Nordic Outlook
November 2025

Glimmers of light despite slowing economy

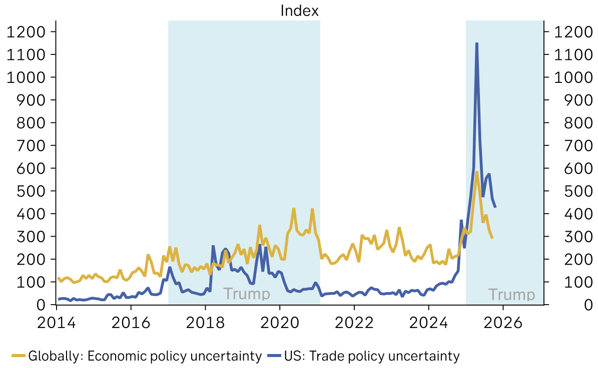
Research reports

International overview
Glimmers of light despite slowing economy

Global growth is slowing down, albeit with positive growth surprises, chiefly in the US. World GDP increases by 3 per cent annually and the risks are still slightly higher on the downside than on the upside. The trade agreements of the summer and autumn give high tariffs, yet nonetheless lower than feared. While having trade agreements in place curbs the uncertainty, there is still an unpredictability subduing economic activity. At the same time, companies and households are showing resilience. Fiscal and monetary policy, and expansionary financial conditions, lend support – but also create risks. The ECB is hesitant while the Fed continues its rate cuts, despite temporarily high inflation, buoying equities.

Trade policy uncertainty has diminished but is still constraining growth. The tariff shock dealt by the US in the spring has, over the summer and autumn, been replaced by negotiations and a number of new "trade deals." The geopolitical conflict situation remains severe. Russia's war of aggression against Ukraine continues, while the ceasefire between Israel and Hamas gives some hope of a declining conflict level across the region.

Lower, but still high, uncertainty



Source: Matteo Iacoviello, Economic Policy Uncertainty, Macrobond, SEB

Market optimism despite high tariff levels. Several stock markets have hit new highs despite US tariffs now being the highest since the 1930s, and despite uncertainty about both the exact content and terms of the "agreements". In the coming months, the US Supreme Court will also decide on the President's trade policy power in relation to Congress which – at least under the Constitution – decides on general trade policy.

The fact that uncertainty has nonetheless declined is welcome, making it easier for households, companies and investors to make consumption and investment decisions. However, it would be wise to anticipate a continuing tense relationship between the US and China, which is competing for global leadership in a growing number of areas. One aspect that has also been made clear of late is the power and influence held by countries that can access and produce resources such as rare earth metals and advanced computer chips. Yet, White House policy is not the only source of uncertainty. Elsewhere, the EU and China need to find a constructive way to cooperate, and several countries are experiencing major tensions in domestic policy.

Global GDP growth
Year-on-year percentage change

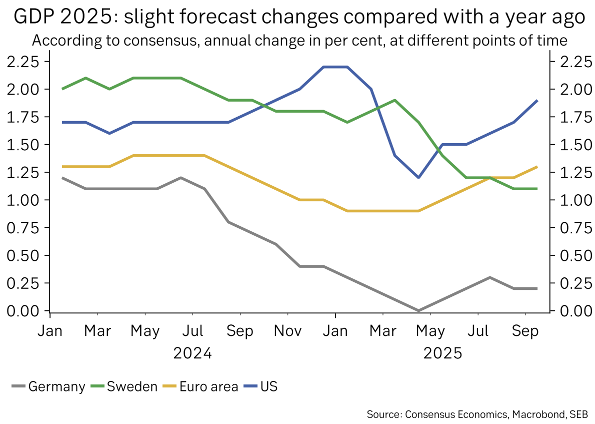
	2024	2025	2026	2027
United States	2.8	1.9	1.9	2.0
Japan	0.1	1.1	0.7	0.7
Germany	-0.5	0.3	1.2	1.4
China	5.0	5.0	4.5	4.5
United Kingdom	1.1	1.4	1.0	1.3
Euro area	0.9	1.4	1.2	1.4
Nordics	1.7	1.0	2.0	2.0
Sweden	1.0	1.3	2.8	2.9
Baltics	1.5	1.9	2.7	2.3
OECD	1.8	1.7	1.6	1.7
Emerging markets	4.4	4.2	4.0	4.2
World, PPP	**3.3**	**3.1**	**3.0**	**3.1**

Source: OECD, IMF, SEB. PPP=Purchasing Power Parity

Slowdown with positive growth surprises. Over the past year, assessments of the economic effects of an altered global political and economic landscape have dominated the forecasting environment – but has there perhaps been too much focus on politics? In this report, we also revise our global growth forecast upwards, albeit moderately. The main, but not only, driver is that the slowdown in the US is milder than expected.

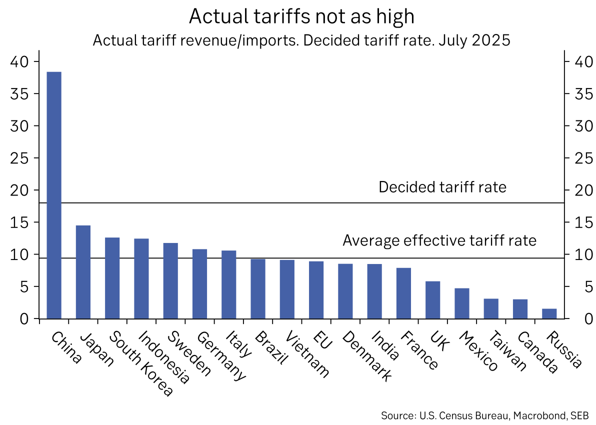
Stable but moderate growth. Global GDP increases by just over 3 per cent annually during 2025–2027. This is a couple of tenths above our August forecast and in line with the OECD's potential growth rate estimate. Tariff-driven export and import frontloading in the spring has affected many countries' growth profiles, with a stronger start to the year and weaker towards the end. Our global growth forecast for 2025–2026 is now close to the one we presented a year ago, despite the drastic tariff policy and global unease of the past ten months.

Too early to dismiss the tariff shock. The negative effects of the tariff shock have been milder than expected so far, and our forecast from the spring in particular was overly pessimistic. This is partly explained by trade agreements having been put in place, providing at least some degree of predictability. Also, other countries – apart from China – have chosen not to respond with counter tariffs, and a weaker dollar has kept a lid on inflation among the US' trading partners and eased the impact on its exports. However, it is too early to dismiss the effects of tariffs, and important to remember that multiple forces are at play in the economy simultaneously. For the US, this concerns not least its considerable AI investment, and heightened defence spending for Europe. Tariffs and trade barriers are denting growth in several ways – altered import terms are forcing companies into costly adjustments in value chains, higher prices are dampening consumer demand and heightened uncertainty is weighing on investment decisions.



