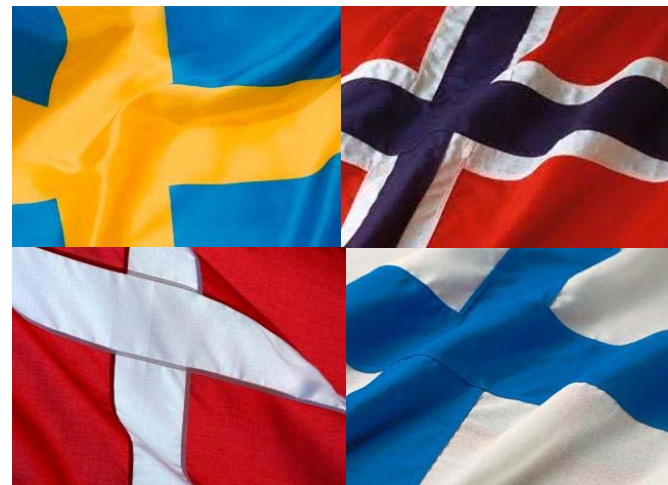




The Nordic financial situation today and tomorrow

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Economic Research
Nordea Markets
May 2013



Slow recovery of global growth

US: Modest recovery to continue

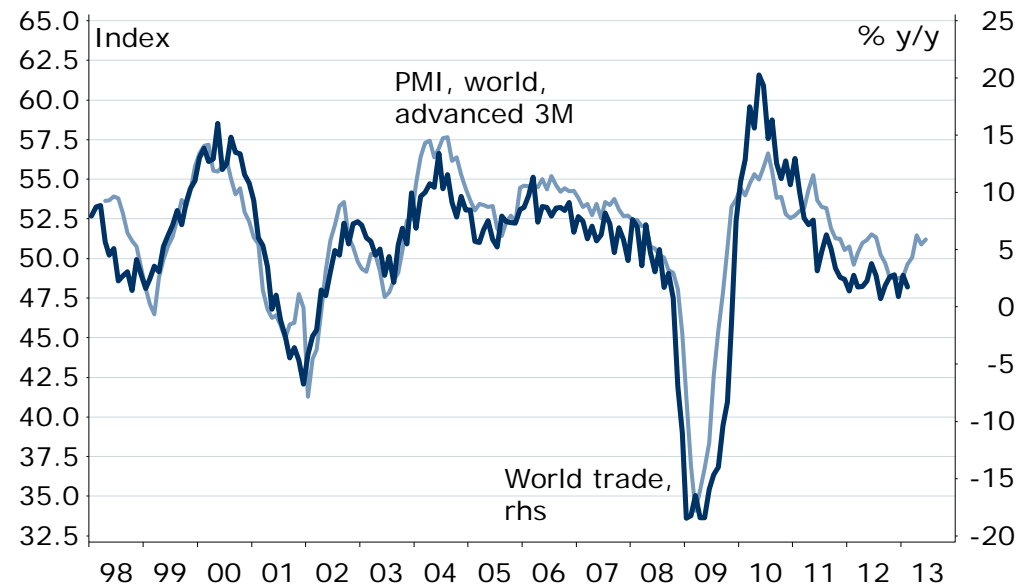
Euro area: Still in recession but growth to return later in 2013. Arguments:

- Loose monetary policy
- Weaker euro
- Increased global demand
- Less restrictive fiscal policy
- Structural reforms aimed at regaining competitiveness paying off

Japan: Modest growth despite new economic policy

China: Slower growth

Emerging markets to contribute more to global growth than the developed markets

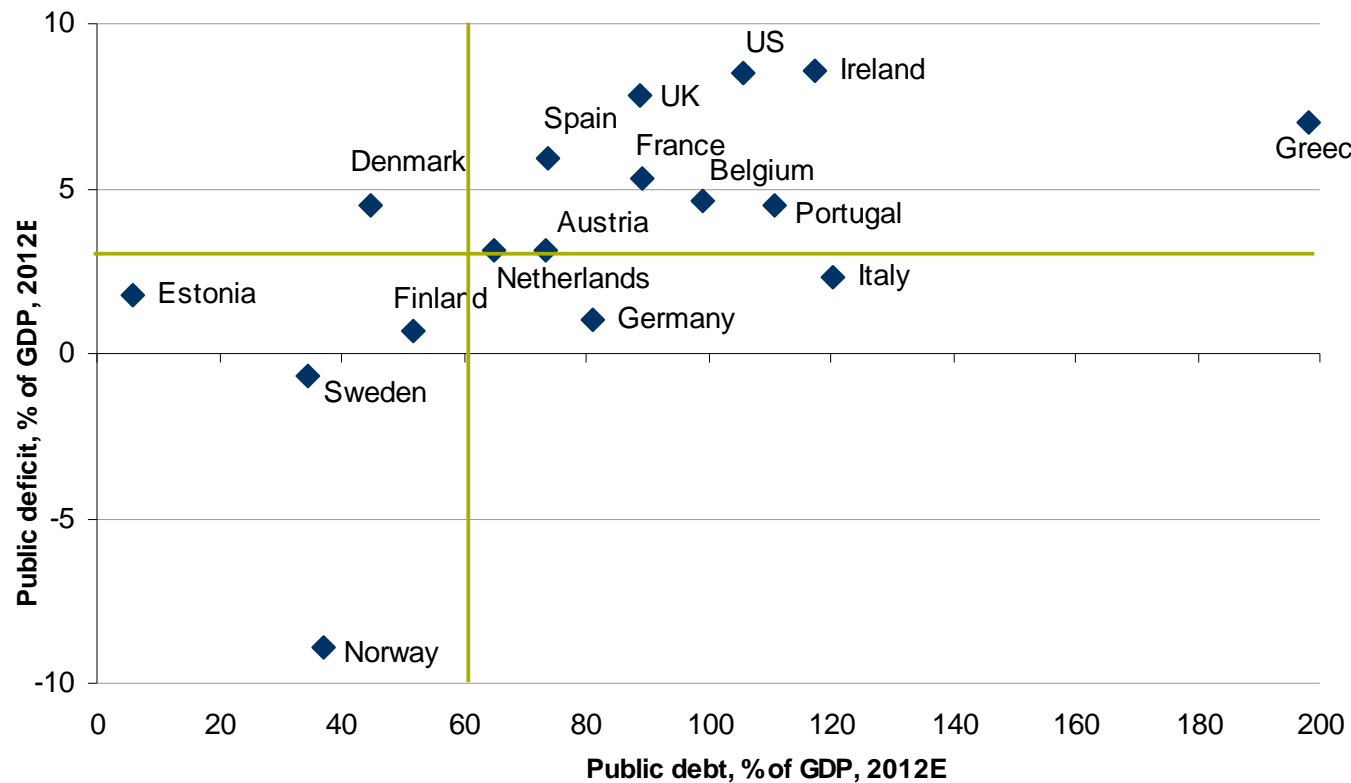


GDP, %	2011	2012P	2013P	2014P
The World	3,9	3,0	3,3	4,0
USA	1,8	2,2	1,9	2,8
Euro Area	1,5	-0,5	-0,4	1,4
Japan	-0,5	2,0	1,4	1,1
China	9,3	7,8	8,1	8,5

