gradually shrink over the coming years.



Economies stay on track despite all the risks

- **Fears that US tariffs would cause an immediate recession have not materialised, in the US itself or in other countries. There are effects on prices and profits, but there has not been an impact on sentiment large enough to stall economic growth.**
- **We are in a soft landing where interest rates in Western economies are heading towards or are already down to neutral levels, as inflation has been brought under control without unemployment blowing up.**
- **We expect growth around normal levels with several risk factors, including too much of a slowdown in the US, delayed effects of tariffs, and politically induced uncertainty.**

Broadly speaking, Western economies are still in the process of performing a soft landing. Inflation has come down from its 2022 heights without high unemployment or other signs of crisis in the major economies. Having done their job, high interest rates can now be removed, as they have been in the euro area, and economies return to normal. In some countries, notably the US, the rate cuts are likely to be cautious as inflation is not quite back to target but likely moving in the right direction.

One risk to this outlook comes from the large US tariff increases. The tariffs announced on 2 April amounted to an increase from 2.5% to about 22.5% on average on all goods imports, something not seen for more than 100 years. There have been many changes since, but the current tariff level is not much lower.

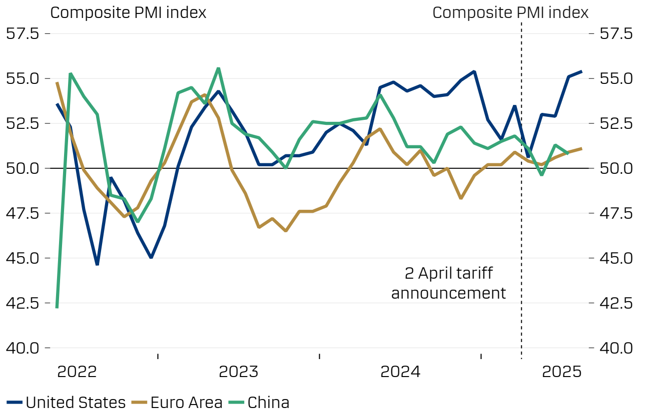
So far, indicators show that both the US and other economies have handled this chock quite well. We have no doubt that many businesses and consumers are concerned about the potential consequences, but we have not seen a sentiment-driven drop in activity. However, we do expect negative consequences in the long run from both tariff policy and the unpredictable way in which it is being implemented, as well as from the unpredictability of US economic policy in general, which is likely to dampen business investment. Questions over central bank independence and the unsustainability of US government finances could well lead to higher borrowing costs as well.

These are among the factors meaning that the normalisation of economies should not be taken to mean return to high economic growth. In the case of the US, the most important difference for short-term growth will likely be that the workforce has almost stopped growing after years of high immigration. Without this impulse and with uncertainty about what will happen with productivity growth, the US is likely to not look like the exceptional star performer that it has been in terms of growth.

We have no doubt that many businesses and consumers are concerned about the potential consequences, but we have not seen a sentiment-driven drop in activity.

Las Olsen, Chief Economist

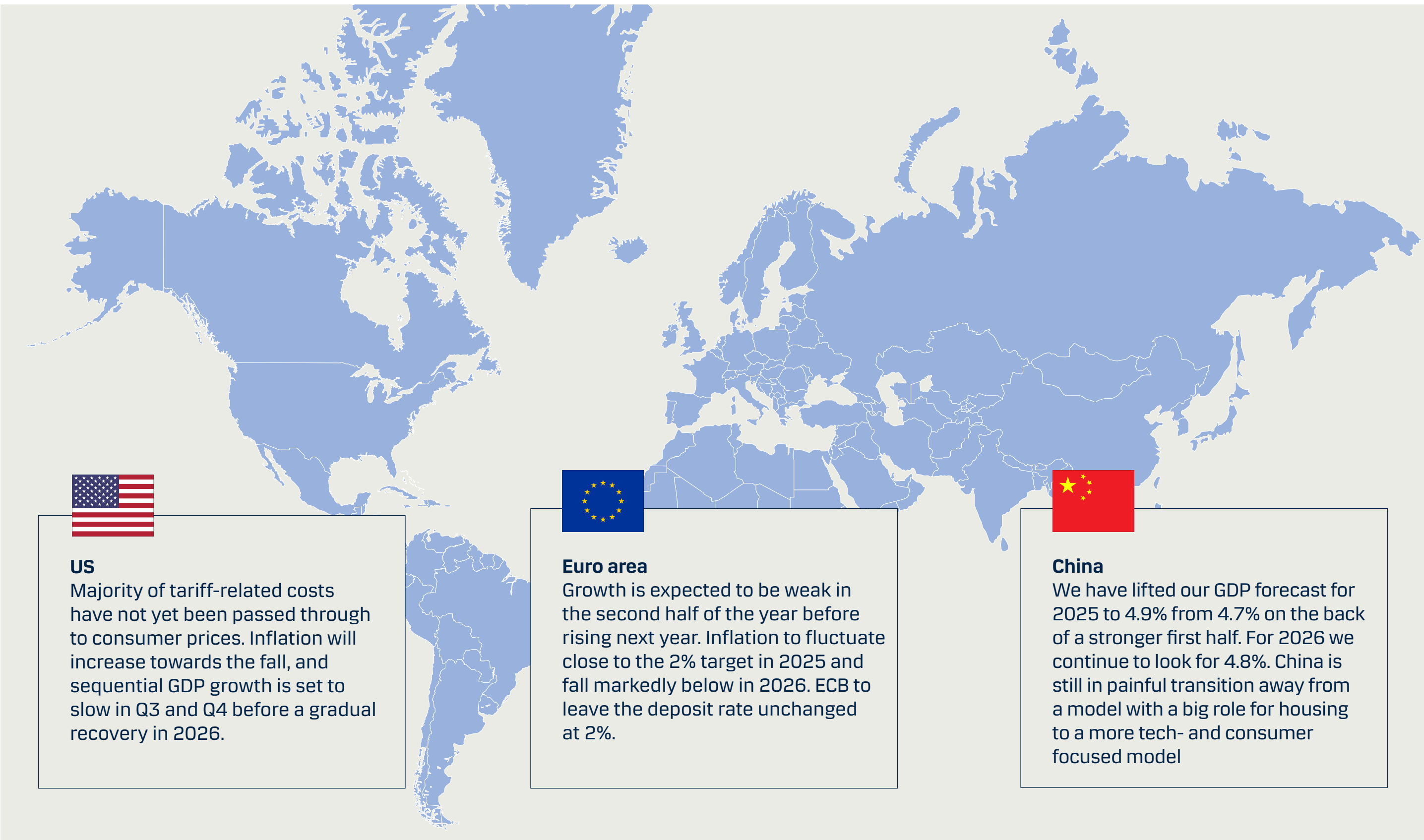
No tariff shock in aggregate



Note: Values above 50 indicate net increase in production. Source: S&P, Macrobond Financial

In Europe, a normalisation of growth is likely to mean only slightly more progress than we have seen in recent years. Reforms to increase productivity are being discussed and planned in many places, but we do not expect to see much outcome of that in the near term, and labour force growth is also likely to be modest. There will be a boost to the European economy from fiscal easing especially from Germany, but spare capacity is not large for Europe as a whole and so it is limited how much this can add to activity.

The risk to our forecasts is clearly two-sided. On the downside, we could hit a slowdown or even recession because of the political uncertainties or just from the inherent dynamics of the economy. We see the recent decline in US job growth as a fitting the stagnation of the labour force, but it could accelerate into undue weakness. On the upside, we could be underestimating the potential for higher productivity growth, for example from AI, that could boost the supply side. The demand side of the economy could be lifted by higher consumer spending, as savings rates are currently high, not least in some of the Nordic countries. By far the biggest potential in this regard though is in China, where household spending remains depressed, ant the government's policy is to raise it. If they are finally successful in achieving that, it could open up a lot of interesting new possibilities in the global economy.



US
Majority of tariff-related costs have not yet been passed through to consumer prices. Inflation will increase towards the fall, and sequential GDP growth is set to slow in Q3 and Q4 before a gradual recovery in 2026.

Euro area
Growth is expected to be weak in the second half of the year before rising next year. Inflation to fluctuate close to the 2% target in 2025 and fall markedly below in 2026. ECB to leave the deposit rate unchanged at 2%.

China
We have lifted our GDP forecast for 2025 to 4.9% from 4.7% on the back of a stronger first half. For 2026 we continue to look for 4.8%. China is still in painful transition away from a model with a big role for housing to a more tech- and consumer focused model

Rising optimism

- **Growth has exceeded expectations, and the labour market remains resilient. The EU-US trade deal has reduced a significant downside risk to the economic outlook. We expect growth to be muted in the second half of the year before gaining momentum in 2026. This year, we perceive the risks to the economic outlook as tilted to the downside, while they are balanced next year.**

- **Inflation has been fluctuating around the 2% target in recent months, and we expect this to continue through 2025 before falling below target next year. Core inflation remains above target, and we anticipate it will stay elevated until spring next year. We consider the risks to the inflation outlook as balanced.**

- **The ECB has reached its terminal rate of 2%, and we expect no changes within the forecast horizon. We perceive the risks to our forecast as tilted to the downside in the near term due to growth concerns. However, we see upside risks towards the end of 2026, driven by fiscal policy.**

		Forecast	
	2024	**2025**	**2026**
GDP Growth	0.9%	1.2% (0.9%)	1.2% (1.2%)
Inflation	2.4%	2.1% (2.1%)	1.8% (1.9%)
Unemployment	6.4%	6.2% (6.2%)	6.1% (6.1%)
Policy rate*	3.00%	2.00% (1.50%)	2.00% (1.50%)

Paranthesis are the old projections (From June 2025)
**End of period*
Source: Danske Bank, Eurostat, ECB

The euro area economy performed better than expected in the first half of the year despite trade uncertainty. The manufacturing sector is improving, the labour market remains strong, and inflation has returned to the ECB's target. As the EU and US have reached a trade deal imposing 15% tariffs on most EU exports to the US, a significant downside risk of even higher tariffs and EU retaliation has been eliminated. This makes the growth outlook less uncertain compared to our previous forecasts.

We expect growth to remain very muted in the second half of the year, as activity has already improved and we anticipate a reversal of the front-loading of exports to the US observed in the first half of the year. Private consumption is expected to be the main growth driver, supported by real wage increases, a strong labour market, and lower interest rates. However, weak consumer confidence and elevated savings continue to dampen growth.

The German government plans to accelerate investments while simultaneously implementing various tax cuts and transfers, which should result in a faster-than-expected boost to growth.

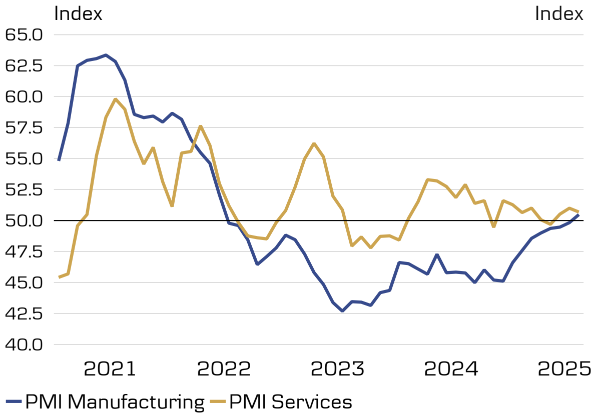
Rune Thyge Johansen, Analyst

We expect investments to steadily increase, driven by falling interest rates and the German infrastructure fund. The German government plans to accelerate investments while simultaneously implementing various tax cuts and transfers, which should result in a faster-than-expected boost to growth. After six years of no increases in GDP, there is sufficient slack in the German economy to meet current government-driven demand. However, by the end of next year, we anticipate wage pressures to begin building. Overall, we expect the euro area economy to gain momentum next year, with quarterly growth of 0.4% in each quarter, which is close to its potential. We view the risks to economic growth in 2025 as skewed to the downside, as consumers may remain cautious and export reversals could exceed expectations. By 2026, we foresee balanced growth risks, with potential positive impacts from defence spending and German fiscal measures.

The battle against inflation for the ECB is over, as headline inflation has fluctuated around the ECB's 2% target for the past four months. Inflation has declined due to lower energy prices and weaker momentum in underlying inflation. Core inflation remains slightly above target, and it is expected to stay elevated for the rest of the year as services inflation declines only gradually. Next year, we expect core inflation to average below the 2% target, driven by clearly declining wage growth and persistently low goods inflation, particularly due to falling export prices in China and a stronger euro. Food prices have risen significantly in recent months, and further increases pose an upside risk to the outlook. However, futures prices suggest a peak has been reached, leading us to forecast lower food inflation next year. Finally, the outlook for energy prices remains weak and, combined with base effects on energy inflation, is expected to significantly reduce headline inflation, bringing it well below 2% in 2026 in our forecast. We perceive the risks to inflation as balanced, with the potential for energy and food prices to rise more than expected, while faster-than-anticipated declines in wage growth could lead to lower-than-expected inflation.

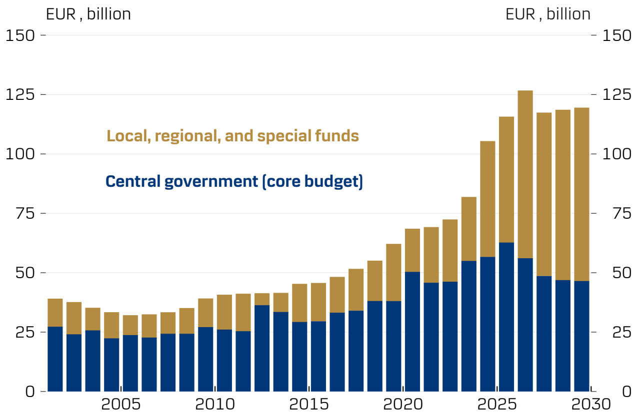
We have revised our view on the ECB since the previous Nordic Outlook update. Better-than-expected growth data, a trade deal that reduces downside growth risks, and a German government aiming to create a faster impact on growth have led us to conclude that the ECB's easing cycle is over. We now forecast an unchanged deposit rate of 2% throughout 2025 and 2026. The ECB has shifted its communication towards a more hawkish stance, downplaying the expected undershooting of inflation and focusing more on the potential inflationary impact of fiscal spending on defence and infrastructure. We perceive the risks to our forecast as tilted to the downside in the near term, as we see downside risks to growth, but we see upside risks to the forecast towards the end of 2026, driven by fiscal policy.

