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## Nordea Economic Outlook: Optimism in uncertain times

In a new forecast Nordea expects the global economy to grow by 3.5 per cent this year and 3.7 per cent in 2018 after 3.1 per cent in 2016. This is slightly higher than the winter forecast from December. The more benign forecast stems from an upgrade of the outlook for the advanced economies amid the increasing political uncertainties surrounding the business environment including the upcoming French elections, the Brexit negotiations and doubts about Donald Trump's economic policy, says Nordea's Group Chief Economist, Helge J. Pedersen.

The outlook for the **Nordic countries** has also improved over the past months. 2017 seems to be yet another year with growth of about 3 per cent for the **Swedish economy**. Growth is rather broad-based with increasing domestic demand and exports. The benign financial conditions for households should largely persist. However, we expect house prices to level out later this year. Bottlenecks are an increasing problem, but still wages are not rising at the usual pace in a tight labour market.

Growth in the mainland economy is gaining momentum in **Norway**. Oil investments continue to fall, but at a slower pace. Meanwhile, low interest rates, NOK weakness and an expansionary fiscal policy should boost both private and public demand and mainland exports in 2017. Growth in employment should pick up in the coming years, but so will labour supply. Thus, it will take time before unemployment drops significantly. Wage growth will remain low and inflation will be well below the 2.5 per cent target.

The crisis is over and the **Danish** economy is now in a phase where available resources in the labour market are gradually being depleted. Still, growth is not high enough to suggest overheating. Capacity shortage could, however, limit the future growth potential. Growth will mainly be driven by private consumption and gradually rising investment activity. Also, higher global growth should improve conditions for Danish exporters.

The **Finnish** economy is finally enjoying a tailwind. GDP growth in 2016 continually exceeded expectations and the economy recorded the highest growth rate in five years. Economic sentiment has improved a lot, consumer confidence is close to a record high, and risks appear significantly more balanced. Employment will improve moderately and unemployment continues to fall. More robust global growth suggests realistic chances for positive surprises in foreign trade.

Read Economic Outlook <http://ndea.mk/EO1702DLeng>

### Real GDP growth, %

	2014	2015	2016E	2017E	2018E
World	3.5	3.3	3.1	3.5	3.7
Advanced economies	2.0	2.1	1.6	1.9	1.9
Emerging markets	4.6	4.1	4.1	4.6	4.9
Nordics	1.8	2.0	1.8	2.2	1.9
Sweden	2.7	3.8	3.0	3.0	2.3
Norway	2.2	1.1	0.8	1.8	1.9
Denmark	1.7	1.6	1.1	1.6	1.7
Finland	-0.6	0.3	1.4	1.5	1.5

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