Sources: Nordea Markets and Reuters Ecwin.

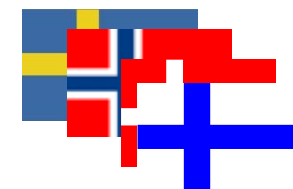


Fiscal tightening weighing on growth

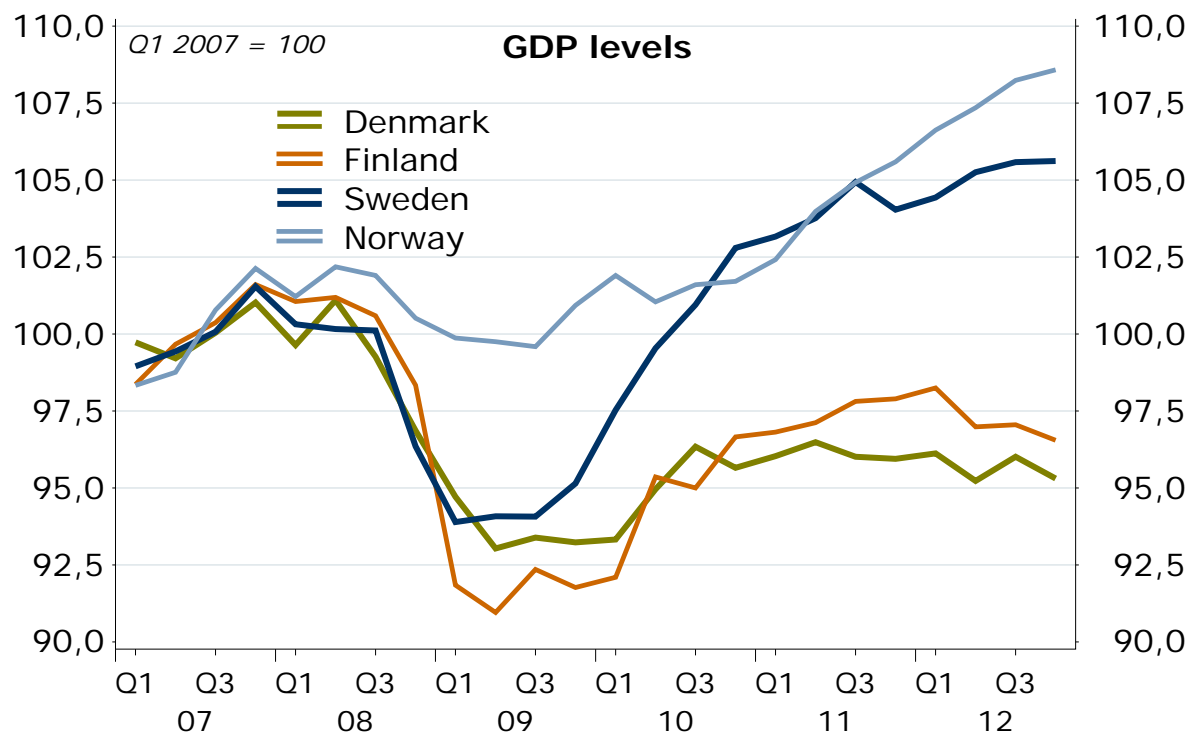


source: EU Commission Autumn forecast 2011

GDP, %	2011	2012P	2013P	2014P
Euro Area	1,5	-0,5	-0,4	1,4



Two-speed Nordic region

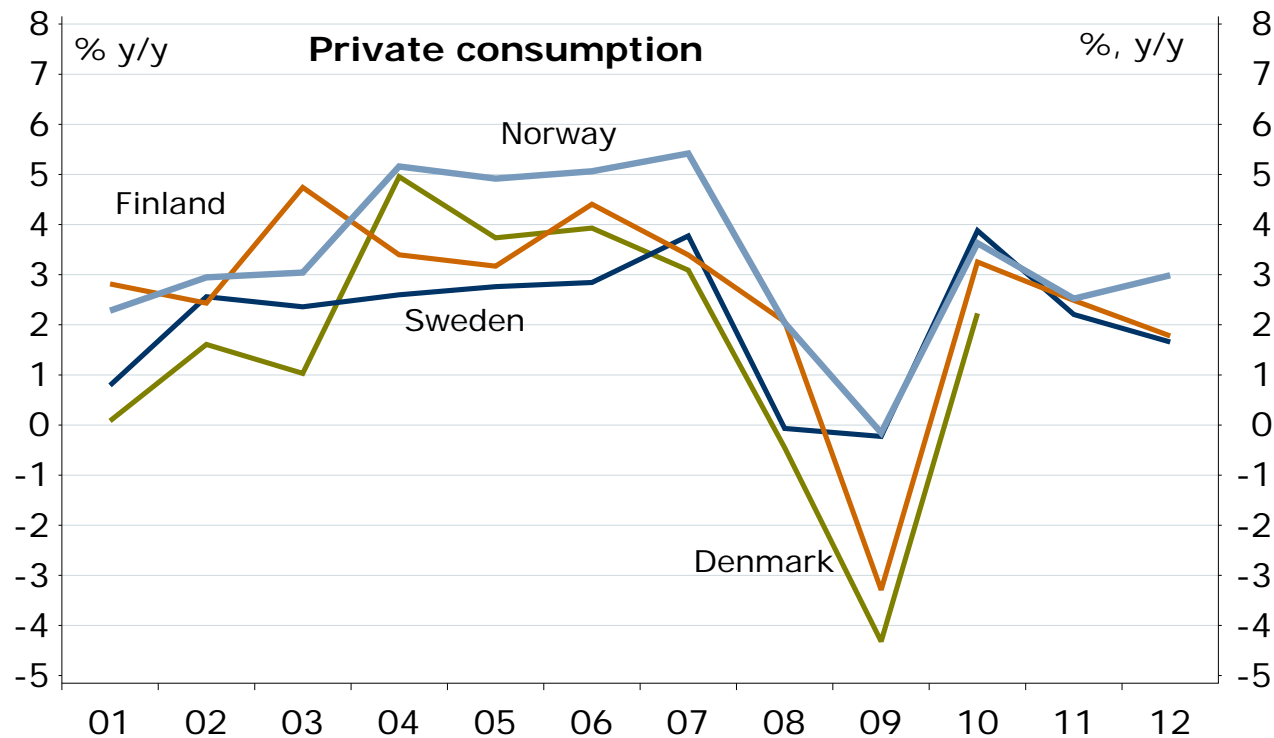


GDP, %	2011	2012	2013F	2014F
Sweden	3,7	0,8	1,3	2,6
Norway	2,5	3,5	2,6	2,5