Manufacturing activity rising for the first time in three years



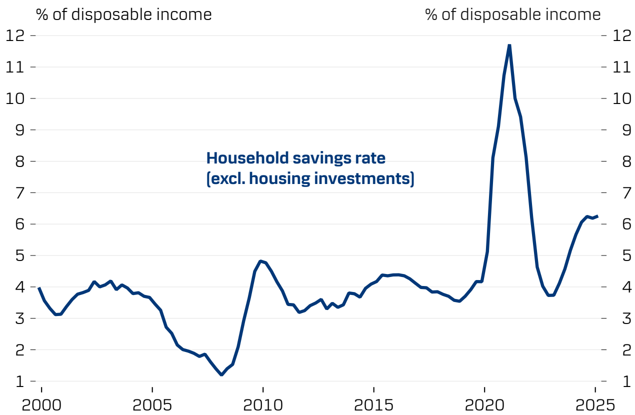
Source: S&P Global, Macrobond Financial

Germany to increase public investments significantly

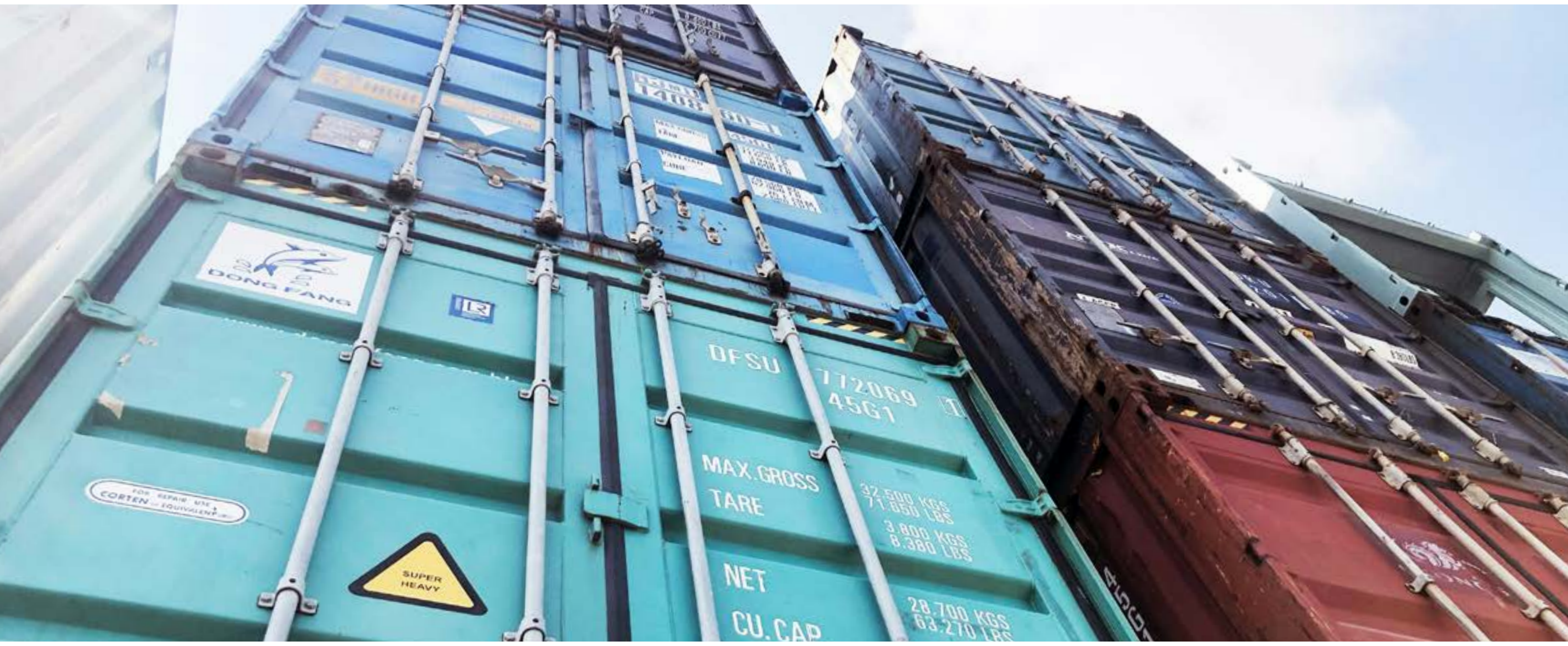


Source: German Bundesbank, Federal Ministry of Finance, Danske Bank
Note: Based on the draft budget, not approved in parliament yet

High savings dampen growth



Source: Eurostat, Danske Bank, Macrobond Financial



Tariff impact set to intensify towards winter

- **The US economy has continued to evolve well in line with our expectations, and we make only small adjustments to the forecasts. While current tariff levels are slightly higher than we expected in early summer, more front-loaded stimulus from the 'Big Beautiful Bill' and recent easing in financial conditions mitigate downside risks to growth.**

- **We forecast 2025 GDP growth at 1.6% (unchanged) and 2026 at 1.4% (from 1.3%). In quarterly terms, we think majority of the negative tariff impact on growth will be felt over Q3 and Q4 and expect sequential growth to recover towards 2026.**

- **Inflation is also developing in line with our earlier forecasts. While strictly tariff-driven inflation has so far been limited, majority of increased costs will be passed through to consumer prices only towards the fall. We maintain our headline inflation forecast at 2.8% in 2025 (unchanged) and 2026 at 2.6% (unchanged), and our 2025 core inflation forecast at 3.0% in 2025 (unchanged) and 2026 at 2.8% (unchanged).**

- **We still expect the Fed to resume 25bp rate cuts from September and follow up with quarterly reductions until a terminal rate of 3.00-3.25% is reached in September 2026. We see increasing two-sided risks around the policy rate outlook. Elevated inflation expectations, easier financial conditions and more supportive fiscal policies could force the Fed to delay rate cuts further, while political pressure could have the opposite effect.**

	2024	Forecast 2025	2026
GDP Growth	2.8%	1.6% (1.6%)	1.4% (1.3%)
Inflation	3.0%	2.8% (2.8%)	2.6% (2.6%)
Unemployment	4.0%	4.2% (4.3%)	4.4% (4.4%)
Fed Funds*	4.50%	4.00% (4.00%)	3.25% (3.25%)

Parentheses are the old projections (From June 2025)
**End of period*
Source: Danske Bank, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Fed

In many ways, the US economy has withstood the tariff and political uncertainty much better than feared. Employment growth has slowed down, but both job openings and layoffs have remained stable at healthy levels. A significant part of the slowdown in employment growth is likely explained by the sharp decline in foreign labour supply growth, and the labour market balance has remained relatively steady. Nominal wage growth hovers well above typical pre-pandemic pace, reaching 4.1% Q/Q AR in Q2, which has maintained wage sum growth surprisingly steady through 2025. This, in turn, has shielded consumer demand from tariff-inflation for now.

Even private fixed investment growth remained resilient despite the blurry outlook. Importantly, financial conditions have eased significantly over past months, as equity markets have recovered, credit spreads remain tight, and the broad USD has weakened. This will likely have a positive impact on growth momentum towards the winter period. In addition, the 'Big Beautiful Bill' will offer the economy more front-loaded stimulus than we previously assumed, as it will lift public deficits by around 1.5%

The US economy is experiencing both a negative supply shock stemming from sudden halt in immigration and tariffs constraining imports, as well as a positive demand shock from easing financial conditions and fiscal policy.

Antti Ilvonen, Senior Analyst

of GDP in 2026 and by 1.8% in 2027. Not only does the bill offset the expected positive revenue impact from the tariffs, but it also cements US fiscal policy to an expansionary path for the years to come.

On the other hand, inflation outlook has become increasingly concerning. In our baseline forecasts, we have assumed that the tariffs will lead to only a temporary, one-time level shift in prices. But as the US economy is experiencing both a negative supply shock stemming from sudden halt in immigration and tariffs constraining imports, as well as a positive demand shock from easing financial conditions and fiscal policy, the risk of more persistent acceleration in inflation has increased.

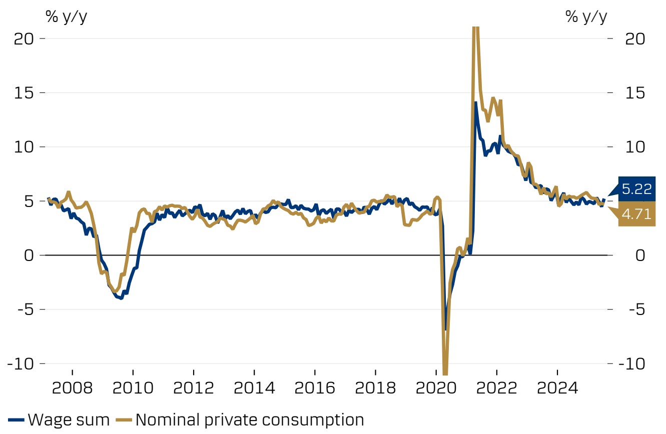
So far, the tariffs have had only a limited direct impact on consumer prices, but data on producer prices suggests that the current elevated level of inflation expectations has already offered retailers and wholesalers an opportunity to start increasing sales margins **(see Reading the Markets USD, 19 August)**. When inflation is driven by higher inflation expectations, rather than just higher costs, the risk of underestimating both the scale and duration of the price pressures increases.

Also, majority of the direct costs related to tariffs are still looming ahead. US import volumes have remained unusually low throughout the summer, as businesses have drawn down inventories of inputs and finished goods, that were front-loaded earlier in the year. Similarly, exporters have looked for ways to re-route trade flows to avoid paying the highest tariffs. This is the most visible in China, where direct exports to the US have declined by nearly 22% y/y, but overall export volumes have grown more than anticipated.

The average applied tariff rate on all US imports hovers around 20% before substitution. With 2024 import values, the annual cost of increased tariffs would be as high as USD660bn. But so far, firms' cumulative tariff payments in 2025 are only USD93.9bn higher than at the same time of the year in 2024. When inventories have been depleted and as re-routing will become increasingly difficult with the tariffs now spanning more than 70 economies, importers will have to accept further increases in tariff costs towards the fall.

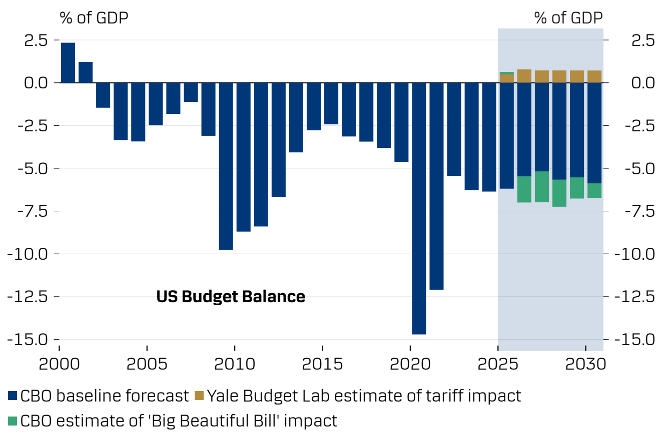
We continue to forecast a 25bp rate cut from the Fed in the upcoming September meeting, followed by quarterly reductions until the policy rate target reaches 3.00-3.25% in September of 2026. We have made no changes to our call since the previous edition of Nordic Outlook. While political pressure to accelerate policy easing inarguably complicates the outlook, we think risks are skewed towards slower, rather than faster, rate cuts given the risk of more persistent inflation.

Solid wage growth continues to shied consumer demand from tariff-driven inflation



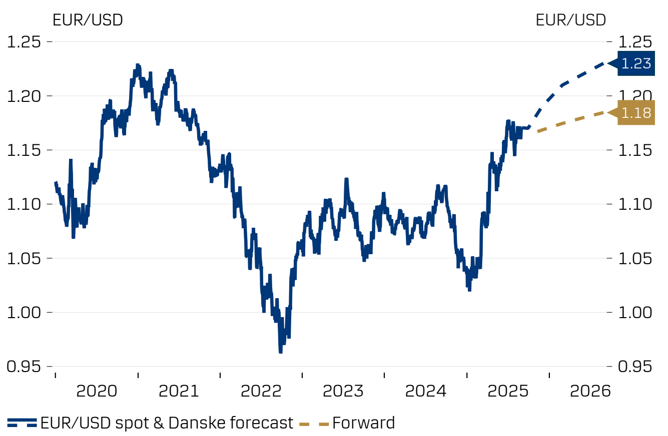
Sources: Macrobond Financial, U. S. Bureau of Labor Statistics (BLS), U. S. Bureau of Economic Analysis (BEA), Danske Bank

The Big Beautiful Bill does not just offset the expected positive revenue impact from the tariffs, but it also cements US fiscal policy on expansionary path for the years to come.



Sources: Macrobond Financial, U. S. Congressional Budget Office (CBO), Yale Budget Lab, Danske Bank

We expect relatively faster inflation in the US to continue lifting the EUR/USD rate over the coming year



Sources: Macrobond Financial, LSEG, Danske Bank. Note: Past performance is not a reliable indicator of current or future results.

Domestic economy struggles while exports power ahead

- **China's economy grew stronger-than-expected in the first half of 2025 at 5.3% but has lost momentum again going into the summer.**
- **Private consumption and housing has disappointed lately while the export engine has continued to run strongly.**
- **A weak labour market and falling house prices are major obstacles to get a lift in household spending. We look for a step-up in stimulus measures but expect it to be inadequate to drive a sustained recovery in household spending. China is in a long-term transition of the economy that will take many years.**
- **We have revised our GDP forecast for 2025 up from 4.7% to 4.9% due to the stronger numbers for the first half of the year. In 2026 we keep the forecast unchanged at 4.8%.**
- **China is all-in on tech and increasingly leads in emerging technologies alongside improving the manufacturing muscle further through automation and fast diffusion of AI.**
- **US-China tensions have eased but the long term rivalry remains. Tensions with EU have been on the rise this summer and the relationship is set to be strained over the coming years.**
- **The question of reunification with Taiwan continues to linger but we see limited risk of military conflict during Trump's Presidency.**

		Forecast	
	2024	2025	2026
GDP Growth	5.0%	4.9% (4.7%)	4.8% (4.8%)
Inflation	0.2%	0.3% (1.0%)	1.0% (1.5%)
Unemployment	5.1%	5.2% (5.1%)	5.2% (5.1%)
Policy Rate*	1.50%	1.20% (1.20%)	1.00% (1.20%)

Parentheses are the old projections (From June 2025)
**End of period (7-day reverse repo rate)*
Source: Danske Bank, Macrobond Financial

Economy slowed down into the summer (again)
As has been the case the past three years since China came out of the pandemic, China's economy started the year on a strong footing only to see growth momentum weaken into the spring and summer months. Growth in the first half of the year was a surprisingly strong at 5.3% on average with both exports and consumption improving and housing showing signs of stabilization. However, over the past 2-3 months both the housing market and retail sales lost momentum again. Going into the year China's policy makers put boosting consumption growth as priority number one and stabilization of the housing market has been a goal since the autumn last year. Hence while expressing confidence, policy makers in Beijing are likely to be concerned over the latest development. At the Politburo meeting in July, China's leaders stated that *"macro policies must continue to exert strength and increase support when appropriate"* and that *"It is necessary to implement more proactive fiscal policies and moderately accommodative monetary policies in greater detail to fully unleash policy effects."*

> *China is in a long-term painful transition from old growth engines such as construction and infrastructure to new engines coming from tech investments, high-tech exports and private consumption.*
>
> *Allan von Mehren, Chief Analyst*

At the root of current headwinds to consumption is the continued decline in house prices and until China brings out a bigger bazooka to stabilize housing, consumers are likely to keep savings higher than usual. Policymakers have taken a range of structural measures over the summer to bring down the savings rate and add income to Chinese households. First, China launched a new program providing subsidies to families with young children. Second, the government will waive tuition fees for children in the final year of preschool. Third, a program was launched giving vouchers for elderly care for people above 60 with disabilities and fourth, the government will subsidize consumer loans and small-business loans. While these are steps in the right direction to widen social security and lower the structurally high savings rate, it is unlikely to provide any big short-term boost. We expect to see more initiatives soon, like widening the trade-in subsidy scheme for consumer goods to include more goods and some services as well. Stronger steps to buy up empty housing is also likely to be on the agenda.

