Nordic Outlook

September 2026

New sources of growth

Highlights

- Consumer demand in many countries is dented by higher energy prices, but other sources, not least AI-related investments, largely offset this.
- Broadly speaking, we expect growth, inflation and unemployment to converge around structural levels, although with major risks not least related to energy supplies.
- The Swedish and Finnish economies are recovering, while Denmark's high growth rate masks a steady domestic economy and Norway is slowing down.

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

Danske Bank

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New sources of growth

Global

The global economy is holding up remarkably well despite the impact of higher energy prices caused by war in the Middle East, and we are mostly revising up the outlook for both the major and the Nordic economies in this Nordic Outlook. A surge in AI-related investment is supporting demand in the US and globally and should remain an important source of growth over the forecast horizon, although its longer-term impact is uncertain. Both energy markets and the AI demand present positive and negative risks to the outlook. Beyond the near term, large public deficits and debt, the delayed green transition, weaker trade cooperation and geopolitical conflict remain serious concerns.

Euro area

The euro area economy has been more resilient than expected despite higher energy prices. Growth is supported by stronger manufacturing, AI-related demand and more fiscal stimulus, so we have revised up our GDP forecasts for 2026 and 2027 to 0.8% y/y and 1.4% y/y, respectively. Inflation is still mainly driven by energy, while broader price pressures remain contained as wage growth slows. We expect the ECB to hike once more in September and keep the deposit rate at 2.50% throughout 2027, with risks viewed as balanced.

Denmark

GDP is growing strongly in Denmark, but this does not say much about the reality for most businesses and consumers, who are experiencing only moderate growth. We expect moderate consumption growth, mainly driven by rising incomes, with potential for stronger growth if households reduce their high rate of savings. The labour force is growing slightly faster than employment, resulting in a slight increase in unemployment. House prices continue to rise, although price growth in the capital area has become more subdued and may be further affected by higher taxes. We expect the current account surplus to be dragged down by declining pharma prices and increased weapons imports, while higher freight rates are pushing it up.

Sweden

The economy in Sweden has surprised on the upside this summer, and conditions are in place for strong growth ahead. Growth is picking up, resource utilisation is close to normal and the labour market, while still cautious, should improve as the business cycle strengthens. Inflation risks have increased, driven by global supply disruptions, extreme weather, higher commodity prices and a weaker krona, while temporary fiscal measures dampen CPIF in 2026. Voters go to the polls in September, and opinion surveys point to a change of government, but forming one may take time. For the Riksbank, the next move will be a hike this autumn, followed by another this winter.

Norway

The economy seems to be in a period of sub-trend growth, probably due to higher interest rates. Growth is also unevenly distributed, where rate-sensitive sectors are hardest hit. Inflation has surprisingly dropped over the summer, reducing the upside risks to interest rates and downside risk to the economy. So far, the labour market remains tight but wage growth is clearly slowing down. In a very close call, we expect Norges Bank to hike again in September, but lower inflation will leave room for three rate cuts next year. The NOK is still mostly in the hands of global energy prices and the US dollar.

Finland

The Finnish economy has entered a moderate growth phase driven mainly by private consumption and the export sector. Labour market conditions remain weak, although the unemployment rate has stabilized. While rising energy prices and interest rates exert pressure on purchasing power, wage growth is expected to outpace inflation in the coming years. The housing market remains in a slump, and residential construction is set to remain weak for at least the next year. The global investment cycle will continue to be a key driver of demand for Finnish manufacturing industry.

Old and new sources of growth

- **Higher energy prices have in themselves been negative for growth as they have undermined consumers and led to higher interest rates, but overall growth is holding up better than expected.**
- **Both US and global demand are supported by AI-related investments which we expect to continue at least within our forecast horizon, although the longer-term outlook is highly uncertain.**
- **Energy prices and AI investments present both positive and negative risks, whereas unsustainable public finances are among the factors creating some deep longer-term worries.**

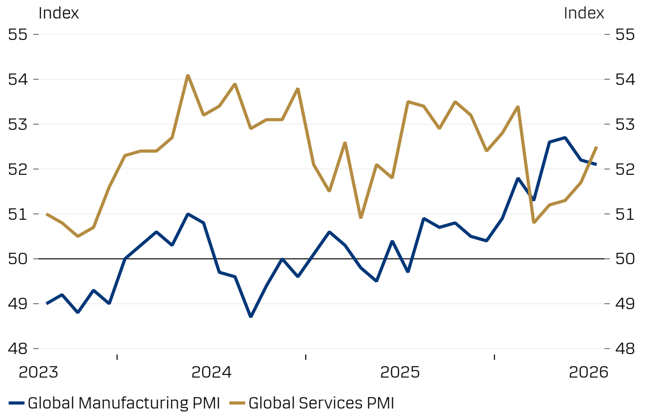
The global economy is holding up remarkably well despite the impact of higher energy prices caused by war in the Middle East, and we are mostly revising up the outlook for both the major and the Nordic economies in this Nordic Outlook. Broadly speaking, the rise in energy prices has in fact hit consumer spending in other areas and triggered an interest rate hike from the European Central Bank and higher market rates elsewhere, but the negative effects from that are countered by increasing demand from other sources. The surge in investment related to artificial intelligence is concentrated in the US but is having a global impact on manufacturing, not only of chips and IT equipment but also in heavier industries. In Europe, indicators point to somewhat more demand growth than expected coming from public investment and spending.

An important reason why the global economy is still in such a relatively benign state is that the starting point going into the shock of the Iran war was quite balanced. Inflation and unemployment were neither high nor low, and economic growth and interest rates were around what was estimated to be their potential levels, although of course with exceptions. Unlike in the overheated 2022, that has made it harder for an external shock to lead the economy to extremes. We still expect that higher energy prices will have indirect effects on other prices, but so far, we have seen surprisingly little of that, perhaps because the environment is not one where it is easy for businesses to raise prices.

Energy markets are still in a precarious position where not much has to go wrong to send prices much higher, and even a world economy more resilient than expected will suffer under that. The opposite outcome with prices suddenly declining rapidly is

> *We are watching the Middle East and the oil price, but also closely watching demand indicators in the rest of the world"*
>
> *Las Olsen, Chief Economist*

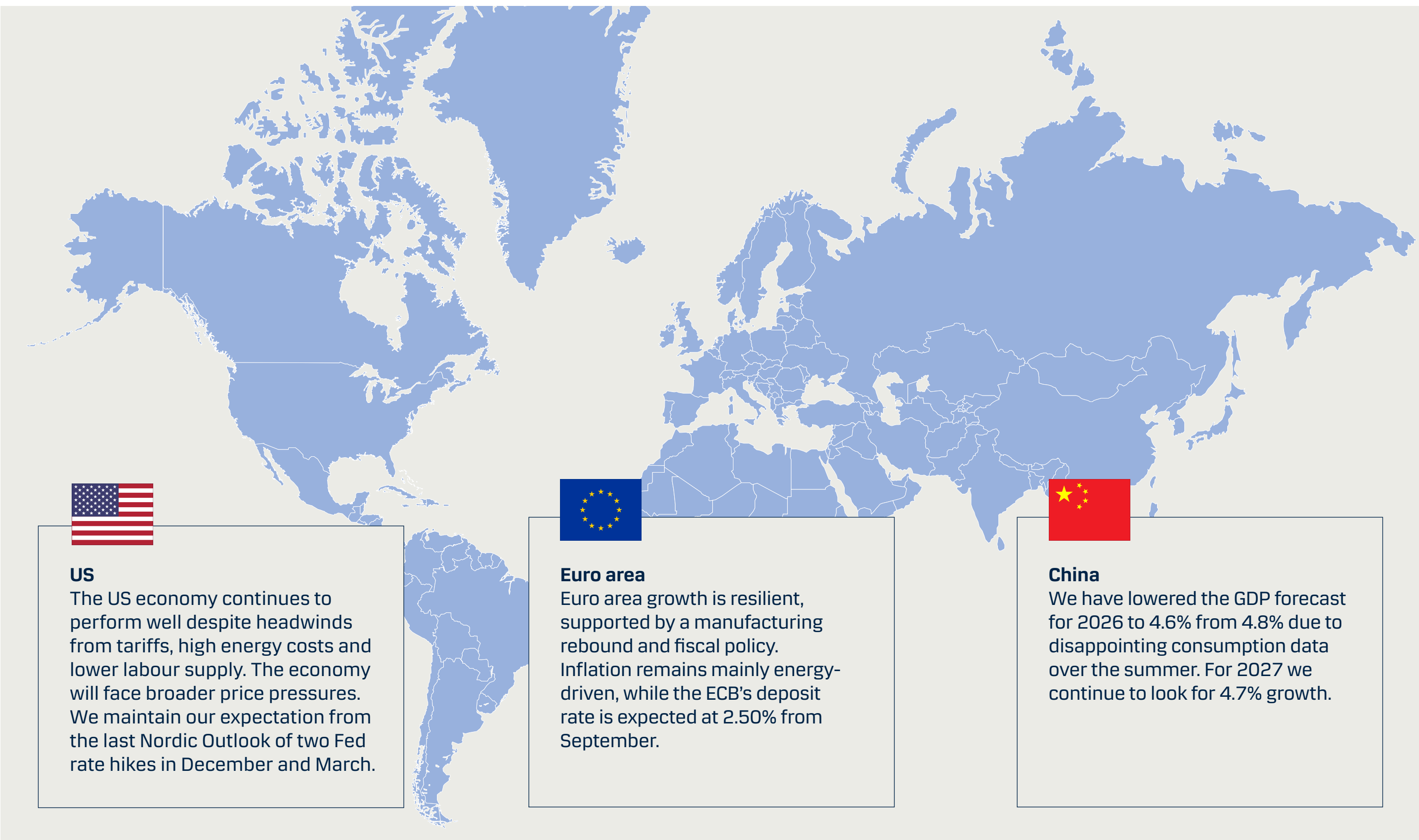
Growth is holding up remarkably well



Source: S&P Global, Macrobond

also an option. We have assumed oil prices developing in line with market pricing, staying around USD 90 per barrel this year and declining towards USD 75 towards the end of 2027. Extra uncertainty comes from the fact that the prices of oil products such as diesel and petrol currently are much higher than would be expected from the oil price alone.

The boom in AI-related investment is clearly another source of uncertainty. We do see it as likely to be sustained within our forecast horizon, but it is an open question whether the investments will deliver the necessary returns further out. If they do not, that could be a large drag on demand. If they do, that could sustain activity and imply that there is a big global lift to productivity, improving many aspects of the economic outlook. Many other risks abound. Unsustainable fiscal policies in the US and elsewhere are a deep concern. There is good reason to fear what will happen next time the world faces some economic crisis, when public debt and deficits are already very large in times of calm. The green transition is far behind schedule, and the world is making it harder for itself by going backwards on trade and corporation, while current and future wars also threaten. But when we look at the outlook for this year and next, we are not overly worried and see both upside and downside potential.



US
The US economy continues to perform well despite headwinds from tariffs, high energy costs and lower labour supply. The economy will face broader price pressures. We maintain our expectation from the last Nordic Outlook of two Fed rate hikes in December and March.

Euro area
Euro area growth is resilient, supported by a manufacturing rebound and fiscal policy. Inflation remains mainly energy-driven, while the ECB's deposit rate is expected at 2.50% from September.

China
We have lowered the GDP forecast for 2026 to 4.6% from 4.8% due to disappointing consumption data over the summer. For 2027 we continue to look for 4.7% growth.

A resilient economy

- **The euro area economy has proved more resilient than expected despite higher energy prices and unusually high uncertainty.**
- **We revise up our growth forecast for 2026 and 2027, supported by stronger manufacturing, AI-related demand and more fiscal stimulus.**
- **Inflation is still mainly driven by energy, while broader price pressures remain absent as wage growth slows and consumers stay cautious, limiting passthrough.**
- **We expect the ECB to hike policy rates once more in September and keep the deposit rate at 2.50% through 2027, with risks viewed as balanced.**

		Forecast	
	2025	2026	2027
GDP Growth	1.3%	0.8% (0.7%)	1.4% (1.2%)
Inflation	2.1%	3.0% (3.0%)	2.5% (2.3%)
Unemployment	6.3%	6.4% (6.4%)	6.4% (6.4%)
Policy rate*	2.00%	2.50% (2.50%)	2.50% (2.00%)

Parentheses are the old projections (from June 2026)
**End of period*
Source: Danske Bank, Eurostat, ECB

The euro area economy has performed better than expected despite the sharp rise in energy prices. The conflict in Iran has raised costs for companies and pushed up consumer prices, but growth has remained close to potential. So far, inflation has mainly been energy-driven rather than spreading broadly to other goods and services. We are therefore slightly more positive on the outlook than before and now expect ECB policy rates to stay higher in 2027. However, uncertainty is unusually high, especially as the outlook depends heavily on energy prices. Our forecast assumes that energy prices broadly follow current futures markets.

We expect euro area GDP to grow by 0.8% in 2026, up from 0.7% in our previous forecast, and by 1.4% in 2027, up from 1.2%. Manufacturing is recovering more strongly than expected, with higher new orders supporting production. One driver is the rapid increase in global investments in artificial intelligence. European companies are not directly leading these investments, but many firms indirectly supply equipment, components and infrastructure

"So far, we do not see signs of the energy shock spreading outside of energy products to other goods and services, including food."

Rune Thyge Johansen, Senior Analyst

needed for e.g. data centres and power systems. Fiscal policy is also providing more support, especially as German public spending has increased markedly, and France is tightening less than expected. These parts of the economy are less interest-rate sensitive, making growth more resilient despite higher ECB policy rates next year.

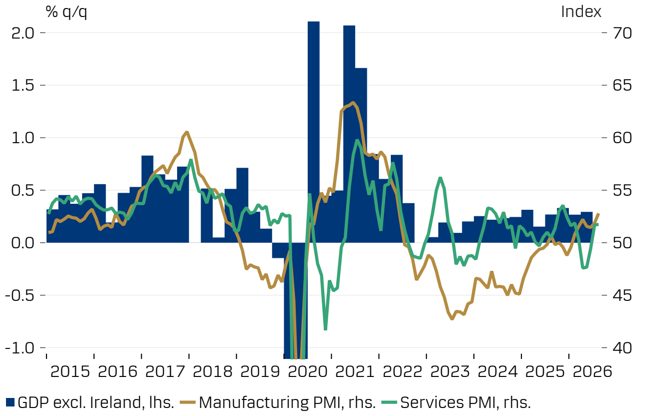
For households, the picture is less bright. We expect private consumption to grow only slowly, as higher energy bills and weak real wage growth limit purchasing power. Yet, consumption should become a more important growth driver in 2027 as real wage growth increases. Investment remains subdued, partly because higher interest rates weigh on expansion decisions. Overall, risks to growth look balanced: consumers could spend more if they reduce high savings, but growth could disappoint if rates and energy prices weigh more heavily than expected.

We forecast inflation to average 3.0% in 2026, unchanged from our June forecast, and 2.5% in 2027, up from 2.3%. Headline inflation has moved above 3% and is likely to stay close to 3.5% for the rest of this year, mainly because of energy. So far, we do not see signs of the energy shock spreading outside of energy products to other goods and services, including food. Slower wage growth should help keep core inflation averaging 2.4% in 2026 and 2.3% in 2026, while moving towards 2% by end-2027.

The labour market helps explain why inflation pressures remain contained. Unemployment is low, but companies show limited demand for new labour, and cautious consumers make it harder to pass on higher costs. We expect this balance to continue with a broadly unchanged unemployment rate. The main uncertainty for the inflation outlook is energy. Low gas inventories ahead of winter raise the risk of higher prices in the near term. A resolution of the Iran war could lower energy prices and bring inflation down faster. Overall, inflation risks are broadly balanced.