Milder but a more protracted effect? The effects appear to be milder but more protracted than previously feared. Other aspects of new US policy, for example reduced immigration, are offset by reduced labour demand. At the same time, there are numerous forces pulling in the opposite direction. Central banks and governments have refocused policy in a more expansionary direction. Besides, companies' and households' adaptability has once again been surprisingly positive. Surging stock markets and compressed credit spreads have contributed to expansionary financial conditions, lubricating the growth engine.

Lower tariff levels than feared. We continue to assume that 15 per cent is the baseline level for US import tariffs. These are supplemented by higher levels on certain countries, sectors and goods. While actual tariff levels (tariff revenue/imports) are still below the theoretical (contractual) level, supporting the scenario of milder-than-feared effects from the tariffs, this might also be a warning that the full effect is still to come. Partly, the low actual tariff level can be explained by stockpiling prior to introducing the tariffs, and that imports have been redirected towards purchasing from countries with lower tariffs. At the same time, the import price trend suggests that the tariff effects have so far mainly affected importers, through reduced margins, and end consumers. Exporters have borne the costs to only a minor extent.



Downside risks dominate. Several countries – including China, the US, Germany and the UK – are facing both structural and cyclical challenges, while asset prices and public debt in some countries are at historical highs. Elevated stock market valuations and other signs of high risk appetite are a cause for concern, and there is a risk of a toxic growth cocktail emerging in the event of an unexpected rise in inflation, higher government bond yields, a stock market slump or signs of expected corporate profits and productivity gains from high AI investments failing to transpire.

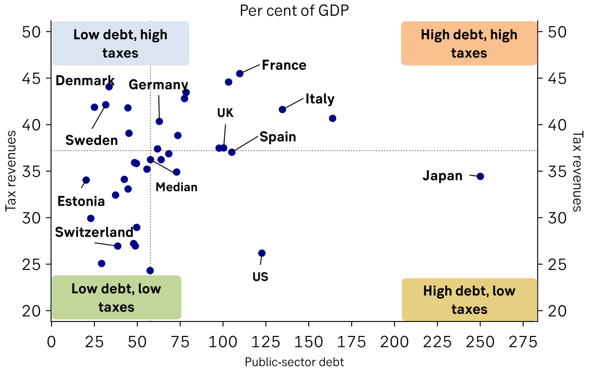
On the positive side of the scale is, at the same time, companies' impressive ability to solve problems and adapt to disruptions, along with the underlying growth momentum driven by the need for extensive global investment in security, infrastructure, technology and the energy transition. In its *World Economic Outlook* from October, the IMF's estimates show that the situation could have been even better. Reduced policy uncertainty, lower tariffs and positive AI effects – which boost productivity – could each push up global GDP by 0.3–0.4 per cent.

Inflation on the right track – for most. Global disinflationary forces are considered to be sufficiently strong to bring inflation back to inflation targets within a reasonable timeframe. Disinflationary forces stem from falling Chinese export prices, persistently lower commodity and energy prices, efficiency gains supported by AI and, for several countries, a stronger currency. Yet, there are exceptions. In the UK, the drop in inflation is delayed by sustained high wage increases, and in the US tariffs are causing a temporary spike in inflation. The tariff effect on US inflation is visible in the statistics, although the limited impact so far indicates that the process has only just begun. American households' real purchasing power will therefore face some headwinds in 2026 also.

Continued Fed cuts and a weaker dollar. After halving the policy rate, the ECB has hit a 2.00 per cent rate trough. The Riksbank is also considered to have troughed in its rate-cutting cycle, with an interest rate of 1.75 per cent. The Fed faces a greater dilemma, with the combination of a renewed upturn in inflation and a weakened labour market and growth. Stable inflation expectations, focus on the labour market and indications of only moderate and transitory tariff inflation will lead the Fed to implement a 25bps rate cut in December, and cuts of a further 75bps in 2026 to 3.00 per cent (upper limit of the Fed's range). This means that the ECB, the Fed and the Riksbank are expected to be at largely neutral policy rate levels at the end of 2026. However, growth disappointments can quickly increase the need for lower policy rates, and none of the central banks have their doors closed to further rate cuts. The dollar continues to weaken, but with less momentum than before as the relative view concerning the US compared with Europe, for example, is not as dollar negative.

Tax pressure and public-sector debt

Per cent of GDP



Source: European Commission (DG ECFIN), Macrobond, SEB

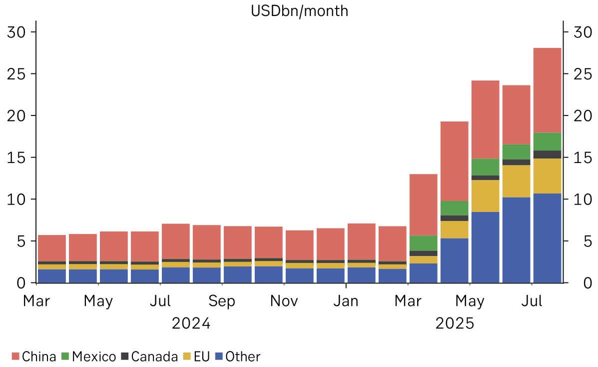
Strained public finances

High and still rising public debt – in an environment with generally higher government bond yields – raises questions about the fiscal sustainability of different countries. For various reasons – security policy, industrial policy and support for demand – public deficits remain substantial in many places. The debt problem is a focal point for the financial market, and for countries with uncertain political governance capabilities and execution capacity – such as France and the UK – we expect to see elements of jittery markets and, at least, temporarily rising interest rates.

Varying scope for action. Different countries thus have varying scope for action, with those with lower public debt and more credible fiscal policy – such as Germany (at least compared with the other major economies in the euro area) and the Nordic countries – able to pursue more expansionary fiscal policy. Even the US, with the dollar's unique position as global reserve currency, has more degrees of freedom, and tariff revenue makes a welcome contribution when budget deficits are high. The issue of the legality of the tariffs is an uncertainty factor linked to fiscal policy; tariff revenue has increased considerably and funds much of Trump's tax cuts. However, if the US Supreme Court rejects some of the tariffs (primarily against individual countries), we believe the administration will find other ways to reap this revenue. Countries with the greatest strains on their public finances are those with a combination of high public debt and an already elevated tax ratio (see Theme in our *Nordic Outlook* August 2025 edition).