Denmark	1,1	-0,6	0,5	1,5
Finland	2,8	-0,2	0,5	2,2

Sources: Nordea Markets and Reuters Ecowin.



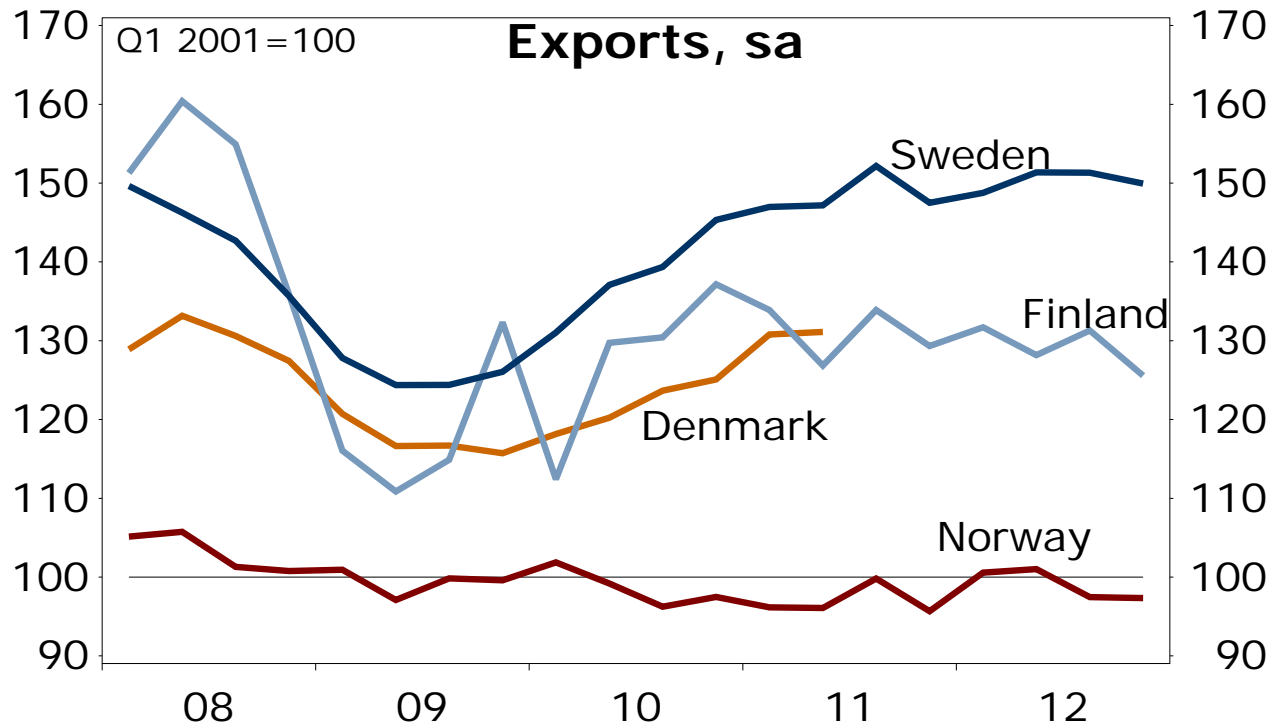
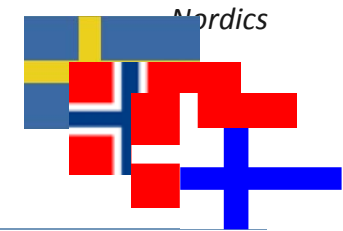
Private consumption – the main engine...



Private consumption, %	2011	2012	2013F	2014F
Sweden	2,1	1,5	2,2	2,4
Norway	2,5	2,9	3,0	3,0
Denmark	-0,5	0,5	0,4	1,8
Finland	2,3	1,6	1,2	1,4

Sources: Nordea Markets and Reuters Ecowin.