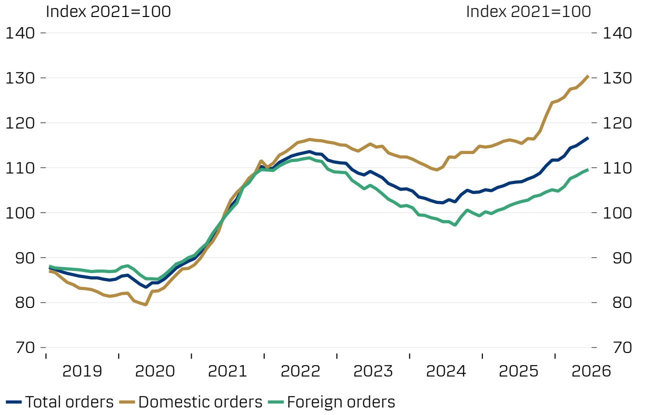
The stronger economy, supported by AI-related demand and more expansionary fiscal policy, has changed our view on the ECB. We still expect one final 25bp rate hike in September, taking the deposit rate to 2.50%, but no longer expect two cuts in 2027. Instead, we expect the rate to stay at 2.50% throughout 2027. In the longer run, we think the ECB will cut the deposit rate to around 2.0%, but for 2027 keep rates somewhat higher to reduce the risk of inflation de-anchoring. Risks to our call go both ways. Slower wage growth and contained underlying inflation could still lead to cuts before end-2027, while high energy prices and low gas inventories mean another hike late this year cannot be ruled out.

Growth in the euro area has continued around potential



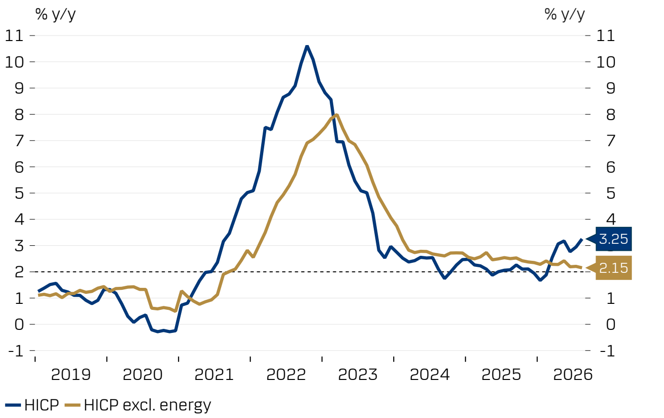
Source: Eurostat, Danske Bank, S&P Global, Macrobond

Markedly higher orders in German manufacturing sector

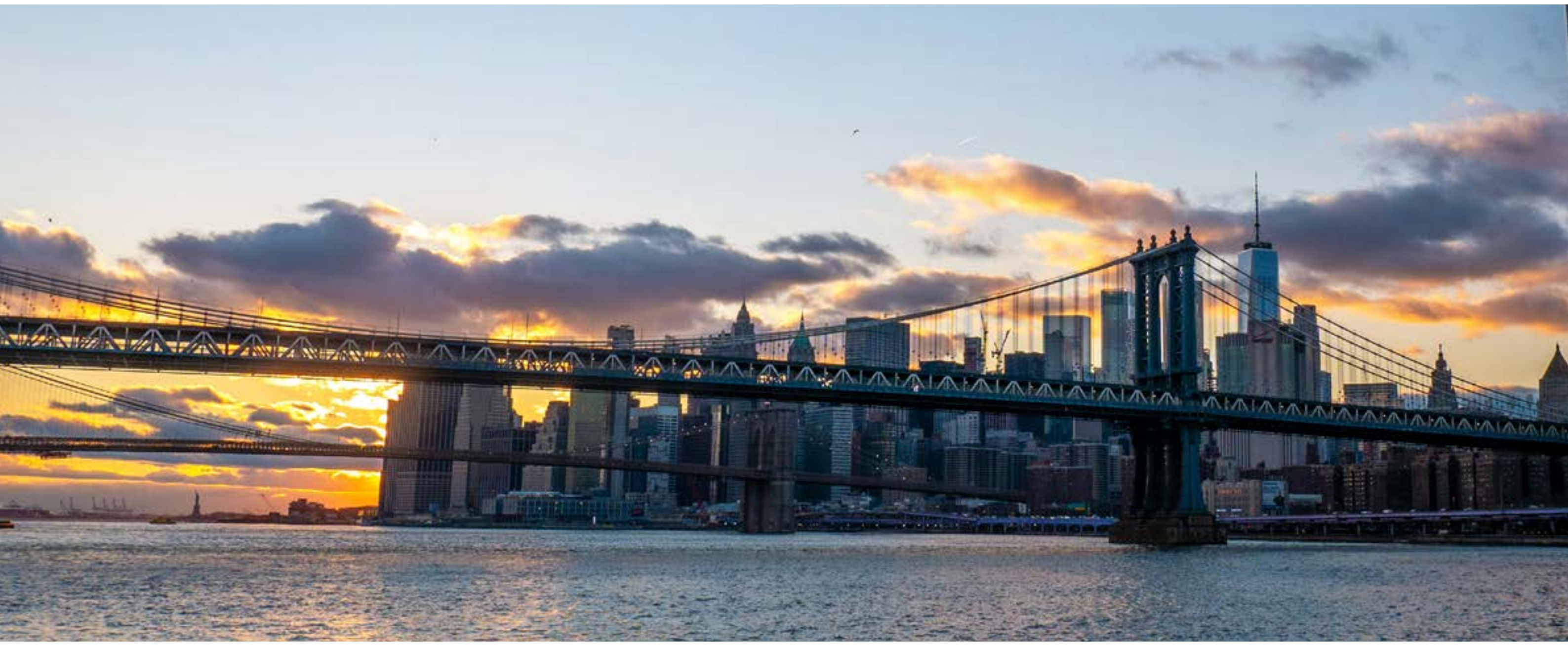


Source: Statistisches Bundesamt, Macrobond

No inflationary effects outside of energy products



Source: Eurostat, Macrobond



Defying growing headwinds

- **Economic momentum has picked up lately despite growing headwinds. High imports and inventory drawdowns hid strong underlying domestic growth in consumption and investment.**
- **We raise our 2026 GDP growth forecast slightly to 2.1% from 2.0% and keep our 2027 forecast at 1.8%. Growth slightly exceeded our expectations in the first half of 2026. Consumption faces growing headwinds as the for future real wage sum growth is limited by declining labour supply. Future growth relies increasingly on fixed investment, not least related to AI.**
- **Inflation has fallen a bit more than expected, but we see it broadening. We lower our headline inflation forecast to 3.2% in 2026 (from 3.5%) and to 2.5% in 2027 (from 2.8%). We forecast core inflation at 2.6% in 2026, rising to 2.9% in 2027.**
- **We maintain our call for two Fed rate hikes in December and March. We still see an elevated risk of more persistent inflation pressure and a tighter labour market.**

		Forecast	
	2025	**2026**	**2027**
GDP Growth	2.1%	2.1% (2.0%)	1.8% (1.8%)
Inflation	2.7%	3.2% (3.5%)	2.5% (2.8%)
Unemployment	4.3%	4.3% (4.3%)	4.2% (4.2%)
Fed Funds*	3.75%	4.00% (4.00%)	4.25% (4.25%)

Parentheses are the old projections (from June 2026)
**End of period*
Source: Danske Bank, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Fed

The US economy continues to perform well despite headwinds from tariffs, high energy costs and lower labour supply. Growth has slightly exceeded our expectations in 2026, so we lift our GDP forecast for 2026 to 2.1%, in line with consensus, and stick to our previous call of 1.8% GDP growth in 2027.

Real GDP fell short of our expectations at just 0.4% q/q in Q2. However, final sales to private domestic purchasers, measured as household consumption and private fixed investments, grew at a solid pace of 1.0% q/q. High import growth and inventory drawdowns masked the strong underlying growth. This means that high import growth and inventory drawdowns masked strong underlying growth. Tariff refunds also provided a temporary boost to growth over summer, see RtM USD - Tariff deadline looms, but macro impact eases, 14 July.

Private consumption growth picked up in Q2. Consumers continue to defy rising energy costs by cutting the savings rate which hovers around its lowest level since the post-COVID inflation boom in 2022 and before that, 2005-07. That said,

> *The economy will face broader price pressures, with inflation increasingly driven by the tighter labour market and high investment growth."*
>
> *Antti Ilvonen, Senior Analyst*

early Q3 consumption indicators such as July retail sales have signalled some cooling ahead.

We see scope for a rising capital share of income to maintain the savings rate at a persistently lower level, as consumption increasingly relies on capital gains instead of just salaries. We expect consumption growth to moderate from 2.0% in 2026 to 1.4% in 2027.

Declining labour supply remains a major headwind for consumption and the broader economy. The unemployment rate remains low and fell to 4.1% in July, even as payroll growth turned negative by 23,000 in July.

The sharp decline in net immigration has been the main driver of slowing breakeven employment growth. Another driver is the steep fall in the labour force participation rate, which has dropped to its lowest level since the COVID-19 outbreak and before that, the lowest point since 1977. See RtM USD - The many faces of declining US participation, 18 August.

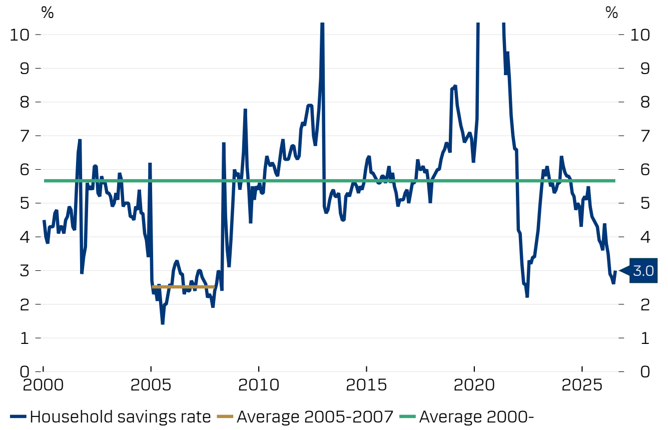
Lower labour supply poses a clear upside risk to inflation through wages. For now, private sector wage growth has eased gradually in recent years and is close to its historical mean. But with lower labour supply and still solid domestic demand, we expect wage growth to rise gradually towards the end of 2026 and into 2027. Overall wage sum growth will likely hover near its recent pace of 4-5% per year going forward, but the growth will increasingly rely on the wage component.

Private business investment made a strong contribution to growth in H1, not least due to AI-related investment in software and computer equipment. We expect growth in the AI segment to contribute solidly to growth for the rest of 2026 and in 2027. In the first half of 2026, investment in industrial equipment also picked up, while residential investment continued to decline due to elevated mortgage rates. We expect a tighter monetary policy stance to limit further growth in non-AI investments.

Both headline and core inflation remain above the Fed's 2% target. We expect this to continue, with headline inflation at 3.2% y/y in 2026 and 2.5% in 2027. The economy will face broader price pressures driven by the tighter labour market and high investment growth. This puts growing pressure on the Fed to respond. Three members already voted in favour of higher rates at the July meeting. More FOMC members have signalled willingness to raise rates later if inflation proves sticky, which we think it will. On that note, we maintain our expectation from the last Nordic Outlook of two Fed rate hikes in December and March.

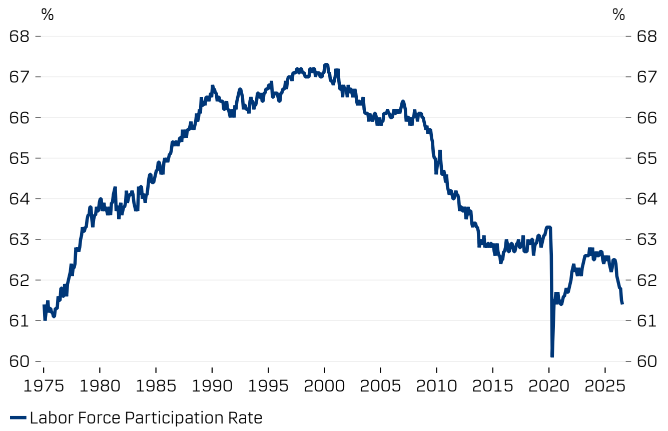
We maintain our call that policy tightening will support the broad USD and forecast EUR/USD to move lower towards 1.12 over a 12-month horizon. See FX Forecast Update - Temporary USD weakness, 21 August.

Savings rate around the lowest level since 2022



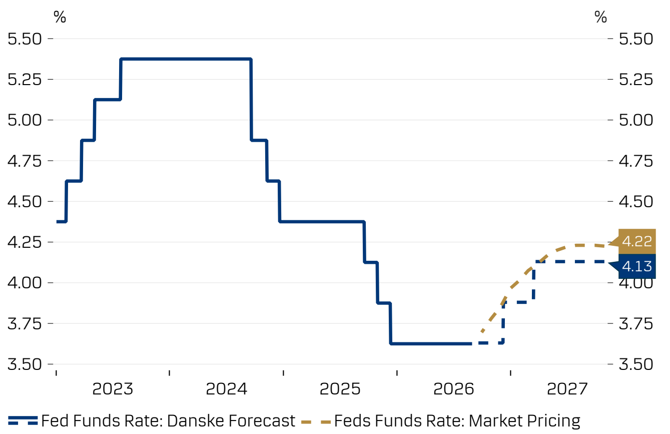
Sources: Macrobond, U.S. Bureau of Economic Analyses (BEA), Danske Bank

Steep decline in participation rate



Sources: Macrobond, U.S. Bureau of Labor Statistics (BLS)

We expect the Fed to hike rates in December and March



Source: Macrobond, Federal Reserve, CBOT, Danske Bank

Tech boom amid consumer gloom

- **The divergence in China's economy became even more pronounced over the past quarter as consumer demand weakened further while export growth reached new heights and tech keeps booming.**
- **We expect this two-speed economy to continue for the rest of 2026 and into 2027.**
- **China's housing crisis is a key factor behind the ongoing consumer slump. We see signs of stabilization in home sales and look for home prices to stabilize in 2027.**
- **We have lowered the GDP growth forecast for 2026 from 4.8% to 4.6% on the back of the disappointing consumer data in recent months. We stick to our forecast of 4.7% for 2027.**
- **China's tech boom pushes the economy into new frontiers. The rising competitive pressure from China for European companies is set to continue. EU and China are on collision course in trade relations.**
- **We look for China to keep a 'CNY appreciation policy' over the coming year.**
- **The US and China have agreed on 'constructive strategic stability' but bumps in the road are ongoing and a long-term rivalry is here to stay.**
- **The biggest geopolitical risk related to China is a flare-up in tensions over Taiwan. 2028 elections on Taiwan will be a key test.**

	2025	Forecast 2026	2027
GDP Growth	5.1%	4.6% (4.8%)	4.7% (4.7%)
Inflation	0.0%	0.8% (1.0%)	1.0% (1.3%)
Unemployment	5.1%	5.2% (5.2%)	5.2% (5.2%)
Policy Rate*	1.40%	1.20% (1.00%)	1.00% (0.80%)

Parentheses are the old projections (from June 2026)
**End of period (7-day reverse repo rate)*
Source: Danske Bank, Macrobond

Consumer demand and housing still struggling
China's domestic economy remains stuck in a slump with a negative feed-back loop of falling home prices, high savings, weak employment and slow consumer spending. Until we see a moderate recovery in the housing market, we expect household confidence to remain low and private consumption growth weak. We do see signs that home sales are stabilizing and property prices decline at a slowing pace. Our baseline scenario is that we will see a stabilization in home prices in 2027 followed by moderate increases in 2028, which should drive a recovery in confidence and consumer spending. It implies, though that the consumer engine will be missing for some time still, in China's painful transition towards an economy relying less on housing and more on innovation, high-tech manufacturing and consumer spending. We do expect some lift to growth in the second half of the year from a moderate lift to economic stimulus.