US tariff revenue

USDbn/month

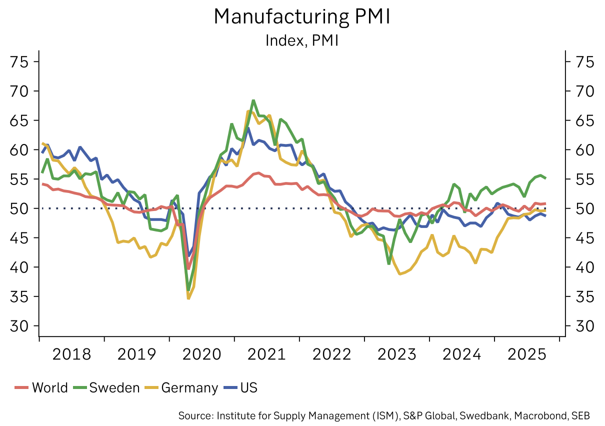


Source: U.S. Census Bureau, Macrobond, SEB

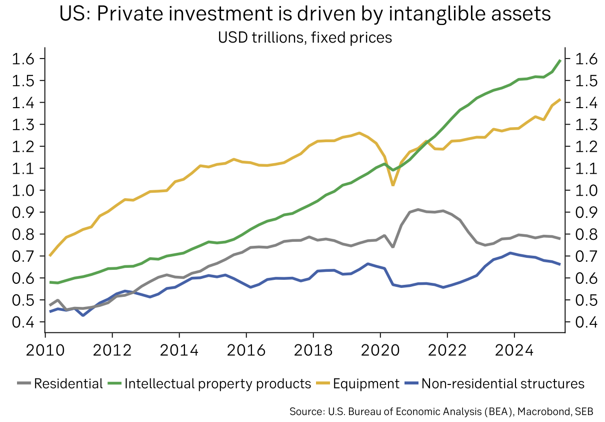
Japan – a special case in terms of public finances. Japan stands out with public debt at 230 per cent of GDP following many years of stimulus policy to encourage growth. Nevertheless, government bond yields have been low in both a historical and international perspective, an important reason being that the debt is financed domestically. Yet, Japan too is feeling the challenges of high debt. In 2024–2025, Japan's 10- and 30-year government bond yields have risen 1–1.5 percentage points, which challenges the debt equation. Japan enters 2026 with a newly elected head of government, Sanae Takaichi, whose mandate is based on promises to revitalise the economy through (once again) more expansionary fiscal policy, for example investment in defence, digitalisation and targeted support for households with tight real income. However, the stimulus is expected to be met with considerable opposition in parliament – there are growing fears about the effects of high debt. We expect the political fragmentation of parliament will both delay and dilute policy, keeping in check a new build-up of debt in Japan.

Better than feared, worse than desirable

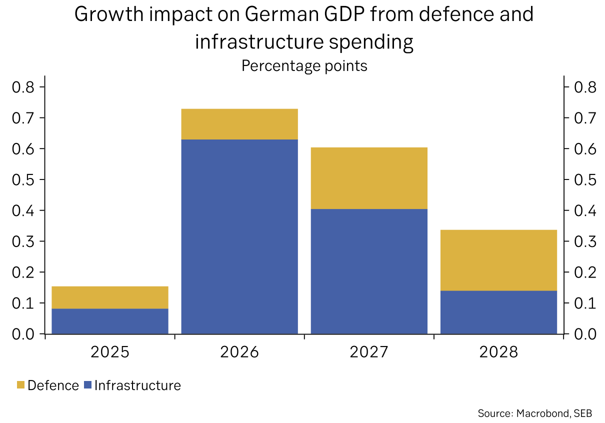
The milder slowdown we now expect in 2025 is mainly due to better-then-expected incoming statistics in several countries, particularly for the US. Growth progression in 2026–2027 is only marginally adjusted. However, these slight adjustments conceal complex underlying forces in trade and geopolitics. The industrial cycle is weaker than that of the service sector, which is no wonder given that the tariffs affect the industrial sector most. However, we are also seeing some improvement in industrial sentiment. A missing factor in many countries is still that household consumption needs to pick up; a resilient labour market in several countries is nonetheless buoying consumption. Recent months' statistics have surprised the upside in the US and the euro area, according to data "Surprise Indexes".



Technology-driven growth in the US. The US economy is fragmented and the slowdown is milder than feared. Extensive AI and tech investments give demand a much-needed boost and provide the means for sustained high productivity growth. At the same time, questions arise about the sustainability of growth if either AI investment slows or household consumption growth loses momentum – consumption is currently driven mainly by smaller, high-income household groups – and the saving ratio is low. Few new jobs are being created, and few are being lost; growth is occurring without an increase in employment. When migration is tightened, which in itself reduces the potential growth rate, unemployment increases only moderately.



Recovery in euro area with structural headwinds. The expected impact on growth from US tariffs has been milder than feared. Indicators point to some upward shift, driven by German defence and infrastructure spending (which will have the greatest impact on GDP in 2026 according to our calculations), and by rising real income. Political uncertainty in the region, such as the difficulties in France in passing a budget for 2026 and the challenges for the German government in steering through its new proposals, risk hampering growth. Besides, long-term structural headwinds persist from a rapidly ageing population, weak productivity growth and low investment. Spain remains the region's fastest-growing economy, although French GDP was surprisingly strong in the third quarter, partly driven by temporary factors. The German economy stagnated in the third quarter of this year and 2025 looks to be yet another lost year in anticipation of stimulus effects.



China will reach its growth target this year and is focusing on both developing industry and stimulating household consumption. The "trade agreement" with the US provides a year of breathing space. China has managed to rework its exports, redirecting trade to other countries while it has fallen to the US by around 30 per cent year-on-year. Without additional fiscal support, however, growth is set to slow in 2026–2027. Goods price deflation continues. **India is slowing down** with the economy growing by around 6.5 per cent annually as fiscal support wanes and becomes more constrained by deficit and debt. High US tariffs are problematic and many parts of the economy – such as lending, profits and industrial production – are showing signs of weakness.

Nordic and Baltic countries out of step

Growth in the Nordic countries varies slightly. Common drivers include defence spending and an expected consumption-driven upturn, albeit not as strongly in Finland as in the other countries. The **Danish** economy is gearing up thanks to a combination of a sharp upswing in consumption and construction, while the positive export effect from the pharmaceutical industry is slowing down. **Norwegian** GDP has surprised on the upside this year but will slow down towards the end of the year. Norges bank will implement two more rate cuts, and housing construction and consumption will gradually pick up. Supported by expansionary fiscal policy, the **Swedish economy** is gearing up. The latest statistics show that the recovery we have long awaited is now under way. The labour market turnaround will not happen until next year. The policy rate will remain at 1.75 per cent, although a further cut cannot be ruled out. **Finland** stands out with persistent growth problems. Unemployment is high and consumption is weak despite some support from high wage increases.

