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## Economic Outlook: Challenging course

**The global economy is recovering, but at a slower pace than expected taking into account the extremely expansionary monetary policies and the halving of oil prices since last summer. The challenging global conditions have impacts also on the outlook for the Nordics.**

The global economy continues to grow at a modest pace, and Nordea expects a 3.1 per cent increase in world economic GDP in 2015 and a 3.5 per cent increase next year. In the Nordics, which are heavily dependent on international trade, we see a mixed picture.

- Overall we expect the Nordic region to grow by 1.7 per cent in 2015 accelerating to 1.9 per cent in 2016. Especially Sweden is doing well, but also the Danish economy is in much better shape than just a few years ago. However, the sharp decline in the oil price means that Norway is in for some weak years, and we still see no signs of a sharp recovery in the Finnish economy, says Helge J. Pedersen, Nordea's Group Chief Economist.

Due to very strong domestic demand the **Swedish** economy has grown by around 2.5 per cent over the past years. Much suggests that GDP will increase by 3 per cent in both 2015 and 2016. Longer out, growth will slow as the expansionary conditions fade. Private and government consumption along with investment are seen as the key driving forces.

The drop in oil prices is increasingly showing through in **Norwegian** mainland indicators. We expect activity in the oil services industries to slow further in coming years. This suggests weak growth in the period ahead, and over the next few years we expect growth of around 1.5 per cent in the mainland economy.

**Danish** economic activity has picked up gradually, creating the foundation for a self-sustaining recovery. Against this backdrop Danish economic growth is expected to be 1.5 per cent in 2015 and 2.0 per cent in 2016. Rising employment and increasing house prices support decent growth in private consumption.

GDP growth is expected to remain very modest in **Finland**. There is no sharp recovery of exports on the cards simply because Finland specialises in producing intermediate and investment goods for companies while the current global upswing is largely driven by consumer demand.

### Real GDP growth, %

	2013	2014	2015E	2016E	2017E
World	3.3	3.4	3.1	3.5	3.3
G3	0.9	1.5	1.9	2.1	2.0
BRIC	6.1	5.8	5.1	5.7	5.5
Nordics	0.8	1.6	1.7	1.9	1.7
Sweden	1.3	2.3	3.1	3.0	2.1
Norway	2.3	2.2	1.2	1.3	1.6
Denmark	-0.5	1.1	1.5	2.0	1.9
Finland	-1.1	-0.4	-0.3	0.5	0.5

Read the full report at [nordea.com](http://nordea.com).

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