While the consumer and housing economy is struggling, China's tech and exports are booming"

Allan von Mehren, Chief Analyst

Exports and tech boom

While the consumer and housing economy is struggling, China's tech and exports are booming. Export growth was up around 25% y/y over the summer months driven by strong shipments of EVs, EV batteries, solar panels and microchips, among other things. China keeps climbing the tech ladder and has moved to the frontier in many new areas, not least AI, robotics and pharmaceuticals. China has developed a strong innovation landscape over the past 20 years driven by strong manufacturing supply chains, increasing talent base, high work effort and government support.

The flip side, though, is intense work pressure and more young people shying away from getting married and having children. This has led to a sharp decline in the fertility rate over the past decade to only 1 over the past decade. China thus faces key demographic challenges over the coming decades with both a big drop in the population as well as an ageing of the society. AI and robotics are seen as part of the answer, but more support for families having children is also implemented. It is doubtful whether it will be enough to turn the low fertility rate, though.

EU-China relations under strain from Chinese competition and rising trade imbalance

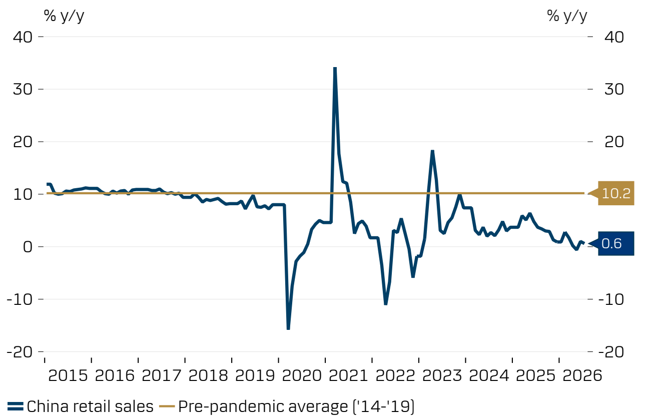
Trade tensions have been on the rise this year as EUs trade deficit continues to rise while European companies are now in direct competition with Chinese companies in more areas, not least the auto sector. Chinese overcapacity and heavy use of industrial policy has added to the tensions and EU is preparing more protectionist measures of the European market. China is pushing back, though, and we may very well see more Chinese countermeasures to EU protectionist programs. One of the flashpoints has been the Chinese renminbi, which looks undervalued when measured against the trade imbalance. Over the past year, China has started an appreciation policy of the renminbi, and we expect this trend to continue over the next year.

US-China relations more stable but with bumps on the road

US President Donald Trump's visit to China in April led to an agreement of "constructive strategic stability" and 2026 has been characterized by more calm relative to the turbulent 2025. While the two powers are on a more stable footing, we still see tensions flare up occasionally and the long-term rivalry is set to continue for the foreseeable future.

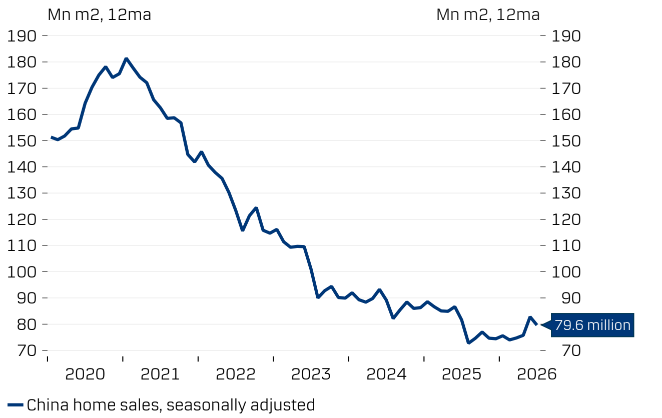
The greatest geopolitical risk related to China is the Taiwan issue, which continues to linger in the background. A Taiwanese election looming in 2028 will be key for the subsequent path on the question. If KMT, which is more China friendly, wins, it could calm down the issue. However, if the independence-seeking DPP wins the Presidency for the third time in a row, it could cause new tensions. We still see the bar being high for a Chinese invasion in this decade, though, as such a military operation is extremely difficult; a point we think is often overlooked by many observers.

The Chinese consumer recovery is still missing



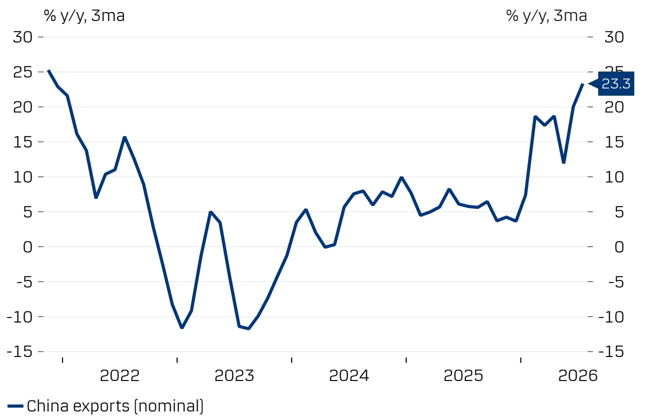
Source: Macrobond, NBS, Danske Bank

Signs of stabilization in home sales after sharp decline



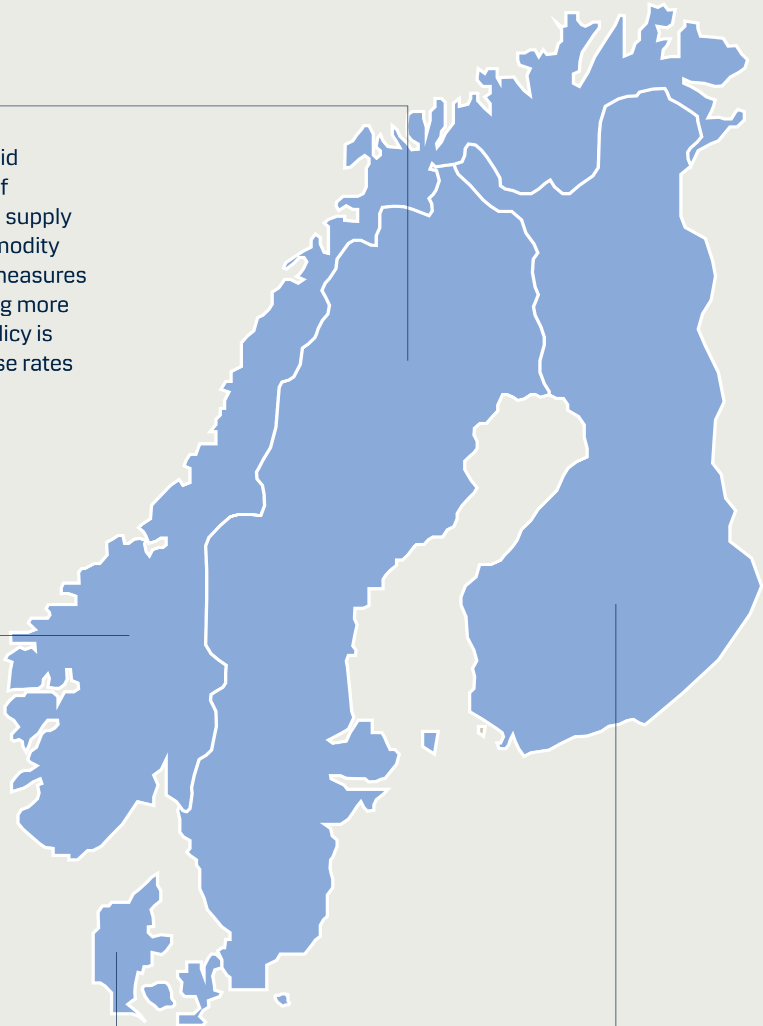
Source: Macrobond, NBS, Danske Bank

Chinese exports booming



Source: Macrobond, GAC

Mixed picture in the Nordics

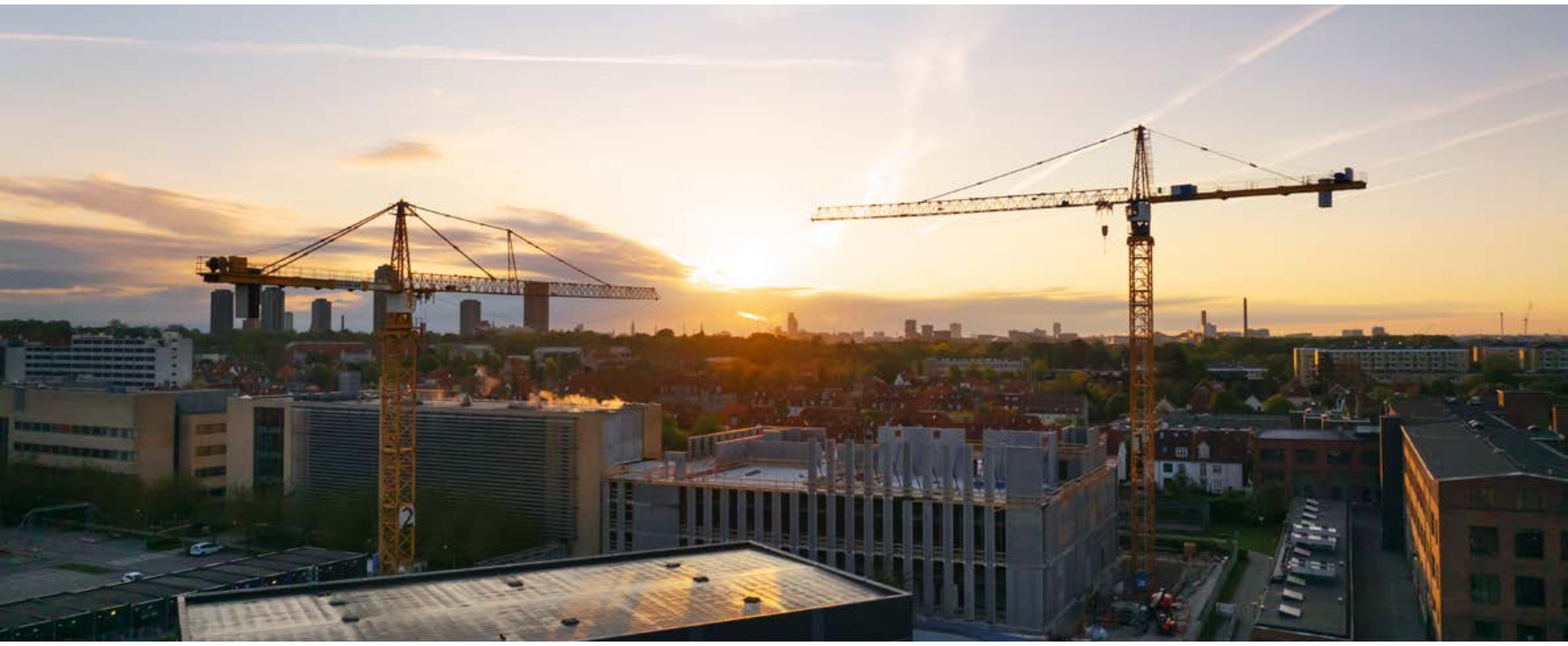


Sweden
The economy in Sweden is close to normal, with solid fundamentals and a labour market showing signs of improvement. Inflation risks are rising due to global supply disruptions, weather-related pressure, higher commodity prices and a weaker krona, while temporary fiscal measures will dampen CPIF in 2026. Households are becoming more optimistic as purchasing power improves. Fiscal policy is expansionary, while the Riksbank is expected to raise rates gradually as the business cycle normalises.

Norway
Growth continues to slow down, probably due to higher interest rates. Inflation dropped over the summer, reducing the downside risks. The labour market remains tight but wage growth is clearly slowing down. We expect Norges Bank to hike again in September, but lower inflation will leave room for three rate cuts next year. The NOK is still mostly in the hands of global factors.

Denmark
Exports continue to drive very high headline GDP growth, but domestic demand is growing only moderately. Consumption could strengthen if households reduce their high rate of savings. A solid housing market, with rising prices, is also supporting consumers, while inflation is low with only a moderate increase expected. The current account surplus is set to decline, although higher freight rates are pushing it up.

Finland
The Finnish economy has entered a moderate growth phase driven mainly by private consumption and the export sector. Labour market conditions remain weak, although the unemployment rate has stabilized. While rising energy prices and interest rates exert pressure on purchasing power, wage growth is expected to outpace inflation in the coming years.
The housing market remains in a slump, and residential construction is set to remain weak for at least the next year. Data centre investments partially shelter the construction industry from the lack of housing starts. The global investment cycle will continue to be a key driver of demand for Finnish manufacturing industry.



Normal economy with extreme GDP

- **GDP is growing strongly, but this does not say much about the reality for most businesses and consumers, who are only experiencing moderate growth.**
- **We expect moderate consumption growth mainly driven by rising incomes, with the potential for more substantial growth if the high rate of savings is reduced.**
- **The labour force is growing slightly faster than employment, resulting in a slight increase in unemployment.**
- **House prices continue to rise, although development in the capital area has become more subdued and may be further affected by higher taxes.**
- **The current account surplus is being dragged down by falling pharma prices and increased weapons imports, but higher freight rates are pushing it up.**

	2025	Forecast 2026	2027
GDP Growth	3.5%	4.0% (3.7%)	3.0% (2.5%)
Inflation	1.9%	1.5% (1.5%)	2.2% (2.4%)
Unemployment	2.9%	3.1% (3.1%)	3.5% (3.6%)
Deposit rate*	1.60%	2.10% (2.10%)	2.10% (1.60%)

Parentheses are the old projections (from June 2026)
**End of period*
Source: Danske Bank, Statistics Denmark, Nationalbanken

Moderate growth continues in most of the Danish economy, and there are prospects for slightly faster growth in the near future. Both private consumption and public consumption grew by 2.0% in the first half of 2026 (compared to the same time the previous year), although higher energy prices somewhat dampened private consumption in the spring. Employment is slowly increasing, and business confidence points to a normal level of growth in most companies. The labour market is neither overheating nor undercooled, assessed in terms of unemployment, wage growth, and labour shortages. As we see it, the direction is towards slightly more growth in domestic demand, both from consumers, the public sector, and investments, not least in housing.

Moderate growth is not the impression when looking at the most commonly used key figure, namely GDP growth adjusted for price changes. Although it slowed in the second quarter, annual growth for the first half of 2026 was at 5.3%. Over three years, Danish GDP has grown by 12.3%. This is driven by a sharply increasing export of, not least, medicine, when measured in quantities, but the exports are being sold at ever lower prices. The very high GDP

The very high GDP growth does not say much about the reality for Danish businesses and consumers"

Las Olsen, Chief Economist

growth does not say much about the reality for Danish businesses and consumers. A large portion of physical production takes place outside the country's borders, which is also evident in that employment in manufacturing has not increased at the same pace as production and has actually decreased over the past year. As the price of exports falls, the growing export volume does not yield the same substantial income increases in Denmark as before. This is a trend we expect will largely repeat itself in 2027.

Growth in Denmark is supported by a loosening of fiscal policy this year in the form of tax relief, increased defence spending, and food checks that have transferred over DKK4 bn. to households. So far, public consumption and investments have risen significantly less than planned, which also creates considerable uncertainty about future effects. This applies to public revenues as well, which have surprised positively for many years. Additionally, the new government is planning major changes to VAT and taxes, but it is currently unclear what this will specifically mean in 2027. We have factored in that there will continue to be a surplus in public finances, albeit smaller than in previous years. With low unemployment and positive prospects, Danish economy does not require further fiscal loosening, from our perspective.