GDP growth, Nordic countries
Year-on-year percentage change

	2024	2025	2026	2027
Sweden	1.0	1.3	2.8	2.9
Norway	2.1	0.7	1.2	0.6
Denmark	3.5	1.5	2.5	2.8
Finland	0.4	0.0	0.8	1.5
Nordics	1.7	1.0	2.0	2.0

Source: National statistical agencies, SEB

The Baltics: Domestic demand shifting up a gear. Growth momentum has varied in recent years with a clearly stronger trend in Lithuania than in Estonia and Latvia. The reason is that domestic demand, chiefly household consumption, has been sustained while we have observed slumps in the other countries. Export growth, particularly in services, has been good and continues to add to growth. We expect that the recovery will now broaden, driven by consumption and investment, while growth in key Nordic export markets will improve (albeit with continuing moderate growth in Finland weighing on Estonia). While increased defence spending boosts growth, it increases public deficits and debt (which are nonetheless within the EU's benchmarks).

GDP growth, Baltic countries
Year-on-year percentage change

	2024	2025	2026	2027
Lithuania	3.0	2.5	3.2	2.1
Latvia	0.0	1.5	1.9	2.3
Estonia	-0.1	0.7	2.5	2.8
Baltics	**1.5**	**1.9**	**2.7**	**2.3**

Source: National statistical agencies, SEB

Risks still on the downside

The risk of a worse scenario slightly outweighs that of a better one. We also still see reason to believe that a worse scenario means a greater departure from the main scenario than a better one. Reasons for this include a limited amount of unutilised resources to start with, mainly in the labour market. Unemployment in the euro area, for example, is at a historically low level, and the level is also low in the US, despite a slight upturn. We associate the negative scenario with trade uncertainty and geopolitics, but also with the risks arising from high stock market valuations mainly in the US. An intensified tariff war, disruptions in trade and transport chains, or rising energy prices could quickly cause higher inflation and lower growth. Such developments would likely lead initially to higher policy rates and falling asset prices which, combined, create a negative domino effect in an environment with limited scope for fiscal support when debt is already high and priority needs to be given to defence spending.

Scenarios for the OECD countries
GDP growth, %

	2024	2025	2026	2027
Main scenario	1.8	1.7	1.6	1.7
Negative scenario		1.6	-0.1	1.2
Positive scenario		1.7	2.7	1.9

Source: SEB

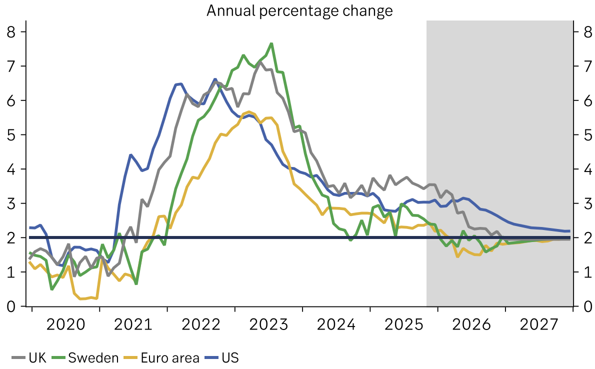
Rising optimism, calmer trade environment and AI. One reason for economic activity having hit setbacks in many places is cautious households. If a period of a calmer trade environment emerges, confidence could return, demand could rise and growth could pick up faster and stronger. If, for example, the investments we are now seeing in AI and tech help to boost productivity, or if European defence and infrastructure spending generates stronger multiplier effects, this could boost growth more than we assume in our main scenario.

Inflation: Headed towards targets

The inflation trend has been better than expected in many cases over recent months. However, the picture varies between countries, both in terms of the drivers of inflation and its starting point.

Core inflation headed down, but at a varying pace

Annual percentage change

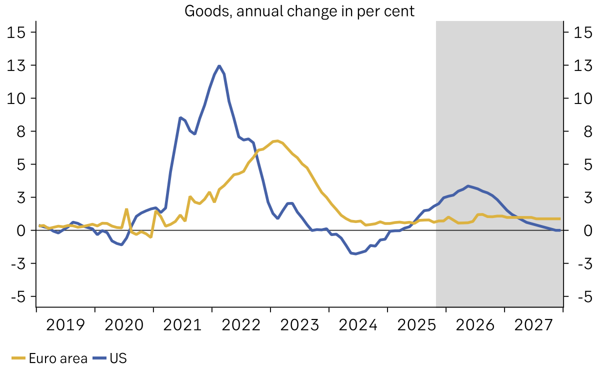


Source: Macrobond, SEB

Many prices moving sideways or downwards. The tariff effect on US goods inflation has been milder than expected. Effects are taking more time and will subside somewhat when demand slows down and households do not appear to accept large price increases. Besides, tariffs seem to be increasing slightly less than expected, although considerable uncertainty still persists. International prices have generally headed in a favourable direction. Many commodity prices have remained unchanged, the oil price remains at the current level in the coming year and we have started to see slight price growth in consumer goods. For food, the situation has improved even though prices are still rising for some product groups. International commodity price indices have fallen back in recent months and producer prices for food in the US and Europe have levelled out.

Tariff-driven upswing in goods prices in the US

Goods, annual change in per cent



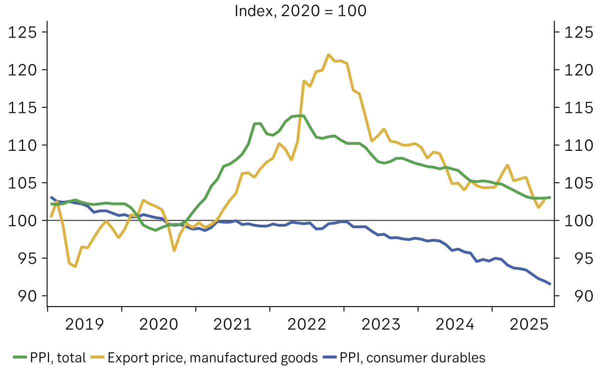
Source: Macrobond, SEB

Service prices still rising at slightly too high a pace. Service prices remain the main driver of inflation; in several countries, this reflects a relatively tight labour market and high past wage increases. In Sweden and the euro area, the inflation rate has declined and is around the target, and is even heading to slightly below in 2026. Taxes and fees leave their mark on the inflation figures. Food VAT will be cut in Sweden in 2026 and several fees or administratively set prices are rising in, for example, the UK.