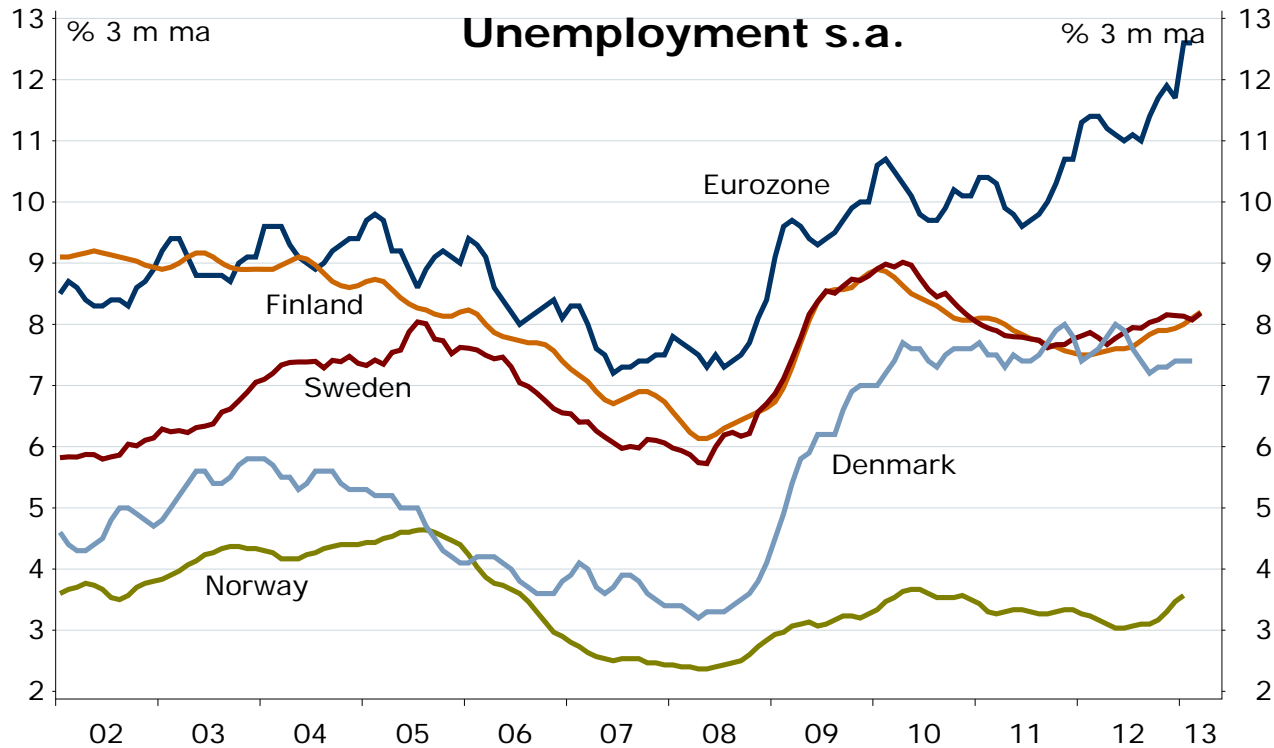
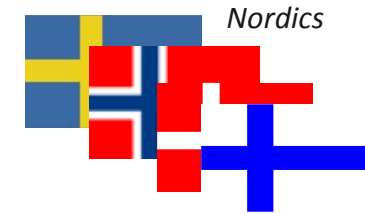
...while the export engine keeps coughing



Exports, %	2011	2012	2013F	2014F
Sweden	7,1	0,7	0,9	4,7
Norway	-1,8	2,2	0,4	1,2
Denmark	6,5	1,1	1,0	3,3
Finland	2,9	-1,4	0,4	5,6

Sources: Nordea Markets and Reuters Ecowin.

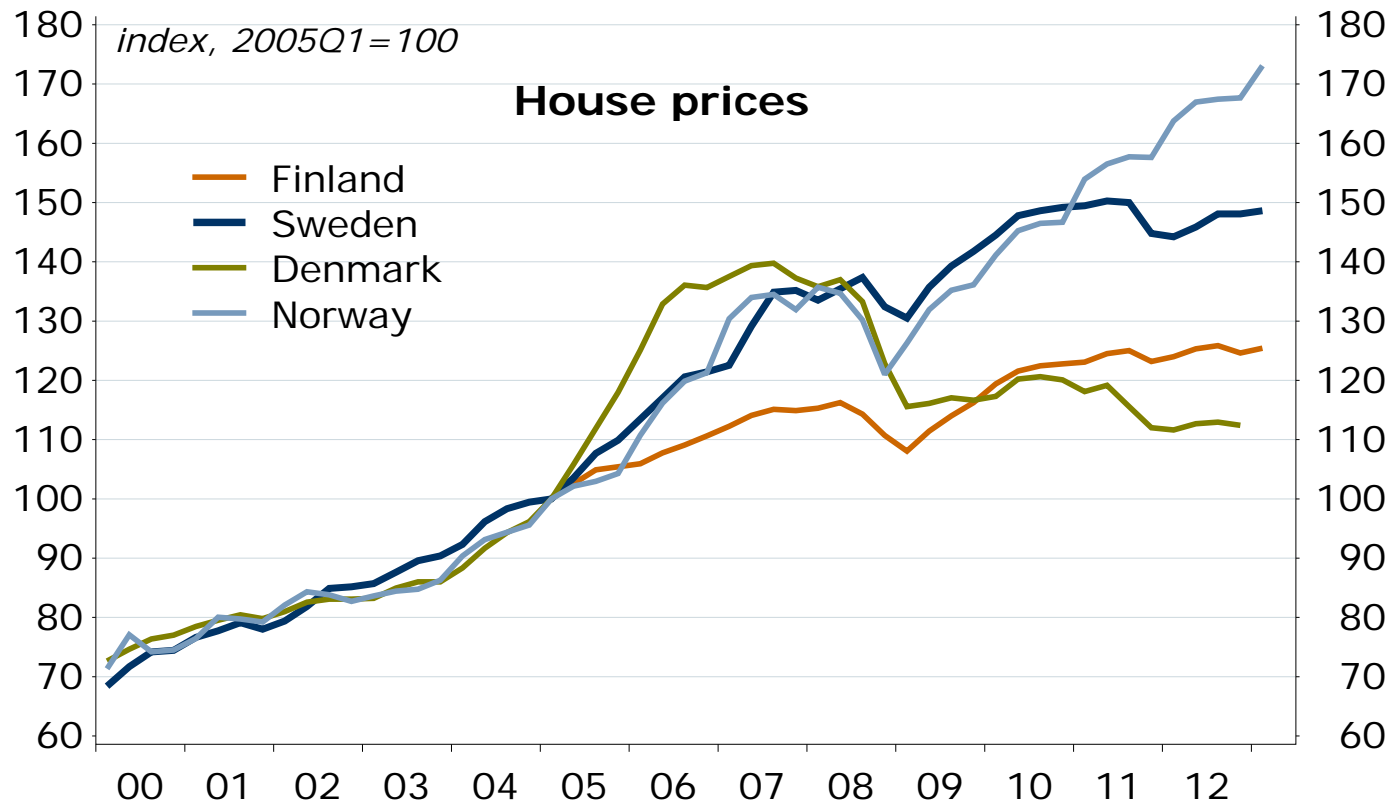
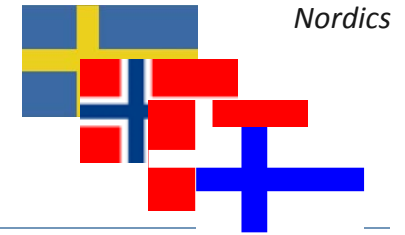
Unemployment at elevated levels - except in Norway



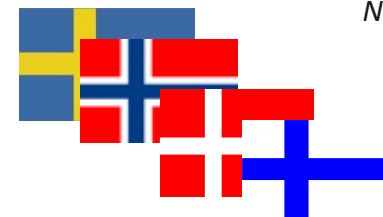
Unemployment, % of labour force	2011	2012	2013F	2014F
Sweden	7,8	8,0	8,3	8,2
Norway	3,3	3,2	3,3	3,3
Denmark	6,1	6,2	6,2	6,1
Finland	7,8	7,7	8,2	8,0

Sources: Nordea Markets and Reuters Ecowin.