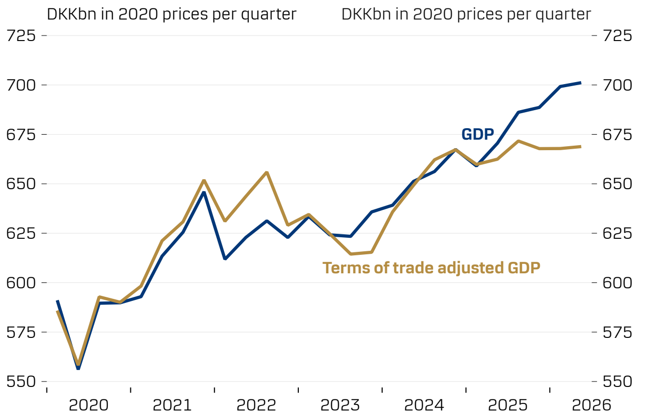
Both employment and unemployment are rising

In recent years, employment has increased by nearly 1% annually, while the labour force has grown marginally faster, resulting in unemployment being just over 6,000 people higher than a year ago. Employment growth has been stable, although progress has been offset by declines in manufacturing, likely due to cuts by Novo Nordisk. This has been compensated by growth in other industries and in the public sector, which has accounted for about one-third of job growth over the past year. Statistics Denmark has revised the figures, so they no longer show employment growing strongly relative to production over the past three years, which makes us less concerned about a sudden drop in employment. On the contrary, our forecast implies continued moderate growth.

The labour force is increasing both due to immigration and rising labour participation and has recently received an additional boost from an influx of Ukrainians. Our forecast is based on a return to more normal growth in the labour force, but this is of course very uncertain and could surprise in both directions. From 2027, more recipients of social assistance will be classified as ready for work and therefore counted as registered unemployed. The Ministry of Economy expects this will increase the unemployment rate by 14,000 people, or 0.5% of the labour force, and we have also factored this into our forecast. Hence, this does not reflect a real increase in unemployment.

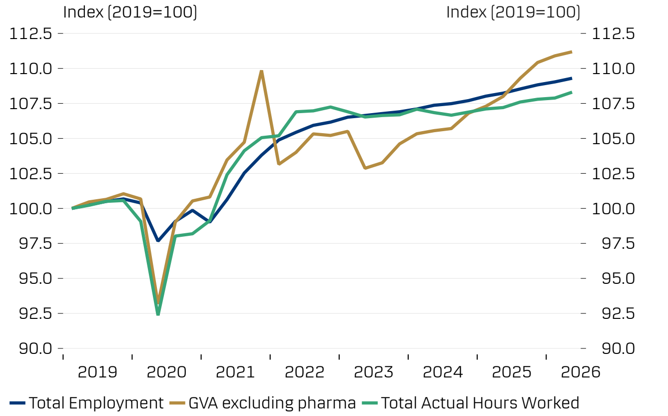
Wages in the private sector rose 3.6% year on year in the second quarter, in line with our forecast. Collective agreements point to slightly slowing wage growth in 2026 and 2027, which we have factored into our forecast. Rising energy prices could, in principle, lead to pressure for larger wage increases in local negotiations, but real wages are still increasing quite strongly, especially this year, and we have not factored in any significant wage drift on that basis.

GDP growth is worth less than before



Terms of trade-adjusted GDP is calculated by adjusting exports for the differences in the development of export and import prices. This provides an idea of what GDP growth actually means in terms of purchasing power.
Source: Danske Bank, Statistics Denmark, Macrobond.

Production growing faster than employment



Source: Statistics Denmark, Macrobond

A greater risk from employers' perspective is probably that the upswing in the economy of Denmark will be stronger than expected, triggering falling unemployment, higher wage increases and thus a deterioration in competitiveness.

Price pressure is spreading very gradually

There were only a couple of months of decidedly low inflation in the first quarter before petrol and diesel prices began to push upwards. The government did not introduce any tax relief, and therefore prices are still around 20% higher than a year ago. This has pushed inflation up by around 0.4 percentage points.

The remainder of the increase from just under 1% at the start of the year to 1.7% inflation in July – and actually more than that – can be attributed to calculation techniques and does not reflect a real price increase. Holiday homes and campsites are always most expensive to rent in the summer, and this year has been no different. However, their weight in the consumer price index has increased very significantly this year, and this is pushing annual inflation up by 0.7 percentage point in July. As the price declines again, especially in September, this effect will gradually disappear from inflation towards the end of the year.

Technical factors push modest inflation higher"

Bjørn Tangaa Sillemann, Chief Analyst

Thus, there does not appear to have been any significant spillover effect from the higher oil prices to other goods and services yet, but a delayed effect can still be expected. Food prices, which probably matter more to people's perception of inflation than the actual measured inflation, have slowed due to the price war in the spring, and food is now pulling inflation down rather than up.

We expect other goods to gradually become more expensive due to higher transport costs, though not to an extent that will significantly affect consumers' purchasing power. We expect inflation to be higher next year, which also follows naturally when the electricity tax no longer pulls down the inflation.

Private consumption remains low

Private consumption declined in the second quarter, dragged down by lower goods consumption and lower consumption of vehicles, while service consumption increased slightly. Despite the decline in the second quarter, annual real growth in the first half of 2026 remained at 2.0%. Car consumption fluctuates significantly from quarter to quarter, but it remains high from a historical perspective and is therefore pushing up overall private consumption.

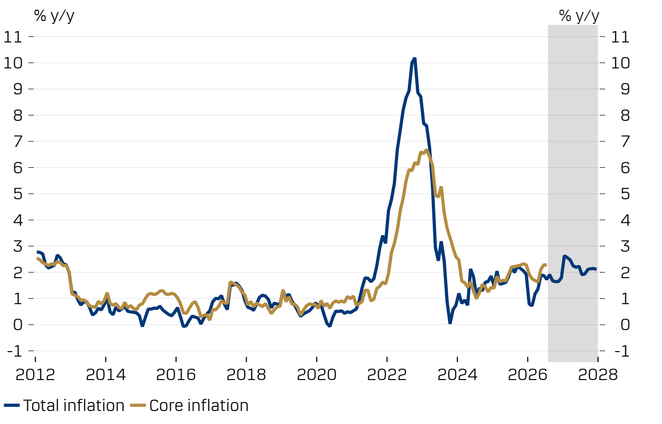
Consumption growth therefore looks quite decent on the surface. However, real incomes are also showing solid progress, and overall consumption is very low relative to household incomes. Therefore, we probably still have a savings rate that is close to record high. Consumer confidence remains very low by historical standards, and there is still good reason to believe that concern is causing consumers to hold back. Danske Bank's monthly figures for card transactions also suggest that households are adjusting to the higher energy prices and that this is helping to limit the effect on other consumption. This applies especially to fuel, where households have reduced consumption measured in quantities in response to the higher prices. This should also be viewed against the backdrop of high car sales, where the addition of new cars to households consists almost exclusively of electric cars.

Despite the prospect of higher interest rates and energy prices, we expect moderate consumption growth in the coming quarters. Real income gains give households more to spend, and the low consumption in the second quarter leaves room for a certain lift. For 2027, we have factored in a slight increase in households' tendency to spend their income rather than save it. If there is a more marked improvement in consumer confidence, however, there is potential for significantly stronger consumption growth due to the very low starting point.

Housing market not quite as hot

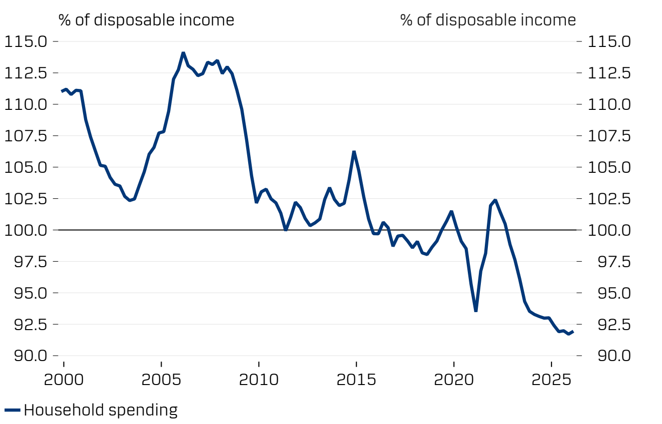
House prices have slowed slightly over the summer, but there is still good momentum. Nationwide, house prices have increased by just under 10% over the past year, and although Copenhagen and the surrounding area are the main drivers of the development, prices have increased significantly in all parts of the country – for example 9% on Funen. The number of transactions has also increased recently, and there is still decent interest in buying houses.

Higher oil prices spread slowly



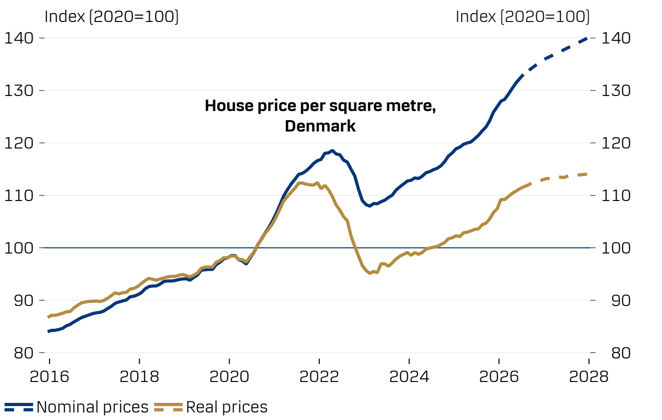
Source: Statistics Denmark, Macrobond, Danske Bank

Consumption is still very low



Four-quarter moving average. Calculated based on net lending adjusted for the holiday allowance payout in 2020 and 2021.
Source: Danske Bank, Statistics Denmark, Macrobond

Continued high, but slightly declining, price increases



Source: Statistics Denmark, Macrobond

There is significant potential for higher consumption growth among cautious consumers"

Asger Wilhelm Dalsjö, Analyst

The apartment market in Copenhagen has cooled more. But this comes after a period of exceptionally strong momentum. There have been fewer transactions, and supply in the market has increased significantly this year. In the wake of this, there has also been a slowdown in price developments. The price of an owner-occupied apartment in the Capital Region has gone from rising by 1-2% per month to closer to ½% over the summer. Discounts have also increased significantly.

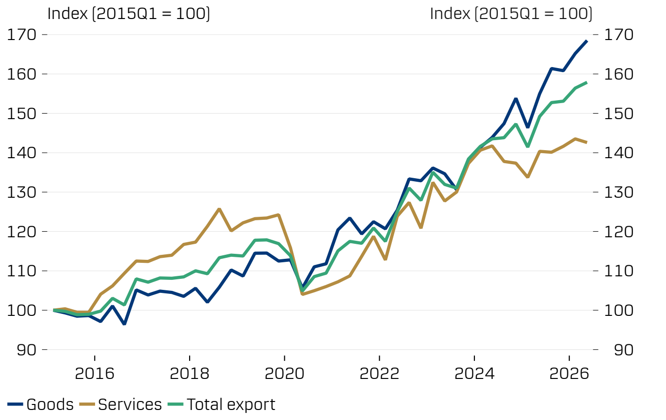
Looking ahead, most things suggest that prices can continue upwards at a decent pace. Real wage growth was almost 2% in the second quarter, and consumer sentiment is improving. However, a slowdown in the apartment market could affect price developments for houses in the capital and in surrounding municipalities, and new property valuations will mean that housing tax will increase in 2027 as a result of the significant price increases in recent years. We believe that the largest price increases are behind us.

Export growth is spreading
Exports remain the overwhelmingly dominant driver of real growth in the Danish economy. In the first half of the year, goods exports measured in quantities increased by just under 11% compared with the same period the previous year. However, the massive volume growth does not say much about value creation and the impact on the Danish economy. Growth has largely been driven by goods produced and sold abroad, and it comes against the background of further declines in export prices. The combination of declining prices for medicine exports and rising prices for oil imports pulled the terms of trade in goods down in the second quarter to its lowest level since 2000. This is also reflected in a goods balance measured in kroner that does not have the same rapid growth as export growth might otherwise indicate.

Although medicine has been the major driver behind exports, production data for the first half of the year shows that several other branches of manufacturing have also gained momentum. This includes machinery and metal production, which should be viewed against the backdrop of European manufacturing also maintaining momentum despite the higher energy prices. Order books in German manufacturing companies have thickened significantly recently, and this may also help keep activity up in Danish manufacturing companies through the forecast period. In addition, wind turbine production appears to have received a decent lift in recent months.

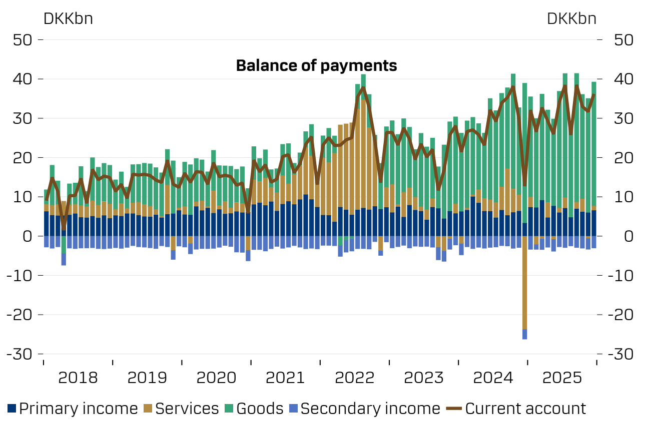
Services exports have not shown the same massive growth rates, but they have nevertheless grown by 4½% in the first half of the year compared with the same period the previous year. Last year, just under half of services exports consisted of sea transport, which has been supported by solid growth in global trade. Traffic jams in the Middle East, capacity shortages and high fuel prices have contributed to pushing freight rates significantly higher recently. This has also been reflected in an upward adjustment of A.P. Møller-Mærsk's expectations for its 2026 accounts, and

Sharp growth in export volumes



Source: Statistics Denmark, Macrobond

High freight rates will support the surplus



Source: Statistics Denmark, Macrobond

we also expect the higher freight rates to be reflected in a larger surplus on the services balance during the forecast period. Novo Nordisk has also upgraded its outlook and now expects a smaller decline in revenue compared with the spring. Both factors point towards a larger current account surplus.

However, this does not change the fact that the sharp increase we have seen in the surplus on goods sold outside Denmark's borders in recent years appears to be coming to an end. The build-up of the defence will also bring in a significant import as the equipment is delivered.

Interest rates set to increase
We expect a further interest rate hike of a quarter of a percentage point from the European Central Bank following the hike in June, and as usual this will be followed by a corresponding hike from Danmarks Nationalbank. Over the past three quarters, there have been extended periods when the krone has been 0.15-0.16% weaker than the central rate, which is normally the limit of what Danmarks Nationalbank will accept, and in June Danmarks Nationalbank purchased DKK 700 million to support it. Against this background, an independent rate hike in Denmark of perhaps 0.1 percentage point certainly cannot be ruled out. The expectation of a European rate hike is already reflected in market interest rates in Denmark and is therefore dampening activity somewhat.