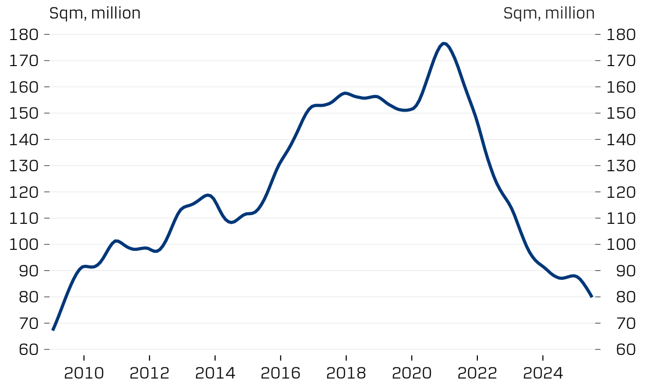
Exports have been the main pillar of strength. China's strong position in EVs and solar and in many emerging technologies support exports. A 20% decline in the real effective exchange rate over the past 3-4 years due to China's producer price deflation has also strengthened the competitiveness of Chinese companies, although also hurt their profitability.

Looking into the last quarter and 2026 we expect more of the same, with a robust export engine and ebbs and flows in the domestic demand driven by the waves in stimulus. China is in a long-term painful transition from old growth engines such as construction and infrastructure to new engines coming from tech investments, high-tech exports and private consumption. While the first two of these engines are gaining strength, it will likely take a long time to get more growth from the consumer engine as the housing woes hold it back.

Easing US-China tensions but long-term rivalry to stay
The US-China trade war has been on stand-by for a while now as the trade truce made in May was extended by 90 days in August. We estimate the current average tariff on China to be just above 40%, not far from our baseline scenario for where tariffs will eventually end (40%). Tensions between the two countries have eased over the summer and there are signs that we could be at the end of the tech war as we have witnessed the first easing of tech sanctions on China since the tech war started in 2018. While tensions have calmed down, there is still no doubt the two countries will remain in a long term rivalry.

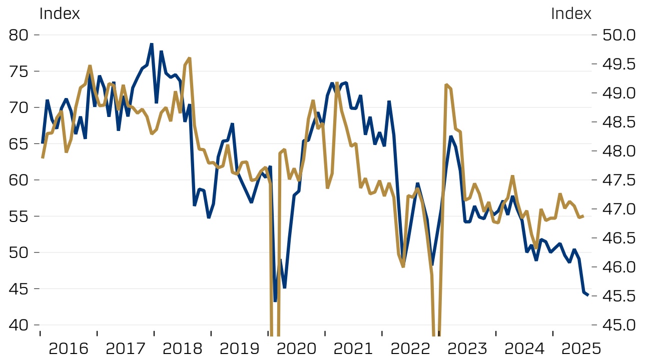
EU-China tensions back to the surface
A moderate softening in the EU-China relationship in the beginning of the year did not last long and going into the summer we have instead seen tensions rise again over China's rising trade surplus as well as its' still close relationship with Russia. With Chinese companies continuing to get more competitive, China doubling down on industrial policy and not changing its' relationship with Russia, the EU-China tensions are likely to continue in the years to come.

Chinese home sales turning lower again lately



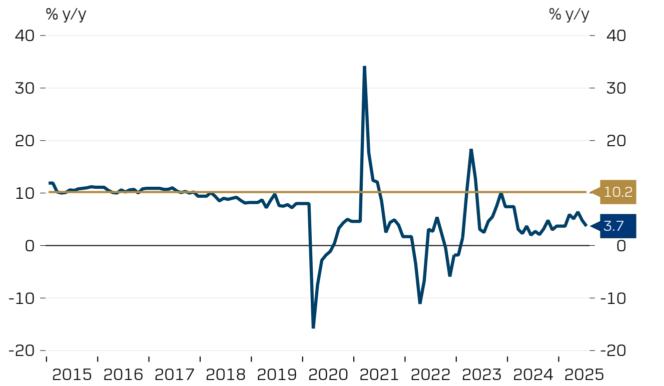
Source: China National Bureau of Statistics (NBS)
Note: Trend- and seasonally adjusted

Labour market is very weak



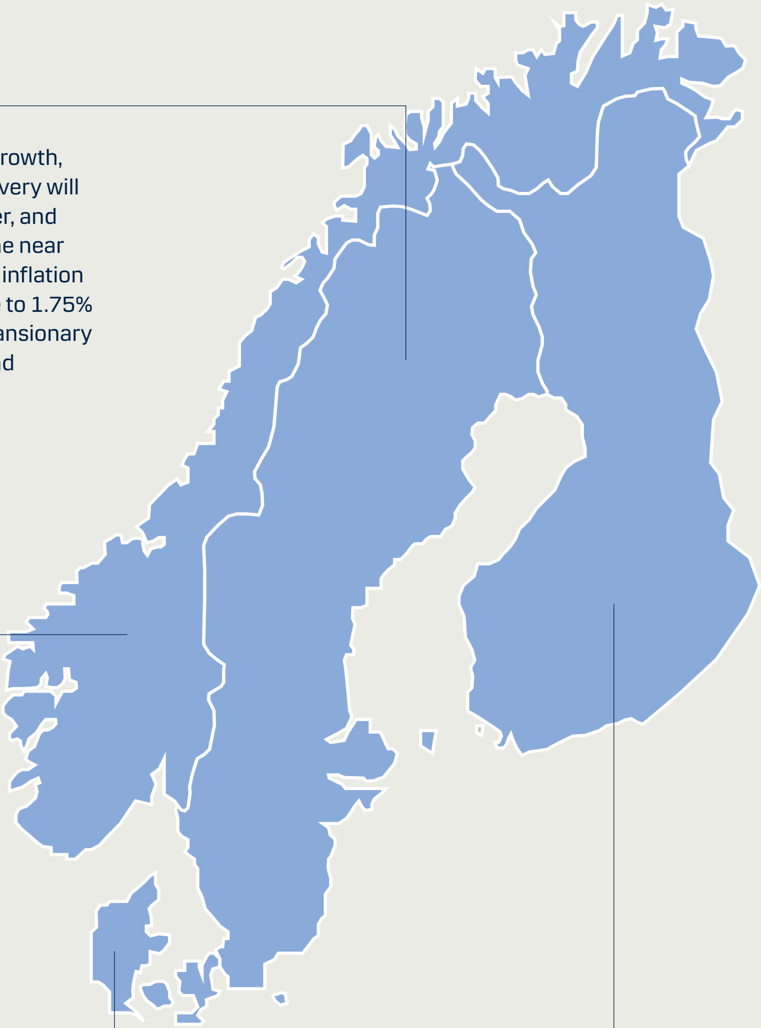
Source: China National Bureau of Statistics (NBS)
Macrobond Financial, NBS, Danske Bank

Consumers keep holding back



Source: China National Bureau of Statistics (NBS)
Note: Seasonally adjusted

Nordic improvement in 2025



Sweden
The Swedish economy started the year with weak growth, but there are some encouraging signs that the recovery will progress in H2. The labour market is fragile, however, and the main reason for the Riksbank's easing bias. In the near term, inflation remains elevated, but a more benign inflation outlook motivates the Riksbank to cut its policy rate to 1.75% before year-end. Meanwhile, the government's expansionary fiscal policy aims to boost household confidence and support growth.

Norway
Growth has picked up significantly, and even more encouraging was the fact that productivity growth has risen and was close to the historical average. The labour market remains tight, but has continued to weaken. Inflation has been as expected, and allowed Norges Bank to cut the policy rate and signal further cuts.

Denmark
In terms of growth, Denmark resembles an average European economy, just with Novo Nordisk on top as an extra growth driver, also after the company's lowering of its expectations. Government finances will continue to be in surplus, even with high defence spending and tax cuts. Consumer spending is weak, likely due to very low consumer confidence, but the housing market is robust. Wage growth is coming down.

Finland
Finland continues a slow recovery. We expect stronger growth later in 2025, supported by higher demand at home and abroad. However, the escalating trade war remains the primary risk. The housing market has stabilized and fall in interest rates supports recovery. Housing construction is bottoming. Unemployment stays high temporarily. The government takes measures aimed at balancing public finances and boosting growth, but the debt ratio still climbs higher.

Danish economy loses a little of its shine

- **Major data revisions have resulted in lower growth figures in Denmark, both historically and forecasted, while lower expectations at Novo Nordisk have also dampened the growth outlook.**
- **Private consumption has been revised markedly lower, which, conversely, provides potential for more growth going forward, helped along by rising real incomes.**
- **While inflation is not particularly high, the planned near elimination of the electricity tax next year will reduce it significantly, although food prices are pushing strongly higher.**
- **Pharmaceuticals continue to drive exports, which are not unduly affected by US tariff hikes, though service exports to neighbouring countries are in decline.**
- **Housing market activity remains solid despite consumer caution, with house prices nationally well aligned with incomes and interest rates, while Copenhagen looks expensive.**

	2024	Forecast 2025	2026
GDP Growth	3.5%	1.8% (3.2%)	2.3% (2.5%)
Inflation	1.4%	1.9% (1.5%)	1.2% (1.6%)
Unemployment	2.9%	2.9% (2.9%)	3.0% (3.0%)
Deposit rate*	2.60%	1.60% (1.10%)	1.60% (1.10%)

Paranthesis are the old projections (From June 2025)
**End of period*
Source: Danske Bank, Statistics Denmark, Nationalbanken

Two major developments since our previous forecast have substantially altered our view of the Danish economy. First, a downgrade of Novo Nordisk's growth expectations for 2025 to around half the level of growth last year. And second, a significant revision of the past three years' national accounts figures from Statistic Denmark, which has reduced GDP growth for 2021-2024 from 15.9% to 11.4% and means that Denmark performed no better than the euro area if we ignore the contribution from pharmaceuticals. These two changes combined have resulted in a somewhat lower forecast for GDP growth from us, but also a forecast with greater potential for upside surprises.

Weaker growth in recent years leaves more room for growth in the time ahead. This is especially the case for private consumption, which now looks very low relative to incomes. Moreover, the Danish economy continues to look strong on many parameters: growth remains high overall by European standards, government finances are in very fine shape, unemployment is low and ditto inflation. And perhaps the new figures are not the final story, as they indicate that the economy ex-pharma has not really grown

Weaker growth in recent years leaves more room for growth in the time ahead.

Chief Economist Las Olsen

for the past two and a half years, while employment in terms of hours worked ex-manufacturing has risen by 0.8% over the same period. Normally, production rises faster than employment, which suggests that further major revisions could be on the cards.

As in other European countries, our forecast remains one of higher growth in the economy ex-pharma in the time ahead, driven by increased purchasing power, lower interest rates and more expansive fiscal policy. Uncertainty on the actual outcome stems mainly from global developments, while uncertainty on what the figures will show is also very much bound up with the statistic.

Government finances robust despite policy loosening

The government has ratcheted up public consumption in 2025, particularly via the DKK25bn increase in defence spending. This expense is planned to be repeated next year and thus will contribute to maintaining the level of demand though without creating much additional growth. The money is expected to be largely spent on the import of weapons and equipment. In addition, the government plans to loosen public finances by the equivalent of 0.4% of GDP in 2026. Despite a higher level of expenses than in 2024, a government finance surplus remains on the cards for this year, and it could well be a better result than expected for the 16th year in a row judging by government payments so far this year. The Ministry of Finance has also revised its assessment of government finances higher for the coming years based on the marked increase in employment and what looks to be persistently increasing tax revenues from companies and share income. All else being equal, the upward revision equates to an improvement in the outlook for government finances of 1.7% of GDP in 2030. In our view, this remains a comparatively cautious assessment, even though more subdued growth at Novo Nordisk will pull lower. We expect no major problems with respect to remaining within the target for 2030 of a deficit of 0.5% of GDP, even given that Denmark has to comply with NATO agreements on permanently higher defence spending.

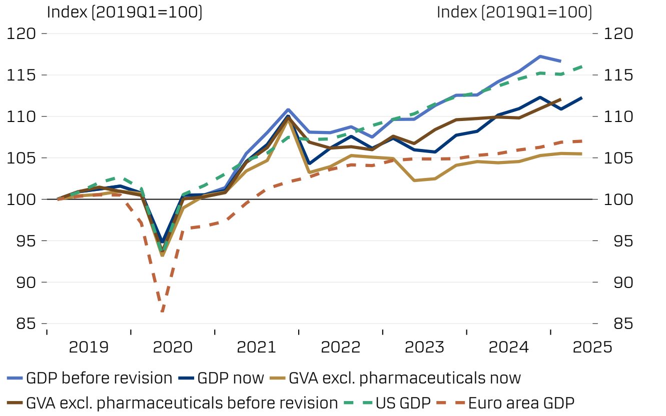
Danish krone in calm waters

Despite periods of turmoil in the financial markets, the Danish krone (DKK) exchange rate has long been largely unaffected. It is now more than 30 months since the central bank, Danmarks Nationalbank, last intervened in the FX markets, and the rate spread of 0.4 percentage points to the euro (EUR) has remained stable. The large current account surplus is supporting the DKK, while the flow of Danish investments abroad is pulling the other way. We are not expecting any change here, and as we also have no change in interest rates from the European Central Bank (ECB) in our forecast, Danish interest rates look set to be unchanged in the time ahead.