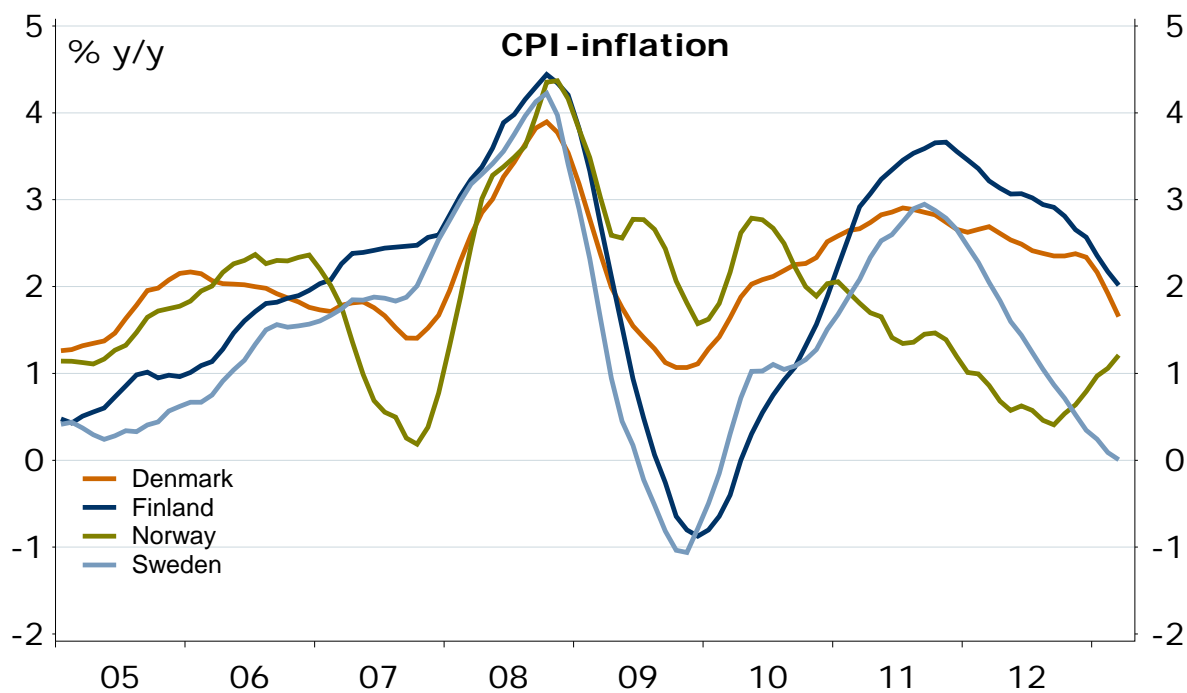
House prices stabilizing - except in Norway



Sources: Nordea Markets and Reuters Ecowin.

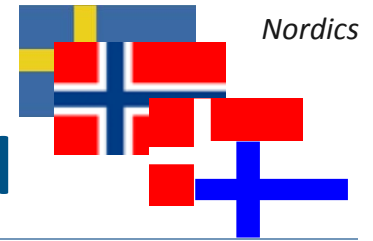


Only modest inflation

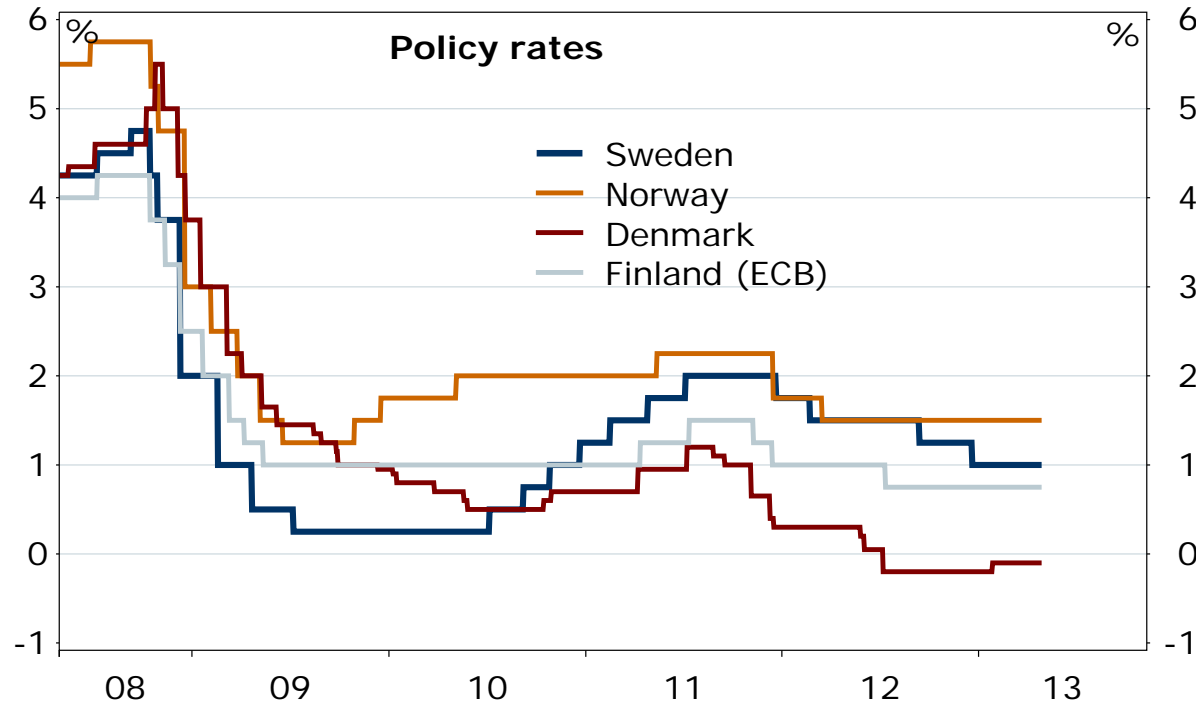


Inflation, %	2011	2012	2013F	2014F
Sweden	3,0	0,9	0,2	1,5
Norway	1,2	0,8	1,6	1,7
Denmark	2,8	2,4	1,4	1,7
Finland	3,4	2,8	2,0	2,5

Sources: Nordea Markets and Reuters Ecowin.