Sweden: Back to normal

- **The Swedish economy has surprised on the upside this summer and conditions are in place for strong growth moving forward. Resource utilisation is already normalising this year and, as the economy gains momentum, the labour market should also improve.**
- **Household purchasing power is strengthening on the back of higher wage growth and temporary tax cuts that are dampening inflation. Housing market activity is high, and credit growth has picked up, signalling that the overall economic policy stance is somewhat expansionary.**
- **Voters go to the polls in September, and opinion surveys point to a change of government, with the Social Democrats taking power. Government formation may take time, suggesting that the temporary tax cuts will gradually expire before the end of the year.**
- **Inflation, although low, has surprised on the upside. Combined with higher global interest rates and higher energy prices, this is expected to prompt the Riksbank to raise rates twice, starting this autumn.**

		Forecast	
	2025	**2026**	**2027**
GDP, calendar adj.	1.6%	2.8% (2.1%)	2.5% (2.4%)
Inflation, CPIF	2.6%	1.4% (1.1%)	2.7% (1.7%)
Unemployment	8.8%	8.6% (8.5%)	7.9% (7.8%)
Policy rate	1.75%	2.00% (2.25%)	2.25% (2.00%)

Parentheses are the old projections (from June 2026).
Source: Statistics Sweden, Sveriges Riksbank, and Danske Bank.

The economic fundamentals are sound. After the strong outcome for the second quarter, resource utilisation in the Swedish economy is now close to normal. Businesses and households have repeatedly demonstrated adaptability and resilience in a turbulent external environment, and they are doing so yet again. So far this year, the labour market has been characterised by a wait-and-see stance, with few redundancy notices, few new vacancies and unchanged unemployment. As economic activity gains further momentum, the labour market is also expected to improve. At the same time, the labour force is set to grow only marginally in the coming years, meaning that fewer new jobs will be needed for unemployment to fall.

In our assessment, the overall economic policy stance is somewhat expansionary. The Riksbank is expected to begin normalising monetary policy with two rate hikes to 2.25%, which would bring the policy rate to the midpoint of the Riksbank's estimate of the neutral level. In a few weeks, voters will cast their ballots. Opinion polls point to a change of government but forming a new one is likely to take time given the positions communicated by the parties ahead of election day.

> *Businesses and households have repeatedly demonstrated adaptability and resilience in a turbulent external environment, and they are doing so yet again."*
>
> *Susanne Spector, Chief Economist Sweden*

Higher inflation in the wake of the war in the Middle East
Higher global price pressures have started to feed into Swedish inflation. The extensive disruptions in the Strait of Hormuz during the spring and summer have pushed up the prices of many important intermediate goods, which is expected to raise goods prices for some time to come. Inflation risks are further reinforced by this summer's heatwave and the El Niño weather phenomenon, which could become the strongest on record. The drought is affecting agricultural output and pushing up energy prices through reduced hydropower, while the need for fertilisers is high. Overall, the risk of higher food prices is significant and is further reinforced by the continued weakening of the krona.

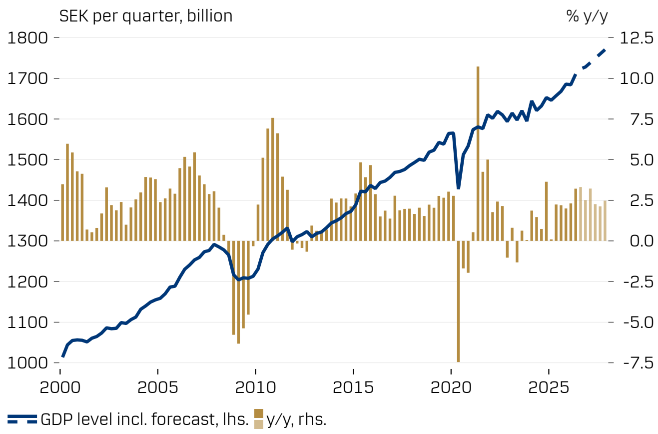
The starting point, however, is favourable, with low food inflation this year and a good harvest last year. Even so, the risks are tilted to the upside, and we assess that the impact on food prices will become noticeable from the fourth quarter of this year. This year's harvest season has not been as good as last year's, and the war between Russia and Ukraine has sharply reduced trade within Europe. High global commodity prices are also affecting broader goods inflation, raising the prices of items such as furniture and clothing, while costly AI development is contributing to higher prices for home electronics, a trend that is expected to continue.

For parts of 2026, inflation outcomes will be clearly affected by temporary fiscal policy measures that make CPIF about 1.5 percentage points lower than it would otherwise have been. CPIF with constant taxes controls for most of these effects and provides a clearer picture of the price pressure and has therefore become increasingly relevant to the Riksbank. The temporary measures will be phased out gradually but will continue to affect inflation in the coming year.

What we are currently seeing globally, where several factors are contributing to higher prices, is no coincidence. Structural changes mean that the risk of recurring disruptions is increasing and, like ripples on water, these lead to higher prices. A more polarised world with greater geopolitical tensions and a higher risk of conflict increases the likelihood of supply disruptions and therefore upward price pressure. Firms' pricing behaviour has changed, and they need to allow for more expensive intermediate goods. Wage levels in Sweden have also been clearly higher in recent years compared with the 2010s, while real wages are at the level seen in 2018.

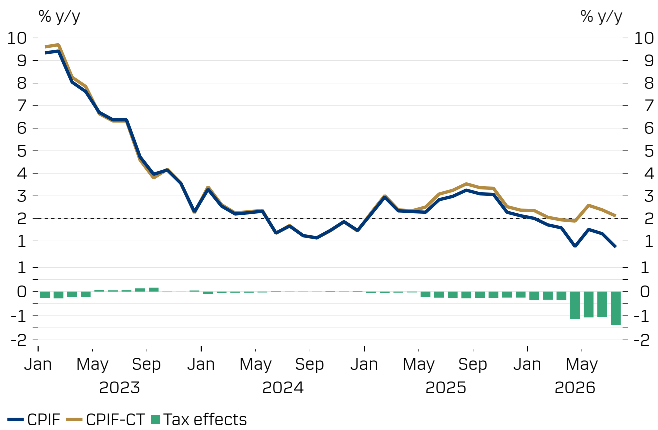
A better assessment of the labour market in Sweden
The labour market picture in Sweden is mixed, but overall, still marked by a wait-and-see stance. So far, 2026 has brought few job advertisements, few redundancy notices and unchanged unemployment in the Swedish Public Employment Service's statistics.

The economic situation is normalizing



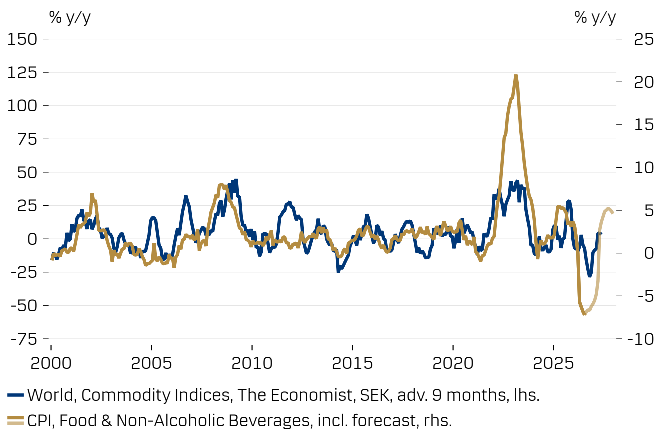
Source: Statistics Sweden, Macrobond and Danske Bank

Clear tax effects on inflation



Source: Statistics Sweden, Macrobond and Danske Bank

Food prices are to rise later this year



Source: The Economist, Statistics Sweden, Macrobond and Danske Bank

As domestic demand strengthens, employment should rise and unemployment continue to fall."

Susanne Spector, Chief Economist Sweden

However, it is unclear how well these figures capture actual demand. Job advertisements at the Swedish Public Employment Service are historically low and differ sharply from vacancies reported to Statistics Sweden, suggesting that more companies may be using other channels of recruitment, a trend that appears to have accelerated in recent years.

Statistics Sweden's vacancy figures point to more normal demand and are higher than the boom year of 2018. Matching has also improved across vacancy measures and labour hoarding is close to 2018 levels. Hiring plans, however, remain well below the 2010s average and point to job growth of just under 1% year-on-year in the coming quarters. Slower population growth may be one explanation. With the working-age population not expected to increase during the forecast period, even moderate employment growth should lower unemployment.

Over the summer, tentative signs of labour market improvement have emerged. Registered unemployment is falling and the Labour Force Surveys showed broad-based gains. The monthly series is volatile, but the outcome challenges the weaker figures from the second quarter. As domestic demand strengthens, employment should rise and unemployment continue to fall. Other indicators also suggest improvement: the share of inactive young people, neither working, studying nor in vocational training, has fallen to 4.7%, one of the lowest NEET readings on record.

Wage growth has risen in 2026 despite low inflation and higher input prices. When new wage agreements are negotiated in spring 2027, we expect settlements broadly in line with this year, keeping wage growth at around 3.5% per year.

Cautiously optimistic households...

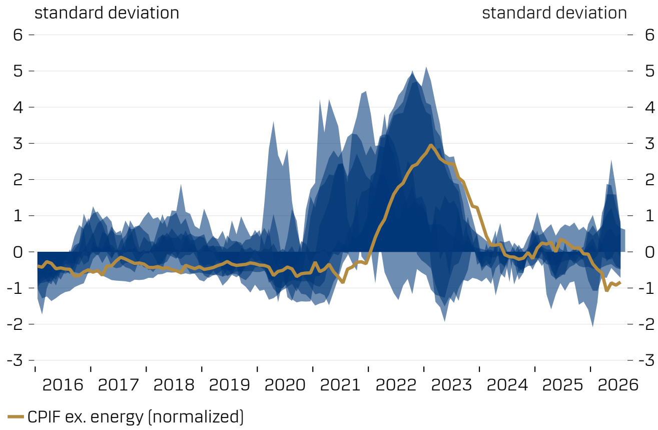
Households have been in focus in recent years and, although consumer confidence remains subdued, signs of improvement are becoming clearer. Temporary tax cuts on food, fuel and public transport lift household purchasing power. Housing market activity is high, consumption is rising, credit growth is gaining momentum, and the savings rate is falling.

House prices have developed broadly as expected this year and we still see them rising by around 5% annually during the forecast period. Risks are balanced. Stronger growth and healthier household finances could lift prices more than forecast, while the Riksbank's coming rate hikes could dampen the increase. However, household interest rate expectations in the Economic Tendency Survey already point to some preparedness for higher rates.

...go to the polls this autumn

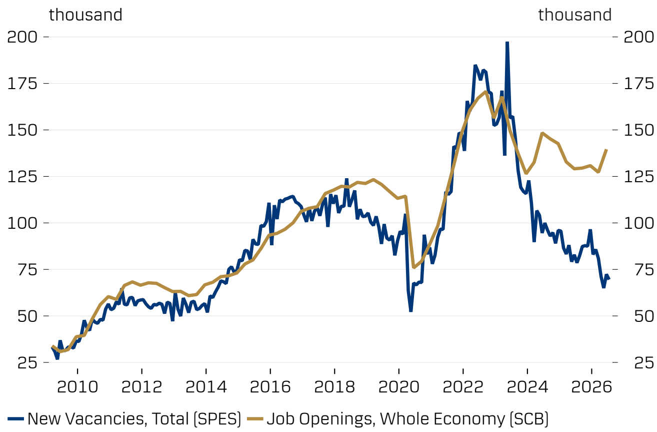
Fiscal policy is clearly expansionary in the 2026 election year. Voters go to the polls in September, and opinion surveys point to a change of government. Still, broad consensus on key issues suggests the main direction of fiscal policy will remain, with

Inflation risks are tilted to the upside



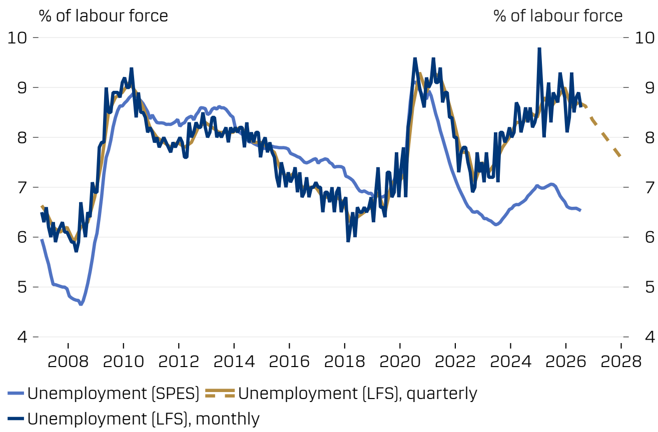
N.B.: The blue area shows inflation indicators standardized to a mean of zero. The indicators are commodity indices, companies' price plans, PMI, PPI, the Global Supply Chain Pressure Index and foreign inflation.
Source: The Economist, Eurostat, Silf/Swedbank, SCB, NIER, Federal Reserve Bank of New York, U.S. Bureau of Labor Statistics, Macrobond and Danske Bank

Unusually big difference between data sources



Source: Statistics Sweden, Swedish Public Employment Service, Macrobond and Danske Bank

Unemployment remained unchanged in the first half of the year



Source: Statistics Sweden, Swedish Public Employment Service, Macrobond and Danske Bank

"Voters go to the polls in September, and opinion surveys point to a change of government. Still, broad consensus on key issues suggests the main direction of fiscal policy will remain, with continued investment in defence and infrastructure."

Susanne Spector, Chief Economist Sweden

continued investment in defence and infrastructure. As the opposition parties are divided on government formation, it may take time, which increases the likelihood that the temporary tax cuts on fuel and public transport will expire as announced this autumn and winter. Fiscal policy is expected to stay expansionary next year but with fewer unfunded reforms.

The GDP gap closes

GDP is now close to its long-term trend and potential GDP. Resource utilisation indicators continue to suggest that spare capacity remains in some areas, but developments are unusually uneven, both within and across sectors.

This mixed picture may indicate that the shocks that have hit the economy in recent years mean traditional business cycle analysis is becoming a less reliable benchmark for the overall economic situation. There is also reason to suspect that the level of potential GDP has fallen compared with the years prior to the pandemic. Households are facing a new interest rate environment, and lower population growth is affecting, among other things, the outlook for residential construction.

Overall, we expect the GDP gap to close during the autumn and the Swedish economy to be in a normal cyclical position for most of the forecast period.

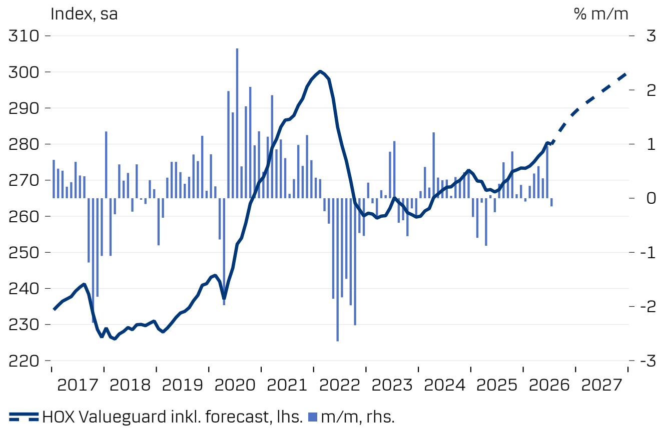
The Riksbank takes it slowly

Although inflationary pressure, adjusted for tax effects, is rising and recent monthly outcomes point to high inflation, the Riksbank has so far adopted a wait-and-see stance. This is despite the ECB raising rates in June and appearing likely to raise them once more, to 2.5%.

In that case, the interest rate differential between the ECB and the Riksbank will be 75 basis points, which is large by historical standards. Markets continue to price in rate hikes from the Riksbank as well, and without actual hikes the krona will come under pressure. The Riksbank is also pursuing relatively expansionary monetary policy compared with other countries, based on central banks' own estimates of the neutral policy rate, r*.