Global inflation effects from Chinese price pressure. China's longstanding overcapacity has resulted in export-driven price pressure and deflation. Compared with the 2022 peak in Chinese producer and export prices, both have since fallen (with export prices down by around 20 per cent). Aggregating the direct effect (on consumer goods) and the indirect effect (that Chinese goods are used as inputs in other countries, and that lower Chinese prices constrain prices elsewhere), we estimate that Chinese price pressures have reduced the inflation of many countries by around 1–2 tenths annually.

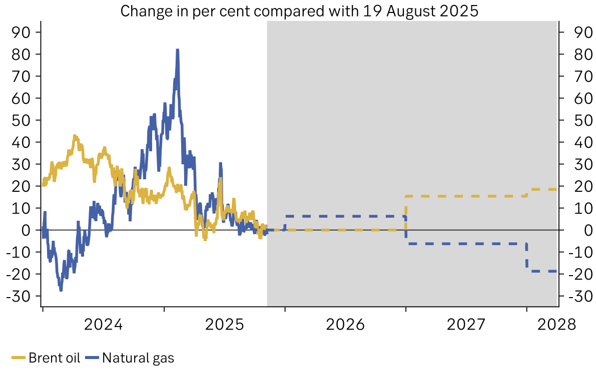
Chinese price pressure on other countries

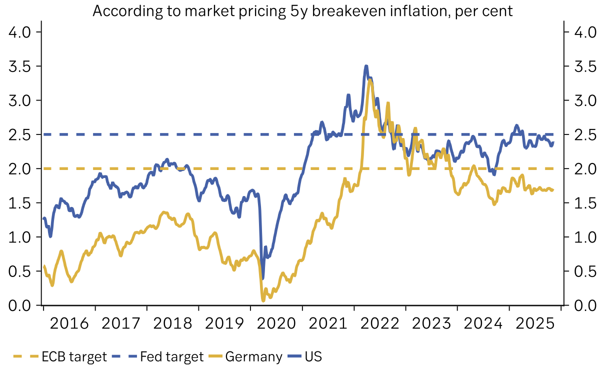
Index, 2020 = 100



Source: China National Bureau of Statistics (NBS), Macrobond, SEB

Plenty of affordable oil is in the cards for 2026, at least in the absence of any unexpected supply disruptions. OPEC+ continuously controls supply to keep oil prices at a level at which they recoup market share, while at the same time the cartel wants to avoid a price collapse. The five-year contract price has been stable at about USD 68/barrel (Brent) for the past 3–4 years and OPEC+ is now prepared to sell at a lower price level for a while to recoup market share. As Ukraine has become more proficient at destroying Russian refineries, the price risk is rather on oil products. While there is plenty of crude oil at affordable prices available, oil products such as diesel, petrol and jet fuel can be relatively expensive. We expect Brent to cost an average of USD 65/barrel during the forecast period, while diesel, for example, may have a premium of USD 30/barrel versus Brent.





Upside risk for natural gas ahead of the winter, but new supply incoming. The natural gas price is more uncertain ahead of the winter and, with fairly low storage levels in Europe, a cold winter could increase the price, mainly in Europe. However, plenty of new supply is incoming in 2026 and 2027. A winter-related rise in natural gas prices would thus likely be limited both geographically and time-wise.

Fed keeping up the cuts – ECB standing still

According to President Lagarde, the ECB is in a good position, with inflation close to target and growth set to pick up. We expect the policy rate to remain at 2.00 per cent. The Fed is navigating more difficult terrain with inflation that is still too high, a slowing labour market, a lack of statistics due to the government shutdown and political pressure from the White House. We also see heightened interaction between fiscal and monetary policy. Fiscal risks create a need for central banks to stand prepared to maintain market functioning. The independence of central banks is under threat in some cases by political forces and is challenged in other cases by weak public finances, which can become a variable in their decision-making.

Fed rate to reach 3.00 per cent in 2026. The Fed cut the interest rate at its October meeting, but the committee is more divided than usual. Besides the rate cut, the Fed also decided that its balance sheet is to stop shrinking as of 1 December, and that maturing bond holdings will be reinvested in treasury bills – which means that the maturity of the Fed's government securities portfolio will be shortened (thus exerting downward pressure on short-term yields). President Powell's statement at the October press conference reflected a divided committee ahead of the next meeting (December). Our forecast is that the Fed rate will be cut by a further 25bps in December and then by 75bps in 2026 to 3.00 per cent (the upper limit of the Fed's policy rate range).

Bank of Japan (BOJ) affected by fiscal policy. If Prime Minister Takaichi manages to push through clearly more expansionary fiscal policy, the BOJ could continue its gradual normalisation of the policy rate (currently at 0.50 per cent) after decades of ultra-low interest rates, especially if inflation remains above target as a result of stronger domestic demand. However, if political obstacles lead to half-measures, the risk increases of the BOJ being forced to act more cautiously to avoid tightening too early and sparking growth setbacks. Market expectations for interest rates and the yen will therefore be guided more by the government's ability to actually deliver on its promises, rather than simply expressing them. We expect two further rate hikes by BOJ to 1.00 per cent (which is close to a neutral level).

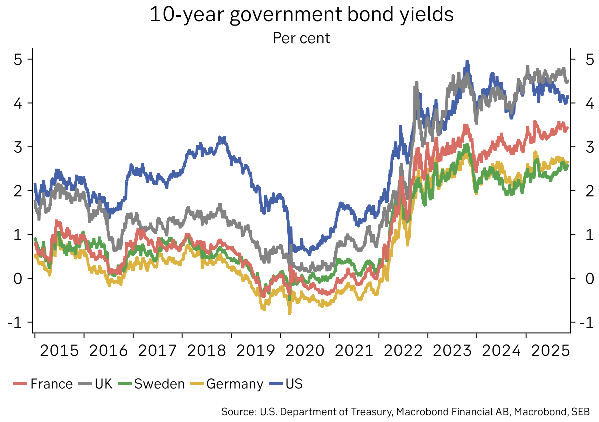
Central banks
Policy rate levels at the year-end, per cent

	6 nov	2025	2026	2027
Federal Reserve*	4.00	3.75	3.00	3.00
ECB	2.00	2.00	2.00	2.00
Bank of England	4.00	4.00	3.00	3.00
Norges Bank	4.00	4.00	3.50	3.50
Riksbank	1.75	1.75	1.75	2.00

*Upper limit of the range — Source: Bloomberg, SEB

Short-term rates and borrowing drive yields

Bond markets remain volatile, although there has been a clearer drop in long-term US and European government bond yields in recent months. The US 10-year government bond yield is expected to fall to 3.90 per cent this winter, assuming the market continues to believe that the Fed will cut the rate in line with our forecast. The Fed's decision to end its quantitative tightening from December, along with lower costs for hedging against the dollar, should exert further downward pressure on US bond yields. Once the monetary policy easing cycle concludes sometime after the middle of next year, long-term yields are expected to rise again, with the 10-year yield reaching just above 4 per cent by the end of 2026.