Tighter monetary policy to be delayed

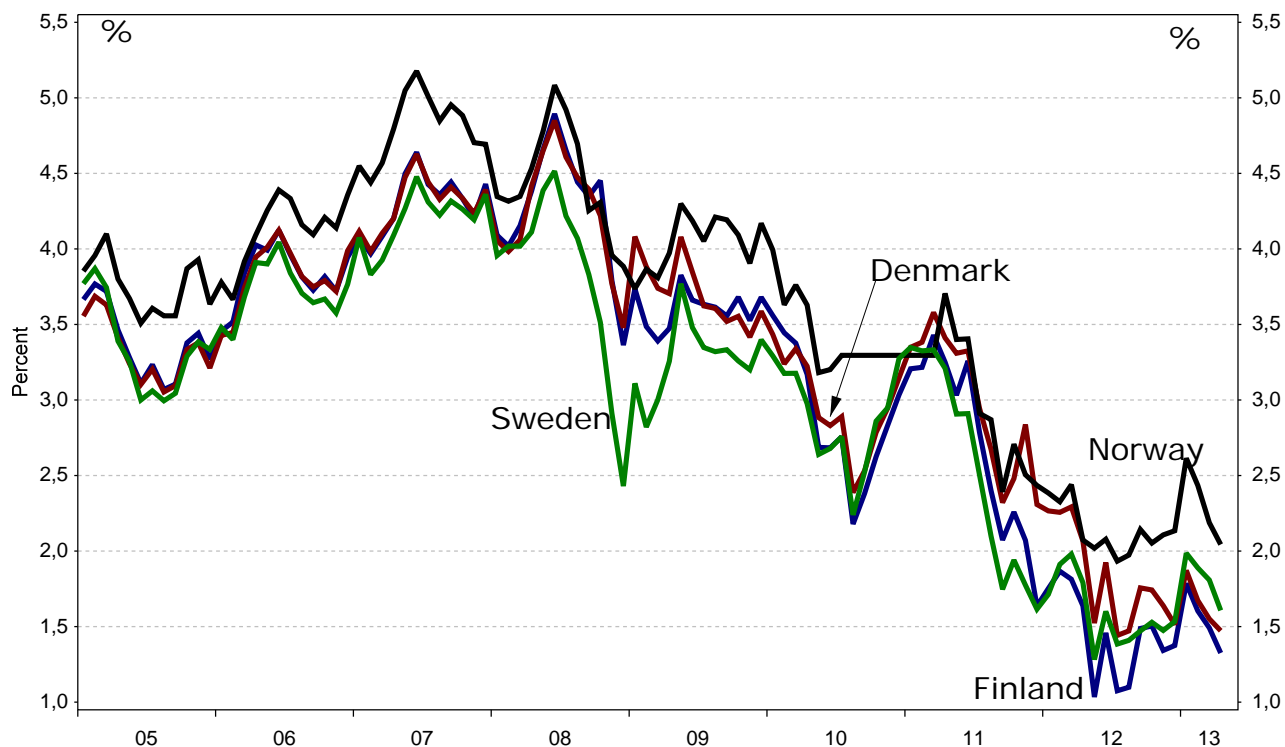


Repo rate, %	spot	3M	dec - 13	jun - 14	dec - 14
Sweden	1,00	1,00	1,00	1,25	1,50
Norway	1,50	1,50	1,50	1,75	2,00
Denmark	0,20	0,20	0,20	0,60	1,00
Finland	0,50	0,50	0,50	0,50	1,00

Sources: Nordea Markets and Reuters Ecowin.



