

Havnegade 5
DK-1093 Copenhagen K
www.nationalbanken.dk

Phone: +45 3363 6363

[kommunikation@
nationalbanken.dk](mailto:kommunikation@nationalbanken.dk)

THE LABOUR MARKET IS SET TO IMPROVE FURTHER

The strengthening of the Danish labour market continued in the 4th quarter with an increase in employment by 12,000 persons. Employment has been rising steadily over the last three years, reflecting the upswing in the Danish economy. Employment is expected to increase by a further 75,000 persons or so from the 4th quarter of 2015 to the end of 2018, by which time spare resources in the labour market are assessed to be more or less depleted.

Real GDP has been more subdued recently and rose by 0.2 per cent in the 4th quarter of 2015, driven by domestic demand, while exports were flat. Along with a 0.5 per cent decline in GDP in the 3rd quarter, this implies that output and demand stagnated in the 2nd half of 2015, following eight quarters of steady growth. As a result, Danmarks Nationalbank lowers its forecast of GDP growth in 2016 to 1.3 per cent. In the following two years, growth is expected to rise to 1.8 per cent.

Low interest rates and oil prices continue to stimulate demand, and there has been a sizeable increase in disposable income. This supports expectations of higher growth in the economy in the coming years.

In the housing market, prices for single-family houses rose more strongly in the 2nd half of 2015 after a small slowdown in the 2nd quarter. Prices of owner-occupied flats also continue to rise in the cities, but at a more moderate pace than in early 2015. There is still reason to keep a close eye on parts of the housing market – especially in the cities.

DANMARKS NATIONALBANK'S PROJECTION

Danmarks Nationalbank forecasts GDP growth at 1.3 per cent in 2016, rising to 1.8 per cent in both 2017 and 2018. The annual increase in the Harmonised Index of Consumer Prices, HICP, is forecast at 0.6 per cent in 2016, 1.8 per cent in 2017 and 1.8 per cent in 2018.

Enquiries can be directed to Julie Holm Simonsen on tel. +45 3363 6022.