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Nordea Economic Outlook: Nordic growth convergence

The world economy is still characterised by low growth, and uncertainty is high particularly as regards the effects of Brexit, the US presidential election and the geopolitical situation. Nordea expects the Nordic region to grow in line with other advanced economies.

Nordea's new economic forecast projects global growth of 3.0% this year and around 3.2% in 2017 and 3.3% in 2018.

- The growth is driven by Emerging Markets where the outlook for many countries is improving as commodity prices stabilise. However, growth in the advanced economies will stagnate over the forecast horizon. All in all, the global economy is likely to see relatively slow growth in the years ahead, says Helge J. Pedersen, Nordea's Group Chief Economist.

In the Nordic countries, economic growth in **Sweden** has in recent years been significantly higher than in other countries. But now growth appears to be falling in Sweden, while increasing in the other countries. The slowdown of the Swedish economy is mainly due to lower exports. Domestic demand has shown strong growth over the past years, but private consumption is likely to shift into a lower gear next year as the effects of stimulus measures have begun to fade.

In **Norway**, economic key figures have over the summer been on the strong side. Unemployment appears to have peaked and house prices rise more than expected. Mainland growth will pick up as the fall in oil investment now seems to taper off. That will help the industries affected by the oil slump. Meanwhile, we expect the rest of the economy, which has held up well during the oil downturn, to grow at a healthy clip going forward.

In **Denmark**, we expect slightly more positive tailwinds over the next couple of years as recent years' increase in employment bolsters consumption and investment activity. The biggest threats to higher growth mainly come from abroad because of the subdued global trade.

Only fragile growth lies ahead for the **Finnish** economy in the next few years. After reaching 1% in 2016, growth is expected to moderate again. The export outlook remains dim due to low global growth and weak world trade.

Read Economic Outlook here:

<http://docs.nordeamarkets.com/EconomicOutlook/NordeaEconomicOutlookEnglish32016/>

Real GDP growth, %

	2014	2015	2016E	2017E	2018E
World	3.4	3.1	3.0	3.2	3.3
Advanced economies	1.8	2.0	1.5	1.6	1.6
Emerging markets	4.6	4.0	4.1	4.4	4.5
Nordics	1.6	1.9	1.6	1.6	1.7
Sweden	2.4	3.9	3.0	1.9	2.0
Norway	2.2	1.0	0.8	1.8	1.9
Denmark	1.3	1.0	1.0	1.5	1.7
Finland	-0.7	0.2	1.0	0.8	0.6

For further information:

Helge J. Pedersen, Group Chief Economist, +45 33 33 31 26

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