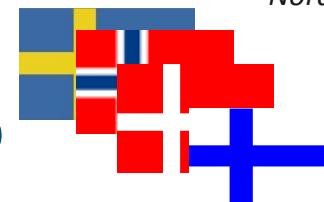
Governments can still borrow cheap



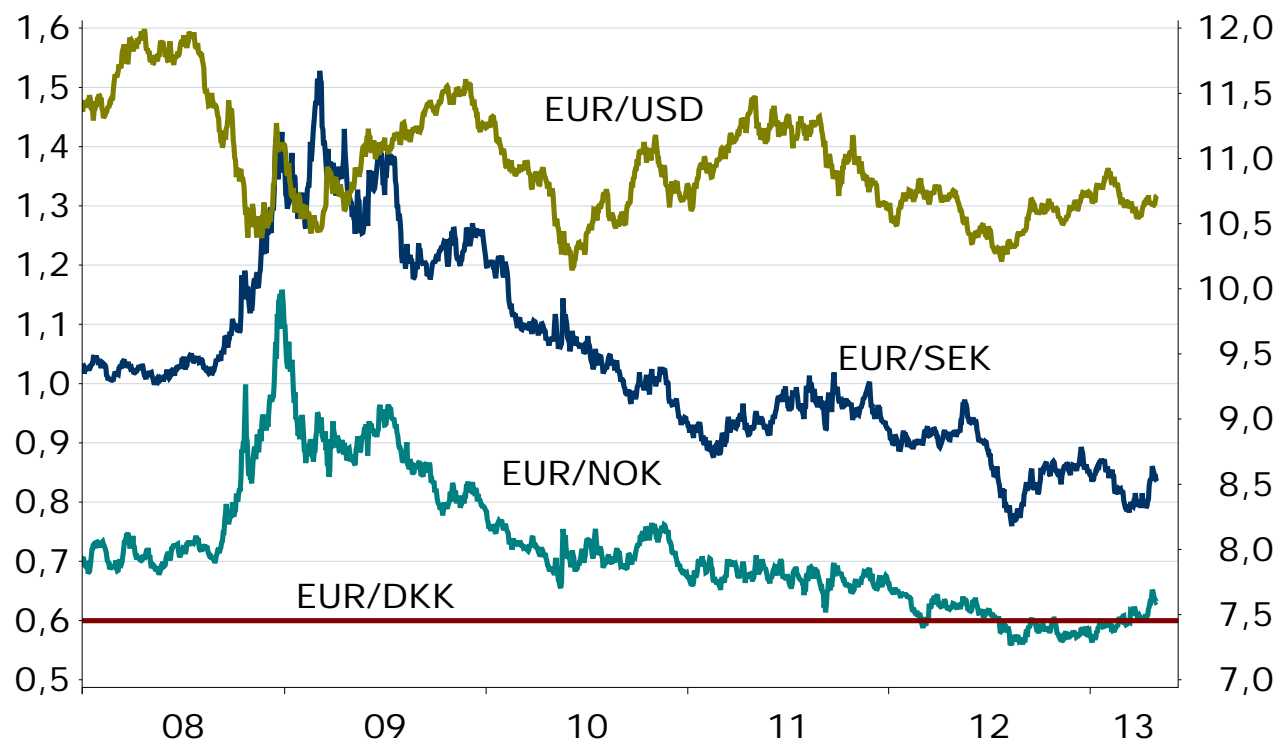
Source: Reuters EcoWin

10Y Government bonds, %	spot	3M	dec - 13	jun - 14	dec - 14
Sweden	1.67	2.05	2.50	2.85	3.25
Norway	2.02	2.32	2.85	3.25	3.42
Denmark	1.36	1.90	2.10	2.35	2.70
Finland	1.50	1.55	2.00	2.25	2.60

Sources: Nordea Markets and Reuters Ecowin.



SEK & NOK to strengthen further vs euro



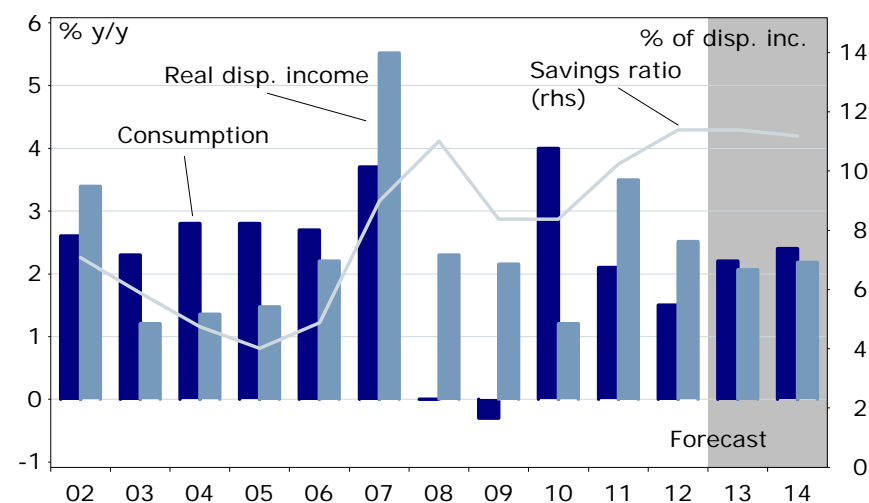
FX forecast	spot	3m	dec - 13	jun - 14	dec - 14
EUR/SEK	8.54	8.45	8.45	8.20	8.20
EUR/NOK	7.61	7.55	7.50	7.50	7.70
EUR/DKK	7.45	7.46	7.46	7.46	7.46
EUR/USD	1.31	1.31	1.25	1.20	1.20

Sources: Nordea Markets and Reuters Ecowin.

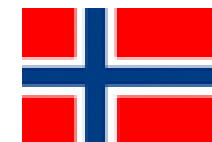


Sweden – a divided economy

- *Sweden: Growth to return already in Q2 2013 after taking a pause in Q4 2012*
- Exports and manufacturing industry are still suffering from the euro crisis and the strong krona
- Household consumption and production in the private service sector is growing.
- Household savings at elevated levels.
- Risks are balanced.
Household consumption (+)
Euro area (-)



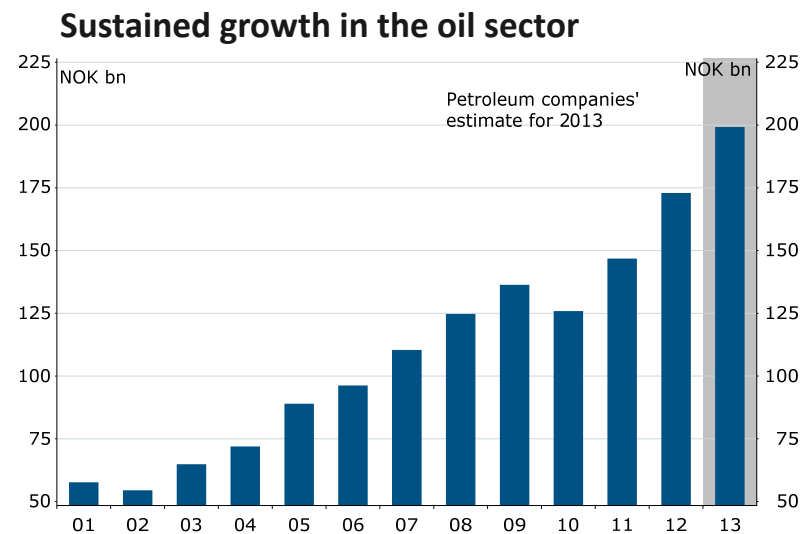
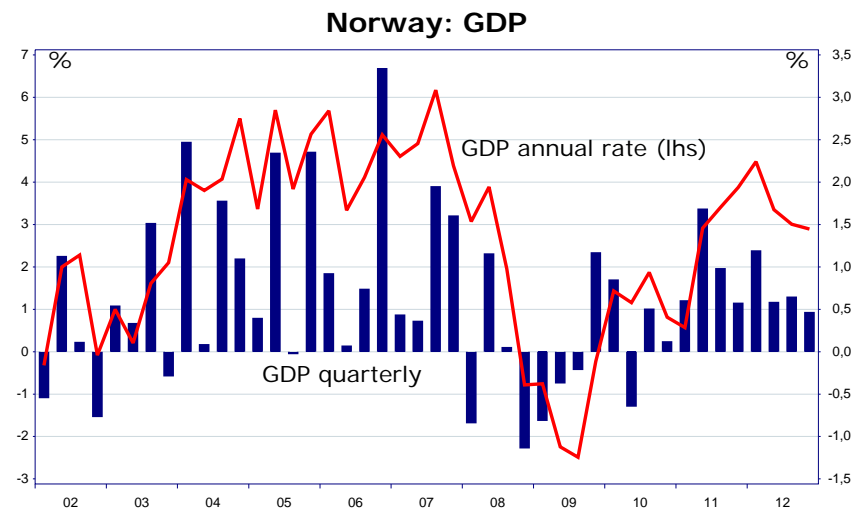
GDP, %	2011	2012	2013F	2014F
Sweden	3,7	0,8	1,3	2,6