Labour market continues to expand

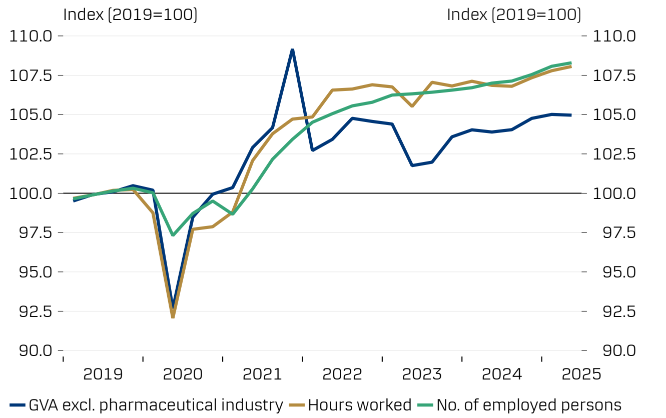
Employment has continued to grow in the first half of 2025, in part due to the lower average number of hours worked, but this is not the only reason. Around one tenth of new jobs have been created in manufacturing and so may be attributable to Novo Nordisk, but job growth is otherwise broadly spread across the various sectors.

Growth as in the euro area, plus pharma



Source: Statistics Denmark, Macrobond Financial

Employment high relative to production



Source: Statistics Denmark, Macrobond Financial

Despite the rising number of people in work, unemployment has remained unchanged at 2.9% of the labour force for 20 consecutive months, which is a stability record. Rising employment has been offset by a growing labour force on the back of immigration and greater labour market participation. While we expect higher economic growth ex-pharma, we have no major increase in employment in our forecast, as employment is already high relative to production. However, our forecast is certainly subject to both upside and downside risks.

Following two years of wage growth, purchasing power has more than recovered. Private sector pay increased by 3.4% in Q2 compared to the previous year, and that is also roughly what we expect going forward. This implies real wages rising by around 1.5% annually, which is a little above the historical average.

More expensive food, cheaper electricity

Inflation rose to 2.3% in July, a two-year high, driven by higher food prices, especially for beef, coffee and chocolate.

While commodity prices for coffee and cocoa have fallen, and the Danish government's plan to cut various excise duties by just over DKK1bn could reduce inflation by 0.1 of a percentage point, declining cattle herds are pushing prices higher. Food remains a joker in our forecast.

> *Food prices are rising quite quickly, but price pressures in the economy are otherwise moderate.*
>
> *Chief analyst Bjørn Tangaa Sillemann*

The more expensive trip to the supermarket could well be paid for with the money saved on electricity bills, as the government's plan to reduce electricity taxes to the EU minimum will pull inflation around 0.8 percentage points lower in 2026.

Underlying price pressures in the economy remain modest. Eating out, for example, is now 2% cheaper than a year ago. Lower wage growth suggests cost pressures in companies are no longer growing as fast, but, on the other hand, wages have risen significantly over an extended period and are continuing to do so. There is also a risk that as consumers regain their urge to spend, the contribution to inflation from services, for example, may increase.

Potential for high consumption growth, but pessimism casts a shadow

Danish household finances are essentially still experiencing a tailwind. Wages are rising faster than prices, unemployment is low, house prices are appreciating and there is the prospect of significant tax cuts in 2026 when the top rate of tax will be lowered and electricity taxes largely eliminated, according to the government. This will provide more economic leeway, and we expect consumption growth to pick up.

The consumption ratio – how large a share of our income that is spent on consumption – is currently at a historical low. And while we anticipate this will increase over the forecast period, we expect the level to remain below the norm in the coming years.

The general caution of consumers in Denmark can be explained largely by global economic uncertainty and political turmoil. Furthermore, rising prices are a real concern, particularly as food prices, which are highly visible, are rising faster than on other goods and services.

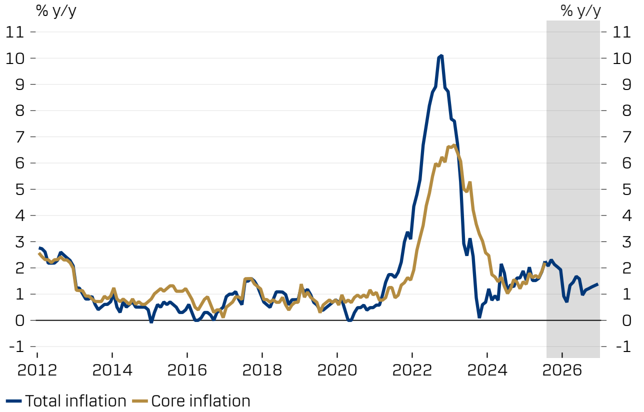
We have revised our expectations for consumption growth significantly higher since our previous forecast, from 1.5% to more than 2% this year. The upward shift comes on the back of Statistics Denmark revising the level of consumption considerably lower, which means that consumers in Denmark both have more catching up to do and more money in their pockets to spend.

Household finances in Denmark are improving substantially right now – and not least next year. The global outlook calming and consumers in Denmark being further reassured that their personal purchasing power is growing would potentially give consumption a further boost.

Housing prices continue to appreciate – not least in Copenhagen

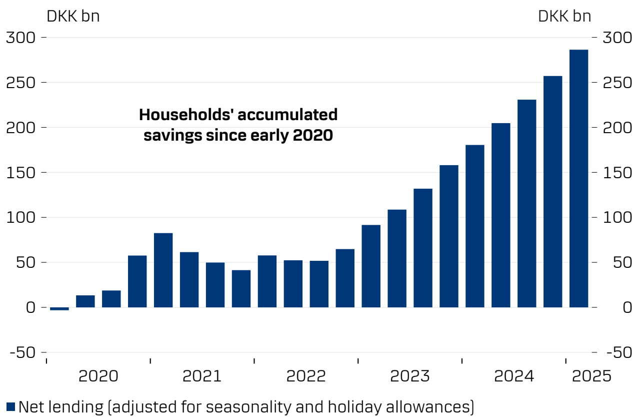
The reticence visible in consumption generally is largely absent in the housing market. House prices nationally have increased by 5.5% in the past year, while apartments have become 11.4% more expensive. Activity levels in the housing market are also high, supported by rising incomes, labour market growth and declining interest rates – especially at the short end. Furthermore, more modest construction activity in recent years means the supply of new homes is relatively low.

Inflation pulled markedly lower by elimination of electricity tax



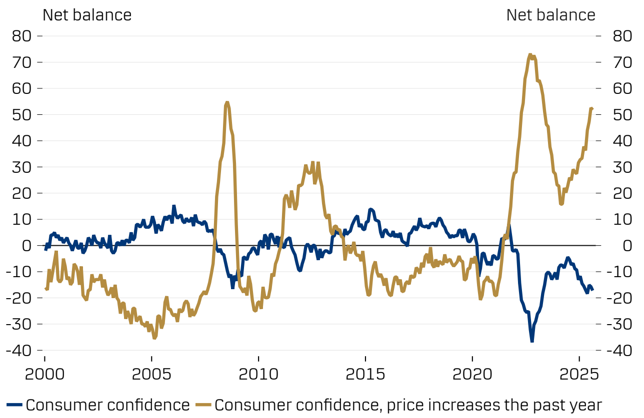
Source: Statistics Denmark, Macrobond Financial, Danske Bank

Danes have accumulated substantial savings that can be converted into consumption



Source: Danske Bank, Statistics Denmark, Macrobond Financial

Danes are worried – especially about inflation



Source: Statistics Denmark, Macrobond Financial

Nowhere is the divergence between consumption and housing prices more apparent than in the market for owner occupied apartments in the Capital Region, where prices have risen by 15% over the last year, and sales activity is up 35% year-to-date from 2024. As a result, available owner-occupied apartments in the Copenhagen region is at an all-time low and sales times have not been this short since the housing bubble of the mid-2000s.

"The decisive factor for consumption growth is that Danes do not convert their pronounced concerns about the future into pronounced restraint.

Chief analyst Louise Aggerstrøm Hansen

Nationally, the housing burden – expenses for interest rates, taxes and other housing costs relative to income – is below the historical average, indicating that buying a new home remains relatively cheap across most of Denmark.

In contrast, the housing burden when buying an apartment in the Copenhagen region has never been higher, and the risk of prices falling if the business cycle turns is also substantially higher than at the national level. Nevertheless, the ongoing level of activity and price trends suggest that many people still find buying a new home in Copenhagen attractive.

Exports still driving the Danish economy
Novo Nordisk's massive sales growth in recent years has been the most important driving force behind exports since 2022. The growth contribution to GDP from the pharmaceutical industry was almost 2.5 percentage points in 2024. Sales growth in Novo Nordisk is expected to be lower but we continue to expect that the pharmaceutical industry will contribute to considerable growth in goods exports.

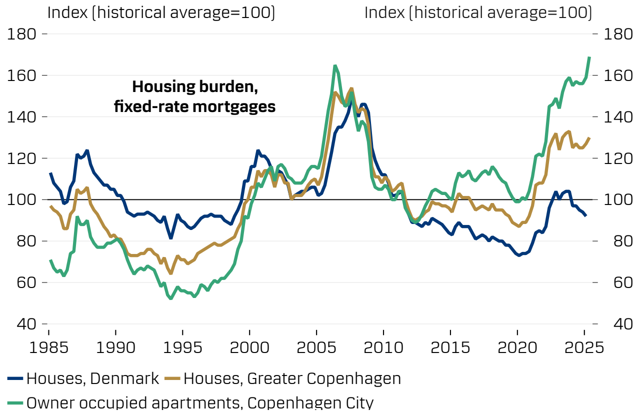
In contrast, service exports have shrunk by close to 5% over the past year. The trade war has added a degree of volatility to global trade, but for now it is still growing, which has also supported global container freight and thus Maersk's significant share of this business. The contribution of container freight to GDP growth in recent years has proved to be considerably less than initially calculated after the notable revision of the national accounts. However, this does not change the fact that shipping has a major influence on the trade balance and the current account.

In contrast, the export of other services, such as various types of consulting services, has significant activity impact – especially in the form of employment. A variety of services, including tourism, have historically been very much sold to Denmark's neighbouring countries. Prior to the pandemic, Swedes and Norwegians together purchased 24% of Danish service exports excluding shipping. That figure is now 18%. This is certainly one area where several difficult years for Denmark's neighbours and weaker local currencies can be felt in the Danish economy, and this is also a key explanation for the decline in service exports.

Tariffs of 15% on EU goods and a noticeable weakening of the dollar (USD) have undermined the competitiveness of corporate Denmark in the US. However, we must remember that the US's other trading partners are in the same boat and that the US economy does not have the capacity to simply produce more itself. Some companies will be squeezed by the new trading conditions, but a major share of Danish exports to the US are actually produced stateside and therefore are generally not affected.

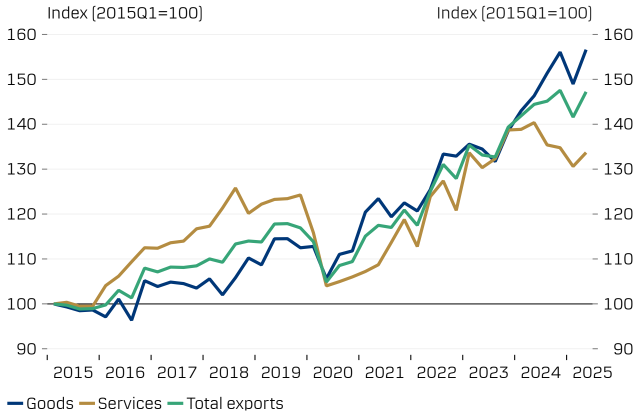
Denmark's current account surplus amounted to DKK157bn in H1, DKK3bn more than the same period in 2024 but below H2. The decline was due to lower freight rates, which have curtailed the trade surplus for services.

Copenhagen apartment prices soaring



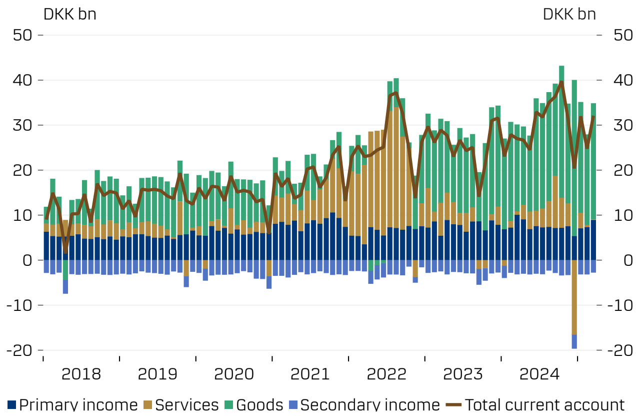
Source: Realkredit Danmark, Finance Danmark, Statistics Denmark, Boligsiden

Goods have driven export growth



Source: Statistics Denmark, Macrobond Financial

Top shaved off large current account surplus



Source: Statistics Denmark, Macrobond Financial

Novo Nordisk's expected double-digit sales growth and the reopening of the Tyra field, which makes Denmark a net exporter of gas, could increase the surplus further, depending on gas prices. Conversely, government defence spending will increase imports and pull in the opposite direction.

The Swedish economy underperforms expectations

- **The Swedish economy has underperformed in 2025, marked by high inflation and weak growth.**
- **High inflation weighs on households and leaving real incomes short of expectations. Despite the growth disappointments so far this year, there are a few green shoots for households.**
- **The weaker outlook is most evident in the labour market where the number of new vacancies has fallen markedly.**
- **Monetary policy faces a challenging balancing act between high inflation and weaker growth. In the end, the Riksbank is set to the lower policy rate to 1.75% due to the weaker economic outlook and a more benign inflation outlook.**

	2024	Forecast 2025	2026
GDP Growth	0.8%	1.1% (1.6%)	2.0% (2.5%)
Inflation, CPIF	1.9%	2.7% (2.3%)	2.1% (2.0%)
Unemployment	8.4%	8.7% (8.7%)	8.4% (8.2%)
Policy rate*	2.75%	1.75% (2.00%)	1.75% (2.00%)

Parentheses are the old projections (From June 2025).
**End of period. Note that the decision to cut to 2.5% in December 2024 was not effective until January 2025.*
Source: Statistics Sweden, Sveriges Riksbank, Macrobond and Danske Bank.