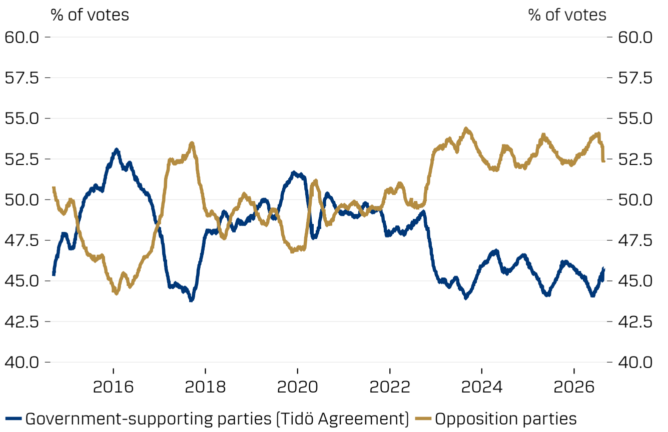
Our assessment remains that the Riksbank's next move will be a rate hike this autumn, followed by another hike this winter. As the business cycle normalises, it is reasonable to expect the policy rate to do the same. In the near term, the risks are tilted to the downside, meaning that the first increase may be delayed. Further ahead, however, the risks are tilted to the upside: if the first hike is delayed, the Riksbank may need to enact larger increases at a later stage.

Home prices are rising



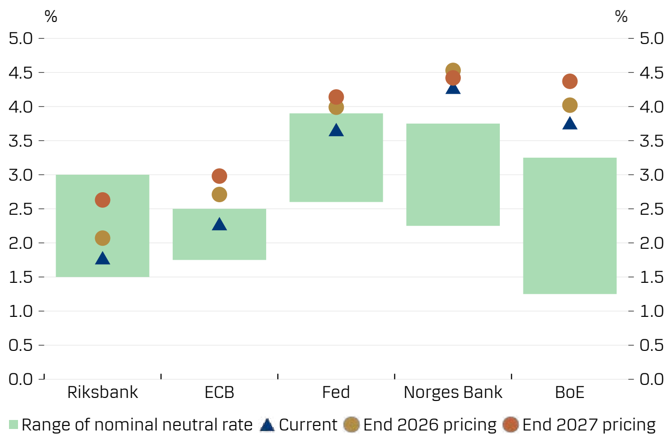
Source: HOX Valueguard, Macrobond and Danske Bank

Opinion polls point to a change of government



Source: pollofpolls.se, Macrobond and Danske Bank

The Riksbank is pursuing relatively more expansionary policy



Source: Danske Bank

Weaker growth

- **Rates are biting**
- **Slightly higher unemployent**
- **Inflation lower over the summer**
- **Norges Bank close or at peak**
- **The exhange rate moves alongside energy prices**

		Forecast	
	2025	**2026**	**2027**
GDP Growth	1.7%	1.0% (1.0%)	1.7% (1.5%)
Inflation	3.0%	3.0% (3.1%)	2.3% (2.1%)
Unemployment	2.1%	2.3% (2.3%)	2.4% (2.4%)
Policy rate*	4.00%	4.50% (4.50%)	3.75% (3.50%)

Parentheses are the old projections (from June 2026)
**End of period*
Source: Danske Bank, Statistics Norway,
Norwegian Labour and Welfare Organization (NAV), Norges Bank

Growth in the Norwegian economy continues to slow, partly as a result of a tighter monetary policy and partly due to geopolitical uncertainty. This uncertainty remains high, and the analyses in this report are based on the assumption that energy prices will fall in line with future oil and gas prices at the time of publication.

Mainland GDP rose by 0.3% in Q2, which was fully in line with the assumptions from our previous report. The details were perhaps a bit on the downside, as both private consumption and business investment disappointed, while public demand and mainland exports surprised positively. Hence it appears that rate-sensitive sectors are being hit, while "exogenous factors" are keeping the economy afloat. The only exception was housing investment, which was slightly higher than expected. Also note that productivity growth slowed from 0.5% to 0.2% y/y, which is both a short-term problem because it implies that unit labour cost growth is increasing (inflationary), and a long-term problem because it indicates that trend growth is slowing.

"

Mild stagflation"

Frank Jullum, Chief Economist Norway

In terms of leading indicators, the monthly member survey from the Norwegian Confederation of Employers (NHO) has become the most important contributor. Members' assessment of the market situation has improved over the summer in line with the de-escalation of the conflict in the Middle East, but we have not received new figures after the latest rise in energy prices. The net figure (good minus bad) has risen from -5 in May to 0 in August, the highest level since January but still points to moderate growth. The market outlook for the next six months has also risen somewhat but is still at -10, indicating a further slowdown in growth.

We are still uncertain how the change in the interest rate outlook will affect the rate-sensitive parts of the economy, which, as mentioned above, disappointed in Q2. Lower real wage growth and higher innterest rates will dampen growth in private consumption, and higher rates appear to dampen sales of new homes, so that housing investment is likely to remain low. In addition, business investment has developed weaker than expected so far this year, which may be due to the effect of higher rates (required rate of return), but it may of course be due to more uncertain prospects and uncertainty about the political framework both globally and domestically in several industries. Continued strong activity in parts of the construction industry, as a result of infrastructure projects under public administration as well as higher investments in the energy sector and data storage, nuances the picture somewhat.

Since the previous report, there has apparently been an upturn in the global economy, which may explain the recovery in mainland export growth in Q2. Higher energy prices and higher interest rates mean that global financial conditions are tightening, so we are uncertain about how resilient this upturn is. On the other hand, there is no sign of a slowdown in the investment cycle within AI, which is keeping both growth and inflation elevated.

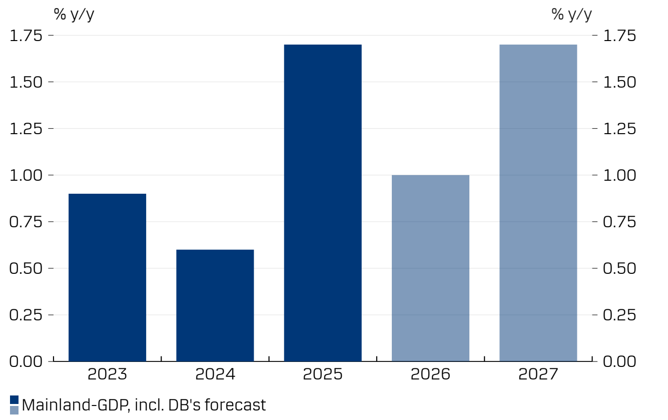
We have not made any changes to our projections for oil investment in 2026 and 2027 since the previous report, partly because the large fluctuations in energy prices illustrate how uncertain the outlook is, and partly because breakeven prices for oil companies are anyway much lower than the future prices for oil and gas. There were also small changes in the investment survey for Q2. However, we see that the global energy and security situation is changing attitudes towards the long-term outlook (towards 2040).

We have not made any changes to our estimate for growth this year of 1.0%, but have adjusted the estimate for next year upwards from 1.5% to 1.7%. That said, the risk of more rate hikes has decreased as inflation has slowed over the summer. Should this turn out to imply that the inflation trend has slowed, and is not just random monthly fluctuations, it could mean that interest rate developments will be more favorable than we currently assume. In that case, economic growth could pick up more than we expect from the end of the year and into 2027.

Labour market marginally weaker

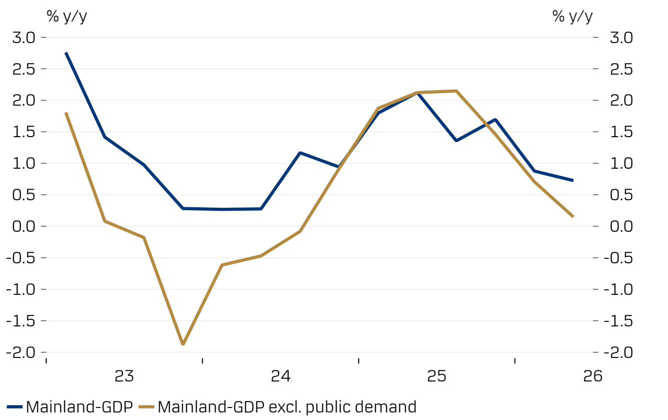
Labor markets look somewhat weaker over the summer. The unemployment rate from NAV has jumped up to 2.1% again in July.

Growth will pick up next year



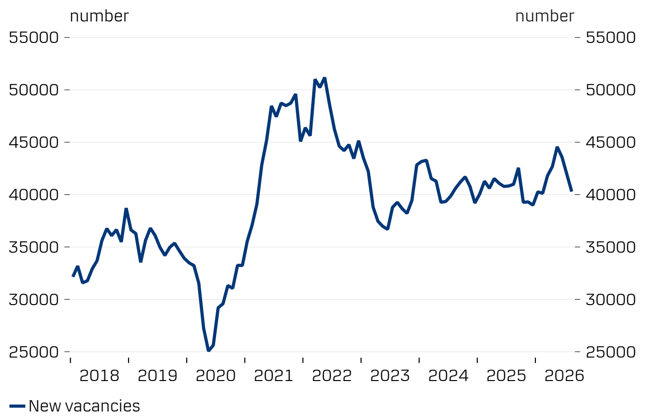
Sources: Macrobond and Danske Bank

Public demand supports growth



Sources: Macrobond and Danske Bank

Number of vacancies coming down



Sources: Macrobond and Danske Bank

The number of gross unemployed people has increased every month so far this year, and the increase seems to be accelerating. Employment growth picked up somewhat in Q2, but this was due to productivity growth slowing down and is unlikely to signal a positive turnaround if our growth projections are correct. The fact that unemployment remains low is because growth in labour

> *Norges Bank determined to fight inflation"*
>
> *Frank Jullum, Chief Economist Norway*

supply has also slowed. The number of new vacancies registered by NAV has also fallen over the past three months after rising before the summer. In addition, the regional survey showed that fewer and fewer companies reports labour shortage, and the share fell from 21% to 18% in Q2, the lowest since the pandemic. The service sector in particular contributed to this. The expectations survey from Norges Bank for Q3 showed that CEOs now expect lower employment growth going forward.

We have maintained our estimates for registered unemployment of 2.3% in 2026 and 2.4% in 2027. Signs of a somewhat weaker labour market over the summer have increased the risk that unemployment will increase more than we expect, but on the other hand, the upside risk for interest rates has become somewhat lower, which will also reduce the downside risk for the economy.

Surprising fall in inflation

Inflation fell surprisingly much in June and July, and core inflation came in at 2.7%, the lowest since October 2024. It was particularly the prices of food and electronics that pulled down price growth in June and July, but several goods and services such as furniture, hotels/restaurants and insurance also contributed to the downside.

The fall in food inflation is something we have been calling for for a long time, given that global commodity prices have fallen, the exchange rate has strengthened and the agricultural settlement was less favorable than last year. Hence, we believe that there is more to go for these prices going forward, even though they may fluctuate somewhat on a monthly basis. The prices of electronic goods, including ICT equipment, are more difficult to predict. Firstly, they fluctuate greatly from month to month, and there is also an upward price trend as a result of strong global demand for memory chips, etc. Once again, rents have increased less than expected given the strong growth in market-based rents towards the end of last year and into Q2. There are usually some delays in the pass-through of the CPI, so we see some upside risk for rents over the course of the year. The most striking thing about the inflation figures is probably that there are no signs of second-round effects from higher energy prices.

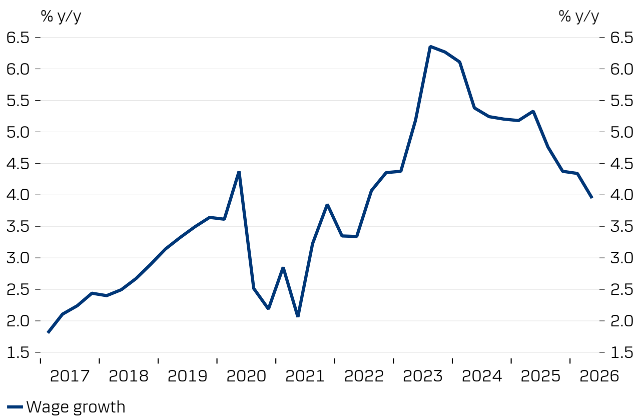
The expectations survey from Norges Bank showed that respondents' (economists and labour organizations) expectations for inflation in 12 months fell from 3.3% to 3.0%, and from 2.9% to 2.7% in 2 years. On the other hand, price expectations increased among CEOs, and according to Norges Bank, it is this group's expectations that have had the strongest effect on actual inflation. On the other hand, all groups of respondents now have lower wage estimates for both 2026 and 2027 than Norges Bank expected in its monetary policy report in June. Overall, the expectations survey thus indicates that wage and price expectations are slightly on a downward trend.

We have adjusted the estimate for core inflation this year down from 3.2% to 3.0%, while for next year we still expect core inflation to end at 2.4%.

Surprising drop in inflation

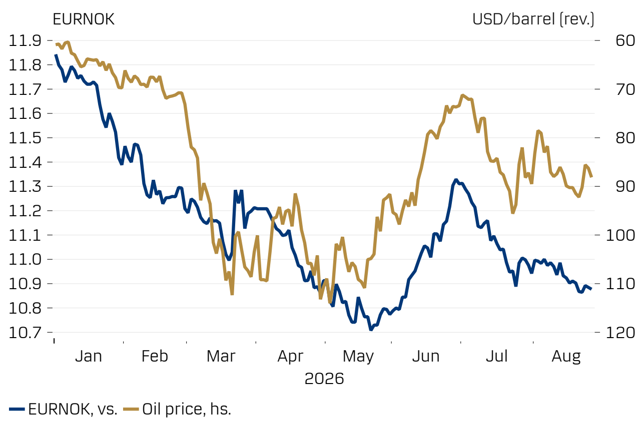
Sources: Macrobond and Danske Bank

Wage growth is slowing



Sources: Macrobond and Danske Bank

The NOK has been driven by energy prices



Sources: Macrobond and Danske Bank

The wage negotiations ended as expected with central pay raises that are expected to give a wage growth of 4.4% when adding overhang into 2026 and expected wage slippage through the year. What we have seen in recent years is a tendency for the final wage growth to be somewhat higher than what the central settlements have indicated, which is primarily due to the wage drift being higher than assumed. A continued tight labour market is pulling in the direction of higher wage drift this year as well, while somewhat lower profitability in the business sector is pulling in the opposite direction. In particular, we see that the wage share in the manufacturing sector, which sets the framework for the central negotiations, is now closer to the historical average, which may mean that the period of extraordinarily high wage growth is behind us. In addition, overall productivity growth has slowed further, which also limits the possibility of high wage growth in the future.

The actual wage figures for Q2 also showed that the ongoing wage growth slowed to 3.9% y/y, i.e. significantly lower than the framework from the wage settlement indicated. This may be due to wage drift being lower than expected and/or that wage growth outside the collective bargaining areas is lower than within. But it may also be due to accrual effects, i.e. that a larger part of the wage agreements than usual are paid in Q3 instead of in Q2. We have kept our wage estimate for this year at 4.4%, but currently see the risk clearly on the downside. For next year, we still expect 3.7% wage growth, driven by higher unemployment, lower price growth and lower growth in productivity.

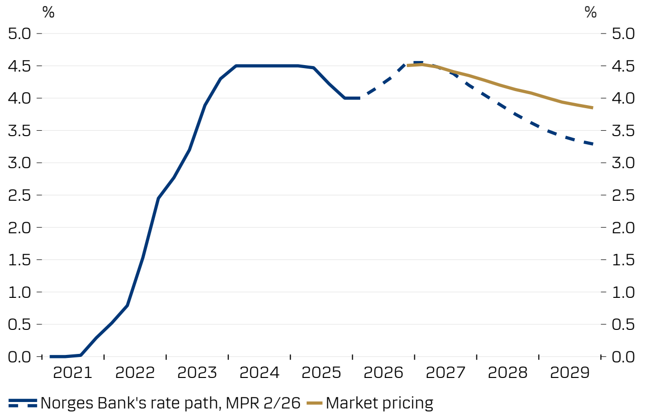
The exhange rate determined by energy prices
The import-weighted exchange rate has fluctuated a lot since the previous report, but is now almost back to the level from before the summer break. The most important reason for the fluctuations in the NOK is of course volatile oil and gas prices, while lower interest rate differentials towards the trading partners pull in the direction of a weaker krone, while a weaker US dollar pulls in the opposite direction.