Norway - continued strong growth

- *Norway – a success story*
Private consumption expected to rebound.
- Wages continue to grow at a fast pace
- House prices to rise further
- Sustained growth in the oil sector is pushing oil investments higher.
- Unemployment remaining at record low levels
- Norwegian exporters suffer from weakness in some export markets and high domestic cost level.

GDP, %	2011	2012	2013F	2014F
Norway	2,5	3,5	2,6	2,5



Source: Nordea Markets and Reuters Ecowin



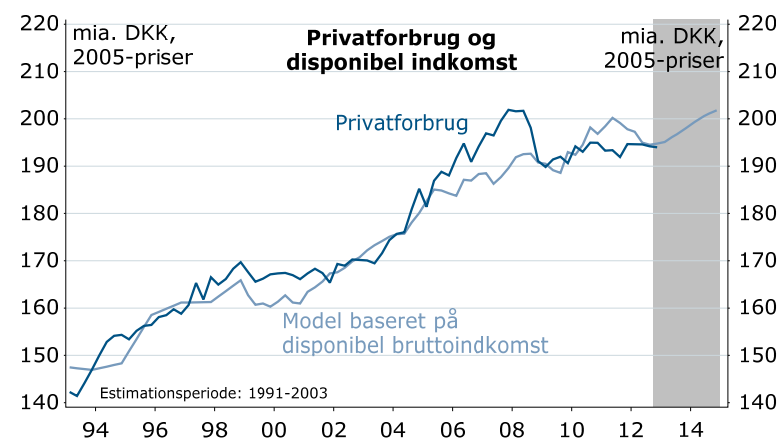
Denmark – patiently waiting for growth

- *Denmark – still few signs of growth*
In H2 2012 Danish exports suffered the largest setback since mid-2009, mainly due to a sharp drop in exports to the Euro area
- Consumer spending is still subdued from weak real wage growth, a still fragile housing market, tighter credit standards and a very uncertain economic outlook
- Residential construction keeps falling. Too early for the housing market to contribute to growth
- Going forward there is reason to believe that household consumption will break out of the current deadlock

GDP, %	2011	2012	2013F	2014F
Denmark	1,1	-0,6	0,5	1,5



Source: Nordea Markets and Reuters Ecowin



Source: Nordea Markets and Reuters Ecowin

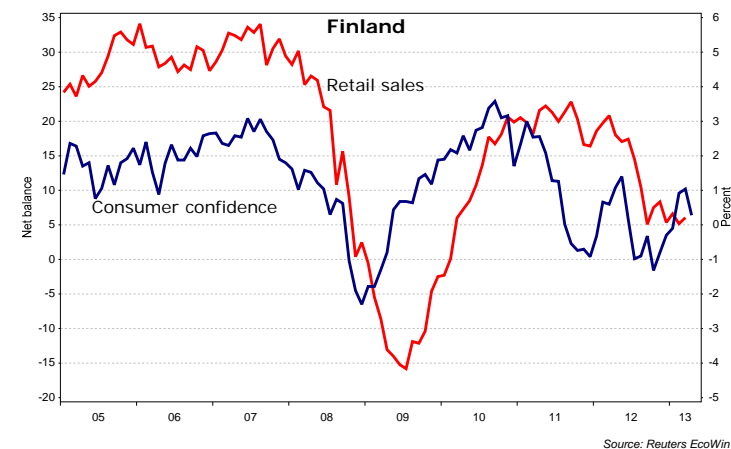


Finland – lacking growth drivers

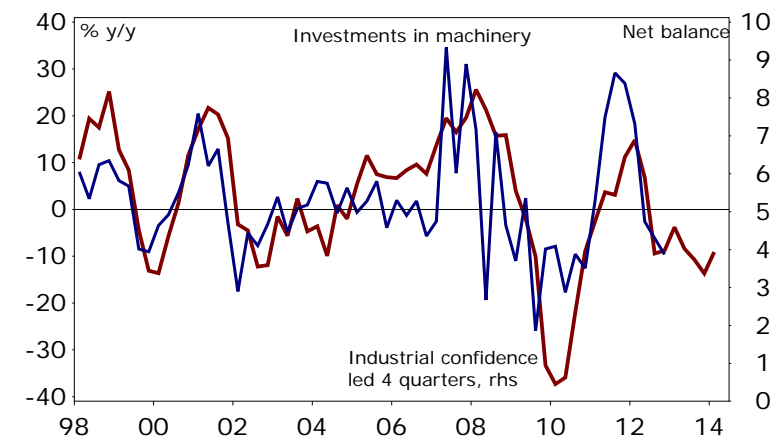
- *Finland – growth depending on exports.*
Finnish export of goods contracted by almost 10% q/q in Q4 2012 indicating weak demand.
- Only minor increase of exports in 2013.
Faster export growth cannot be expected until 2014
- Subdued growth of private consumption
- Investments to continue falling in 2013
- Construction investments to bottom out in 2013, but expected to start growing next year

GDP, %	2011	2012	2013F	2014F
Finland	2,8	-0,2	0,5	2,2

Retail sales set to expand very modestly



Investments seen falling further this year



Summary

- The Nordic region affected by slow global growth
- Decent growth prospects for the Nordic countries next year
- Exports to benefit from increased global demand in 2014
- Unemployment at elevated levels
- Inflation to remain low
- No tightening of monetary policy in the pipe line
- Sweden – a divided economy
- Norway – up, up and away
- Denmark – still waiting for lift off
- Finland - lacking growth drivers

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Tack!

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