The Swedish economy has been performing less well than expected, and several indicators deteriorated over the summer, increasing the risk of 2025 becoming yet another year of lost growth. Redundancies have been rising, the number of new job openings has fallen, and confidence indicators remain subdued, although the Economic Tendency Survey from the National Institute of Economic Research offered some glimmers of hope.

This weakness raises the question of whether the current policy rate is more restrictive than the Riksbank anticipated. At the same time, inflation is well above target despite low resource utilisation. The relationship between demand and inflation therefore seems tenuous, with inflation still too high despite several years of subdued demand. On the other hand, monetary policy has a delayed effect. The Riksbank began its rate-cutting cycle in May last year, and so it is only now that its rate cuts are having their full impact on the economy.

One important reason for the Swedish economy underperforming this year is the unexpectedly high inflation.

Susanne Spector, Chief Economist Sweden

The economy is also still battling with the imbalances that arose after the pandemic, making the outlook unusually difficult to gauge. Monetary policy faces a challenging balancing act. One important reason for the Swedish economy underperforming this year is the unexpectedly high inflation. Consumer pessimism has coincided with the rise in inflation. Inflation has weakened the growth of real incomes and has pushed up households' long-term interest rate expectations.

Higher inflation weighing on households

Despite the growth disappointments so far this year, there are a few green shoots for households. Consumption is higher than a year ago. After plunging during the spring, consumer confidence picked up rapidly in July. It is still low, though, and the overall picture is that many households are still struggling.

One key reason for these woes is that real disposable income growth has been weaker than expected. The data for 2024 have also been revised down, meaning that the starting point heading into 2025 was worse than the numbers suggested at the time. At that point, data indicated that real disposable incomes had recovered in the fourth quarter of 2024. Revised data, however, show that they are still some way below the levels seen before inflation surged. This year's high inflation has also undermined real wage growth.

The finance minister has signalled further support for households in the autumn budget, and the government has proceeded with its proposal to relax the current amortization rules. The Riksbank's rate cuts will also give a helping hand to households with high levels of debt. As inflation slows again towards the end of this year, real wages will pick up more quickly. However, households are also continuing to adapt to the higher interest rate environment, and the ratio of household debt to disposable income is decreasing.

Interest rate expectations squeezing housing prices

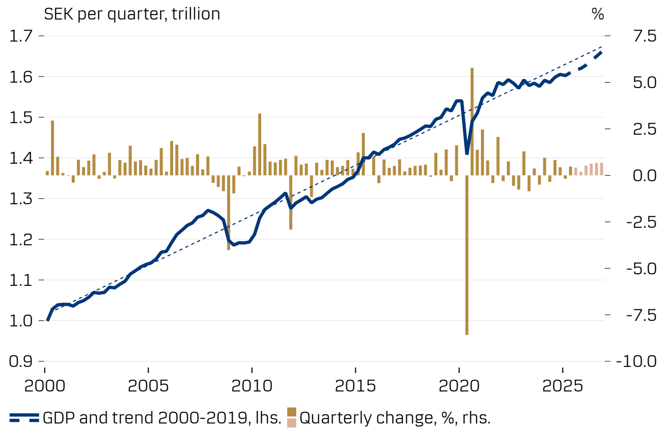
Households' increased caution is also evident in the housing market, where last year's rise in prices has been reversed. Households seem to have anticipated more rate cuts than have actually materialised, which is supported by the rise in their interest rate expectations this year. Short-term interest rate expectations peaked in April, which was also when the decline in housing prices was at its strongest.

The Riksbank's rate cut in June will offer some solace, and one additional rate cut will pave the way for housing prices to recover gradually, but this will probably be a slow process.

Tariffs and German investment

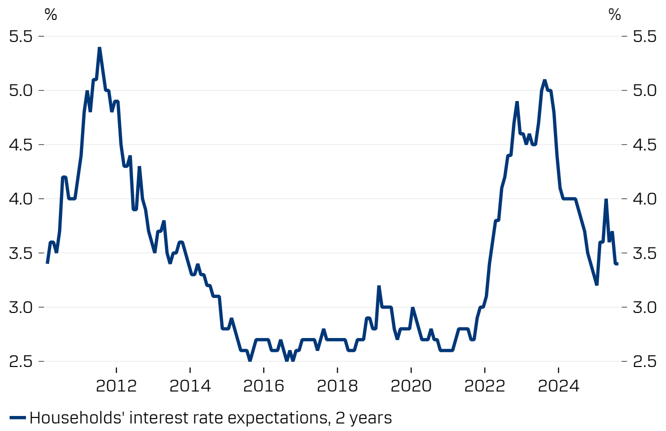
The first half of the year was a period of considerable turbulence in the rest of the world. The trade talks between the US and Europe culminated in the US imposing import tariffs of 15% on most goods, which was fairly in line with expectations. The

Delayed recovery in the Swedish economy



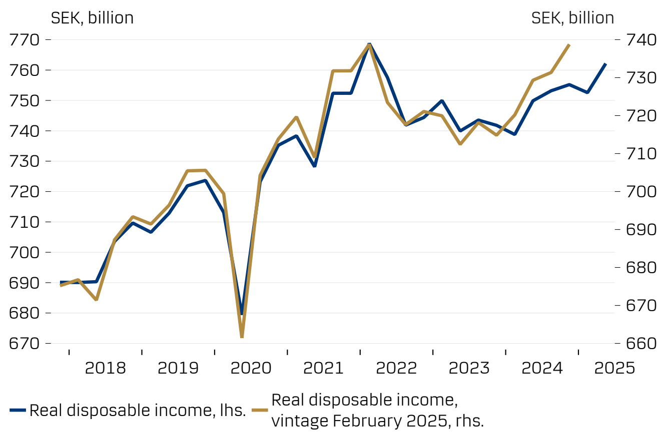
Source: Statistics Sweden, Macrobond and Danske Bank

Households' interest rate expectations surged in early 2025



Source: NIER, Macrobond and Danske Bank

Major revisions to households' purchasing power



Source: Statistics Sweden, Macrobond and Danske Bank

The weaker economic outlook is most evident in the labour market. The number of new vacancies has fallen, especially in the service sector.

Susanne Spector, Chief Economist Sweden

manufacturing PMI paints a relatively positive picture, while the NIER's indicator shows weaker sentiment.

Looking ahead, Swedish firms will benefit from the ramping up of defence spending in Europe and the fiscal package in Germany aimed at boosting infrastructure investment. There are signs that investment in Germany is picking up more quickly than anticipated, which is likely to make its mark on Swedish manufacturers' order books.

In Sweden, non-housing investment has shown significant growth in recent years and is likely to remain a key driver during the forecast period. Government investment in infrastructure and defence is expected to make a particularly strong contribution to growth next year.

New question marks over labour market

The weaker economic outlook is most evident in the labour market. The number of new vacancies has fallen, especially in the service sector. Redundancies are still close to the historical average but have risen in recent months. In recent weeks, the weekly statistics for new job openings and unemployment from the Swedish Public Employment Service have offered some glimmers of hope, but a more marked turnaround is not expected until later this year.

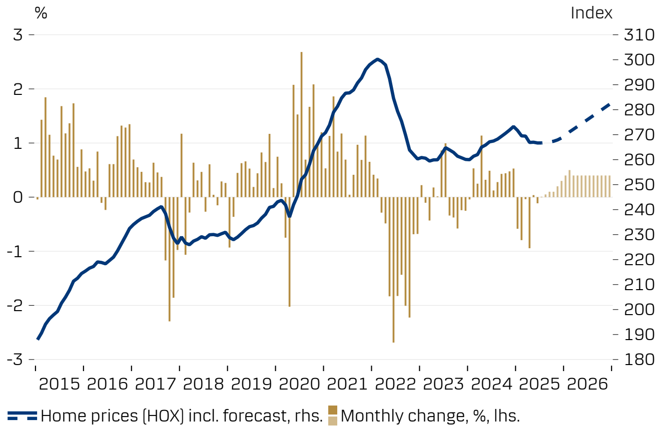
The LFS statistics have been unusually volatile in 2025, making them hard to interpret. According to the LFS, employment increased in both the first and the second quarters, and unemployment fell in the second quarter, but this contrasts with other labour market indicators. The data for July, however, indicate falling employment and rising unemployment, which is in line with the Public Employment Service's jobless measure, showing unemployment rising in recent months.

Unemployment is expected to climb further during the autumn, and the weak demand for labour suggests that employment will fall in the near term. It will be some time before the labour market stages a recovery, and unemployment is expected to remain higher for longer compared to our previous forecast. This revision is driven partly by a weaker growth outlook and partly by the risk of persistently high unemployment in the context of the prolonged downturn.

Inflation still above target

Inflation has been higher than expected this year. Although month-on-month price rises are expected to slow, inflation is likely to remain close to 3% in the coming months. Thus, we expect CPIF inflation for 2025 to come out at 2.7% and core inflation at 3%. The risks associated with elevated inflation need to be taken seriously. Price rises for specific components are easy to dismiss as temporary, but the unexpectedly strong inflation numbers over the summer highlight how the surprises

Housing prices expected to pick up after the summer

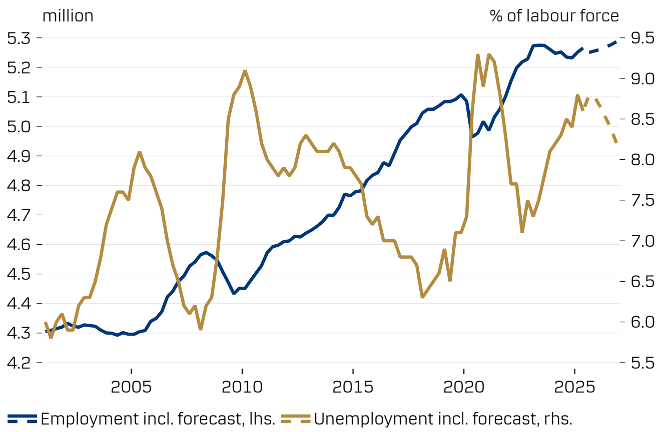


Source: HOX Valueguard, Macrobond and Danske Bank

Sharp downturn in the service sector

Source: Swedish Public Employment Services, Macrobond and Danske Bank

Unemployment to remain higher for longer



Source: Statistics Sweden, Macrobond and Danske Bank

"The Riksbank is in a tricky position, with high inflation and weaker-than-expected economic growth pulling monetary policy in different directions.

Susanne Spector, Chief Economist Sweden

this year have been asymmetrical and point to increased price pressures.

Food prices continue to climb but are expected to do so more modestly going forward. Prices for foreign travel rose during the summer, which is normal, but they have had a greater impact on inflation this year due to their weight in the inflation basket being higher than last year.

Looking ahead, the risks to inflation are mainly to the upside, and indicators are not pointing to a return to the low inflation environment seen before the pandemic. Concerns about inflation falling below target may be exaggerated, particularly given that inflation has remained well above target even during a prolonged economic downturn, and retailers' price plans have been above the historical average. Firms have also been under pressure from high costs for an extended period. This indicates that price pressures may mount when the recovery properly gets under way. Statistics Sweden will be updating the classification and base year for the CPI in 2026 in line with international changes, leading to larger forecast uncertainty than normal ahead of next year.

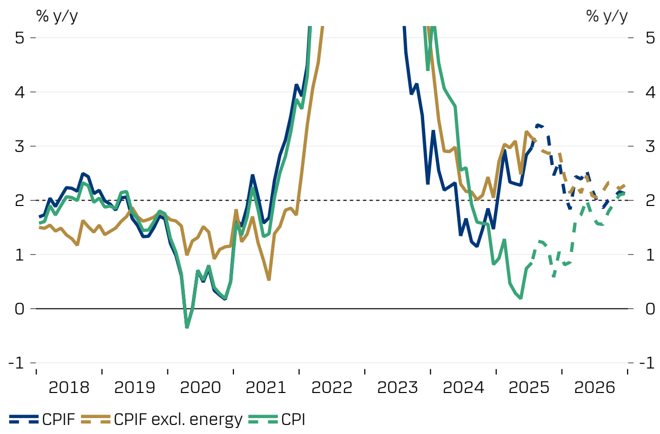
The Riksbank's dilemma - fiscal policy steps in

The Riksbank is in a tricky position, with high inflation and weaker-than-expected economic growth pulling monetary policy in different directions. In a normal situation, high inflation would call for higher interest rates, while weak growth would warrant lower rates to support the economy.

Unexpectedly high inflation numbers raise questions about how well price pressures are being contained, and it is hard to ignore all the factors that are pushing up inflation without running the risk of undermining confidence in the inflation target. This is likely reflected in the unusually strong rise in inflation expectations in August, and those concerns were also mentioned by the Riksbank in the minutes from their August meeting.

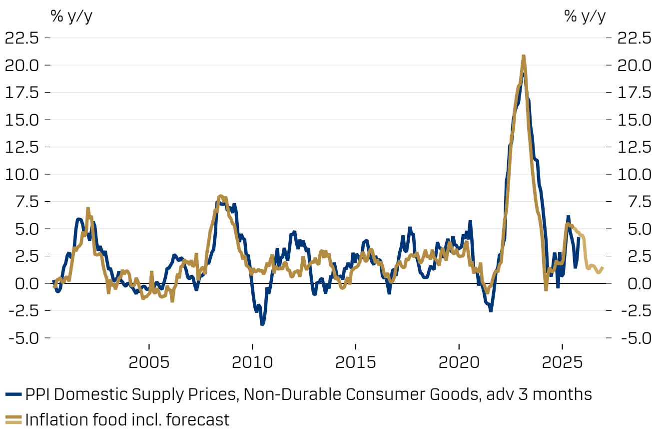
High inflation numbers are therefore an argument against lowering interest rates in the near term, but the fact that the Riksbank is confident that the uptick is temporary and is willing to look through the high numbers indicates that the weaker economy is of significant concern to the board. A more dovish board suggests one more rate cut before the end of the year. Next year, the government has announced an unusually large reform budget of SEK 80 billion, primarily focused on supporting households. Expansionary fiscal policy is expected to bolster household confidence and spending, thereby reducing the need for additional rate cuts by the Riksbank.

