

Copenhagen, Helsinki, Oslo, Stockholm, 16 March 2016

Nordea Economic Outlook: Subdued global growth

With many advanced economies struggling with secular stagnation, the global economy is likely to see continued subdued growth in 2016 and 2017, despite the boost from low oil prices, low interest rates and less drag from Emerging Markets. In the Nordics Sweden continues to outperform.

In a new economic forecast Nordea expects a 3.1 per cent increase in world GDP in 2016 and a 3.2 per cent increase next year.

- Global economic growth will only be marginally higher than in 2015 and well below the average pace of 3¼% over the past ten years. The world economy has been weaker than expected in early 2016, says Helge J. Pedersen, Nordea's Group Chief Economist.

The Nordic economies follow different growth patterns, but overall Nordea expects the Nordic region to grow by 2.0 per cent in 2016, decelerating to 1.7 per cent in 2017. Especially the Swedish economy is still doing well.

- Amid the fragile international economic environment, the **Swedish** economy has been able to run at an impressively high speed with GDP growing close to 4 per cent. Everything grows, also exports, and as a consequence the situation on the labour market is improving rapidly. However, later this year we forecast a moderation in growth, says Helge J. Pedersen.

In **Norway** growth in the mainland economy stalled in the second half of last year, dragged down by falling activity in the oil-related industries. The downturn in the oil-related industries is set to continue, but decent demand growth in the rest of the economy and a weak krone will help dampen the fall.

2015 was yet another year of decent but not buoyant growth in **Denmark**. Consumer spending is once again the key engine of the recovery while exports are hampered by the weakness in world trade.

The **Finnish** economy managed to leave the negative GDP growth territory in 2015, but Nordea only expects modest growth over the coming years. Thus, the economy will fall further behind its peers, and the slow pace of vital reforms is bound to increase uncertainty.

[Read Economic Outlook here](#)

Real GDP growth, %

	2014	2015E	2016E	2017E
World	3.4	3.0	3.1	3.2
G3	1.9	2.0	1.8	1.9
BRIC	5.8	4.9	5.2	5.6
Nordics	1.6	2.0	2.0	1.7
Sweden	2.4	3.8	3.8	2.2
Norway	2.3	1.1	0.9	1.6
Denmark	1.3	1.2	1.3	1.8
Finland	-0.7	0.4	0.5	0.7

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