German yields will end up in the range of 2.60-2.80 per cent in the coming months supported by lower US yields. Although the ECB is on hold, altered expectations about whether the next move will be a cut or a hike will affect government bond yields. As the decline in US interest rates starts to level off, an increased supply of bonds – particularly in Germany – combined with the ECB's balance-sheet reduction, ought to exert some upward pressure on long-term yields. The German 10-year government bond yield is expected to be close to 2.80 per cent at the end of 2026.

10-year government bond yields
Per cent, at year-end

	6 nov	2025	2026	2027
United States	4.11	4.00	4.10	4.30
Germany	2.66	2.65	2.80	3.20
Sweden	2.58	2.60	2.95	3.35
Norway	3.98	3.95	3.95	4.15

Source: Central banks, SEB

Expansionary fiscal policy drives higher Swedish long-term yields Swedish long-term yields are expected to rise further, driven by expansionary fiscal policy, increased defence spending and support for Ukraine. Borrowing needs and issuance volumes will consequently increase in the coming years. Relatively high growth and a cautious Riksbank will also add to the upward pressure on yields. We expect both government bond and swap yields to rise to slightly above German levels.

Later and fewer rate cuts by Norges Bank – higher long-term yield levels. High inflation has delayed Norges Bank's rate cuts. When cuts resume next summer, they will put downward pressure on long-term yields, while rising interest rates abroad will pull in the opposite direction. Bond supply is expected to remain stable, helping to narrow the long-term yield spread versus Germany.

Awaiting renewed but limited dollar weakness

In our Nordic Outlook August edition, our main scenario was that EUR/USD would continue to move higher, i.e. a weaker dollar, driven by the Fed's resumed rate-cutting cycle, brighter growth prospects in the euro area (supporting the euro), while the US faced an uncertain economic slowdown (a drag on the USD). That view held true until factors such as fiscal concerns once again came into focus in France, while US growth surprised on the upside and market expectations concerning the Fed were scaled back. We still expect a rate cut in December, and more cuts than the market.

Exchange rates
At the end of the period

	6 nov	2025	2026	2027
EUR/USD	1.15	1.17	1.19	1.18
USD/JPY	153	150	140	141
EUR/GBP	0.88	0.89	0.91	0.90
EUR/SEK	11.06	10.85	10.45	10.35
EUR/NOK	11.85	11.85	11.45	11.35

Source: Bloomberg, SEB

Later and lower peak for EUR/USD. We still anticipate a weaker dollar towards the end of this year, but not by as much as we previously expected. The same applies to developments in 2026, for which we now expect a lower peak, at around 1.21 for EUR/USD, by end of the first quarter in 2026. A renewed weakening of the dollar probably requires more than just an increased probability of Fed rate cuts. A brighter view of euro area growth outlook is needed in addition to the support from a narrowed spread. This factor has gained importance as the dollar-negative impact from increased currency hedging by companies and institutions – which we have seen as a key driver in our forecast – is encountering greater and greater positive dollar effects stemming from heightened investment flows into the US.

Swedish krona still strong, but losing steam. The Swedish krona is the currency that has strengthened most against the dollar so far this year. We expect this to continue, albeit with lesser momentum. Factors that continue to support further strengthening and normalisation of the Swedish krona include: (1) a continued, albeit slower, upward movement in the EUR/USD; (2) relatively strong Swedish growth; (3) a gradual increase in currency hedge ratios as the USD weakens and narrowed spreads make hedging less costly; and (4) the fact that elements of the "natural currency hedge" historically provided by the Swedish krona to Swedish investors in US equities appears to be working less and less efficiently. In the near term there is also a positive seasonal pattern for the Swedish krona, which during December has strengthened against the EUR in 12 of the latest 15 years, by on average 1.3 per cent.

The Norwegian krone faces short-term headwinds from a seasonal pattern and is weakening in the final quarter of the year. This is also supported by a lower oil price towards the end of the year. At the beginning of next year and going forward, outlook for the NOK is brighter, although it will appreciate more slowly than the SEK. A positive seasonal pattern at the beginning of the year, combined with a higher oil price and anticipated substantial NOK purchasing by Norges Bank ought, to underpin the currency in early 2026.

Pound sterling and yen with political influence. We see continued structural headwinds for the pound sterling and major challenges for the economy. Yet, there is some probability of a short-term strengthening of the pound sterling if the government budget presented on 26 November surprises positively. A new Prime Minister in Japan with ambitions for substantial fiscal stimulus and less restrictive monetary policy has weakened the yen in the autumn. Without own majority, the expansionary extent of fiscal policy is limited, and for this reason we find that the weakening of the yen has been somewhat excessive. Also, it is primarily US long-term yields that usually steer the JPY, so the yen should strengthen vs the USD, once our scenario with further Fed rate cuts gains traction in the market.

Equities: All set for a continuing surge

Overall, stock market performance has been positive since our Nordic Outlook August edition. Support has come from Fed rate cuts, upbeat third-quarter reports and a de-escalation of the US–China trade war. As markets are now headed into the seasonally strongest period of the year, most obstacles to global stock markets seem to have disappeared.

However, there are risks to near-term performance, mainly linked to the US money market, where spreads have widened after the Fed's rate cuts. Nonetheless, we expect these problems to be resolved when the policy rate is cut further, combined with potential liquidity injections. Another risk is the record-high valuations of AI and tech companies in the US, which has led more and more investors to openly speak of a bubble. Although this is not our view, such concerns, if they take hold, could cause substantial corrections and spillover effects to other markets. All in all, we still have a relatively optimistic scenario for the coming months and we expect a continuing stock market increase at the end of this year and the beginning of 2026.