Inflation clearly above target



Source: Statistics Sweden, Macrobond and Danske Bank

Food prices remain an important driver of inflation



Source: Statistics Sweden, Macrobond and Danske Bank

Stronger growth driven by acceleration in productivity

- **Strong upswing in first half.**
- **Productivity has increased.**
- **Labour market weaker, but considerable uncertainty.**
- **Wage and price inflation on the way down.**
- **NOK under pressure.**
- **Lower interest rates ahead.**

	2024	Forecast 2025	2026
GDP Growth	0.6%	1.9% (1.7%)	1.6% (1.6%)
Inflation	3.1%	2.7% (2.7%)	2.3% (2.3%)
Unemployment	2.0%	2.2% (2.2%)	2.3% (2.3%)
Policy rate*	4.50%	3.75% (4.00%)	3.00% (3.25%)

Parentheses are the old projections (From June 2025)
**End of period*
Source: Danske Bank, Statistics Norway,
Norwegian Labour and Welfare Organization (NAV), Norges Bank

In our June forecast, we noted that part of the upswing at the beginning of the year might have been driven by an expectation that Norges Bank would cut interest rates in March. As this did not happen, we feared that much of the optimism would evaporate, and we can now see that these fears were to some extent justified. Although mainland GDP climbed 0.6% in the second quarter, this was driven particularly by growth in mainland exports. There was a much more modest increase in domestic demand of 0.3%, with private consumption growing only moderately, while housing investment and mainland business investment performed better than expected.

One notable feature of the GDP numbers for the second quarter was an increase in the number of hours worked of just 0.1%, giving productivity growth of 0.5%. This meant that productivity in the first half of the year was up around 1.5% on the same

"

Strong upswing in the first half.

Frank Jullum, Chief Economist Norway

period last year, which is the biggest increase for more than five years if we ignore the boost when the economy reopened after the pandemic. This suggests that much of the upswing in the Norwegian economy has been driven by higher trend growth, which is extremely good news for the economy in the longer term and will also help put a damper on costs, and hence inflationary pressures, allowing Norges Bank to continue to normalise monetary policy.

We expect much of the same over the rest of this year and heading into next year, simply because Norwegian firms, having been "overstaffed", will be able to step up production to meet increased demand without having to expand their workforce to the same extent. This will help keep productivity growth at higher levels than we have seen for the past two to three years.

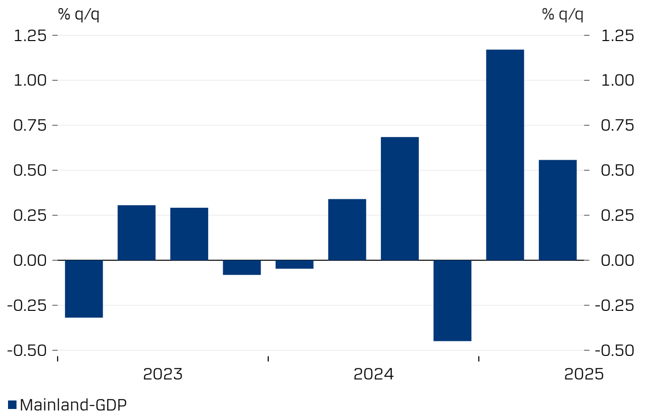
Although we expect the Norwegian economy to continue to grow, we anticipate a substantial shift in where this growth comes from. Lower interest rates and high real wage growth will support both consumer spending and housing investment. The combination of lower interest rates and stronger productivity growth will also bolster business investment in the mainland economy. The growing need for military capacity, investment in new technology and increased investment in the power sector will amplify this process. On the other hand, oil investment will soon begin to fall, and the contribution to growth from government demand will shrink. We also expect somewhat lower global growth due to trade conflicts, meaning that mainland exports will probably grow more slowly than for the past two to three years.

The Norwegian economy has performed somewhat better than we predicted in our June forecast, leading us to revise up our forecasts, but this is, as discussed, a result of stronger productivity growth. We now anticipate mainland GDP growth of 1.9% this year, while our forecast for next year is unchanged at 1.6%.

Labour market has weakened, but by how much?
The labour market slackened in the second quarter. While unemployment has risen, there is an abnormally wide gap between the jobless rates published by Statistics Norway and the Norwegian Labour and Welfare Administration (NAV). According to NAV, unemployment is now 2.1%, only a tenth of a point higher than a year ago, while the LFS has unemployment climbing 1.4 points over the same period to 5.4%, which is a big difference when we are trying to gauge the state of the labour market. We have always favoured the figures for registered unemployment from NAV, because these are hard data and so highly accurate. The LFS is a sample survey with greater uncertainty around each outcome (larger monthly variations) and is also published almost a month after the NAV figures.

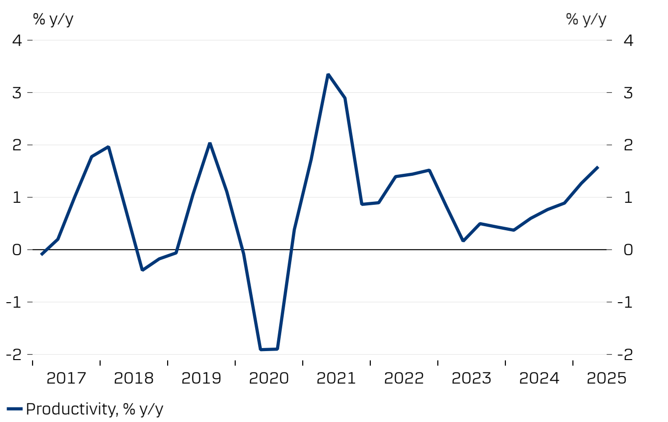
Other labour market indicators support our view that the jobless figures from the LFS are exaggerating the decline in the labour market. Employment growth has slowed but remains moderately positive, which is not consistent with a sharp rise in

Growth is picking up



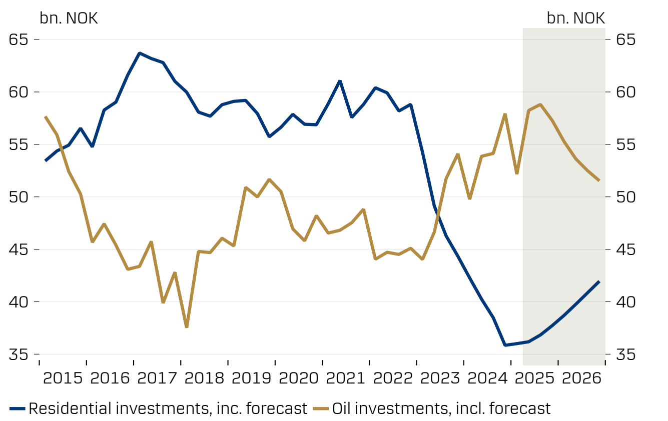
Source: Macrobond, Danske Bank

Higher productivity



Source: Macrobond, Danske Bank

Growth rotation



Source: Macrobond, Danske Bank

Inflation has slowed.

Frank Jullum, Chief Economist Norway

unemployment. This is also supported by various expectations indicators pointing to a continued increase in demand for labour. The total number of vacancies rose again in the first quarter and remains much higher than before the pandemic. The number of new job openings is also still relatively high, albeit with signs of a slight decline over the summer.

The LFS also shows growing employment, meaning that the surge in unemployment is a result of an increase in the labour supply. In fact, the labour force has expanded to the point where the participation rate is now at its highest since the financial crisis. The participation rate in the youngest age group (15-24 years) is the most important contributor here and is close to an all-time high.

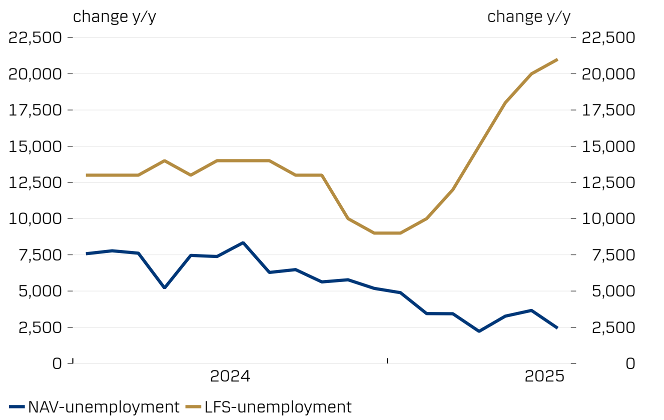
Such a strong increase in the participation rate in such a short period is rare and is generally seen only in periods with a very tight labour market. It could be down to noise in the statistics, but if they are anywhere near being correct, this would be very good news for the Norwegian economy in the longer term. A structural increase in the participation rate would push up underlying trend growth in the economy and help ease the pressure on wages. We still expect a moderate rise in registered unemployment to 2.2% this year and 2.3% next year, unchanged from our previous forecast. We also still expect productivity growth to accelerate gradually, meaning that unemployment will rise slightly even if GDP growth picks up.

Wage and price inflation set to fall
Inflation has been largely as expected since our June forecast, with core inflation holding around 3% for the past four months. Digging a little deeper, we can see that imported inflation is now down close to 1%, driven by the stabilisation of the NOK and low global inflation, especially for goods. Services inflation remains high and has hovered between 3.5% and 4% for the past year. This is probably due largely to the surge in costs since the pandemic continuing to put pressure on prices, although prices for services are also rising at around the same rate in both the euro area and Sweden, where wage growth has been much lower than in Norway.

On the other hand, prices for domestically produced goods have risen more quickly in Norway than in neighbouring countries. This is to a lesser extent a result of rapidly rising food prices, which have moved largely in parallel in Norway, Sweden and Denmark since as far back as the turn of the millennium.

Looking ahead, we still expect inflation to slow. While the tight labour market will bring slightly higher wage growth in 2025 and 2026 than we previously assumed, it will still drop from 5.7% last year to 4.4% this year. Productivity growth also looks set to accelerate even more quickly than expected, moving from negative territory to around 1% this year. This means that growth in unit costs, which are the most important driver of inflation in the medium term, will slow from more than 5.5% last year to less than 3.5% this year, which will probably help rein in inflation.

Gap in the unemployment figures

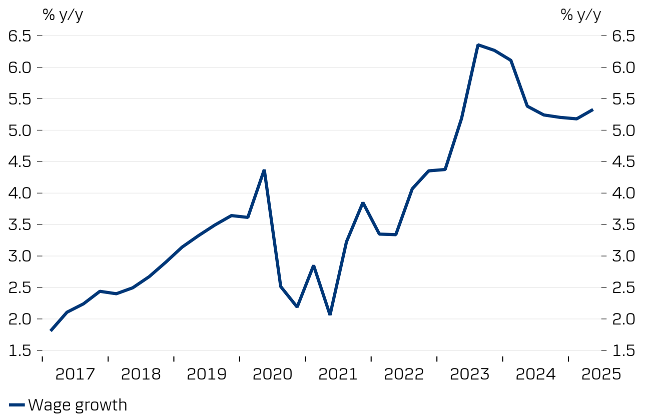


Source: Macrobond, Danske Bank

Inflation has levelled off

Source: Macrobond, Danske Bank

Wage growth seems sticky



Source: Macrobond, Danske Bank

Inflation may also be affected by global trade conflicts, but we assume that Norway will not impose additional tariffs on foreign goods and services. Higher tariffs globally will, in isolation, push up global consumer prices, but economic growth will also fall and pull in the other direction. We also cannot rule out an even stronger deflationary effect from China if Chinese goods that cannot be sold in the US are offloaded on countries like Norway. Our forecast for core inflation is unchanged at 3.0% this year and 2.2% next year.

The monthly wage data suggest that wage growth this year will end up somewhat above the 4.4% benchmark settlement. This may be a result of wage drift (local rises, etc.) having been higher than expected, national rises having been higher than expected, or higher wage growth outside the scope of the central wage-bargaining process. Either way, this may indicate that the labour market has been somewhat tighter than expected, although this may now be changing, as discussed above. On the other hand, both the unions and employers have lowered their wage growth forecasts for both this year and next year in Norges Bank's expectations survey. We have therefore revised up wage growth this year only slightly from 4.4% to 4.5%, while our forecast for next year is unchanged at 3.7%.

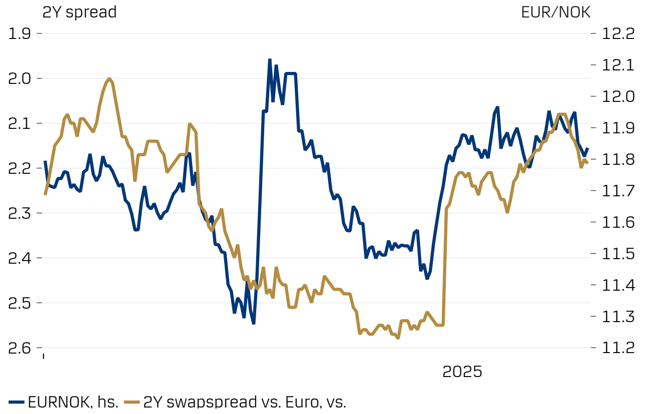
Both domestic and global factors putting pressure on the NOK
The NOK has depreciated somewhat since our June forecast. This is mainly a result of the surprise rate cut in June sparking an immediate fall of almost 3%, followed by a gradual decline which is probably linked to lower oil prices over the same period.

We see domestic factors continuing to put downward pressure on the NOK. We expect Norges Bank to lower interest rates slightly further than market pricing suggests, as both growth and inflation are set to slow. We also reckon that global drivers could soon turn negative for the NOK. Higher tariffs in the US will serve to tighten fiscal policy, putting the brakes on growth and pushing up inflation. A negative supply-side shock of this kind is likely to undermine risk appetite, at least for cyclical assets. Growth also looks set to slow in China, driven by weaker domestic demand and the effects of global trade conflicts. This could put a damper on demand, and so prices, for many commodities. There are, of course, extraordinarily high levels of uncertainty at the moment, but we still feel that the NOK will not rally significantly until we see a global cyclical upswing.

Norges Bank has begun the normalisation process
Somewhat surprisingly, Norges Bank lowered its policy rate a quarter of a point to 4.25% at its meeting in June. The reasoning for this move was mainly that inflation had dropped back after rising over the winter, but also that slightly higher unemployment pointed to falling capacity utilisation. The committee also signalled that the policy rate would be cut further in the second half of the year. The projections in the accompanying monetary policy report suggest that, if everything turns out as expected, the policy rate will be lowered again in September and very probably also in December.

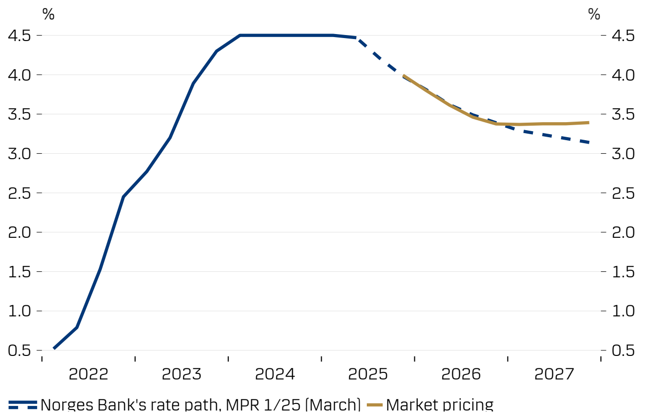
This message was repeated at the rate-setting meeting in August, with the central bank noting that growth and inflation since the June meeting had been largely as expected.