As mentioned, this report assumes that oil and gas prices will decline approximately in line with future prices during the forecast period. It is natural to assume that this will contribute to a general weakening of the exchange rate throughout the year and into next year. In addition, we believe that a tighter monetary policy will result in weaker growth and higher unemployment. Higher interest rates to curb inflation when the economy weakens is unlikely to have lasting positive effects on the exchange rate. In addition, the economy faces a cost challenge as wage growth is significantly higher than productivity growth, which makes it more expensive to produce in Norway and puts downward pressure on the krone. Unless export prices, including energy prices, remain high, this will weaken the krone.

There are several risk factors to our view of a weaker exchange rate. Energy prices may remain high, the economy may tolerate higher rates better than we expect and the dollar may weaken. There may also have been a structural shift in the global capital markets, where energy investors are seeking opportunities outside the Middle East. In that case, we may see an increased capital flow into Norway, as we saw in the years from 2001-14, which will help to keep the exchange rate at these levels, or even stronger.

Norges Bank in doubt
Norges Bank kept the policy rate unchanged at 4.25% at the MPC-meetings in both May and August, but the signals about the further interest rate development became significantly less aggressive. While the rate committee in June stated that it would

Market expectations well above Norges Bank



Sources: Macrobond and Danske Bank

probably be necessary to raise the interest rate at one of the next meetings, and indicated that it envisaged 1-2 more rate hikes, the tone in August changed to that it may be necessary to raise the policy rate further. This change is of course related to the fact that inflation surprised significantly on the downside in both June and July. However, as it is still not certain whether this is monthly volatility or whether it signals a lower trend inflation, Norges Bank chose to maintain the signals about a possible tightening.

Thus, it is likely that the inflation figures for August will be decisive for whether Norges Bank delivers a rate hike at its meeting in September. We believe that core inflation will rise to 3.1% in August, with the risk tilted to the upside. In that case, it will be marginally lower than Norges Bank's estimate of 3.3%, and we therefore believe they will hike by 25 bp. to 4.5% in September, but indicating that the peak has now been reached. At the same time, we believe that gradually lower energy prices and lower capacity development in the Norwegian economy will help to curb inflation so that Norges Bank can cut the policy rate three times next year and twice in 2028, so that the policy rate levels out at 3.25% at the end of 2028.

However, we emphasize that there is great uncertainty, and that it is a close call whether they hike or not in September. Should inflation be lower than we expect, or other factors such as the growth outlook (Regional survey) are clearly weaker than expected, Norges Bank will probably keep the policy rate unchanged in September as well. In that case, they will settle for two rate cuts next year.

The Finnish economy delivered a growth surprise

- **Finland's economic growth has been considerably faster than expected during the first half of the year. The economy grew by 1.4% in January-June compared with the same period last year. We are raising our GDP growth forecast for 2026 to 1.8% [+1.1%] and our forecast for 2027 to 1.4% [+0.8%].**
- **Private consumption has returned to growth during the early part of the year, driven by improved purchasing power among wage earners and a lower savings rate.**
- **Higher energy prices and interest rates are accelerating inflation. Inflation will peak at 3.8% around the turn of the year, but average inflation in 2026 and 2027 will remain at around 2%.**
- **Growth is broad-based across the Finnish corporate sector. Business confidence indicators are above their long-term averages in all main sectors except services. The Finnish export industry is benefiting from the global investment cycle and order books in the export industry have developed strongly during the first half of the year.**
- **The labour market has not yet joined the economic turnaround, and the unemployment rate has remained very high. We expect unemployment to start declining moderately in the final quarter this year.**
- **The decline in housing prices has moderated, but transaction volumes have started falling again during the first half of the year. We expect a cautious recovery in the housing market next year, but we see no signs of a recovery in residential construction during the forecast period.**

	2025	Forecast 2026	2027
GDP Growth	0.8%	1.8% (1.1%)	1.4% (0.8%)
Inflation	0.3%	2.0% (1.9%)	2.1% (1.8%)
Unemployment	9.7%	10.5% (10.5%)	9.9% (10.1%)
Deposit rate*	2.00%	2.50% (2.50%)	2.50% (2.00%)

Figures in parentheses are the old projections (from June 2026)
**End of period*
Source: Danske Bank, Statistics Finland, ECB

The Finnish economy has grown at a strong pace during the first half of the year. Gross domestic product grew by 0.8% in the first and by 0.4% in the second quarter compared with the previous quarter. The growth pace has been faster than we expected, and we are significantly raising our growth forecast for this year and next year. There are two main reasons for the growth surprise: the impact of the Iran war on Finland's economic growth has been smaller than anticipated, and private consumption has increased.

We maintain our view that the rise in energy prices and interest rates caused by the Iran war will moderate the pace of economic growth during the rest of this year and next year. Our expectations for energy price development are based on futures market pricing. Escalation in the Middle East could raise energy prices and slow economic growth both globally and in Finland. Private consumption, in turn, still has significant growth potential. We expect only a moderate recovery in the labour market during the forecast period, but if employment develops better than

"The turnaround in private consumption growth is explained by the strengthening of wage earners' purchasing power, and the turnaround could gain significant momentum as employment improves."

Kaisa Kivipelto, Private Economist

expected, private consumption may also grow faster than our forecast. Overall, we assess that the upside and downside risks to our forecast are balanced.

Private consumption is growing despite uncertainty

Private consumption has returned to growth in the first half of this year despite weaker employment and higher energy prices. Households have mostly increased their consumption of services. Increased demand is supported in particular by higher average earnings for wage earners, but also by income tax cuts that came into effect at the beginning of the year. We expect wage earners' purchasing power to strengthen further next year despite the price pressures. In addition, the savings rate has declined, meaning that propensity to consume has recovered.

At the same time, cuts to social security and index freezes are reflected in weaker purchasing power among the lowest income groups. Consumer confidence indicators broken down by income quartile show how the differences between consumers in the lowest income quartile and other income groups have widened to historically high levels.

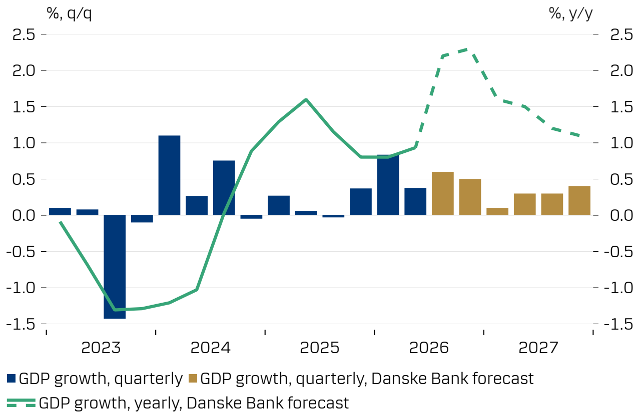
During the summer, confidence among all consumers in both their own economic outlook and Finland's economic outlook strengthened. Going forward, employment developments will be a particularly important driver for private consumption. Rising earnings will continue to increase the wage sum this year and next year. If employment grows more than expected, wage sum growth would also accelerate further, and consumers who find jobs may be able to increase their consumption. Higher employment could also strengthen household confidence and encourage larger purchase decisions, such as buying a home or a car.

The labour market is recovering slowly

The economic upturn has not yet reached the labour market. The unemployment rate trend remained at 10.5% in the summer, and the employment rate has fallen to 75.2%. Job vacancies have also remained at a very low level. Among sectors, an improvement has been seen in construction, where job vacancies have risen to the 2024 level, boosted by the data centre boom.

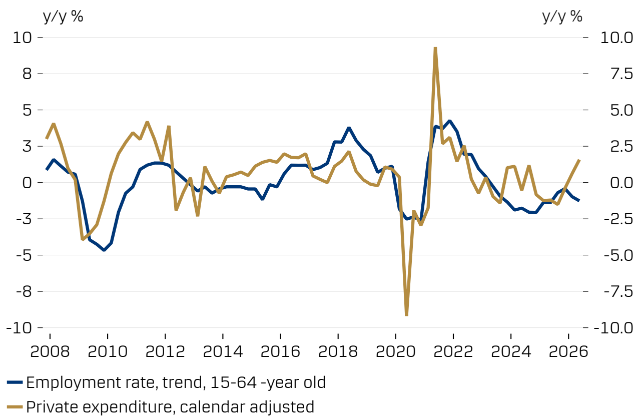
Traditionally, the labour market cycle lags the production cycle by about a year. Companies wait for signs that growing demand is stabilizing before making recruitment decisions. Before this, labour is sourced by recalling furloughed employees or using temporary agency work. The number of furloughed employees has in fact declined during the first half of the year, and we expect this to signal a positive turnaround in the labour market during the rest of the year. However, we forecast only a moderate improvement in the unemployment rate and expect it to still average 9.9% in 2027.

Growth will gradually moderate towards next year



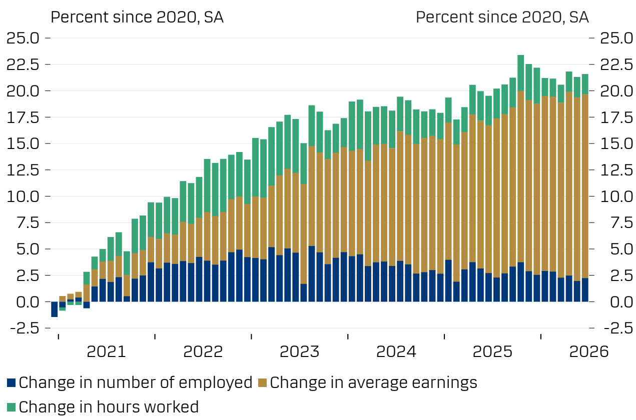
Source: Macrobond, Statistics Finland, Danske Bank

A recovery in employment would boost private consumption significantly



Source: Macrobond, Statistics Finland

Growth in hours worked and employment would further support growth in the wage sum



Source: Macrobond, Statistics Finland

Finnish companies are growing across industries. Manufacturing order books give reason to believe that growth will continue."

Olavi Kaskisaari, Economist

Growth is broad-based across the private sector
Companies in Finland have broadly benefited from economic growth. Business confidence indicators were at or above their long-term averages in every in July. Growth in private consumption is visible in retail, where sales volumes grew by 3.3% in January-June compared with a year earlier.

The industrial cycle is being driven especially by the global investment cycle. Investments in data centres, the defence industry and energy infrastructure are fuelling demand for capital goods, and the cycle in Finland's export industry has improved steadily since 2024. The outlook for next year is also positive. New industrial orders have grown during the first half of the year, driven especially by the strong momentum in the metal industry. The three-month moving average of new orders in the metal industry exceeded the 2022 peak level during the summer.

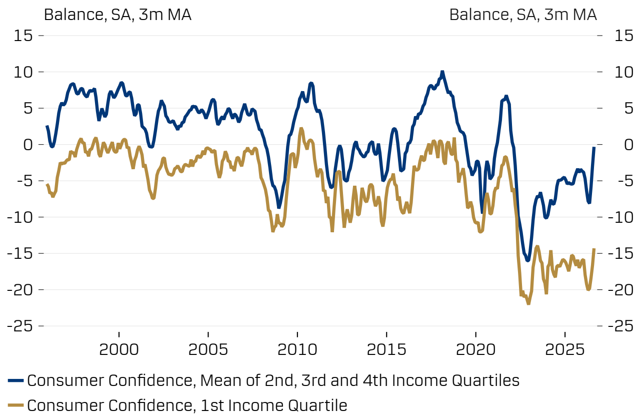
Developments in the construction sector are twofold. The number of new building permits for residential construction remains at a very low level, indicating that residential construction will remain subdued throughout the forecast period. However, the weak situation in residential construction is being offset by data centre construction. Measured in cubic meters, building permits for transport and communications technology have clearly exceeded the number of residential building permits during the first half of the year, and they now account for a quarter of new building permits.

Despite the weakness in residential construction, private investment has been growing clearly since 2025. Public investment in Finland, in turn, rose sharply in the first quarter of the year when Statistics Finland began recording the F-35 fighter jet procurement in the national accounts. Our understanding is that the procurement will ultimately be recorded as both imports and public investment, in which case its impact on gross domestic product will sum to zero.

Exports and imports will grow clearly during the forecast period
The improvement in the industrial cycle and the pick-up in private consumption are boosting Finland's foreign trade. Finland's exports grew by 6.4% in the first half of the year compared with a year earlier, although the figure is inflated by a one-off cruise ship delivery in June. We expect the strong development in industrial order books to signal export growth throughout our forecast period.

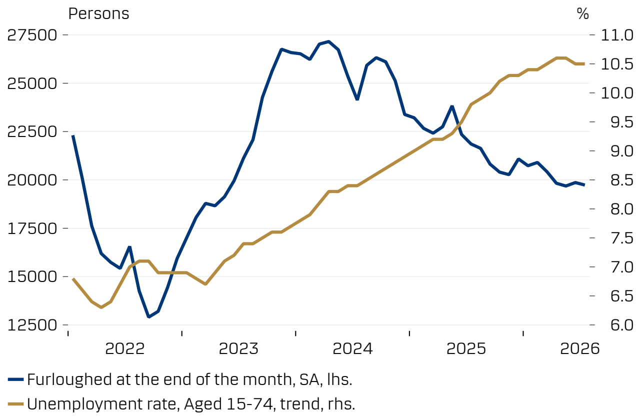
The improvement in the economic cycle will also increase imports, as part of the growing household consumption will channel to imported products. In addition, imports related to data centre construction, such as microchips, are clearly increasing. We forecast that the growth contribution from net exports will remain moderately positive during the rest of the year and throughout 2027.

The lowest income quartile consumer confidence historically low compared to higher income groups



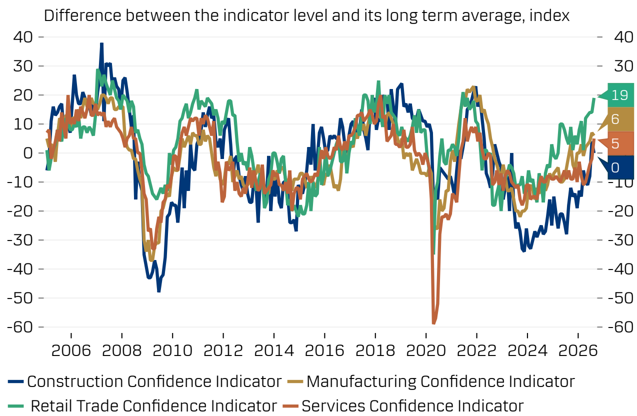
Source: Macrobond, European Commission (DG ECFIN)

Furloughs continue to decline as unemployment has stabilized over the summer



Source: Macrobond, Statistics Finland

Business confidence continues to improve in all sectors



Source: Macrobond, Confederation of Finnish Industries

Housing market indicators have recovered from the spring dip
The weak tone in the housing market continues. Housing transactions and new housing loans recovered in late 2025, but uncertainty caused by the Iran war and higher interest rates have delayed the housing market turnaround. The number of housing transactions has been declining during the current year.

However, the impact of the Iran war on home-buying intentions among people in Finland appears to be temporary. In the consumer confidence survey, households' intentions to buy a home and take out a loan during the next year had returned close to the 2025 average in August after the spring dip. Prices of existing homes remain slightly below the level seen around the turn of the year, but the pace of the decline appears to be moderating.