Besides this summary of the state of the global economy, we have recently published in-depth country/region analyses on our analysis page

United States: Resilient but uneven growth

Euro area: Recovery amid structural headwinds

United Kingdom: Looming tax hikes to weigh on growth

Sweden: Finally, some signs of higher growth

Norway: Growth rotation underway

Denmark: Domestic demand to lift growth

Finland: Persistent weakness

Estonia: Recovery in a high-inflation environment

Latvia: Capital spending fuels recovery

Lithuania: Waiting for the jump in household consumption

EM Forecast Update for CEEMEA and Latin America

Global key indicators

Yearly change in per cent

	2024	2025	2026	2027
GDP OECD	1.8	1.7	1.6	1.7
GDP world (PPP)	3.3	3.1	3.0	3.1
CPI OECD	5.3	3.8	3.3	3.1
Oil price, Brent (USD/barrel)	80	68	65	75

US

Yearly change in per cent

	2024 level, USD bn	2024	2025	2026	2027
Gross domestic product	29,298	2.8	1.9	1.9	2.0
Household consumption	19,896	2.9	2.6	1.7	1.8
Public consumption	3,992	3.3	0.4	0.2	0.8
Gross fixed investment	6,255	3.4	3.1	2.8	3.4
Stock building (changes as % of GDP)	54	0.0	-0.1	-0.2	0.0
Exports	3,215	3.6	0.9	1.4	1.9
Imports	4,114	5.8	3.3	-0.9	2.0

	2024	2025	2026	2027
Unemployment (%)	4.0	4.2	4.4	4.2
Consumer prices	2.9	2.8	2.8	2.4
Core CPI	3.4	3.0	2.9	2.3
General government fiscal balance. % of GDP	-8.0	-7.5	-8.0	-8.0
General government debt. % of GDP	122	125	129	133

Euro area

Yearly change in per cent

	2024 level, EUR bn	2024	2025	2026	2027
Gross domestic product	15,231	0.9	1.4	1.2	1.4
Household consumption	8,030	1.3	1.3	1.3	1.3
Public consumption	3,260	2.2	1.5	1.4	1.3
Gross fixed investment	3,210	-2.0	2.2	1.7	2.1
Stock building (changes as % of GDP)		-0.2	0.5	0.2	0.0
Exports	7,489	0.6	1.5	1.1	2.5
Imports	6,822	-0.1	2.9	1.8	2.5

	2024	2025	2026	2027
Unemployment (%)	6.4	6.3	6.2	6.1
Consumer prices	2.4	2.1	1.6	1.8
Core CPI	2.8	2.4	1.7	1.9
General government fiscal balance. % of GDP	-3.1	-3.2	-3.3	-3.4
General government debt. % of GDP	87.1	88.3	89.5	90.5

Other major economies

Yearly change in per cent

		2024	2025	2026	2027
United Kingdom	GDP	1.1	1.4	1.0	1.3
	Unemployment (%)	4.3	4.7	5.2	5.0
	Inflation	2.5	3.4	2.4	2.0
Japan	GDP	0.1	1.1	0.7	0.7
	Unemployment (%)	2.6	2,5	2,5	2,5
	Inflation	2.7	3.2	2.0	2.0
Germany	GDP	-0.5	0.3	1.2	1.4
	Unemployment (%)	3.4	3.9	3.8	3.7
	Inflation	2.5	2.3	1.8	2.1
France	GDP	1.2	0.8	1.0	1.3
	Unemployment (%)	7.4	7.5	7.5	7.5
	Inflation	2.3	1.0	1.2	1.6

Emerging markets

Yearly change in per cent

		2024	2025	2026	2027
China	GDP	5.0	5.0	4.5	4.5
	Inflation	0.2	0.0	0.9	1.2
India	GDP	6.5	6.9	6.5	6.7
	Inflation	4.9	2.8	4.4	4.0
Brazil	GDP	3.4	2.2	2.0	2.3
	Inflation	4.4	5.4	4.8	4.0
Russia	GDP	4.3	1.2	1.3	1.3
	Inflation	8.5	9.2	6.0	5.0
Poland	GDP	3.0	3.4	3.2	3.1
	Inflation	3.8	3.8	3.0	2.5

Financial forecasts

End of period

Officiall interest rates	6-Nov	Dec-25	Jun-26	Dec-26	Jun-27	Dec-27
US	4.00	3.75	3.25	3.00	3.00	3.00
Japan	0.50	0.75	1.00	1.00	1.00	1.00
Euro area, deposit rate	2.00	2.00	2.00	2.00	2.00	2.00
United Kingdom	4.00	4.00	3.50	3.00	3.00	3.00

Bond yields. 10 year	6-Nov	Dec-25	Jun-26	Dec-26	Jun-27	Dec-27
US	4.11	4.00	3.95	4.10	4.20	4.30
Japan	1.66	1.70	1.95	2.30	2.40	2.30
Germany	2.66	2.65	2.70	2.80	3.00	3.20
United Kingdom	4.50	4.40	4.20	4.10	4.25	4.30

Exchange rates	6-Nov	Dec-25	Jun-26	Dec-26	Jun-27	Dec-27
USD/JPY	153	150	142	140	140	141
EUR/USD	1.15	1.17	1.20	1.19	1.19	1.18
EUR/JPY	177	176	170	167	167	166
EUR/GBP	0.88	0.89	0.90	0.91	0.90	0.90
GBP/USD	1.31	1.31	1.33	1.31	1.32	1.31

Sweden

Yearly change in per cent

	2024 level, SEK bn	2024	2025	2026	2027
Gross domestic product	6,380	1.0	1.3	2.8	2.9
Gross domestic product. working day adjusted		1.0	1.5	2.6	2.7
Household consumption	2,893	0.3	1.5	2.8	2.9
Public consumption	1,695	1.2	0.9	0.8	0.8
Gross fixed investment	1,601	-1.1	2.0	4.0	4.0
Stock building (changes as % of GDP)	17	0.3	0.3	0.2	0.2
Exports	3,465	2.3	2.2	4.1	4.1
Imports	3,290	1.7	3.2	4.1	4.1

Unemployment (%)	8.4	8.8	8.6	8.1
Employment	-0.6	0.3	0.3	0.6
Consumer prices	2.8	0.7	0.7	1.9
CPIF	1.9	2.7	1.2	1.6
CPIF ex. energy	2.6	2.8	1.4	1.7
Hourly wage increase	4.1	3.7	3.4	3.2
Household savings ratio (%)	15.8	14.5	14.3	14.1
Real disposable income	0.8	2.2	2.7	2.7
Current account. % of GDP	5.9	6.0	5.5	5.0
Central government budget balance, SEK bn	-104	-94	-101	-95
General government fiscal balance. % of GDP	-1.6	-1.5	-2.5	-1.8
General government debt. % of GDP	34.0	34.8	36.3	37.8

Financial forecasts	6-Nov	Dec-25	Jun-26	Dec-26	Jun-27	Dec-27
Policy rate	1.75	1.75	1.75	1.75	1.75	2.00
3-month interest rate. STIBOR	1.93	1.95	1.95	1.90	1.95	2.15
10-year bond yield	2.58	2.60	2.78	2.95	3.15	3.35
10-year spread to Germany. Bps	-8	-5	8	15	15	15
USD/SEK	9.59	9.27	8.83	8.78	8.74	8.77
EUR/SEK	11.06	10.85	10.60	10.45	10.40	10.35
KIX	117.9	115.9	112.3	110.8	111.1	115.9