Weaker NOK following the rate cut



Source: Macrobond, Danske Bank

Lower rates going forward



Source: Macrobond, Danske Bank

As we wrote in our June forecast, it appears that the forces that drive inflation in the medium term are still pointing to disinflation. Lower growth in unit costs will put a damper on domestic inflation, and lower global price increases combined with a more stable NOK will put a damper on imported inflation. On the other hand, we expect rent increases to slow due to lower inflation, lower interest rates and increased activity in the secondary housing market. We therefore expect Norges Bank to lower the policy rate in both September and December, and then a further three times next year, taking it down to 3% at the end of 2026.

Slowly towards better times

- **The recovery is slowly picking up in Finland after multiple difficult years.**
- **The industrial sector is showing tentative signs of strength amid global trade uncertainties.**
- **The economic situation of households is improving following the recovery in purchasing power and lower rates.**
- **Unemployment has risen above 9% and is prolonging the pick-up in both consumption and housing markets.**
- **Inflation will remain below 2% during the forecast horizon.**

	2024	Forecast 2025	2026
GDP Growth	0.4%	0.9% (0.9%)	2.0% (1.7%)
Inflation	1.6%	0.4% (0.7%)	1.2% (1.5%)
Unemployment	8.4%	9.1% (8.8%)	8.7% (8.0%)
Deposit rate*	3.00%	2.00% (1.50%)	2.00% (1.50%)

Figures in parentheses are the old projections (From June 2025)
**End of period*
Source: Danske Bank, Statistics Finland, ECB

The Finnish economy has been a mixed bag of bad and good news during the first half of the year. Growth has been stagnant, and the uncertain global environment has had a negative effect on the economy, pushing forward the much-awaited recovery. At the same time there have, however, also been signs of strength in the economy mainly stemming from the industrial sector.

Looking ahead we expect a mild recovery during the second half of the year, but the main recovery will be pushed to 2026. We forecast GDP growth at 0.9% in 2025 and 2.0% in 2026.

Sentiment indicators paint a picture of an uneven recovery ahead with the construction sector still being in a weak state even if the first positive signals are being sent by construction companies. Finnish companies seem to have navigated the trade uncertainty well and we see order books filling up and growth in industrial production. This rhymes well with the strong stock market performance during 2025 so far in Finland. These developments give cautious reasons for optimism for the coming years.

> *The Finnish industrial outlook has improved over the past months. This is visible both in confidence indicators, new orders and hard data. We are cautiously optimistic regarding the outlook despite a complex global risk picture.*
>
> *Heidi Schauman, head of research*

Households currently experience healthy real income growth, but the sentiment is muted by high and rising unemployment. Inflation is already low in Finland and the lower rates will continue to feed through to households over the coming year.

The risk picture for the Finnish economy is rather balanced; global uncertainty and the trade war continue to be a risk for the recovery. The strength in the industrial sector could easily vanish if the global risk picture turns even more sour but could also be the driver of a stronger than expected recovery. For consumption and the household sector, unemployment is the biggest risk factor. If unemployment continues to climb, the consumption outlook is at risk, but symmetrically we could also see a more rapid improvement in labour markets which could boost consumption and housing markets more than in the baseline forecast.

Export outlook brighter despite trade war

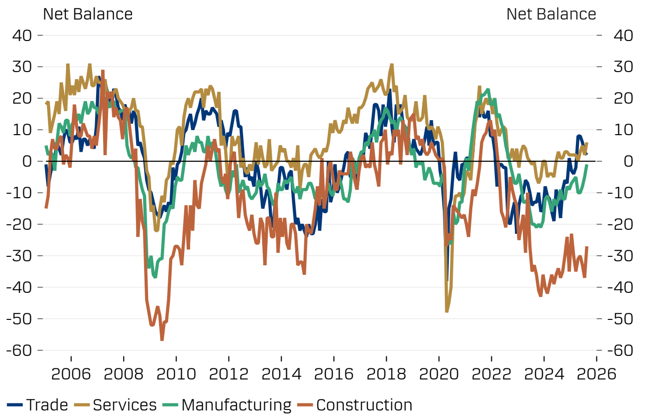
Despite tariffs and the trade war, manufacturing sector confidence has been on the rise in Finland for two years and there is a visible pick-up in order books for the manufacturing sector during the past months. The risk of an escalation in the trade war and its impact on the European economy remains a significant source of uncertainty for the Finnish industrial outlook.

In our assessment, Finnish companies can cope with the current tariff level of 15%, but higher U.S. tariff levels could weaken export prospects both directly and through uncertainty in the global economy. The current tariff levels are at par or lower than that of competitors which ensures Finnish companies are not worse off than competitors. We also see it as rather unlikely that the bulk of Finnish investment heavy exports to the US could be substituted with domestic production within the coming years. That said, there is naturally heightened uncertainty related to the export outlook.

There was a widespread decline in investments last year, but we expect the situation to gradually improve this year. Lower interest rates will support the profitability of investments, especially in the construction sector. The dramatic plunge in construction seems to have bottomed out, but it is too early to talk about recovery. Industrial capacity utilization remains low.

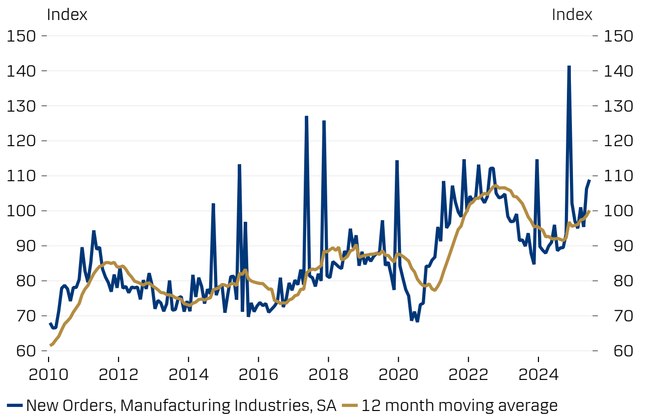
We expect that pent-up demand will increase the demand for new construction during the second part of 2025 and into 2026, and the number of new starts has already picked up slightly, albeit from very low levels. Strengthening demand and falling interest rates are increasing incentives for construction, but the revival in housing construction will not take place until the end of 2025 and mainly in 2026.

Industrial confidence picking up while construction is still lagging



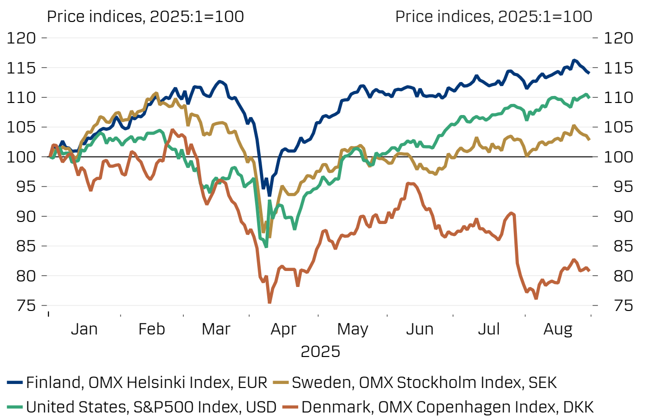
Source: Confederation of Finnish Industries, EK

Industrial new orders are supporting the improving industrial outlook



Source: Statistics Finland

Finnish stock market has had a good start to 2025



Sources: OMX Nasdaq and S&P Global

Housing markets show positive signs

The cautious recovery in secondary housing markets has continued over summer. Transactions in secondary markets are approaching normal levels while a definite turnaround in prices has not happened yet even if the development is uneven across regions and flat sizes.

We expect the labour market to gradually improve especially next year. This, together with stronger real incomes, should slowly push consumer confidence higher, supporting a recovery in private consumption already this year and picking up more pace next year.

Kaisa Kivipelto, private economist

According to information from Statistics Finland, the prices of re-sold owner apartments increased 1.3% compared to the previous quarter in Q2, but fell the same amount compared to a year before. Overall, it seems like housing prices might have bottomed out in early 2025.

Preliminary data for June shows that housing sales have increased to above 3600 transactions per month while the long-run average is just below 4000. This indicates substantial normalisation compared to last year. New housing loan drawdowns have also rebounded to levels close to long-run averages.

Inflation remains low

Finland's harmonised inflation rate, that for a long time has been considerably lower than the overall euro area rate, has slowly over 2025 converged with the euro area rate and was 2.0% in July, the same as the euro area rate. The national measure of inflation (which we forecast) is considerably lower, 0.2% in June. A key difference between the two measures is that the national concept includes owner occupied housing costs and interest rates. Rapidly falling interest rates and a fast monetary policy pass through currently amplify the differences in the two measures. Core inflation was 0.6% in June.

Looking forward inflation will remain moderate, and importantly below the rise in earnings, boosting the much-needed real purchasing power of households. Considering the increases agreed in collective agreements and the typical wage drift, earnings will increase by over 3% both this year and next year. These earnings levels will most likely not weaken cost competitiveness in export markets. We also see that significant industrial action is unlikely to occur over the next couple of years. The earnings-related pension index increased by 1.3% on 1 January 2025, so after two favourable years, the adjusted index will result in a more typical increase for pensioners. Since pensioners' housing loans are smaller than average, they do not benefit from the fall in loan interest rates, and their real purchasing power may not improve.

Labour markets weaker than expected

The big negative surprise in the Finnish economy over the summer has been the rapid increase in the unemployment rate. Seasonally adjusted unemployment is just below 10%. The employment rate trend among people aged 20 to 64 peaked at 78.5% in 2022 before the downturn. In June, the employment rate trend for 20-64-year-olds was 76%.

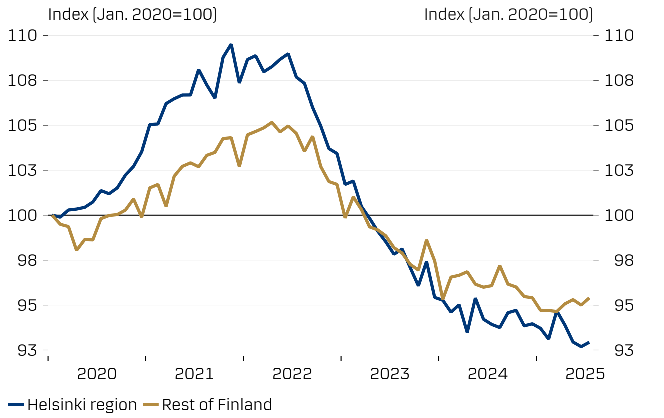
There is considerable uncertainty related to registry-based labour market statistics in Finland currently due to changes in the administration of labour services. Following this the tools for analysing the labour market are limited. Based on vacancy statistics from Statistics Finland, there continues to be a low amount of vacancies, but simultaneously the share of vacancies hard to fill has fallen to very low levels.

We expect labour markets to gradually improve during 2026 with a lag compared to the general economic recovery.

Real estate transactions have continued to normalize

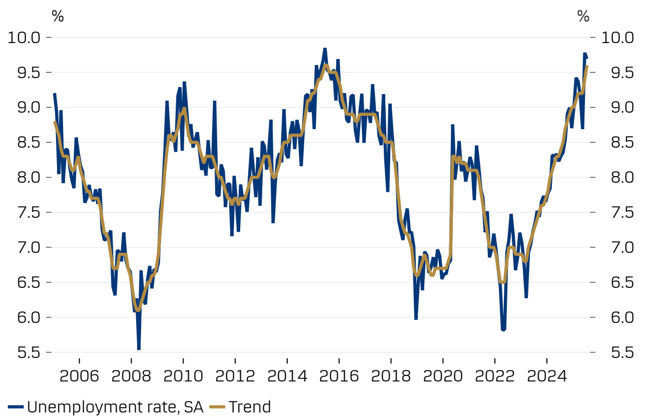
Source: Statistics Finland

House prices have most likely bottomed



Source: Statistics Finland

Unemployment has risen rapidly but is close to its peak



Lähde: Tilastokesus

Private consumption ready to take off

Finnish private consumption has several reasons to take off. Low inflation and relatively strong wage growth lead to a strengthening purchasing power. Lower interest rates support households further. The average interest rate on all housing loans declined to 2,9% in July 2025 compared to the peak level of 4.1% in March 2024.

Finnish households' debt relative to GDP as well as to disposable income have been on the decline in the past few years mostly due to the stalling of the Finnish housing market. The savings rate has remained at elevated levels. This puts Finnish households at an advantageous position to increase consumption.

Private consumption has not, however, seen a strong recovery yet due to a remarkably high unemployment rate along with still relatively low consumer confidence. The perceived threat of unemployment is high, limiting willingness to make larger purchases. Caution is visible in the housing market: even though house prices are at near 20-year lows compared to earnings, intentions to buy housing are at extremely low levels.

Moreover, the difference between realised, domestic inflation and the perception of the current inflation rate is also near record highs. The extreme, post-Covid inflation shock seems to still contribute to a restrained willingness to consume among Finnish households.

There are, however, early signs that conditions are improving. Intentions to buy durable goods or a car have improved. And most importantly, the perception of the Finns' own economy has improved, and especially expectations for one's own economy in 12 months' time has risen close to the long-term average levels. A key to the recovery is the labour market, which we expect to gradually improve especially next year. This, together with stronger real incomes, should slowly push consumer confidence higher, supporting a recovery in private consumption already this year and picking up more pace next year.

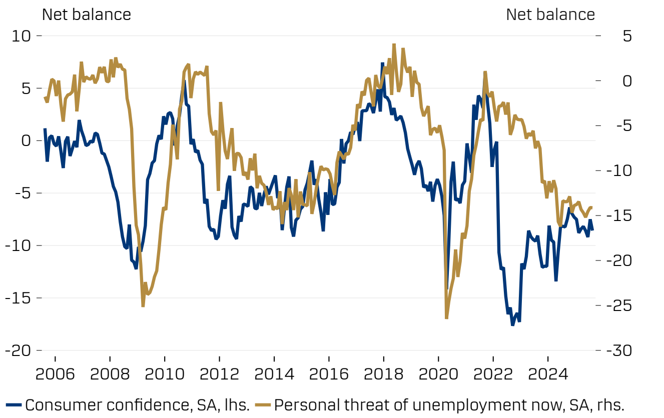
Public debt climbs above 86% of GDP

Public debt has increased over the past years at a rapid pace and continues to grow. According to our forecast Finnish public debt will continue to rise through the forecast period and already this year go above 86% as share of GDP. The public deficit will slowly shrink following stronger baseline growth towards the end of the forecast period.