Together with the improving consumer confidence, we see this as a cautious sign of the housing market moving towards a recovery. Even so, our forecast for housing market price development is cautious. We estimate that prices will settle this year on average at a level 2.7% lower than last year and rise by 1.3% next year.

Inflation is accelerating, driven by higher interest rates and energy prices
The recovery in housing transactions is also being held back by higher interest rates. Euribor rates have risen by about 0.2 percentage points during the summer and the 12-month Euribor is at 3% at the time of writing. Money market pricing predicts two more rate hikes from the European Central Bank, but our forecast is more moderate. We expect the ECB to raise its policy rate for the final time in September, bringing the policy rate to 2.5%, where it will remain next year. We therefore expect the rise in the 12-month Euribor to level off during the rest of the year and ultimately settle slightly below the 3% level.

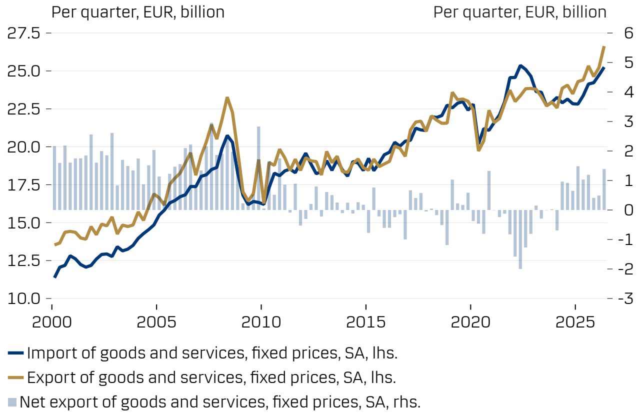
Higher interest rates increase interest expenses on housing loans in Finland. Together with higher energy prices, this will modestly accelerate inflation in Finland during the forecast period. On the other hand, moderate developments in housing prices and rents will have the opposite effect.

Realised inflation has so far been very close to our previous forecast, and we are raising it only slightly. We now expect consumer prices to rise by 2.0% during the current year and by 2.1% during 2027. At the same time, we expect wage earners' earnings to increase by 3.6% this year and by 3.3% in 2027, clearly more than the rate of inflation.

Economic growth will not halt the rise in the debt ratio
Stronger economic growth will not be enough to ease the state of Finland's public finances. The government's budget proposal for 2027 shows a deficit of EUR 12.4 billion. In our forecast, we assume that the government's budget proposal will largely be implemented. In addition to the existing deficit, public expenditure will face upward pressure in the coming years due to costs related to ageing population and defence investments.

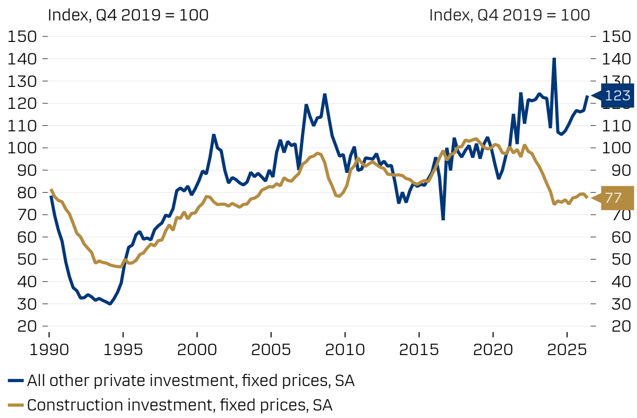
According to the Ministry of Finance's assessment, the incoming government will face the need for net adjustments of about EUR 8-11 billion to stabilise Finland's debt ratio. Faster-than-expected economic growth would make it easier to stabilise Finland's debt ratio, but it would not remove the need for adjustment. We expect Finland's public sector debt ratio to rise to 91.0% next year.

Finnish net exports have been positive for two years



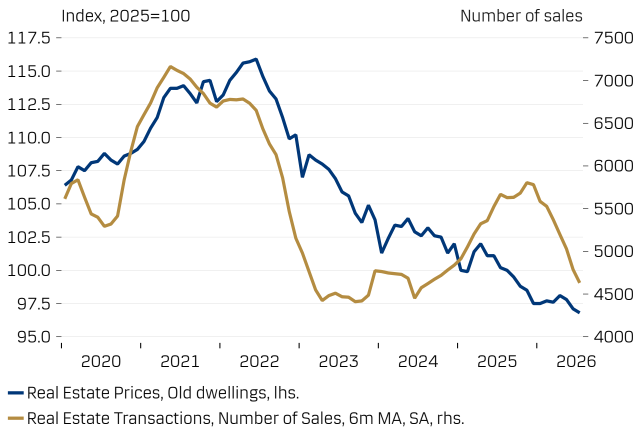
Source: Macrobond, Statistics Finland

Investments grow outside of the construction sector



Source: Macrobond, Statistics Finland

Housing prices move sideways in 2026 as transactions slump again



Source: Macrobond, Statistics Finland

Forecast tables

Macro forecasts - Denmark

			Forecast	
	2025	2025	2026	2027
National Accounts	**DKK bn (Current prices)**	**y/y**	**y/y**	**y/y**
Private consumption	1297.4	2.2%	1.9%	2.1%
Government consumption	717.0	2.1%	1.0%	4.0%
Gross fixed investment	716.0	-3.8%	-1.1%	2.9%
- Business investment	492.9	-5.6%	-1.0%	1.1%
- Housing investment	118.9	-6.3%	-6.0%	4.3%
- Government investment	104.2	9.6%	4.4%	9.5%
Growth contribution from inventories		-0.2%	0.8%	0.0%
Exports	2158.2	3.5%	6.5%	4.2%
- Goods exports	1287.7	6.3%	8.6%	5.2%
- Service exports	870.5	-0.3%	3.5%	2.6%
Imports	1820.3	-1.2%	1.8%	3.4%
- Goods imports	988.4	2.2%	1.5%	3.7%
- Service imports	832.0	-5.0%	2.3%	3.1%
GDP	3118.5	3.5%	4.0%	3.0%
Economic indicators				
Current account, DKK bn		390.6	365.0	360.0
- Share of GDP		12.5%	11.4%	10.9%
General government balance, DKK bn		88.5	40.0	10.0
- Share of GDP		2.8%	1.3%	0.3%
General government debt, DKK bn		848.6	830.0	860.0
- Share of GDP		27.2%	26.0%	25.9%
Employment**		3244.9	3274.7	3302.7
Gross unemployment**		87.7	93.9	109.6
- Share of total work force		2.9%	3.1%	3.5%
House prices, y/y		6.0%	8.5%	4.5%
Private sector wage level, y/y		3.8%	3.5%	3.3%
Consumer prices, y/y		1.9%	1.5%	2.2%
Financial figures				
Lending Rate*		1.75%	2.25%	2.25%
Certificates of deposit Rate*		1.60%	2.10%	2.10%

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

Forecast tables

Macro forecasts - Sweden

	2025	2025	Forecast 2026	2027
National Accounts	**SEK bn (Current prices)**	**y/y**	**y/y**	**y/y**
Private consumption	3057.6	2.1%	2.7%	2.9%
Government consumption	1735.3	1.6%	1.3%	1.4%
Gross fixed investment	1656.8	2.1%	4.0%	2.6%
Excl. residential investments	1450.9	2.8%	4.3%	2.4%
Residential investments	205.9	-2.5%	2.2%	4.1%
Growth contribution from inventories		0.3%	-0.2%	0.0%
Exports	3519.0	4.1%	4.3%	3.3%
Exports of goods	2310.4	3.4%	2.4%	2.9%
Exports of services	1208.7	5.6%	7.9%	4.0%
Imports	3342.5	5.0%	3.7%	3.2%
Contribution from net exports	176.5	-0.3%	0.4%	0.1%
Domestic demand	6475.6	2.2%	2.5%	2.4%
Aggregate demand	9977.7	2.9%	3.1%	2.7%
GDP	6657.2	1.4%	3.0%	2.7%
GDP, calendar adjusted		1.6%	2.8%	2.5%
Economic indicators				
Employment (LFS)		0.4%	0.7%	1.2%
Unemployment (LFS), % of labour force		8.8%	8.6%	7.9%
Wages (NMO)		3.6%	3.5%	3.5%
Home prices (HOX)		1.1%	3.9%	5.1%
Inflation, y/y				
CPIF		2.6%	1.4%	2.7%
CPIF excl. energy		2.8%	0.9%	2.6%
CPI		0.7%	0.8%	3.2%
Public debt ratio, % of GDP		34.6%	36.2%	37.5%
Financial figures				
Riksbank policy rate*		1.75%	2.00%	2.25%

End of period.
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

	2025	2025	Forecast 2026	2027
National Accounts	**NOK bn (Current prices)**	**y/y**	**y/y**	**y/y**
Private consumption	2340.6	2.6%	1.0%	3.0%
Government consumption	1255.0	2.4%	2.3%	1.8%
Gross fixed investment	1284.4	0.8%	1.5%	1.5%
Petroleum activities	281.4	7.2%	-2.0%	-3.0%
Mainland Norway	1000.2	-0.2%	3.0%	3.5%
Dwellings	208.7	-3.6%	1.2%	5.5%
Enterprises	504.9	2.7%	2.5%	4.0%
General government	286.5	-2.5%	-1.5%	4.6%
Exports	2511.8	2.7%	1.5%	2.0%
Traditional goods	721.9	6.1%	3.0%	3.7%
Imports	1861.4	2.6%	1.4%	1.8%
Traditional goods	1082.4	3.3%	2.3%	2.0%
GDP	5511.3	1.1%	0.9%	1.0%
GDP Mainland Norway	4397.7	1.7%	1.0%	1.7%
Economic indicators				
Employment, y/y		0.7%	0.6%	0.6%
Unemployment rate (NAV)		2.1%	2.3%	2.4%
Annual wages, y/y		4.7%	4.4%	3.7%
Core inflation, y/y		3.1%	3.0%	2.4%
Consumer prices, y/y		3.0%	3.0%	2.3%
House prices, y/y		5.9%	3.3%	6.0%
Financial figures				
Leading policy rate		4.00%	4.50%	3.75%

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

Forecast tables

Macro forecasts - Finland

	2025	2025	Forecast 2026	2027
National Accounts	**EUR bn (Current prices)**	**y/y**	**y/y**	**y/y**
GDP	281.7	0.8%	1.8%	1.4%
Imports	116.3	2.6%	6.5%	1.3%
Exports	120.7	5.0%	7.2%	3.1%
Consumption	214.9	-0.7%	1.2%	0.5%
- Private	142.2	-1.1%	1.7%	1.0%
- Public	72.7	0.1%	0.1%	-0.5%
Gross fixed investment	61.7	1.4%	2.1%	0.1%
Economic Indicators				
Unemployment rate		9.7%	10.5%	9.9%
Earnings, y/y		2.8%	3.6%	3.3%
Inflation, y/y		0.3%	2.0%	2.1%
Housing prices, y/y		-2.5%	-2.7%	1.3%
Public budget balance**		-3.9%	-4.4%	-4.6%
Public debt**		88.5%	89.6%	91.0%
Financial Figures				
ECB deposit rate*		2.00%	2.50%	2.50%

**End of period, **Percent of GDP*
Source: Danske Bank, Statistics Finland, ECB

Forecast tables

Macro Forecasts - Euro area

	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4
GDP, q/q	0.0%	0.4%	0.2%	0.4%	0.3%	0.3%	0.4%	0.4%
Unemployment rate	6.4%	6.4%	6.4%	6.4%	6.5%	6.4%	6.4%	6.4%
HICP, y/y	2.0%	3.0%	3.2%	3.6%	3.3%	2.6%	2.2%	1.9%
Core HICP, y/y	2.3%	2.4%	2.4%	2.5%	2.5%	2.4%	2.3%	2.2%
ECB deposit rate*	2.00%	2.25%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

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

Macro Forecasts - United States

	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4
GDP, q/q	0.5%	0.4%	0.6%	0.4%	0.4%	0.4%	0.4%	0.4%
Unemployment rate	4.3%	4.3%	4.2%	4.3%	4.3%	4.2%	4.2%	4.2%
CPI, y/y	2.7%	3.8%	3.2%	3.2%	2.9%	2.3%	2.5%	2.3%
Core CPI, y/y	2.5%	2.7%	2.4%	2.7%	2.7%	2.8%	3.0%	3.1%
Fed Funds target rate*	3.75%	3.75%	3.75%	4.00%	4.25%	4.25%	4.25%	4.25%

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

Macro Forecasts - China

	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4
GDP, q/q	1.3%	0.9%	1.1%	1.3%	1.1%	1.2%	1.2%	1.2%
Unemployment rate	5.4%	5.0%	5.2%	5.2%	5.2%	5.2%	5.2%	5.2%
Inflation, y/y	1.1%	0.9%	0.8%	0.6%	0.8%	1.0%	1.1%	1.2%
Policy rate	1.4%	1.4%	1.3%	1.2%	1.1%	1.0%	1.0%	1.0%

**End of period*
Source: Danske Bank, Macrobond

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	2025	3.5	2.2	2.1	-3.8	3.5	-1.2	1.9	3.8	2.9	2.8	27.2	12.5
	2026	4.0	1.9	1.0	-1.1	6.5	1.8	1.5	3.5	3.1	1.3	26.0	11.4
	2027	3.0	2.1	4.0	2.9	4.2	3.4	2.2	3.3	3.5	0.3	25.9	10.9
Sweden	2025	1.6	2.1	1.6	2.1	4.1	5.0	2.6	3.6	8.8	-	34.6	-
	2026	2.8	2.7	1.3	4.0	4.3	3.7	1.4	3.5	8.6	-	36.2	-
	2027	2.5	2.9	1.4	2.6	3.3	3.2	2.7	3.5	7.9	-	37.5	-
Norway	2025	1.7	2.6	2.4	0.8	2.7	2.6	3.0	4.7	2.0	-	-	-
	2026	1.0	1.0	2.3	1.5	1.5	1.4	3.0	4.4	2.3	-	-	-
	2027	1.7	3.0	1.8	1.5	2.0	1.8	2.3	3.7	2.4	-	-	-
Euro area	2025	1.3	1.4	1.4	3.0	2.0	3.6	2.1	3.9	6.3	-2.9	88.7	2.5
	2026	0.8	0.9	2.1	0.7	0.6	1.4	3.0	3.2	6.4	-3.5	90.6	1.7
	2027	1.4	1.1	1.3	1.0	1.5	1.0	2.5	2.9	6.4	-3.5	91.4	1.7
Finland	2025	0.8	-1.1	0.1	1.4	5.0	2.6	0.3	2.8	9.7	-3.4	88.5	-
	2026	1.8	1.7	0.1	2.1	7.2	6.5	2.0	3.6	10.5	-4.4	89.6	-
	2027	1.4	1.0	-0.5	0.1	3.1	1.3	2.1	3.3	9.9	-4.6	91.0	-
United States	2025	2.1	2.6	1.1	2.7	1.6	2.7	2.7	3.5	4.3	-5.8	99.9	-3.8
	2026	2.1	1.9	0.6	4.6	4.7	3.4	3.2	3.5	4.3	-6.0	101.8	-3.3
	2027	1.8	1.4	1.7	5.4	3.3	6.0	2.5	4.0	4.2	-5.9	102.9	-3.2
China	2025	5.1	4.6	-	1.0	-	-	0.0	-	5.1	-8.4	99.7	3.7
	2026	4.6	4.2	-	1.5	-	-	0.8	-	5.2	-8.7	107.4	3.5
	2027	4.7	4.7	-	4.0	-	-	1.0	-	5.2	-8.9	113.0	3.3

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

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