Finland

Yearly change in per cent

	2024 level, EUR bn	2024	2025	2026	2027
Gross domestic product	276	0.4	0.0	0.8	1.5
Household consumption	141	-0.4	-1.4	0.5	1.4
Public consumption	72	1.9	-1.5	-0.5	-0.3
Gross fixed investment	61	-5.1	0.0	3.1	5.1
Stock building (changes as % of GDP)		0.3	-0.1	0.0	0.0
Exports	116	1.8	2.9	2.5	3.0
Imports	115	-0.8	0.4	1.0	3.0

Unemployment (%)	8.4	9.6	9.8	9.2
Consumer prices	1.6	2.0	1.9	1.7
Hourly wage increase	3.0	2.9	3.0	2.8
Current account. % of GDP	0.2	0.5	0.2	0.0
General government fiscal balance. % of GDP	-4.5	-4.0	-3.5	-3.0
General government debt. % of GDP	84.1	86.0	87.5	89.0

Norway

Yearly change in per cent

	2024 level, NOK bn	2024	2025	2026	2027
Gross domestic product	5,197	2.1	0.7	1.2	0.6
Gross domestic product (Mainland)	4,050	0.6	1.7	1.5	1.6
Household consumption	2,051	1.4	3.0	2.6	2.5
Public consumption	1,184	2.4	2.0	2.3	2.2
Gross fixed investment	1,143	-1.4	0.6	-0.2	1.8
Stock building (changes as % of GDP)	111	-0.3	0.0	0.0	-0.1
Exports	2,468	5.2	-0.6	0.9	-0.2
Imports	1,037	4.3	1.4	1.8	2.6

	2024	2025	2026	2027
Unemployment (%)	4.0	4.6	4.4	4.0
CPI	3.1	3.0	2.2	2.1
CPI-ATE	3.7	3.0	2.4	2.0
Annual wage increases	5.6	4.8	4.0	3.6

Financial forecasts	**6-Nov**	**Dec-25**	**Jun-26**	**Dec-26**	**Jun-27**	**Dec-27**
Deposit rate	4.00	4.00	3.75	3.50	3.50	3.50
10-year bond yield	3.98	3.95	3.90	3.95	4.10	4.15
10-year spread to Germany. Bps	133	130	120	115	110	95
USD/NOK	10.22	10.13	9.63	9.62	9.58	9.62
EUR/NOK	11.80	11.85	11.55	11.45	11.40	11.35

Denmark

Yearly change in per cent

	2024 level, DKK bn	2024	2025	2026	2027
Gross domestic product	2,927	3.5	1.5	2.5	2.8
Household consumption	1,276	1.1	2.6	3.9	4.1
Public consumption	672	1.0	-0.3	2.1	2.0
Gross fixed investment	683	3.3	-3.6	5.8	7.2
Stock building (changes as % of GDP)	-4	-0.5	-0.7	0.2	0.0
Exports	2,078	7.1	0.9	3.4	3.5
Imports	1,778	4.2	-0.5	5.7	5.8

	2024	2025	2026	2027
Unemployment (%)	6.7	6.2	5.4	4.6
Consumer prices	1.4	1.9	2.0	1.9
Hourly wage increase	4.0	3.0	4.2	4.5
Current account. % of GDP	12.0	11.0	9.0	8.0
General government fiscal balance. % of GDP	3.5	3.0	3.5	3.0
General government debt. % of GDP	29.0	28.0	27.0	25.0

Financial forecasts	**6-Nov**	**Dec-25**	**Jun-26**	**Dec-26**	**Jun-27**	**Dec-27**
Deposit rate	1.60	1.60	1.60	1.75	1.75	1.75
10-year bond yield	2.52	2.49	2.50	2.60	2.80	3.00
10-year spread to Germany. Bps	-14	-16	-20	-20	-20	-20
USD/DKK	0.00	6.37	6.21	6.26	6.26	6.31
EUR/DKK	7.47	7.45	7.45	7.45	7.45	7.45

Lithuania

Yearly change in per cent

	2024 level, EUR bn	2024	2025	2026	2027
Gross domestic product	79	3.0	2.5	3.2	2.1
Household consumption	43	3.1	2.8	5.6	0.0
Public consumption	15	1.6	0.9	0.1	0.1
Gross fixed investment	18	-1.7	6.7	4.5	5.0
Exports	58	2.6	2.3	2.9	3.0
Imports	54	2.4	6.0	4.6	2.0
Unemployment (%)		7.1	7.0	6.8	6.7
Consumer prices		0.9	3.5	3.4	2.9
Wages and salaries		10.4	8.2	7.6	7.0
General government fiscal balance. % of GDP		-1.3	-2.3	-2.8	-3.0
General government debt. % of GDP		38.0	39.7	44.9	48.3

Latvia

Yearly change in per cent

	2024 level, EUR bn	2024	2025	2026	2027
Gross domestic product	40	0.0	1.5	1.9	2.3
Household consumption	24	0.1	0.5	1.5	1.9
Public consumption	9	-0.4	2.8	2.5	1.9
Gross fixed investment	9	-7.0	8.0	5.2	4.5
Exports	26	0.1	1.3	2.5	2.7
Imports	27	-1.8	5.2	3.5	3.0
Unemployment (%)		6.9	6.8	6.6	6.4
Consumer prices		1.3	3.8	2.4	2.3
Wages and salaries		9.7	8.0	7.3	6.5
General government fiscal balance. % of GDP		-1.8	-3.1	-3.1	-3.2
General government debt. % of GDP		46.6	49.1	50.8	54.4

Estonia

Yearly change in per cent

	2024 level, EUR bn	2024	2025	2026	2027
Gross domestic product	40	-0.1	0.7	2.5	2.8
Household consumption	21	0.1	0.5	2.2	2.5
Public consumption	8	1.8	2.0	2.0	1.0
Gross fixed investment	10	-6.5	3.5	5.0	4.0
Exports	30	-1.5	3.7	3.8	5.0
Imports	30	0.4	2.8	3.0	3.5
Unemployment (%)		7.6	7.9	7.3	6.7
Consumer prices		3.7	5.2	3.2	2.8
Wages and salaries		8.1	6.5	6.0	6.0
General government fiscal balance. % of GDP		-1.7	-1.8	-2.2	-2.0
General government debt. % of GDP		23.6	25.8	27.5	29.0

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