The 10-year interest rate on the public debt of Finland has climbed slightly higher during the summer and has over the past couple of months been above 3%. Compared to Germany, the difference in interest rates has remained rather stable.

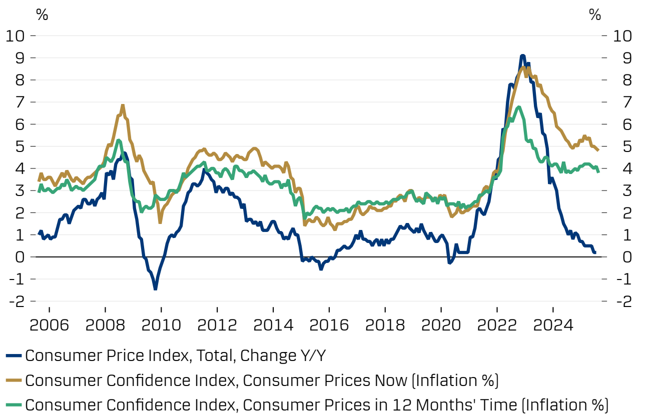
Fitch downgraded Finland from AA+ to AA in July 2025, raising high and increasing public debt as a key concern. Also, a large structural deficit and slow speed of consolidation along with an ageing population and rising social and defence costs are key concerns for the public finance outlook. We do not expect further downgrades to the Finnish rating during 2025. If the economic recovery and fiscal adjustment measures turn out not to be sufficient to stabilise the deficit, Finland could face the EU's excessive deficit procedure.

Consumer confidence slowly rising, threat of unemployment limits recovery



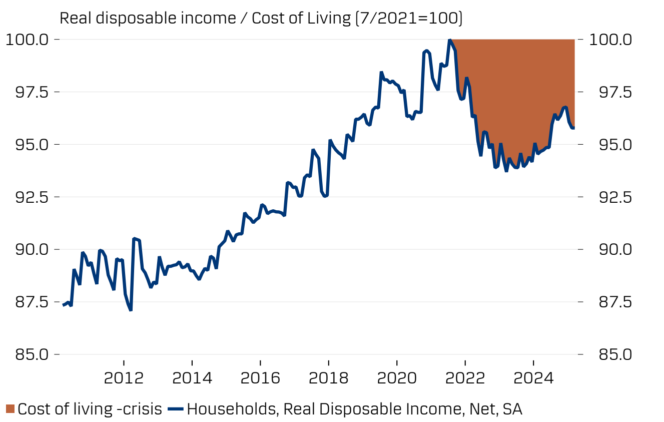
Source: Statistics Finland

Low inflation improves purchasing power, consumers still feel the weight of the inflation shock



Source: Statistics Finland

Real disposable income recovering albeit slowly



Source: Statistics Finland

Forecast tables

Macro forecasts - Denmark

	2024	2024	Forecast 2025	2026
National Accounts	**DKK bn (Current prices)**	**y/y**	**y/y**	**y/y**
Private consumption	1233.5	1.1%	2.2%	2.4%
Government consumption	672.2	1.0%	2.8%	2.3%
Gross fixed investment	682.9	3.0%	-4.5%	2.5%
- Business investment	453.1	8.0%	-9.3%	1.1%
- Housing investment	136.7	-10.2%	-1.1%	3.5%
- Government investment	93.2	2.4%	14.1%	6.8%
Growth contribution from inventories		-0.3%	0.5%	-0.3%
Exports	2078.1	7.1%	1.4%	3.9%
- Goods exports	1189.6	10.5%	4.7%	5.2%
- Service exports	888.6	2.7%	-2.9%	2.1%
Imports	1778.5	4.1%	0.5%	4.0%
- Goods imports	936.9	2.3%	5.0%	3.5%
- Service imports	841.5	6.3%	-4.5%	4.5%
GDP	2926.9	3.5%	1.8%	2.3%
Economic indicators				
Current account, DKK bn		356.9	348.0	369.0
- Share of GDP		12.2%	11.4%	11.7%
General government balance, DKK bn		130.5	65.0	30.0
- Share of GDP		4.5%	2.1%	0.9%
General government debt, DKK bn		894.0	880.0	890.0
- Share of GDP		30.5%	28.9%	28.2%
Employment**		3217.4	3255.3	3263.3
Gross unemployment**		87.1	87.6	89.3
- Share of total work force		2.9%	2.9%	3.0%
House prices, y/y		4.7%	5.2%	3.6%
Private sector wage level, y/y		5.2%	3.6%	3.4%
Consumer prices, y/y		1.4%	1.9%	1.2%
Financial figures				
Lending Rate*		2.75%	1.75%	1.75%
Certificates of deposit Rate*		2.60%	1.60%	1.60%

**End of period, **Annual average, thousand*
Source: Danske Bank, Statistics Denmark, Nationalbanken, Confederation of Danish Employers (Dansk Arbejdsgiverforening), Boligsiden

Forecast tables

Macro forecasts - Sweden

	2024	2024	Forecast 2025	2026
National Accounts	**SEK bn (Current prices)**	**y/y**	**y/y**	**y/y**
Private consumption	2893.1	0.6%	1.4%	1.9%
Government consumption	1694.9	1.1%	0.8%	1.8%
Gross fixed investment	1599.5	-0.1%	-0.1%	3.6%
Excl. residential investments	1405.6	2.4%	-0.2%	3.4%
Residential investments	193.9	-15.0%	1.2%	4.8%
Growth contribution from inventories		0.4%	0.5%	0.1%
Exports	3465.4	1.9%	4.2%	1.8%
Exports of goods	2315.0	0.3%	4.0%	1.7%
Exports of services	1150.4	5.5%	4.7%	2.4%
Imports	3289.3	2.3%	4.9%	2.6%
Contribution from net exports	176.1	-0.1%	-0.2%	-0.4%
Domestic demand	6205.3	1.0%	1.3%	2.4%
Aggregate demand	9670.2	1.3%	2.4%	2.2%
GDP	6381.1	0.8%	0.8%	2.2%
GDP, calendar adjusted		0.8%	1.1%	2.0%
Economic indicators				
Employment (LFS)		-0.6%	0.3%	0.3%
Unemployment (LFS), % of labour force		8.4%	8.7%	8.4%
Wages (NMO)		4.1%	3.6%	3.5%
Home prices (HOX)		2.1%	0.4%	3.0%
Inflation, y/y				
CPIF		1.9%	2.7%	2.1%
CPIF excl. energy		2.6%	2.9%	2.2%
CPI		2.8%	0.8%	1.7%
Public debt ratio, % of GDP		34.0%	35.0%	35.4%
Financial figures				
Riksbank policy rate*		2.75%	1.75%	1.75%

**End of period. Note that the decision to cut to 2.5% in December 2024 was not effective until January 2025.*
Source: Statistics Sweden, The Swedish National Mediation Office, The National Institute of Economic Research, Riksbanken, Valueguard, Macrobond, and Danske Bank.

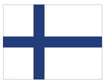
Forecast tables

Macro forecasts - Norway

	2024	2024	Forecast 2025	2026
National Accounts	**NOK bn (Current prices)**	**y/y**	**y/y**	**y/y**
Private consumption	2050.7	1.4%	2.8%	2.5%
Government consumption	1183.9	2.4%	3.0%	1.5%
Gross fixed investment	1142.6	-1.4%	1.4%	1.5%
Petroleum activities	253.4	9.8%	4.0%	-6.0%
Mainland Norway	880.1	-4.6%	1.0%	3.5%
Dwellings	170.2	-19.1%	-5.0%	11.0%
Enterprises	424.2	-2.9%	2.0%	2.3%
General government	285.7	3.9%	0.5%	2.5%
Exports	2468.0	5.2%	-0.5%	1.0%
Traditional goods	669.2	2.1%	2.1%	2.0%
Imports	1760.2	4.3%	2.2%	1.8%
Traditional goods	1037.2	3.8%	2.3%	2.2%
GDP	5196.6	2.1%	0.5%	1.2%
GDP Mainland Norway	4050.1	0.6%	1.9%	1.6%
Economic indicators				
Employment, y/y		0.5%	0.7%	0.5%
Unemployment rate (NAV)		2.0%	2.2%	2.3%
Annual wages, y/y		5.7%	4.5%	3.7%
Core inflation, y/y		3.7%	3.0%	2.4%
Consumer prices, y/y		3.1%	2.7%	2.3%
House prices, y/y		3.0%	6.5%	5.5%
Financial figures				
Leading policy rate		4.50%	3.75%	3.00%

**End of period*
Source: Danske Bank, Statistics Norway, Real estate Norway, Norwegian Labour and Welfare Organization (NAV), Norges Bank

Forecast tables



Macro forecasts - Finland

	2024	2024	Forecast 2025	2026
National Accounts	**EUR bn (Current prices)**	**y/y**	**y/y**	**y/y**
GDP	276.0	0.4%	0.9%	2.0%
Imports	114.4	-1.0%	1.3%	1.8%
Exports	115.6	1.7%	1.8%	2.2%
Consumption	213.1	0.3%	-0.4%	1.0%
- Private	141.2	-0.4%	0.2%	1.8%
- Public	71.9	1.7%	-1.5%	-0.7%
Gross fixed investment	60.7	-5.0%	3.2%	3.4%
Economic Indicators				
Unemployment rate		8.4%	9.1%	8.7%
Earnings, y/y		3.1%	3.1%	3.4%
Inflation, y/y		1.6%	0.4%	1.2%
Housing prices, y/y		-3.3%	1.0%	3.0%
Current account, EUR Bn		-0.1	0.5	0.5
- share of GDP		0.0%	0.2%	0.2%
Public deficit, share of GDP**		-4.4%	-4.0%	-2.9%
Public debt, share of GDP**		82.1%	85.2%	86.4%
Financial Figures				
ECB deposit rate*		3.00%	2.00%	2.00%

**End of period, **2025 value is forecast*
Source: Danske Bank, Statistics Finland, ECB

Forecast tables

Macro Forecasts - Euro area

	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2	Q3	Q4
GDP, q/q	0.6%	0.1%	0.1%	0.1%	0.4%	0.4%	0.4%	0.4%
Unemployment rate	6.3%	6.2%	6.2%	6.2%	6.1%	6.1%	6.1%	6.1%
HICP, y/y	2.3%	2.0%	2.1%	2.1%	1.7%	1.9%	1.7%	1.8%
Core HICP, y/y	2.6%	2.4%	2.3%	2.3%	2.2%	1.9%	1.8%	1.8%
ECB deposit rate*	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

**End of period*
Source: Danske Bank, Eurostat, ECB

Macro Forecasts - United States

	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2	Q3	Q4
GDP, q/q	-0.1%	0.8%	0.1%	0.2%	0.2%	0.4%	0.6%	0.6%
Unemployment rate	4.1%	4.2%	4.2%	4.2%	4.3%	4.3%	4.4%	4.4%
CPI, y/y	2.7%	2.5%	2.9%	3.1%	2.8%	2.8%	2.6%	2.3%
Core CPI, y/y	3.1%	2.8%	3.1%	3.1%	2.9%	3.0%	2.8%	2.5%
Fed Funds target rate*	4.50%	4.50%	4.25%	4.00%	3.75%	3.50%	3.25%	3.25%

**End of period*
Source: Danske Bank, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Fed

Forecast tables

	Year	GDP*	Private cons.*	Public cons.*	Fixed inv.*	Ex-ports*	Im-ports*	Inf-lation*	Wage growth *	Unemp. **	Public budget ***	Public debt ***	Current acc. ***
Denmark	2024	3.5	1.1	1.0	3.0	7.1	4.1	1.4	5.2	2.9	4.6	31.5	12.2
	2025	1.8	2.2	2.8	-4.5	1.4	0.5	1.9	3.6	2.9	2.1	28.9	11.4
	2026	2.3	2.4	2.3	2.5	3.9	4.0	1.2	3.4	3.0	0.9	28.2	11.7
Sweden	2024	0.8	0.6	1.1	-0.1	1.9	2.3	1.9	4.1	8.4	-	34.0	-
	2025	1.1	1.4	0.8	-0.1	4.2	4.9	2.7	3.6	8.7	-	35.0	-
	2026	2.0	1.9	1.8	3.6	1.8	2.6	2.1	3.5	8.4	-	35.4	-
Norway	2024	0.6	1.4	2.4	-1.4	5.2	4.3	3.1	5.7	2.0	-	-	-
	2025	1.9	2.8	3.0	1.4	-0.5	2.2	2.7	4.5	2.2	-	-	-
	2026	1.6	2.5	1.5	1.5	1.0	1.8	2.3	3.7	2.3	-	-	-
Euro area	2024	0.9	1.1	2.5	-1.9	0.8	-0.2	2.4	4.3	6.4	-3.0	89.1	3.0
	2025	1.2	1.1	1.3	3.4	2.0	2.9	2.1	3.2	6.2	-3.3	90.2	2.9
	2026	1.2	1.0	1.3	1.4	1.1	1.0	1.8	2.8	6.1	-3.7	91.0	2.9
Finland	2024	0.4	-0.4	1.7	-5.0	1.7	-1.0	1.6	3.1	8.4	-4.4	82.1	0.0
	2025	0.9	0.2	-1.5	3.2	1.8	1.3	0.4	3.1	9.1	-4.0	85.2	0.2
	2026	2.0	1.8	-0.7	3.4	2.2	1.8	1.2	3.4	8.7	-2.9	86.4	0.2
United States	2024	2.8	2.8	3.4	3.7	3.3	5.3	3.0	3.9	4.0	-6.7	123.1	-3.3
	2025	1.6	2.0	1.9	2.4	1.0	0.5	2.8	3.5	4.2	-6.5	125.1	-3.1
	2026	1.4	0.8	2.4	2.2	1.5	-1.6	2.6	3.5	4.4	-7.0	128.0	-3.0
China	2024	5.0	4.5	-	5.0	-	-	0.2	-	5.1	-7.3	88.3	2.3
	2025	4.9	4.5	-	4.5	-	-	0.3	-	5.2	-9.1	96.8	1.7
	2026	4.8	4.8	-	5.0	-	-	1.0	-	5.2	-9.0	102.8	1.5

Source: OECD and Danske Bank.
* % y/y. ** % of labour force. *** % of GDP.

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Date of first publication
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Report completed: 2 September at 16:00 CET

Report first disseminated: 3 September at 06:00 CET

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