

Copenhagen, Helsinki, Oslo, Stockholm, 4 September 2013

## Economic Outlook: Turning points for the Nordic economies

The Nordic countries are poised for a possible economic turnaround. Over the past few years Norway has defied all problems in the global economy and led the growth race in the Nordic region, closely followed by Sweden, while Finland and Denmark have trailed behind. But now it seems that the Norwegian economy has reached a preliminary climax and is passing on the growth baton to Sweden.

- The Nordic economies combined will grow by 1% this year, rising to 1.9% in 2014 and 2.1% in 2015. This marks a turning point in the economic crisis and the Nordic countries' performance is still much stronger than that of the Euro zone, says Nordea's Global Chief Economist Helge J. Pedersen.

The **Swedish** economy will accelerate from the second half of 2013, with exports picking up as the European economies improve. In the election year of 2014 the domestic economy will be stimulated by an expansionary economic policy mainly directed at households, which continue to be the main growth engine. Public consumption is seen rising and investment activity will pick up as production rises. Growth will increase at a decent pace in 2014, but slow in 2015 in step with fading stimulus effects.

The growth outlook has dimmed somewhat in **Norway** where weaknesses in the housing market have become more evident. We have revised down our 2013 and 2014 growth forecasts somewhat, mainly as a consequence of weaker growth in household demand. In 2015 we look for a more expansionary fiscal policy that will help drive growth slightly higher.

After more than four years of zero growth, a thaw is underway in the **Danish** economy. The harbinger of this can mainly be seen in the household sector where the combination of higher disposable incomes and growing optimism paves the way for increased consumption. At the same time we see good chances of consumer spending growth being accompanied by an upturn in investment activity and higher exports in step with rising activity in key export markets. Viewed in this light we reiterate our forecast of accelerating growth in the Danish economy in the years ahead.

With no clear-cut engine of growth, **Finnish** weakness is widespread. However, it could soon be the darkest hour just before dawn. Recent trends in the global economy suggest, and our forecast anticipates, a pick-up in export demand that will get stronger towards 2014. While exports are expected to lead the recovery, employment deteriorates well into next year, keeping brakes firmly on private consumption. Real GDP in 2015 is expected to be slightly lower than in 2007.

Real GDP growth, %

	2011	2012	2013E	2014E	2015E
World	4.0	3.3	3.1	3.8	4.0
G3	1.3	1.5	0.9	2.0	2.3
BRIC	7.6	6.0	5.8	6.1	6.0
Nordics	2.5	1.0	1.0	1.9	2.1
Denmark	1.1	-0.4	0.3	1.3	1.7
Finland	2.7	-0.8	-0.5	1.5	2.3
Norway	2.5	3.4	2.0	2.3	2.4
Sweden	3.7	0.7	1.3	2.5	2.5

### For further information:

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